

+ LAND-LOCKED: IT'S MODI GOVERNMENT VERSUS THE REST

# BW | BUSINESSWORLD

www.businessworld.in

RNI NO. 39847/81 | 4 MAY 2015



# MAX-IMUM IMPACT

**Max India is being split into three. A bold move. One that's expected to unlock untapped potential. Will the gambit pay off?**

Founder-chairman Analjit Singh is flanked by Rahul Khosla, MD (right), and Mohit Talwar, deputy MD

ISSN 0970819-7



Rs 60



## THE SONA GROUP

The Sona Group is a USD 900 million multi-national —with 16 plants across globe including 12 in India, 3 in Germany (München, Remscheid, Duisburg) and 1 in the USA. Starting out as a "Manufacture to Print" organization, The Group today boasts having created its own IPR in the areas of precision forging, power steering and for off highway applications.

The Sona Group manufactures a wide range of products focusing on the Steering and Drive Line businesses. The Group has engineering capabilities in the areas of machining and assembly, precision forging, cold, warm & hot forging and heat treatment working primarily with metal and steel. Its strengths lie in effective project and supply chain management and delivering Quality consistently.

The Sona Group is the world's largest precision forging enterprise & India's largest steering systems manufacturer. Sona Koyo Steering Systems Ltd. was recognized in 1997, by the World Economic Forum as a top—performing Global Growth Company. It became a proud recipient of the prestigious Deming Award in 2003. The Group received the TPM Excellence award in 2008 and is also TQM accredited. All Sona Group manufacturing companies are ISO/TS 16946:2002 and IS-14001 certified.

The Sona group generates more than half of its revenue from international operations and is the leading supplier of steering systems and precision forge components to almost all automotive companies of the world.

## SONA GROUP

**Corporate Office :** 38/6, Delhi-Jaipur Road, NH-8, Gurgaon - 122 001 INDIA. Ph : 91 (124) 4685000

SONA BLW Präzisionsschmiede GmbH, Frankfurter Ring 227, 80807 München, Phone: +49 (0) 89 32306-0, Fax: +49 (0) 89 32306-159

SONA BLW PRECISION FORGE INC., 500 Oak Tree Drive, Selma, North Carolina 27576 - US, Phone: +1 919 965-5555, Fax: +1 919 965-0123

E-Mail: [info@sona-blw.com](mailto:info@sona-blw.com)

[www.sonagroup.com](http://www.sonagroup.com)



State of Bavaria  
India Office



invest  
in  
bavaria

It's all about a vision

Bavaria – Starting Point into  
future markets

**There is more to Bavaria than just FC Bayern and Oktoberfest.**

Discover opportunities for the automotive, aerospace and life science industry as well as for engineering and IT, and benefit from digitalisation, high quality of life and safety.

As the Business Promotion Agency of the State of Bavaria, we will support you in selecting a location and establishing contacts with potential partners in a personalised and confidential way, at no charge.

**We are happy to be there for you:**

State of Bavaria - India Office  
John Kottayil - Executive Director  
Telefon +91 80 40965025  
john.kottayil@invest-in-bavaria.in

[www.invest-in-bavaria.com](http://www.invest-in-bavaria.com)

# Unlocking Value



**WHAT IS IT THAT MAKES A GOOD COMPANY GREAT?** To me, without a doubt, professional management. One that can work without looking over its shoulder and take decisions purely on merit. A management in which the founder/promoter and his family play no part and let qualified and experienced people do the job they've been hired to perform. The promoter does not sneak family members into key positions and second-guess every move of the professionals. Rather, he reposes faith in his team to do its best under the circumstances.

These are the very qualities that Analjit Singh, founder-chairman of Max India, brings to his businesses. "I don't want to be a *seth*," he says. Asked about his daughter playing a role in the running of the company, he replies, very matter of fact: "She has to earn her stripes." This rather unusual ability to not be a *seth*, coupled with the fact he has allowed his top management to split the company he founded back in 1982 into three, reposing full faith in the team, makes Max India our cover feature this issue.

The decision to split the company into three listed entities is meant to unlock value for investors and help Max Ventures and Industries — the new holding company that will have in its fold manufacturing businesses — hitch a ride on PM Modi's 'Make In India' bandwagon. The other two holding companies — Max Financial Services and Max India — with insurance, healthcare, health insurance and senior living between them, are expected to strike it rich on the stock markets, especially with the insurance sector being opened up to greater FDI.

Associate editor Joe C. Mathew spent a lot of time with the Max India management to decode the thinking behind the decision to demerge. He probed, cajoled and persisted to get to the bottom of the Max saga. Delve into the package, starting on page 40.

The Modi government has managed to land in a mess. By pushing ordinances — when it failed to rustle up the numbers for a legislation to undo the UPA-helmed land Act in the Rajya Sabha — that are deemed pro-industry and anti-farmer, it has managed to unite the opposition against it. This could see its massive mandate quickly slip away and prove suicidal in the long run. *BW* brings you two experts, on opposite ends of the spectrum, to put you in the picture, in case you haven't fully figured out what the brouhaha is about. Catch the debate on page 32.

This issue, we also look at what's holding up large power projects — UMPPs as they're called. Of the 16 envisaged, only four have been awarded and all of them are in trouble. Join the power play on page 76.

A riveting read, I promise.

A handwritten signature in black ink that reads "A. RaaJ". The signature is stylized and written in a cursive-like font.

**ASHOK RAAJ**

✉ [ashokraaj@gmail.com](mailto:ashokraaj@gmail.com)

# Small Caps Big Returns

*"Challenges are opportunities in disguise". Making a mark with a trail of business players ahead in the market, WEBER-HYDRAULIK, with its substantial services, is a specialist in the field of hydraulic engineering.*

Mapping its roots to Germany and spread over 13 locations globally, the establishment, WEBER-HYDRAULIK ascertains a sturdy grip and spreads its wings in all the major continents- Europe, North and South America as well as Asia.

WEBER-HYDRAULIK India is a byword of impeccable services, flexibility, reliability and ventures in development and production for Hydraulic products like Cylinders, Valves, Control Blocks, Power Units as well as Electronic Hard and Software Solutions for Hydraulic Applications for Truck, Construction, Agricultural, Crane as well as Energy and Stationary Applications.



Walking on the footsteps of its Alma mater, WEBER-HYDRAULIK India serves as a gateway to the Asian bazaar. Within the span of 3 years, the company has surmounted the contingent challenges and developed a customized understanding of the Indian economic backdrop. Incorporating the innovative technology and the expertise of 75 years in the business, the company continually strives to hone and improvise their skills, hereby providing the right ingredients of optimum products and services to the Indian customers. In its inception years in India, the focus of the company was on building up the Sales and Production rapport of Cap Tilt systems for the truck market. With a gradual affiliation to the trends, the company has expanded its modus operandi to the Agricultural and Construction Machinery segment. In line with the company's mission and maintaining an essential protocol, Weber Group and Weber India is also serving its clientele as solution provider for Hydraulic Applications in the fields mentioned above.

Encouraging customer oriented services and as a part of its social and environmental responsibility for emission reduction, the company offers Weight reduced products or friction optimized Cylinders, for safety related initiatives Pressure measurement or optical position measuring systems as well as the products for the Solar Energy sector.

Taking the baby steps, currently the company's market share is comparatively low and specialized to one area but with its expansion strategies and coming in contact with new customers in further application areas, a paradigm growth is expected in the near future in service to the Indian market and supporting the Weber Group activities out of their Indian facility.



**Control Units  
and Sensor Technology**

**Power Units**



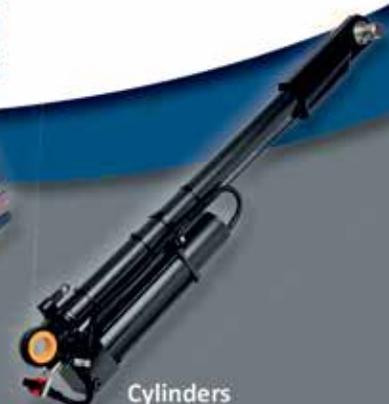
**Steering- and Suspensionsystems  
for On- and Off-Road  
applications**



**Manifolds**



**Valves**



**Cylinders**

# BW | BUSINESSWORLD

VOL. 33, ISSUE 44 ■ FOR THE FORTNIGHT 21 APRIL - 4 MAY 2015  
RELEASED ON 14 APRIL 2015

**CHAIRMAN: ANURAG BATRA**

**EDITOR: ANURAG BATRA**

**EXECUTIVE EDITOR**

Ashok Raaj

**ART**

Champak Bhattacharjee, Dinesh Banduni,  
Prashant Chaudhary, Rajinder Kumar,  
Rohit Chauhan, Sanjay Jakhmola

**DESK**

Mukul Rai, Lena Saha, Preeti Verma, Sanjitha Rao Chaini,  
Shinjini Ganguli, Smita Tripathi

**PHOTO**

Bivash Banerjee, Kamal Kumar, Ritesh Sharma,  
Sanjay Sakaria, Subhbrata Das, Umesh Goswami

**WRITERS**

**BANGALORE:** Vishal S. Krishna  
**MUMBAI:** Gurbir Singh, Raghu Mohan,  
Shailesh Menon, Unnikrishnan C.H.  
**NEW DELHI:** Joe C. Mathew, Kunal Khullar, Mala Bhargava,  
Meera Seth, Monica Behura, Neeraj Thakur, Sonal Khetrapal

**BW ONLINE**

Nandini Sanyal, Ajay Gupta, Nitesh Jain,  
Shakir Husain, Shokinder Goyla

**VIDEO EDITORIAL**

Ratneshwar Kumar Singh, Sapna Bhardwaj, Vijay Shankar

**EXECUTIVE ASSISTANT TO THE EDITOR**

Xavier Rozario

**BW SMART CITIES:** Preeti Singh, Lakshya Rathore

**DIRECTOR (PLATFORMS & ENGAGEMENT): RAKESH GOPAL**

**ADVERTISING**

**NEW DELHI:** Abhinav Seth, Amit Bhalla, Ashish Arora,  
Karishma Gupta, Vivek Mittal

**MUMBAI:** Kamini Dalvi, Sagar Naik, Shweta Sinha,  
Swati Budhwar

**PUNE:** Amit Negi

**AHMEDABAD:** Deepak Bhatt

**MARKETING**

**NEW DELHI:** Ankita Singh

**EVENTS**

Amit Kumar, Amit Pandey, Gunjan Bhatia, Himani Saroha,  
Prerna Singh, Rajat Wadhwa, Shombit Roy, Vijo Mathew

**INTERNATIONAL BUSINESS**

Nitin Agarwal

**GOVERNMENT BUSINESS**

Narender Sharma

**ADVERTISING OPERATIONS**

**NEW DELHI:** Ravindra Saxena

**CIRCULATION**

**NORTH:** Shakti Kumar, Sulabh Agarwal

**WEST:** Arvind Patil, Gorakshanath Sanap, Shreesh Shingarey

**SOUTH:** Anup Kumar, Pradeep Raj L, Sarvothama Nayak K.

**CONSUMER MARKETING SERVICES**

**MUMBAI:** Kamini Vishnu Dalvi

**BW ACCELERATE:** Ashu Agarwal

---

**HUMAN RESOURCES:** Yamini Sharma (yamini@businessworld.in)

---

## BW | Businessworld Media Private Limited

**DIRECTOR: VIKRAM JHUNJHUNWALA**

**DIRECTOR: DINKAR MARLA**

**EDITORIAL OFFICES**

2nd Floor, Express Building, 9-10, Bahadur Shah Zafar Marg, New Delhi 110 002

■ Phone: 011-49395900 ■ Fax: 011-49395939

The Empire Business Centre, Empire Complex, 414, Senapati Bapat Marg,

Lower Parel, Mumbai 400 013 ■ Phone: 022-66907437

**ADVERTISEMENT/CIRCULATION / SUBSCRIPTION ENQUIRIES**

2nd Floor, Express Building, 9-10, Bahadur Shah Zafar Marg, New Delhi 110 002

■ Phone: 011-49395900 ■ Fax: 011-49395939

The Empire Business Centre, Empire Complex, 414, Senapati Bapat Marg,

Lower Parel, Mumbai 400 013 ■ Phone: 022-66907437

**REGIONAL OFFICES**

**AHMEDABAD:** Office No. 2, 4th Floor, Devashish Complex, Off. C.G. Road, Ahmedabad 380 009

**MUMBAI:** The Empire Business Centre, Empire Complex, 414, Senapati Bapat Marg,

Lower Parel, Mumbai 400 013, Phone: 022-66907437

**SUBSCRIPTION SERVICE**

To subscribe or renew, please contact at [subscription@businessworld.in](mailto:subscription@businessworld.in)

Subscription rates:

**ONE YEAR - Rs 1,250 TWO YEARS - Rs 2,390 THREE YEARS - Rs 3,350**

---

Businessworld does not accept responsibility for returning unsolicited manuscripts and photographs. All unsolicited material should be accompanied by self-addressed envelopes and sufficient postage.

Printed and published by Anurag Batra on behalf of BW|Businessworld Media Private Limited and printed at International Print O Pac Ltd., C-4 to C-11, Hoisery Complex, Phase 2, Noida- 201305, UP and published at New Delhi. Editor: Anurag Batra

© Reproduction in whole or in part without written permission of the publisher is prohibited. All rights reserved. R.N.I.No. 39847/81



**Now, 70% power savings.  
With Syska LED Bulbs and Tubes.**



Tube Lights

Bulbs

SYSKA LED Bulbs and Tube Lights. Achieve amazing brightness with incredible savings.

Last up to 50,000 hours • Non-toxic, no lead or mercury • 2-Year Warranty



# MAILBOX

## YOUR COMMENTS

### SAHARA SANS SAHARA

This refers to the rise and fall of Sahara chief Subrata Roy (“Muddled. Sullied. In Danger”, 20 April 2015). I enjoyed reading the story immensely. The piece was thoroughly researched and well-written. Roy built his dynasty with a mere Rs 2,000 and a Lambretta scooter in the late 1970s. He built a profile that brought the country’s prime minister, state chief ministers, actors and cricketers to attend his extravagant parties. But now there is no one to take him out of the deep trouble! Is the endgame near for the Sahara Group? Only time will decide.

— JAMES PETER, EMAIL

## 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](mailto:editor@businessworld.in) or by mail to Express Building, 2nd Floor, Bahadur Shah Zafar Marg, New Delhi - 110002.

BLIPP THIS PAGE TO GIVE US YOUR FEEDBACK INSTANTLY

DOWNLOAD BLIPPAR APP    FILL SCREEN WITH PAGE    SEE IT COME TO LIFE!  
**SEE THIS PAGE COME TO LIFE!**  
 MORE INTERACTIVE PAGES INSIDE!  
 KEEP AN EYE OUT FOR THE BLIPPAR ICON

### A GREAT INVESTMENT

Congratulations to your team for bringing out a cracker of an issue (“India’s Best Mutual Funds”, BW, 20 April). It was timely and very useful for readers like me — we are enamoured by the handsome returns given by equities over the past two years but are too afraid to invest in the stock market directly. After reading the different columns and profiles of fund managers, I am now suitably convinced that mutual funds are just the right way to invest in stocks. Keep up the good work. I look forward to reading more articles on stock market investing in the magazine.

— ANUPRIYA PRITAM, EMAIL

### SIZE DOES MATTER

The Sun Pharma story made for an interesting reading (“Is it Ready For The Load?”, 20 April 2015). The acquisition of Ranbaxy puts the spotlight on Dilip Shanghvi as an astute investor — he seems to have mastered the art of growing his empire through the inorganic route.

— PADMALAXMI, EMAIL

**3D  
COOL**  
**Xtreme**

**Whirlpool®**

DESIGNED TO DELIGHT™

PRESENTING  
THE ALL NEW 3D COOL XTREME  
BUILT FOR  
**XTREME**  
PERFORMANCE



Presenting the new Whirlpool 3D Cool Xtreme AC that's built to perform flawlessly and **save power even in the most extreme conditions**. All thanks to Whirlpool's patented Dual Fan Compressor Technology\*. And its 3D Cool Technology ensures exceptionally fast and uniform cooling.



**Fastest  
Room Cooling**



**Cools even  
at 55°C**

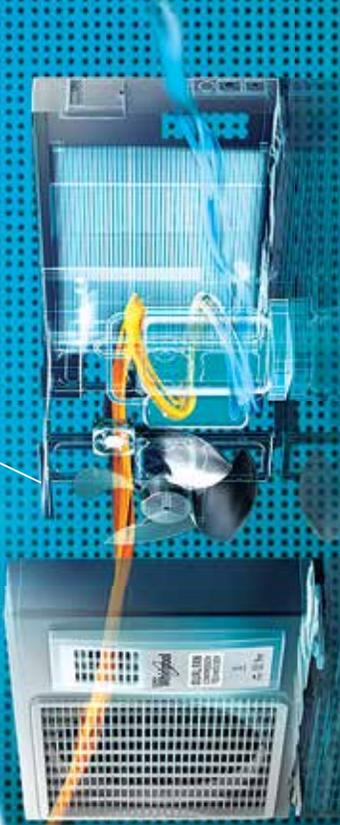


**Low Voltage  
Operation**



**Low Power  
Consumption**

**DUAL FAN COMPRESSOR TECHNOLOGY #**



\*Results shown are based on internal lab testing done on select models under standard conditions and may vary depending on testing conditions. #Patent pending.

**SMARTER THAN INVERTER ACS**



[www.whirlpoolindia.com](http://www.whirlpoolindia.com)

**Store**

[www.whirlpoolindiaofficial.com](http://www.whirlpoolindiaofficial.com)



[/WhirlpoolIndiaOfficial](https://www.facebook.com/WhirlpoolIndiaOfficial)



[/whirlpoolindia](https://www.pinterest.com/whirlpoolindia)

For Service related calls, dial our customer care number 1800-208-1800 (Toll-Free)  
For disposal of e-waste generated at end of life of your Whirlpool product, you may kindly call @ 60008258\*  
(for private subscribers) & 18601804598 (for BSNL/MTNL subscribers) \*kindly prefix your city STD code  
\*Registered trademark/TM Trademark of Whirlpool, U.S.A. © 2009 Whirlpool of India Ltd. All rights reserved.



Karuna Gopal, President, Foundation for Futuristic Cities, says Smart Cities is a good project. [www.businessworld.in](http://www.businessworld.in)

### DECODING TAX BENEFITS ON HOME LOANS

Home loan can actually help you save more money by providing a breather from taxes, writes Brijesh Parnami, CEO of Destimoney Advisors

### CONNECTED CAR TRENDS TO WATCH OUT FOR

Verizon's country manager Harsh Marwah writes about the five auto technology trends that are hot this year

# BW

OPINION

## Why Firms Struggle In New National Markets

One of the most important reasons organisations fail in new markets is due to what may be termed "the liability of being a foreigner" and "the paradox of being consistent", says Juan Alcacer of Harvard Business School



**'MetricStream Is Deeply Committed To India'**  
\$25 million to be invested in product development, R&D and talent acquisition in India, says MetricStream University CEO Shellye Archambeau

### Da Vinci's Tips for a Data Analyst

Like a great painting, an analyst must craft a work that urges one to 'discover, interpret and present'

### Rise Of The Machines

Robotics in India has not had an emphatic run, but the seeds are already sprouting for the next wave of IT



### Must-Have Accessories For Your Smartphone

Some of the most useful, interesting and value for money accessories that you can get for your smartphone

### Plug And Play

Google takes a jab at Microsoft with its own computer on a stick and at a cheaper price too

DESIGNED IN ITALY.  
MADE IN INDIA.

AVVENTURA  
CONTEMPORARY URBAN VEHICLE



# THE FIAT AVVENTURA MORE THAN A CROSS WILL EVER BE.



- Highest Ground Clearance (205mm)
- High Terrain Gauges
- Stylish Mounted Spare Wheel
- Front Skid Plates
- Strong Build Quality
- Superior Ride Quality
- Italian Styling
- Underbody Shield
- Solid Road Holding

O6M 3323



**15000KM**  
SERVICE INTERVAL

For test drives,  
SMS FIAT to 54242 or  
Call 1800-209-5556  
[www.fiat-india.com](http://www.fiat-india.com)



HELLO LIFE

Disclaimer: Fiat Group Automobiles India Pvt. Ltd. reserves the right to change without notice the colors, prices, equipment specifications and models. Accessories shown in the pictures and features mentioned may not be part of standard equipment and could differ with variants. Actual color of vehicle and upholstery may differ due to printer limitations. \*Conditions apply.

# CONTENTS

■ VOLUME 33, ISSUE 44 ■ 4 MAY 2015

## JOTTINGS & SNAPSHOTS

16

### Jottings

Petitions filed over beef ban in Maharashtra; government going back on its promise of not levying retrospective tax; and more

22

### Transit Lounge

Tim Barton of Oxford University Press on publishing in India

23

### Verbatim

What Jamie Dimon, Arun Jaitley and Alexis Tsipras, among others, said

24

### Columns

Gurbir Singh, Nayan Chanda (p. 26), Ramesh Jude Thomas (p. 104), Rachna Chhachhi (p. 112), Mala Bhargava (p. 118)

27

### Social Circuit

Section 66A of IT Act scrapped; Twitter adds video app to its offerings; and more

28

### Marketing & Advertising

Rajiv Rajgopal of AkzoNobel India on marketing paints; more people using social media on mobile; and more

30

### Globescan

Royal Dutch Shell to buy BG Group for £47 billion; US announces first antitrust e-commerce prosecution; and more

Cover design by DINESH S. BANDUNI  
Photograph by RITESH SHARMA

40

### Max Power

Max India, founded by Anajit Singh, is splitting into three listed entities. Will investors laugh all the way to the bank?



# STRENGTHENING COMMUNITIES, ENGAGING LIVES

**YES COMMUNITY is an impactful social and environmental initiative committed to improving lives of people by reaching out and working with communities on local issues across India.**

## YES COMMUNITY is Proud to Partner

“We are glad to partner with YES COMMUNITY to build employability skills of rural youth. We plan to train rural youth for accounts & finance, primary school teaching, agriculture and other frontline operations, for employment at various for-profit and non-profit organizations. This partnership will prepare more 'Makers' of Make in India.”

*Naveen Jha  
CEO, Deshpande Foundation  
Strategic Partner, YES COMMUNITY*

“Corporate Social Responsibility needs to be understood in a strategic context with a business case encouraging MSMEs to embed ethos of responsible business. FMC and our partners are delighted to have been joined by YES COMMUNITY, which has led from the front to demonstrate its commitment to the cause of responsible MSMEs, to help improve their energy efficiency and occupational health & safety systems.”

*Mukesh Gulati  
ED, Foundation of MSME Clusters (FMC)  
Strategic Partner, YES COMMUNITY*



Reaching out to **20,000** people in 2009, the **YES COMMUNITY** initiative has scaled up to reach **4,89,000** people in 2014, through **5505** activities conducted under this initiative

Each month YES COMMUNITY engages people across **29 states & 7 union territories** pan India

YES COMMUNITY focuses on areas like Social Welfare, Livelihood Security, Skill Development, Environmental Sustainability, Health & Education and Women Safety



**Rana Kapoor**  
MD & CEO, YES BANK

“YES COMMUNITY, over the past 11 years has been catalysing stakeholder engagement towards inclusive public, social and sustainable environmental development. I look forward to you, to come and partner with us on this simple yet powerful engagement program, for a bigger change.”

To impact communities, participate in 'Say **YES** to **COMMUNITY** Engagement' initiative by writing to [responsible.banking@yesbank.in](mailto:responsible.banking@yesbank.in)

Supported by:



**YES BANK**

# CONTENTS

■ VOLUME 33, ISSUE 44 ■ 4 MAY 2015



32

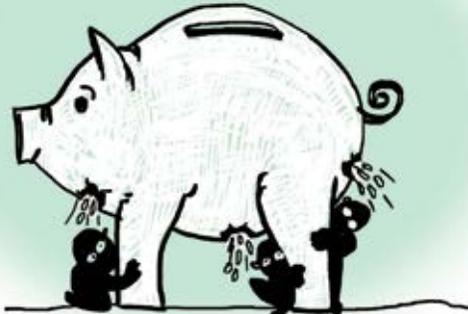


114

116



86



54

## THE BIG STORIES

### 32 Land of Discontent

A debate between two experts on the government's land push

### 86 Personal Finance

Registered chit funds have healthy track records. Pick the one that is right for you

### 110 Health & Fitness

Depression at the workplace should not be seen as a taboo, says Dr Alok Sarin

### 124 Book Extract

*The Road to Luxury: The Evolution, Markets and Strategies of Luxury Brand Management*

### 54 Hospital Care At Home

Chronic ailments have spurred the demand for home healthcare, but several issues remain

### 90 In Conversation

Muhammad Yunus believes disruptive change is the only way to take banking to the unbanked

### 114 Gadgets

Bang and Olufsen debuts a range of premium speakers; and more

## AND ALSO

### 128 People In The News

Fredric Brandt, B. Ramalinga Raju, Silvio Berlusconi, and more

### 76 Running Low

With private power cos boycotting bidding, the govt's UMPP policy is in trouble

### 94 Case Study

How to avoid using abusive language at the workplace even in stressful situations

### 116 Apps

Get updates on the weather, traffic, news of friends and their locations

### 130 Last Page

A look at the media and entertainment industry's growth graph, especially in the past year

### 80 Rendezvous

Kishore Chhabria is India's largest liquor baron, but he faces stiff competition from MNCs

## BEYOND BUSINESS

### 106 Entertainment

A look at the best noir films from around the world

### 120 Bookmark

Geetika Kambli reviews *Well Designed: How to Use Empathy to Create Products People Love*

TOTAL NO. OF PAGES INCLUDING COVER 132

The pages in BW / Businessworld that are labelled BWi or Promotions contain sponsored content. They are entirely generated by an advertiser or the marketing department of BW / Businessworld. Also, the inserts being distributed along with some copies of the magazine are advertorials / advertisements. These pages should not be confused with BW / Businessworld's editorial content.



# Your Child has dreams. Plan for it. Today.

Presenting

## Bajaj Allianz Young Assure

A Traditional Savings Insurance Plan that ensures these dreams are fulfilled irrespective of any eventualities.

- ❖ Multiple premium payment and policy term options to ensure that money is available to you during crucial years like child's education, marriage, etc.
- ❖ Guaranteed Maturity Benefit, Guaranteed Additions and bonuses to ensure a good return\*\*
- ❖ 3 Cash Installment Options to choose from to match the future financial needs
- ❖ Comprehensive coverage in case of death or accidental disability
- ❖ Option to enhance your coverage with rider benefits
- ❖ Special rates for female policy holders
- ❖ Tax Benefits under Sec. 80C and Sec. 10(10D) are available for deduction under the Income Tax Act<sup>#</sup>

(\*\*Conditions Apply)



*Jiyo Befikar*

Bajaj Allianz Life Insurance Co. Ltd.

For more details: SMS **CHILD** to **56070\*** or Call toll free no. **1800 209 5658**

[www.bajajallianz.com](http://www.bajajallianz.com) Buy Online



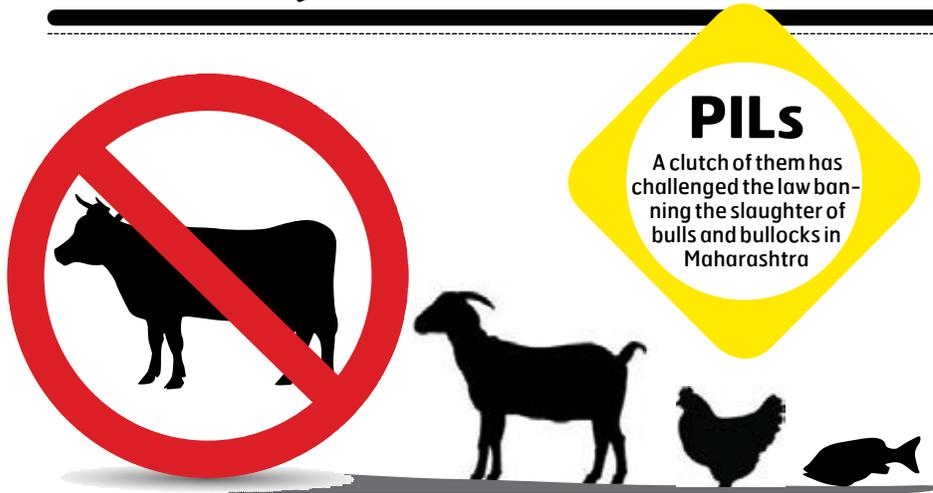
[/bajajallianzlife](https://www.facebook.com/bajajallianzlife) [/BajajAllianzLIC](https://www.youtube.com/bajajallianzlic)

**BEWARE OF SPURIOUS PHONE CALLS AND FICTITIOUS/FRAUDULENT OFFERS :-** IRDAI clarifies to public that - IRDAI or its officials do not involve in activities like sale of any kind of insurance or financial products nor invest premiums. IRDAI does not announce any bonus. Public receiving such phone calls are requested to lodge a police complaint along with details of phone call, number.

**Risk Factors and Warning Statements:** Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz Young Assure are the names of the company and the product respectively and do not in any way indicate the quality of the product and its future prospects or returns. For more details on risk factors, terms and conditions please read sales brochure & policy document available on [www.bajajallianz.com](http://www.bajajallianz.com) carefully before concluding a sale. \*Tax benefits are as per prevailing Income tax laws. All charges applicable shall be levied. Bajaj Allianz Young Assure - A Traditional Savings Plan. Regd. Office Address: G.E Plaza, Airport Road, Yerawada, Pune - 411006 | Reg.No.: 116.J Mail us : [customercare@bajajallianz.co.in](mailto:customercare@bajajallianz.co.in) | Call on : Toll free no. 1800 209 5658 | Fax: (020) 6602 6789 | BALIC GN : U66010PN2001PLC015959. Insurance is the subject matter of solicitation. Bajaj Allianz Young Assure UIN : 116NI28V01. The Logo of Bajaj Allianz Life Insurance Co. Ltd. is provided on the basis of license given by Bajaj Finserv Ltd. to use its "Bajaj" Logo and Allianz SE to use its "Allianz" logo. \*By submitting your contact details or responding to Bajaj Allianz Life Insurance Co. Ltd., with an SMS or Missed Call, you authorize Bajaj Allianz Life Insurance Co. Ltd. and/or its authorized Service Providers to verify the above information and/or contact you to assist you with the purchase and/or servicing.

BIAZ-O-1377/27-Mar-15

# JOTTINGS



## It's Getting Quite Fishy

**T**HE beef ban story in Maharashtra is getting curiouser and curiouser. A clutch of PILs and writ petitions have challenged the Maharashtra Animal Preservation (Amendment) Act banning the slaughter of bulls and bullocks and criminalising consumption and possession of beef. At a hearing of these petitions, the Bombay High Court sought to know from the state's advocate-general why the ban had been limited to bulls and bullocks and not extended to goats if the rationale for the ban, as the Maharashtra government had pleaded, was to prevent cruelty to animals. The reply left the courtroom quite shocked. "We have made a start with cows and its progeny. At least we have made a beginning. The state might consider others." The divisional bench hearing the matter did not quite relish the idea of Maharashtra being gradually pushed towards compulsory vegetarianism, and quipped: "That may lead to migration from the state. Don't consider a ban on fishes, though!" — *Gurbir Singh*

### PILs

A clutch of them has challenged the law banning the slaughter of bulls and bullocks in Maharashtra

## PASSING THE HEALTH BUCK

**THE RULING** BJP's 52-page election manifesto had used the term 'health' at least 50 times. The party had promised to introduce, with the help of states, a National Health Assurance Mission, with a clear mandate to provide universal healthcare that is not only accessible and affordable, but also effective, and reduces the out-of-pocket spending for the common man. Technically, the ruling party has kept its promise. It has announced a mere 2 per cent increase in budgetary allocation — from Rs 29,000 crore in 2014-15 to Rs 29,700 crore in 2015-16 — and asked the states to shoulder more burden. Neither health activists, nor private healthcare providers see this as a positive development. Given the new Centre-state revenue sharing pattern, states can legitimately think of allotting more funds to the health sector, but that should not be seen as an opportunity for the Centre to shy away from its responsibility. — *Joe C. Mathew*

## CLOAK AND DAGGER GAMES

**THE GOVERNMENT'S** decision to levy minimum alternate tax (MAT) on foreign portfolio investors should be seen as a walk-away from the promise that two successive governments made to overseas investors. Both the Manmohan Singh-led UPA and the Modi-led NDA had assured foreign investors that taxes would not be levied retrospectively. The imposition of MAT on

foreign portfolio investors goes against the stated intent and spirit of the two governments. One cannot help but think that the authorities have been making false claims to attract foreign investments into the country. And now that the investments are here, the government seems to be moving back to its arbitrary style of tax collection. The government should collect

taxes, but not in a manner that would make the country tax-unfriendly. Tax policies have to be clear and constant; changes are perfectly legitimate, but they should be prospective in nature. Retrospective taxes will lessen the confidence of foreign investors on India. Levies such as MAT would only take India off their investment radars. — *Shailesh Menon*

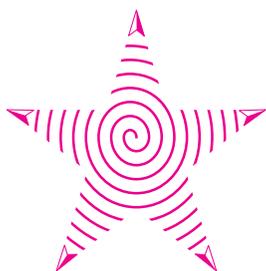
# A Step Towards Regulated Realty

IT IS A STEP FORWARD, with the Union cabinet clearing the amended Real Estate (Regulation and Development) Bill, 2013. The cause of transparency and keeping builders on leash will be partly served if Parliament passes this piece of legislation. The Bill will set up a real estate regulator both at the Centre and in the states. Other key provisions include registration of all projects; registration of real estate agents who sell plots or apartments; public disclosure of all project details including layout plans and statutory approvals; and the establishment of an appellate tribunal and a fast-track dispute resolution machinery. The Bill also includes an elaborate penalty system wherein fines are calculated based on a percentage of the project cost. Some of the more stringent provisions of the previous Bill though have been diluted in favour of builders. For instance, earlier, developers were required to deposit 70 per cent of the proceeds raised from a project in an escrow account to meet the construction cost of the project. This was to prevent diversion of consumers' hard-earned funds raised from bookings to



dubious ends. This provision has now been watered down and developers now need to deposit only 50 per cent in an escrow account. Besides, there are no provisions to hold government officers accountable for delays and wrongdoing. In a sector where consumers are subject to extreme exploitation and hoodwinking, a progressive regulatory legislation is welcome. However, it remains to be seen whether the Modi government will have the spunk to push the Bill through. In this case, the Opposition should have no issue. Or, will the two sides unite and ensure regulation of real estate stays on the backburner? — *Gurbir Singh*

PHOTOGRAPH: BW ARCHIVE



## BML MUNJAL AWARDS

Business Excellence through Learning & Development

— Tenth Edition, 2015 —



22nd APRIL, 2015, ITC MAURYA, NEW DELHI

The BML Munjal Awards recognize innovations made in the area of skill development. They honour companies that effectively harness training, learning & development, and gain competitive advantage. Over the years, the Awards have carved a special niche for themselves in India's corporate landscape.

The Awards are named after the Hero Group Chairman and Padma Bhushan Awardee - Dr. Brijmohan Lall Munjal – a leader who has built a business conglomerate worth billions of dollars from scratch.

There are four different categories i.e. Public Sector, Private Sector Manufacturing, Private Sector Services and Sustained Excellence. Some of the previous winners of this prestigious award have been Jet Airways, Infosys, Mindtree, HSBC, Tata Steel, Tata Power, HDFC Bank, Indian Hotels, NTPC, SAIL, NHPC, IOCL, ONGC, PNB, BPCL and HPCL.

For the tenth edition 2015, it has been a tough contest with large number of well-known organisations staking their claim. Applications have gone through a rigorous four-stage filtering process.

An accomplished jury will decide the winners, who will be named during a glittering ceremony in New Delhi on April 22, 2015, The ITC Maurya, New Delhi.

For Live webcast, please follow [www.bmlmunjalawards.com](http://www.bmlmunjalawards.com)

## Tough Times Ahead For Top Telcos

**INDIA'S** top telecom operators, who engaged in aggressive bidding in the latest spectrum auction, are probably headed for a do-or-die battle. The massive bids by the country's leading players (by revenue) — Bharti Airtel, Idea Mobile and Vodafone — at the auction will not only have them struggle for margin but also for generating the required cash flow.

At the end of the 19-day bid that ended on March 25, Idea made a total commitment of Rs 30,306.98 crore followed by Airtel at Rs 29,130.20 crore and Vodafone at Rs 29,959.74 crore, while the government raised a record Rs 1.10 lakh crore from the spectrum sale. These massive figures led to concerns that the consumers will have to pay more for telecom services now. But as it turns out, the trio would not hike the tariff given the stiff competition in the market from large groups that are in expansion mode.

There are other challenges awaiting the trio. For starters, there's a market shift happening in the currently most profitable voice call segment, where

**2017**  
The year starting which Airtel, Idea and Vodafone have to pay their instalments for new the spectrum

customers are moving to cheaper or cost-free alternatives. But the trio cannot do much in terms of offering competitive tariff even for the growing data service segment. And taking advantage of this situation will be the large capacity players such as Reliance Jio Infocomm, Tata Teleservices and Reliance Communication that have a clear cost advantage and can offer better prices in all these segments.

The additional input cost by way of new spectrum price for Reliance Jio at Rs 10,077.53 crore, for

Reliance Communication at Rs 4,299.13 crore and for Tata Teleservices at Rs 7,851.33 crore are much lower. Besides, their capacity to provide a bundle of data services will enable them to offer better rates.

Idea, Airtel and Vodafone will need to significantly increase cash generation to pay the instalments of the spectrum price starting 2017.

For instance, Idea's current cash generation, according to reports, is about Rs 8,000 crore and its operational costs including the interest to

lenders is Rs 6,000 crore. In the next two years, its instalment due to the government for spectrum alone would be around Rs 6,000 crore. This means Idea should be able to double its cash generation in the next two years to stay afloat. Airtel and Vodafone will also have to find ways to increase their cash generation.

This will strictly depend on the pricing power of these operators, who will be competing with those whose input cost has remained unchanged.

— C.H. Unnikrishnan



PHOTOGRAPH: SHUTTERSTOCK

## Trade Truths

**INDIA'S FOREIGN TRADE** policy (FTP) 2015-20, announced on April 1, in addition to regular features like market and product incentives and sops, talks about leveraging Modi government's flagship programmes Make in India, Skill India and Digital India to push the country's foreign trade in the next five years.

On the face of it, there is nothing new about linking major policy announcements with the Prime Minister's pet initiatives. The railway budget had its share of Make in India plans, while the Skill India and Digital India programmes found prominent

mention in the Union Budget speech.

A closer look, though, tells a different story. While the Make in India campaign aims at improving the manufacturing capabilities of Indian industry, Skill India is all about providing necessary workforce to aid increased industrial or manufacturing activity. Digital India is expected to speed up business transactions, regulatory clearances and payments by use of electronic channels.

By emphasising the need to link FTP with these programmes and create an Export Promotion Mission, the government is of-

fering long-term solutions to the three problem areas — manufacturing capabilities, skilled manpower and trade facilitation, all key to overall competitiveness — before the Indian exporters.

The candid admission that there is a lot of room for improvement in these areas also explains another assessment made in the FTP statement: That government subsidies and sops alone cannot push foreign trade beyond a point in a globalised world.

The FTP goal of doubling India's merchandise and services export from \$465.9 billion in 2013-14 to \$900 billion and raising

India's share in global trade from 2 per cent to 3.5 per cent in the next five years would be possible only if Indian exports become globally competitive. The role of the nodal ministry — the commerce ministry which prepares FTP — in fulfilling these aims is limited. Hence the attempt to involve state and Union territory governments and various Central departments and ministries in the process of foreign trade through the Export Promotion Mission.

The ministry has also hinted that the policy is a pointer to the direction export promotion efforts will have to take in future — towards tackling more fundamental problems than announcing incentives and subsidies.

The FTP statement reveals that India has not been able to take full advantage of its free trade agreements with Korea, Japan and ASEAN. And the reason was not always tariff difference. It was competitiveness or rather lack of it. What FTP reveals was never a secret. We always knew the problem, and the solution. What was missing was concrete action. — *Joe C. Mathew*

**3.5%**

The target India has set to increase its share in global trade to over the next five years





## Upping The Game

**BLOOMBERG** is moving to make Bloomberg Television India a more 'premium' product that will focus on long-term business trend stories rather than on stock market coverage aimed at retail traders. In an exclusive chat with *BW* about the business channel — a joint venture with the Reliance ADA Group — Justin Smith, CEO of Bloomberg Media Group, said Bloomberg TV has always positioned itself differently from market-based TV networks such as CNBC and ET Now.

When asked why Bloomberg TV had been lagging behind in audience share, Smith said: "We want to be the business channel for business leaders. Becoming No.1 in viewership is not necessarily our objective. We want to become the most influential among the business leaders."

Smith, who was in India to attend a board meeting of Bloomberg TV India, said the agenda was to discuss product positioning; and the consensus that emerged was to make the channel more 'premium' in days to come. "Our partners agree that Bloomberg brings more premium global focus; rather than the traditional day-trader focus others have. We are going to double down on that strategy," he said.

Before Bloomberg, Smith was in-charge of *Atlantic Media*, a 156-year-old hugely influential print and magazine company in the US. "When I joined, *Atlantic's* print and digital audience was at half a million. Today, print is 400,000, while digital has soared to 25 million."

At Bloomberg, the digital faces of Bloomberg.com and Businessweek.com

**50%**

Of Bloomberg LP's revenues come from the digital platforms, which the company wants to replicate in India

were merged two months ago to create Bloomberg Business as a new destination primarily for mobile use. "We are exploring the possibility of Bloomberg Business India," he added.

Smith revealed that digital platforms are generating nearly 50 per cent of Bloomberg LP's revenues. Advertisers, who earlier suspected digital formats, are now beginning to move their money out of print. What digital offers advertisers is better 'targetability' and 'measurability'. "The

combination of context, content and 'geo-targeting' is phenomenal, and that's the Holy Grail; it is much better than buying an ad in a newspaper."

Bloomberg Media Group, which accounts for a little less than 10 per cent of Bloomberg LP's annual \$9 billion revenue, was carved out as a subsidiary in March 2011 putting together Bloomberg's television, print, radio, mobile and digital media properties. "Our vision is to create the biggest global media company and capture the consumer in every stage of the media consumption cycle by surrounding him with all these platforms."

He said newspapers like Wall Street Journal and Financial Times are print centric; they are moving to digital, but are hanging on to print. Competition is mainly from what he calls 'legacy' media and their business models are under pressure. "The idea is to disrupt the traditional newspaper and television businesses, and create the next generation media company; and the heart of our strategy is digital with Bloomberg Business as our flagship destination," he adds. — *Gurbir Singh*

# COST & MANAGEMENT ACCOUNTANT'S CONTRIBUTION TO NATION, ECONOMY & BUSINESS



The dream of "Make in India" and "Making India Cost Competitive" can be achieved with the support and skills of Cost and Management Accountants

## ENABLING PERFORMANCE MONITORING & SUPPORTING RISK MANAGEMENT

Cost is an important measure of productivity, efficiency and resource utilization. CMAs support decision-making and managing the performance of any organization. This also contributes to the process of Identifying and mitigating business risks and support in developing and maintaining an Early Warning System, focused on Risk Management that support quick decision making for Risk Mitigation.

## CRITICAL SECTORAL SUPPORT

The Institute has been constantly undertaking Research and Analysis and devising ways and means to make critical sectors of the economy cost competitive and efficient. Some of the critical sectors addressed are:

### Helping to fine tune "Cost to Serve" Model for Power Sector:

An initiative on developing and fine tuning the power sector for arriving at a reasonable power tariff taking all the key components of generation, transmission and distribution that creates a viable business contributing to affordable power to all types of users. Support a *centric methodology for energy power and resource tariff fixation* and allow cost-effective utilization of nation's resources.

### Affordable Health Care to common public – Managing Health Care Costs for Health Sector:

Supporting the Government's cause of providing affordable health care to the common public, based on the cost template by Ministry of Health and Family Welfare which will support a compensatory cost model for Government Health Schemes.

### Reaching the Unreached – Making India a Skilled through affordable Higher Education:

Enabling a system of Cost Management for Higher Education to drive towards effectively provide employable skill to the youths, based on AICTE and UGC norms. Supporting a methodology by developing cost models exploring usage of Government educational facilities by private sector on a cost plus contribution model. Helping Central and State Government in robust Fee Fixation models for colleges for Higher Education.

### Strengthening and making MSME's vibrant and cost competitive through a Cost & Performance Management Approach for MSME:

Enabling MSME's to develop an internal positive cash flow approach and drive them to sustain and grow thereby contributing to efficient supply chains and national building.

### Right price for PPP and Infrastructure:

Supporting a process and model that provides critical inputs that aid in arriving at the right price for user charges in PPP and viability for infrastructure projects such as roads, transport, airports and ports.

### Right Cost of Delivery and Efficiency – Government Schemes:

Supporting evaluation of various schemes launched by the government for public welfare from a cost of delivery standpoint and ensuring that the benefit is delivered efficiently at the *right price*.

### Make India Cost Competitive - Benchmarking productivity and efficiency for Manufacturing Sector:

As per parameters developed by productivity councils and developing a methodology for incorporating the cost factor as an incentive in appropriate government programs to revitalize the economy.

### Reducing the NPA's and improving Efficiency in Banking Sector:

Supporting implementation of a methodology to go beyond the financial reporting mechanism of Delinquent borrowers and provide a *methodology to segregate between viable and unviable Non Performing Assets (NPAs) in the Banking Sector*.



## The Institute of Cost Accountants of India (Statutory body under an Act of Parliament)

Headquarters: CMA Bhawan, 12, Sudder Street, Kolkata 700 0016 | Ph.: +91 33-22521031-34-35 | Fax: +91 33-22527993

Delhi Office: CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi 110 003 | Ph.: +91 11-24622156-58 | Fax: +91 11-43583642

Toll-free No.: 1800110910 | Ph.: +91 11-24666100 | Website: [www.icmai.in](http://www.icmai.in) | Email: [info@icmai.in](mailto:info@icmai.in)

BEHIND EVERY SUCCESSFUL BUSINESS DECISION, THERE IS ALWAYS A CMA

# TRANSIT LOUNGE



## ‘We want to be India’s Oxford’

Tim Barton, managing director, Global Academic Publishing, Oxford University Press (OUP), talks to *BW*'s **JOEC. MATHEW** on publishing in India

**Q:** How do you rate India's academic publishing industry? What provides an extra edge to OUP?

**A:** India's publishing industry is astonishingly vibrant and varied. OUP's contributions lie in providing both quality and service. The press's rigorous review process ensures that our publications have

been vetted by experts and assessed by scholars of high repute in India who are our delegates. We have established networks and resources that ensure our authors' books reach various audiences, both within India and globally.

**Q:** How promising is India's market for the global

academic publishing division of OUP?

**A:** We are encouraged by the recent experiences in expanding our publishing in India. We have been aggressively adding resources across our editorial, marketing, and sales functions, and are taking steps to ensure that our Indian authors benefit from the advantages that come with being an Oxford author. OUP is already a well known and respected imprint here, but we are still seeking out options to make its experience a better one. OUP will always behave like a 100-year-old startup, with a focus on the needs of Indian authors and customers. We want to be India's Oxford, not simply Oxford India.

**Q:** What are the challenges India poses?

**A:** India poses the same challenges as any other country. Frankly speaking, authors and readers want the same thing — excellent, well-produced books that are accessibly priced — and we know how to publish well. While we are not complacent about the challenges that piracy poses, our current emphasis is on building our business by

▶ **TIM BARTON**  
says OUP will always  
behave like a  
100-year-old startup

doing the best possible job.

**Q:** Will allying with Indian universities work as a business strategy?

**A:** OUP often collaborates with universities on their research dissemination priorities. We enjoy fruitful relationships with university centres, and are keen to explore in India. It needs a mutual benefit to such alliances, where the union creates value for both, mainly, for our constituents.

**Q:** How fast is the growth of digital products?

**A:** At Oxford, we believe print and digital go hand in hand, and publishers should strive to be 'format-agnostic', meaning that we provide the works of our authors in a manner preferred by readers. This can be an expensive proposition for a publisher, so we need to time our expansion into various formats with the development of the market. Print is a wonderful, durable technology that has served us well for centuries but, we can't underestimate the benefits digital can provide for researchers and readers. **BW**

▶ [joe@businessworld.in](mailto:joe@businessworld.in)

---

# VERBATIM

---



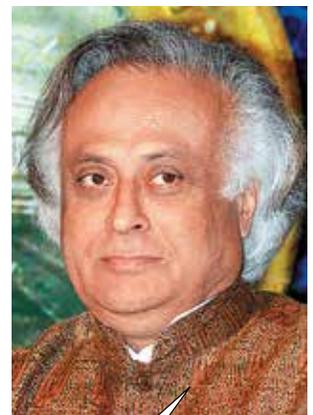
“Some things never change — there will be another crisis, and its impact will be felt by the financial markets”

—**JAMIE DIMON**, CEO, JPMorgan, in his annual letter to shareholders

---

**“Our fairness has been partly misunderstood. The converse of tax terrorism is not a tax haven... Let it be clearly understood that India is not so vulnerable that every legitimate tax demand can be considered tax terrorism, because we are not a tax haven and we don’t intend to be one”**

—**ARUN JAITLEY**, finance minister, at a conference



---

“Greece is not a beggar going around to countries asking them to solve its economic problem, an economic crisis that doesn’t only concern Greece but is a European crisis”

—**ALEXIS TSIPRAS**, Greek Prime Minister, after Russian President Vladimir Putin offered only moral support and long-term cooperation but no financial aid

---

**“Banks are sitting on money. Their marginal cost of funds has fallen. The notion that it hasn’t fallen is nonsense. When banks have to raise rates, they quote higher policy rates... Why don’t they cut when policy rates go down?”**

—**RAGHURAM RAJAN**, governor, RBI, on banks not passing on the benefits of lower interest rates to consumers, a factor that is rendering RBI’s back-to-back repo cuts ineffective

“Prime Minister Narendra Modi is behaving like Duryodhan of Mahabharat and ready to sacrifice interest of farmers and tribals to appease the corporates which invested in the public issue (Modi) during elections. Investors now want dividends in the form of land”

—**JAIRAM RAMESH**, former Union minister and architect of the 2013 land law, at a press meet



# FICCI FRAMES MISSES THE BUS

The annual meet of the media and entertainment industry failed to address reasons for dismal growth

By **Gurbir Singh**

# W

**WHEN AN INDUSTRY** holds an annual jamboree, it should turn the spotlight on itself and frankly recognise its pluses and minuses. Unfortunately, 'Ficci Frames', the annual three-day conclave of the media and entertainment (M&E) industry, held this year in the last week of March, lacked any serious introspection. Over the years the forum has become a networking site where people exchange business cards. They also listen to suspect ra-ra figures from management consultants about the performance of the different segments such as television, cinema and print.

The one person who spoke sense and disturbed the audience's smugness was Aamir Khan. Pointing to the research that he had delved into during the making of his TV show, *Satyamev Jayate*, the actor said he had realised the country was good at its 'hardware' — everybody had the latest phones and gadgets, and information technology was booming; but there was a 'software' weakness. There was a real weakness in understanding the 'fabric' that makes people and their feelings. For instance, the kind of content children watch today is scary; that is because no relevant cinema or TV content is being produced for them, he said. Rubbing in the point, he said: "... If you look at the matrimonial columns, you will realise that we have not moved an inch."

After Khan, came the outpouring of statistics that tried to convince us that 2014 was a great year, and that future prospects are equally bright. The KPMG report on the performance of the industry described 2014 as "a watershed year, with advertising bouncing back". It estimated that Indian advertising grew 15 per cent in 2014, while digital media was expected to gallop at 30 per cent over the next few years. The report predicted that the Rs 1,09,400 crore M&E industry is poised to grow at 13.9 per cent over the next five years to reach

Rs 1,96,400 crore by 2019 (See M&E graphics on Page 130).

What was lost in the noise was KPMG's data on the performance of cinema, the heart of the country's entertainment industry. Revenues from films grew less than one per cent to Rs 12,640 crore in Calendar 2014 from Rs 12,530 crore the previous year. This year holds poor prospects too, with growth for filmed entertainment pegged at less than 8 per cent.

Why did the conference not focus on the regulatory and licensing regime, which is key to the growth of the sector? The BJP government, like its UPA predecessor, has kept up the dubious reputation of using film stars on stage when it suits them, but doing nothing for the health of the industry.

Take radio. It has shown robust growth of 18 per cent, with more than 200 channels in 70 cities. For the last three-and-a-half years, the Centre has been promising to take radio communication to another level with the auction of 839 stations across 227 cities and towns, but postponing on one count or the other. Finally, after many false starts the Union cabinet in January this year announced it would go ahead with its third phase of radio auctions by the end of FY2014-15. That has not happened. At 'Frames', J.S. Mathur, additional secretary, Union information and broadcasting (I&B) ministry, said the government had "started proceedings" into the auction of FM channels for 135 channels in 69 cities, and "we hope to auction 1,000 new FM channels by 2016".

Again, on digitisation of cable TV, pending for over a decade, the BJP government got cold feet last year: It pushed back by more than two years the deadlines for implementing Phase 3 and Phase 4 of the Digital Addressable System that will cover over 80 per cent of the population — December 2015 for Phase 3 and December 2016 for Phase 4. What's the bet that these deadlines too, will not go begging?

Why were I&B minister Arun Jaitley and I&B secretary J.S. Mathur not grilled on the government's pussyfooting? Instead, the conclave discussed: Print media versus digital; and arrived at the 'weighty' conclusion everybody knows — 'yes' the two will coexist! 'Ficci-Frames' should do everyone a favour by either examining why the industry is showing such dismal growth and investment; or it should hang its boots. **BW**

[gurbir@businessworld.in](mailto:gurbir@businessworld.in); [@gurbir110](https://twitter.com/gurbir110)



Kempinski  
Ambience Hotel

DELHI



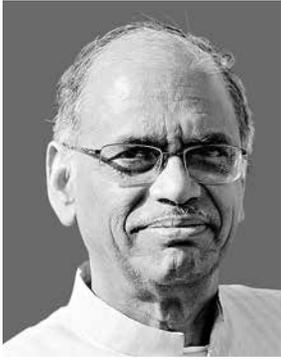
While others offer a *floor*, we offer a *tower*

Spread over one complete tower. A dedicated entrance, concierge and front desk, exclusive swimming pool, 24 hour check-in and check-out, club lounge, complimentary internet... No wonder we needed more than just a floor!

1 CBD, Maharaja Surajmal Road, Near Yamuna Sports Complex, Delhi - 110032

T: +91 11 4908 8888, E: reservation.delhi@kempinski.com | www.kempinski.com/delhi

Follow us on [f](#)/KempinskiDelhi | [t](#)/KempinskiAmbDel



By **Nayan Chanda**

# CLASH OF HINDUTVA AND TRADE POLICY

Ban on cow slaughter in BJP-ruled states negates the Modi govt's intent of supporting the leather industry

# W

**INDIA'S EXPORTS** shrinking for the third straight month, the commerce ministry rushed the publication of its long-delayed five-yearly foreign trade policy. The ministry tried to make up for its tardiness by presenting a rather ambitious plan: to double exports to \$900 billion by 2020. It expressed pride that for the first time, India's foreign trade strategy would be aligned with other government economic programmes like Make in India, Digital India and Skills India. What it has not factored in, is the Hindutva agenda, which threatens to put a spoke in the wheel of development.

The BJP-led state governments' imposition of ban on cow slaughter in Maharashtra and others runs smack into the commerce ministry's plan to create jobs and increase exports by promoting trade in leather goods. This clash of economic policy with religiosity provides yet another example of the ruling BJP's penchant for culture war, threatening to undo Narendra Modi's development plan.

The trade policy was unveiled days after the ban on cow slaughter and beef import introduced in Maharashtra began to spread to other BJP-ruled states. Placing the imprimatur of the central government on that trend, home minister Rajnath Singh declared that "cow slaughter cannot be allowed in this country. We will use all our might to ban it". Another BJP stalwart even demanded the humble cow be renamed as "Rashtra Mata" — mother of the nation. A misplaced religious sentiment (Hindus have been consuming beef for centuries) has now been raised to the level of state policy — negating the brave rhetoric of progress for all Indians.

It is thus ironic that the newly unveiled foreign trade policy singles out leather export as an area deserving special support. The leather sector already employs 2.5 million workers and the rising value of Indian leather and footwear exports

— which had been growing until late last year at a healthy clip — has the potential to employ more people. It called for additional focus on leather garment manufacturing and exports, especially for important destinations as the US. While entirely laudable, what the ministry neglected to note is that pliable cow hide, rather than harder buffalo leather, is needed to manufacture quality garments and footwear. By shutting down abattoirs for cows and bulls, the government is threatening to stunt growth in one of its self-identified promising areas. India does not lack skilled workers in leather goods, but growth has been blocked by a shortage of raw material. Last year, industry officials said that in order to meet the export target of \$14 billion by 2016-17, the sector would have to double its production of 2 billion square feet of leather. Instead, thanks to the ban, the industry will face a reduced supply (Maharashtra alone supplied over 15 per cent of cow hide) and meeting its existing commitments may require it to import semi-processed cow hide from Africa at more than double the price. Not a recipe for success in any business.

India's chaotic policy-making offers a remarkable contrast with China's sure-footed planning. As the world's number one exporter, China accounts for 11.74 per cent of the world's merchandise trade (compared with India's 1.66 per cent), and has launched new initiatives to boost trade in order to support its slowing economy. Prime Minister Li Keqiang said the government would adopt policies "to allow our industries to charge out into the world unfettered and rise up through facing competition on the global stage".

While India, lacking infrastructure, technology and skilled workers, struggles to grow its manufacturing industry, the Chinese government at different levels is proactively planning for the coming labour shortage. Recently Guangdong province announced plans to offer sops to 2,000 manufacturers intending to install robots on their production lines. Though seen as a random coincidence, the divergent concerns of the two nations over cows and robots, perhaps, explains their different growth trajectories. **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](http://www.businessworld.in)*

# THE SOCIAL CIRCUIT

## FREEDOM RESTORED

**IN A BID TO** promote freedom of speech and expression in the world's largest democracy, the Supreme Court of India struck down Section 66A of the Information Technology Act following a personal interest litigation filed by a law student after two women were arrested in Mumbai for their Facebook posts.

However, Section 69A, which permits the central government to block websites with content that is a threat to national security, is constitutionally valid and Section 79 that deals with blocking content on online platforms such as social media and search engines has also been upheld with reasonable restrictions.

The court described Section 66A as 'vague in its entirety' which not only restricts free speech on online media but challenges the fundamental rights of freedom of speech of Indian citizens. The verdict is expected to boost social media conversations as India continues

to move towards a progressive society.

"The verdict will allow brands to capture the attention of the youth by being able to engage with them through trending topics, hard-hitting conversations and a bolder approach towards the way they use social media," says Zafar Rais, founder and chief executive officer of MindShift Interactive.

Also social media is increasingly being used as a powerful tool for sharing complaints and grievances, and lifting restrictions under the provisions of the IT Act will allow users to voice their problems without the fear of being accused of defamation and look at a faster resolution of their problems.



## Dig The Data

### Social Shopping

A recent infographic by GO-Gulf, a web development agency, that looked at business use of social media platforms shows 46 per cent of people check social media when they are about to make a purchase, 67 per cent of Twitter users tend to buy from businesses they are currently following and 70 per cent of businesses on Facebook have attracted customers through the platform.

### Rise Of Facebook

Facebook's Indian user base has gone up 5.35 per cent, from 112 million monthly active users to 118 million in Q4 2014. Facebook India's daily active users are at 55 million, of which 49 million come through mobile.

## VIRTUAL REALITY



## Brand Buzz

### Twitter Goes Video

Micro-blogging site Twitter has added video app Periscope to its offerings. "Periscope lets you share and experience live video from your mobile phone. We think it's a perfect complement to Twitter, which is why we acquired the company in January," Twitter said in its blog.

Twitter bought Periscope to allow its users to stream videos from their phones. Periscope, which is similar to Meerkat which allows users to save the video for up to 24 hours after viewing it, gained popularity over Meerkat after Twitter acquired it.



#LEADER

**Shekhar Gupta**  
@shekhargupta

Senior journalist

"Besides speeches & political resolutions BJP needs a 1-hour workshop for legislators on what not to say to counter its majoritarian curse"

**Anand Mahindra**  
@anandmahindra

Chairman & MD, Mahindra Group

"RBI's 80th anniversary function is not where you'd expect @PMOIndia to make an impassioned speech — but that's what he did"

## STANDPOINT



**Rajiv Rajgopal**

## WE ARE FOCUSED ON PROMOTING & BEEFING UP CORE BRANDS

Homes in India are getting repainted more frequently now; the cycles are shrinking to five-year intervals from eight years. Rajiv Rajgopal, director and general manager of Decorative Paints at AkzoNobel India, discusses the marketing play behind the paint categories and the company's plans for the year ahead in a conversation with Hita Gupta

**THE YEAR** 2015 will see Dulux focus on strengthening its position as a full-range supplier in the paints industry and filling gaps in its portfolio in India, according to Rajiv Rajgopal. This year's marketing agenda of the company is strongly skewed towards its flagship product — Dulux Velvet Touch. On 1 April, the 100-year old paint company launched a television commercial featuring brand ambassador Farhan Akhtar around the idea of 'fashion trends for walls'.

### Our Strategy

"We follow a holistic approach in our branding

and marketing objectives and as India is a fairly mature industry in terms of media and media planning, our share is as per the basic industry standards," says Rajgopal, outlining Dulux's marketing strategy. Dulux is not looking at any major shifts in its marketing strategy during the year. "We plan to build on our existing strategy, drive imagery through our premium portfolio, and drive mass market through distribution," says Rajgopal.

A few years ago Dulux was faced with the big question of promoting several brands or just the key brands. It chose to focus

on specific brands as part of its portfolio management. And it is still doing the same. As a result, the company's flagship brand 'Dulux Velvet Touch' is marketed under the proposition of 'fashion trends for walls' and Weathershield as 'crack proof'. "We are looking at strengthening our core brands, and building differentiation to build our portfolio," adds Rajgopal.

Beginning April 2015, the home and office paint sector in India is approaching a lean season which is expected to pick pace again only around Dussehra and Diwali.

In the meanwhile, digi-

tal marketing will continue to be important for the company.

### Getting Digital Right

According to Rajgopal, the key to successful marketing on digital media is right content that blends seamlessly with the device. "The most promising of all platforms is digital, but we have to be careful. We are also participating on social media platforms to generate conversations," adds Rajgopal.

In the run-up to the launch of its visualiser app, Dulux was actively engaged on social media sites. It rolled out the '#Ten-SecStory' campaign on its

official Twitter account, and AkzoNobel pushed it on Twitter and Facebook. The campaign was not revenue motivated; it focused on driving conversations around the brand. Dulux's website dulux.in and the app are key elements of its digital play.

"Through the visualiser app, we want to bring the augmented reality into play and empower the customers in making a choice, and thus, changing the painting journey for him. The idea is to get the expression of what you have in mind on to the walls," says Rajgopal.

Commenting on the ecommerce marketing opportunities in the paints industry, Rajgopal says, "We haven't seen any need to sell paint on ecommerce platforms because around 85-90 per cent of consumers in the country are involved in trying the colour before they actually paint their homes. We have, however, seen consumers visiting ecommerce websites and so, it can be used as a platform for conversations."

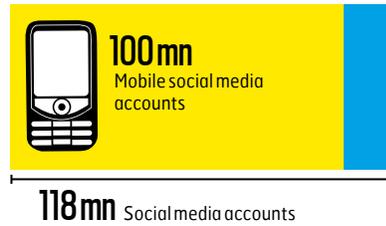
Indian consumers have access to significant information when making purchase decisions. Dulux is hence upping the content factor of its offer with an intent to make the communication two-way with consumers. **BW**

✉ [hita@businessworld.in](mailto:hita@businessworld.in)

## SOCIAL MEDIA ON MOBILE: THE STORY SO FAR

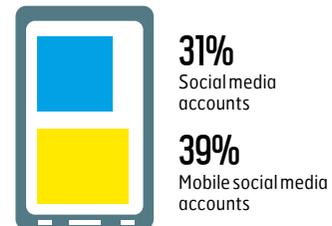
Marketers are riding high on the mobile-first and mobile-only story in India and this is reflected by the growth numbers showcased by active social media users in India. More than 84 per cent of the active social media accounts are found on mobile and it is no surprise that social media on mobile registered higher growth than overall social media growth in the one-year period until January 2015

### MOBILE LEADS THE SHARE OF SOCIAL MEDIA ACCOUNTS



SOURCE: DIGITAL, SOCIAL AND MOBILE IN 2015 - A REPORT BY SLIDESHARE

### GROWTH IN SOCIAL MEDIA ON MOBILE OVERTAKES OVERALL GROWTH



GRAPHIC BY PRASHANT



## MAKING SHARING EASY



**SMARTPHONES** have made 'Internet for all' a reality in India. But what good is it without speed. Telecom operators understand that and are doing everything to make the mobile Internet users happy, including making TV commercials that say as much. Vodafone, one of India's largest telecom operators, has come up with ads focusing on its high-speed Internet services.

Ogilvy & Mather (O&M) created two ad films around Vodafone's 3G network. One featuring a photo junkie mother and an inconsolable son after a haircut, who come home to find the father with the same

hairdo that puts back the smile on the son's face. The second ad shows an old man on his last day at work getting a surprise farewell from his co-workers who put together a quick show with a selfie taken moments ago.

**SHARE FASTER**  
Vodafone's latest ads focus on high-speed Internet services and the joys of sharing

O&M wanted to establish that Vodafone offers the strongest network for sharing photos, audio and video via the Internet.

And it decided to do this through a realistic human story. "I loved the casting of the commercial. The old man was so simple. I think the casting was just right which made the commercial so real and genuine," says Rajiv Rao, national creative director of O&M. "We used an emotional story in the ad to showcase the strength and the magic of Vodafone's network," he adds. **BW**

# GLOBESCAN



## GENIUS STROKE:

Royal Dutch Shell agreed to buy BG Group for £47 billion, making Europe's largest oil company the pre-eminent player in global natural gas and adding fields in Brazil. The deal, the industry's biggest in a decade, will push Shell further into producing, shipping and selling gas as the company bets China and other emerging economies switch from coal and oil to cut pollution. Investors were sceptical of the stock and cash acquisition, which isn't expected to boost earnings per share until 2017. The price of the class of share being used to buy BG fell the most since 2008 on concern the company is overpaying. The merged company, led by Shell CEO Ben van Beurden, 56, will boast a market value twice the size of BP and surpass Chevron. Shell, struggling to rebound from its worst production performance in 17 years, will swell its oil and natural gas reserves by 28 per cent with the combination and inherit a management team that carved out a unique niche in LNG.



## STREET SMART:

Luxury car maker Mercedes-Benz saw its highest monthly sales ever in March. The brand owned by Daimler got a boost from a recovering auto market in Europe and a big increase in China. Mercedes-Benz sold 183,467 vehicles last month worldwide. That's an increase of 15.7 per cent from the same month a year earlier. The sales numbers were boosted by strong growth in Asia and Europe, still the company's biggest market. Europe sales rose 16.3 per cent, while China alone was up 20.8 per cent. The company said it saw stronger sales across its small car line-up, including the A-Class, B-Class, CLA and GLA. Europe's car market is showing signs of life again after several years of decline during the continent's crisis over high government debt.



## CRUNCH TIME:

Greek Finance Minister Yanis Varoufakis said Greece "intends to meet all obligations to all its creditors, ad infinitum", seeking to quell default fears ahead of a big loan payment Athens owes the International Monetary Fund (IMF) later this week. Following a meeting with the head of the IMF, Varoufakis said the government plans to "reform Greece deeply" and would seek to improve the "efficacy of negotiations" with its creditors. Greece has not received bailout funds since August last year and has resorted to measures such as borrowing from state entities to tide it over. It offered a new package of reforms in the hope of unlocking funds, but has yet to win agreement on the proposals with its EU and IMF lenders. In a separate move, Russian President Vladimir Putin offered Greek Prime Minister Alexis Tsipras, in his visit to Russia, moral support and long-term cooperation but no financial aid, leaving Athens to fend for itself in resolving urgent debt problems with Western creditors.



# Apple Pay



**LOCAL HURDLES:** Apple has made mobile payments look easy, after a decade of mostly failed experiments by banks, telecom operators and retailers to woo consumers away from cards and cash. Apple Pay has taken the US by storm since its launch in September. But the tech giant will need a whole lot more magic as it looks to extend the service to international markets. Unlike the consumer electronics business where Apple regularly rolls out new computers or phones in dozens of countries at once, there is no such thing as a unified payments market. Each country is inhabited by often warring banks, credit card associations, telecom operators and retailers, while payment preferences and regulatory regimes can vary widely.

## US announces first antitrust e-commerce prosecution

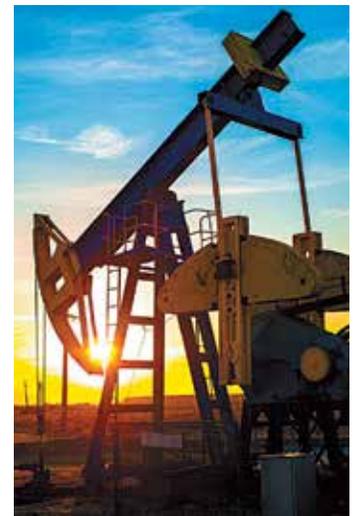
**THE RIGHT FIX:** The US Department of Justice's antitrust division announced its first prosecution specifically targeting Internet commerce, saying a man has agreed to plead guilty to conspiring to illegally fix the prices of posters he sold online. David Topkins was accused of conspiring with other poster sellers to use algorithms, for which he wrote computer code, to coordinate price changes. He then shared information about poster prices and sold that on Amazon.com's Amazon Marketplace, a website for third-party sellers, from September 2013 to January 2014, according to papers filed in San Francisco federal court. The Justice Department said Topkins also agreed to pay a \$20,000 criminal fine and cooperate with its probe.



**UNPAID DUES:** China stands to collect billions of dollars in taxes as Alibaba insiders unload shares held under lock-and-key since the tech firm's record-breaking market debut last year. Two of the company's "lock up" agreements have now expired, releasing an additional 437 million shares for trading. Another 1.6 billion shares — owned by co-founders Jack Ma and Joe Tsai and investors Yahoo and Softbank — will be eligible to hit the market in September.



**WORRY LINES:** Oil prices could tumble \$15 a barrel next year if sanctions are lifted following a final nuclear deal with Iran, according to the Energy Information Administration (EIA). Iran and world powers reached a preliminary agreement on April 2 that set the parameters for further negotiations needed to complete an agreement by a June 30 deadline. The re-entry of more Iranian barrels could cut the agency's price projection by \$5 to \$15 a barrel, the EIA said.



**STEP BY STEP:** Saudi Arabia's new monarch isn't afraid of riling the rich and powerful to get his subjects into homes they can afford. One of King Salman's first policy decisions after taking power in January was to approve a tax on millions of acres of so-called white land: development plots in cities that lie empty for years because the owners have no incentive to build on them. The move breaks the kingdom's taboo on property taxation and puts pressure on landowners and developers.



**IN DEPTH** | [OVERVIEW](#)

---

# MODI LANDS IN TROUBLE

The NDA government's zeal to push development is not going down well with the agriculture sector **By Gurbir Singh**



**The land ordinance may become a tipping point against the Modi government. A TV poll found as many as 35 per cent of respondents saying his policies are 'pro-rich'**

Prime Minister Narendra Modi is a worried man. He normally does not join issue on raging controversies of the day like the 'Nirbhaya' film or the litany of politically embarrassing comments emanating from his ministerial colleagues. But on the land ordinance, he has chosen to come out with all guns blazing. On 23 March, he focused his 'Mann Ki Baat' radio address on selling the new land ordinance as a 'pro-farmer' piece of legislation. Lambasting the Congress and the rest of the political opposition for spreading myths that the ordinance is 'pro-rich', the Prime Minister said land would only be acquired after an agreement with the farmers. He also said the government had not made any changes to the compensation provisions.

More recently, at his Bangalore rally, timed alongside the BJP's national executive meeting on 3 April, Modi again brought up the land ordinance. He said he was from a poor farmer's background and could understand the pain of agriculturists; he also denounced the opposition's campaign as a pretence of fighting for farmers for political gains.

The Prime Minister's concern is that the land ordinance may become a tipping point against his government. A TV network poll found 48 per cent of respondents still supporting Modi as 'pro-poor', but as many as 35 per cent saying his policies are 'pro-rich'. A India Today-Cicero survey said if elections were held today, the BJP would lose as many as 27 Lok Sabha seats. On the other hand, the core of his support base — the phalanx of corporate giants

and investors who bank-rolled the BJP's election campaign — have become increasingly impatient at the poor pace of 'land reforms'. 'Ease of land acquisition' is a fundamental precondition to development and new projects taking off, they say; and their language is increasingly peppered with

words such as 'non-performance' to describe the first 10 months of the Modi government. Caught between a rock and a hard place, where should the Prime Minister go?

### **The Zig Zag Of Land Acquisition**

The Congress-led government thought it was playing an ace when Jairam Ramesh piloted the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. The new Act replaced the draconian 1894 Land Acquisition Act. The farmers hated the latter as it opened the doors to forced takeover of land in 'public interest'; and gave them meagre compensation, much below market rates. The new legislation that came into force in January 2014 seemingly empowered the rural masses by decreeing that private projects seeking land acquisition would require 80 per cent concurrence, while ventures in the public-private domain would have to get 70 per cent consent of the landowners. Compensation was hiked drastically and linked to market price. For urban land, buyers would have to pay two times the market value, while for farm land they would have to cough up four times. Besides, projects seeking land would also have to run the gauntlet of a mandatory social and environmental impact survey.

It was a pyrrhic victory for the Congress. It gave the rural folks a greater say, but it was not enough to turn the election tide against the party. On the other hand,

industry denounced the land amendment as one more anti-development populist measure and solidified the 'oust-Manmohan Singh' forces. Industry bodies such as the Federation of Indian Chambers of Commerce and Industry and Confederation of Indian Industry claimed that if land acquisition norms were not eased, \$300 billion worth of projects was in danger of evaporating. Modi's victory became synonymous with growth and development, and India Inc. backed the BJP with both money and votes.

Modi's election juggernaut marched to victory, and soon it was payback time for those who had been clamouring for an easier business environment. The BJP-led government on its part wanted to show its firm intent, but it did not have the numbers to push through important but controversial legislations such as the insurance Bill and coal legislation through the Congress-dominated Rajya Sabha. It thus took the ordinance route, and as soon as the winter session ended on 23 December last year, almost a dozen ordinances were promulgated, including the one on land acquisition.

The core of the land ordinance was the doing away of the mandatory 70 per cent and 80 per cent approval required from landowners for public-private ventures that had to do with defence, rural electrification, affordable housing and industrial corridors. To speed up land acquisition, the ordinance also jettisoned the mandatory social impact and environment study based on public hearings.

The ordinance was more of a public statement that the Modi government meant business than actual reform. No investor was willing to put his money in land on the basis of a temporary 'ordinance'.

President Pranab Mukherjee too expressed his dissent by delaying signing the decree. "What was the 'urgency' for a land ordinance when the government could pass a regular legislation in the Budget session of Parliament," he is believed to have asked the government.

In hindsight now, we have an answer. The government knew it did not have the numbers. While it used its

overwhelming majority in the Lok Sabha to pass the Bill in the lower house, the BJP had only 18 per cent of the seats in the 245-member Rajya Sabha.

A virulent agitation on the streets only helped to close opposition ranks, and the government saw there was no way the land acquisition Bill would go through the upper house. An ordinance is normally valid for six months, but if Parliament is in session, it has to run the test of regular legislation within six weeks or it can lapse. The outer date therefore was 5 April.

A defeat so early in its five-year term on such a vital issue was not really an option for the Modi government. It therefore took the next best route. It prorogued the Rajya Sabha, and promulgated the ordinance a second time around, hoping against hope that it would push the legislation through by the time Parliament reconvened for its monsoon session.

**The BJP-led government did not have the numbers to push through important legislations through the Congress-dominated Rajya Sabha. It thus took the ordinance route**

### Crunch Time

To make its task easier, the government has included as many as nine amendments to the original December ordinance. These include: giving employment to at least one member of the 'displaced' family; ensuring that only the bare minimum land required

for a project is acquired; restricting acquisition of land within one kilometre of railway tracks and highways; and calling for a mandatory survey of waste land in order to create a bank of alternative land. These sweeteners helped the government get some of its allies on board. It passed the 'softer' Bill in the Lok Sabha on 10 March; but not before ally Shiv Sena registered its protest with an abstention and a walkout.

However, the heart of the new land amendment Bill remains the same: consent of landowners for land acquisition for significant private projects in core sectors will not be required; and the social and environment impact study, earlier mandatory, has been waived. With these in place, there is little likelihood of a consensus in Parliament.

The land issue has already moved beyond the realm of opposition from political parties to the level of a social resistance movement. Rejecting the amendments of the



“The Land Acquisition Act 2013 was passed in a hurry. We too supported the (UPA) government then but soon realised that it was not in the interest of the farmers and decided to remove its shortcomings... A lie is being spread that the compensation under the new Bill will get reduced. Let me assure you, I will never commit such a sin”

— **NARENDRA MODI**, Prime Minister, in his ‘Mann Ki Baat’ radio address on 22 March 2015

government, a rainbow coalition of farmers’ organisations has formed the Bhoomi Adhikar Sangharsh Andolan. The body has announced a series of state-level protests and social disobedience actions culminating in a mass farmers rally in the capital on 5 May. It has also called for a ‘Zameen Wapsi’ or ‘Return Our Land’ movement. ‘Non-political’ leaders like Anna Hazare and Medha Patkar have lent their support to the protest rallies, and the ‘Bharat-versus-India’ idiom popularised by erstwhile farm leader Sharad Joshi has begun to gain ground once again.

The rising farmers’ resistance to the land ordinance has to be seen in the context of the deteriorating rural economy. The increasing drought conditions have led to crop failures and increased agrarian poverty. Unseasonal rains have only added to the misery of damaged crops and rising unemployment. The sharp reduction in purchasing power in rural India is best reflected in the perceptible fall in sales of tractors and entry-level cars — the Tractor

Manufacturers’ Association says in the 10-month period since April 2014 to February this year, tractor sales declined 10 per cent to around 4.88 lakh units, while entry-level cars fell 8 per cent to 4.93 lakh units.

Perception is what finally counts, and that is turning sour for the Modi government on the land issue. After the math and the explanations are over, the perception that is quickly gaining ground is that the new government is tilting to accommodate the urban rich.

Unfortunately, we have short memories and forget the lessons of history. The Left Front government in West Bengal used the colonial 1894 Land Acquisition Act to seize 997 acres of farmland in Singur, in Bengal’s Hooghly district, for Tata Motors’ Nano car project. Mamata Banerjee and the Trinamool Congress, then in the opposition, led an unrelenting protest movement that finally saw the withdrawal of Tata Motors from Bengal in 2008. Despite all that the CPM-led Left Front had done as the world’s longest serving government, when polls came in May 2011, it got the drubbing of its life at the hands of Mamata Banerjee. The Left acquired the reputation of being anti-farmer and corrupt; and if there was one single factor that contributed to the image, it was its crude and overbearing handling of land acquisition in Singur.

To better understand the raging debate around the land acquisition legislation, *BW* | *Businessworld* asked two leading voices on two ends of the spectrum to pen their views. While Anshuman Magazine, chairman and managing director, CBRE South Asia, appreciates the Modi government’s latest ordinance, saying it will go a long way towards addressing industry woes on the land front, Colin Gonsalves, a lawyer and founder of the Human Rights Law Network, comes down heavily on the government’s attempt to take away the few progressive measures put in place by the 2013 legislation. He dubs the current Bill as being worse than the 1894 legislation enacted by the British Raj.

Whichever side of the debate you’re on, one thing is for sure: Modi’s disregard for the lessons of Singur has already dented his massive mandate and could prove suicidal if some serious back-peddalling is not done. **BW**

[gubir@businessworld.in](mailto:gubir@businessworld.in)

[@gurbir110](https://twitter.com/gurbir110)

For more on land acquisition,  
[visit www.businessworld.in](http://www.businessworld.in)



# MAKING INDIA ATTRACTIVE

The new land ordinance  
is only a step towards  
promoting progress  
in the country

and is a key requirement for growth and progress. As the pressure builds on India's cities to make their air cleaner and provide better planned civic amenities, manufacturing industries have been nudged by progressive civic regulations to shift out of urban agglomerations to new, less dense locations. To relocate, industries require land. But new projects are not viable if they have to buy urban land at the current spiralling market price. State governments therefore vie with each other to have these new, growth-oriented projects in specially marked out industrial zones; but when these units actually begin acquisition proceedings, a host of bottlenecks pile up. Posco, the Korean steel giant invited by the Orissa government, after years of controversy, is no closer to setting up its plant and going on stream.

Land acquisition is again a key element in building a country's infrastructure. When new highways, railroads and airports have to be built, these greenfield projects need thousands of acres of land. However, sooner or later the acquisition process runs into trouble over environmental issues, or agitation over tribal rights or the level of monetary compensation for farmers. If we don't build the necessary infrastructure, how do we speed up growth?

The recent land ordinance attempts to solve the problem of land availability for industrial corridors, new projects and expanding urbanisation. The old 1894 Land Acquisition Act had become an anachronism. It did not make acquisition easy for those setting up industries; nor were the farmers and those who lost their land happy with it. It is in that context, the recent governments have tried their hand at new legislations. The latest ordinance will help make the process simpler; but more needs to be done to remove the brakes on development.

## The 2013 Legislation

Keeping in mind that land acquisition has been a contentious subject in India, the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, which regulated land acquisition and laid down rules for granting compensation, rehabilitation and resettlement for affected persons, was introduced. I feel that while the objective was to make land transactions more equitable and transparent, a number

## “The new land ordinance attempts to solve the problem of land availability for industrial corridors and new projects”

of clauses in the Act made land acquisition a complicated, costly and time-consuming affair.

The clauses included a mandatory social impact assessment study for all projects; the consent of up to 80 per cent of affected landowners, if land was acquired by a private entity; and up to 70 per cent for a public-private partnership projects. Compensation was also increased up to four times the market value in rural areas, and twice the market value in urban areas. Apart from this, a rehabilitation and resettlement package had to be provided as well. These, in my view, were extremely stringent conditions that negatively impacted the investor sentiments in the country. In whatever discussions I have had so far with various stakeholders in the industry, a general sense of anxiety prevails with respect to these norms and their long-term impact on the pace of development in the country.

### Ordinance Route

In a bid to ease the process of acquiring land, in December 2014 the Union Cabinet recommended promulgation of an ordinance to amend the original Act, by including five new categories of projects (defence, rural infrastructure, housing for poor, industrial corridors, infrastructure and social infrastructure projects) that would not require prior consent from affected landowners, as well as social impact studies involving public hearings. The aim was to ostensibly revive stalled projects worth billions of dollars. However, sensitive provisions concerning compensation, relief and rehabilitation were left untouched.

Following much debate in the Parliament, further amendments were made to the ordinance of March 2015. Apart from clarifying that land acquired for industrial corridors will be for projects set up by the government and its undertakings only, the new set of amendments proposed mandatory employment for a member of each family of farm labourers affected by the acquisition and relaxation in acquiring multi-crop land. Acquisition of land for private hospitals and private educational institutions, meanwhile, is no longer included within the definition of “public purpose”.

Also in the 2013 Act, the retrospective clause was applicable on land acquired five years or before the commencement of the Act when no compensation was paid or possession was not taken, even if the acquisition was stuck in litigation. However, as per the recent amendment,

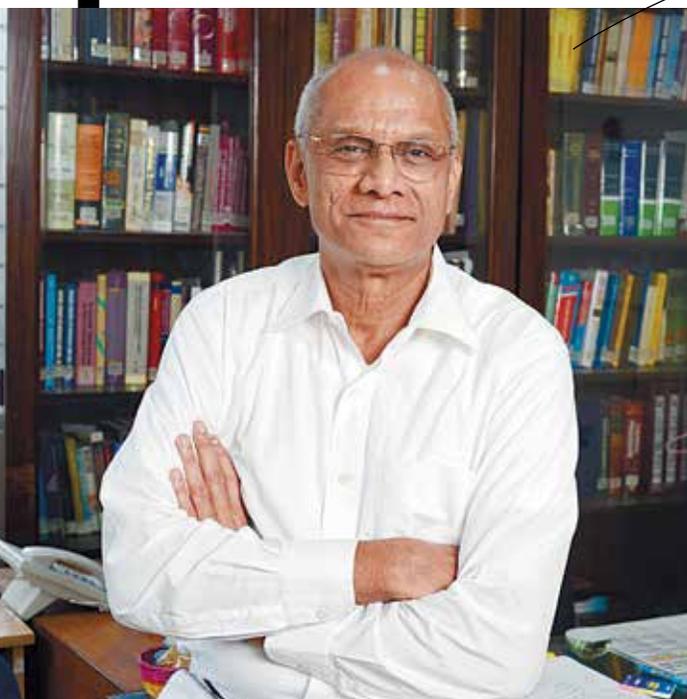
the retrospective clause will not apply on delays caused by a court stay or injunction, which in my opinion is a big relief. Another key modification is that the time frame for returning unused acquired land has been relaxed from the earlier mandated five years to “the time for setting up of any project or five years, whichever is later” — keeping in mind long gestation period for projects such as smart cities, townships, industrial corridors, etc.

### Challenges Remain

Even after the amendments proposed in the past four months, certain grey areas remain that demand clarification. A transparent and fast-tracked land acquisition process in India is key to spurring investments — especially in times when we are geographically surrounded by countries that offer better growth opportunities and favourable regulatory environments to investors. The land acquisition policy requires relaxation in its rehabilitation norms to rationalise acquisition costs and timelines. Just as sectors of national significance have been kept out of the purview of landowners’ consent and social impact analyses, perhaps segments of core organised real estate such as IT parks, commercial office and retail development could come under the ambit of faster processing norms. There is also the need to streamline our land records as the absence of systematic and comprehensive land records is a key impediment to land acquisition. It is not clear whether the said compensation will be calculated post-conversion of land use or on the basis of the original land use of the plot under consideration.

Whilst there is a new resolve to remove red tape and litigation from impacting economic sentiment in the country, more needs to be done. As the annual budget has increased outlays to the infrastructure sector by Rs 20,000 crore, at the heart of this infrastructure development lies the contentious subject of land. In order to achieve an economic growth of more than 8 per cent, effective implementation of the “Make in India” campaign, and employment creation goals, land and all issues concerning its acquisition must be addressed on a priority basis. The implications of a successful land acquisition route in India will, therefore, have far reaching consequences for our economy in general and the real estate sector in particular. **BW**

*The author is CMD of CBRE South Asia*



# WORSE THAN THE BRITISH

The latest land Bill is far more draconian in its approach than the British Act of 1894

**T**he history of land acquisitions, the qualitative change for the worse and its acceleration after independence and the abject inability of the judiciary to uphold the rights of the poor shows that we Indians can treat our

brothers and sisters in a manner worse than the British. Introducing the Land Acquisition Bill, 1894, H. W. Bliss, member of the Madras Legislative Council, had said the Act was intended to help governments acquire land for a public purpose where the public have a direct interest, and was not intended for acquisition of lands for companies.

Ignoring the legislative intent of the Act, two Constitutional Bench decisions in Pandit Jandu Lal's case and Somawati's case decimated that difference leaving it open for the lands to be acquired in the guise of public interest for private companies operating for profits. The Court held that if government contributes towards the cost of acquisition that would be taken to mean that the project was for a public purpose. In Somawati's case the Punjab government contributed Rs 100!

The fight back came in Justice Subba Rao's sterling dissent where he held that the majority decisions amounted to every acquisition for a company being characterised as 'in public interest' even if the government contributes "a nominal sum". In *Indrajit's* case, the Supreme Court said that even a contribution of Re 1 would do. In a counter trend, in *Arora's* case, the Court cautioned that the government ought not to be "a sort of general agent for companies".

Upset by the Court's right wing interpretation of the law, S.K. Patil proposed the 1962 amendment to prevent acquisition for companies in the guise of public interest. Pressure from capitalists was so strong that it took 22 years for the 1962 amendment to be passed where acquisition for companies had to follow a more stringent route (Chapter VII) separate from the public interest route. The critical clause was section 3(f) which excluded acquisition of lands for companies from the expression 'public purpose'.

Undeterred, the apex court merrily set about decimating the distinction between public purpose and acquisition for companies in a series of judgments culminating in *Pratibha Nema's* case (for a diamond park no less) holding that the distinction between the two "has got blurred". This decision cemented the ratio of a long line of cases where

Colin  
Gonsalves

## **“The latest Bill deletes the requirement of consent of landlords for a large number of projects”**

everything under the sun became public purpose from the manufacturer of refrigerators (Somawati's case) to China-ware (Jage Ram's case), chemicals (Sarabai Chemicals) and a host of other items of no direct use to the public.

In the Sarabai case, the Court held that merely because the company paid taxes to government, that by itself would cause the project to be in public purpose. The strident words of Arora's case where acquisition for a textile machinery company was held not to be in public interest because the public cannot use the work directly for its own benefit as in the case of hospitals, roads, schools and the like, was conveniently forgotten. Thus the judiciary contributed in no small measure to the anguish of the rural poor.

Undoubtedly, The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 was an improvement on the 1894 Act. The restriction on acquisition of multi-crop land, the requirement of consent of the land owner, the increase in compensation, the provision for return of land on non-use, the rehabilitation provisions and the requirement of a social impact assessment were some of its progressive features that camouflaged the sting in the tail.

Unfortunately, many of the core draconian features were not only retained but sharpened. The separation between public purpose acquisition by the government and the acquisition for companies was done away with and acquisition for companies was given a public purpose flavour. Section 2, which defined infrastructure projects for which acquisition was justified, included industrial corridors, mining, tourism, public private partnership projects, upper class health care facilities and the like.

Notwithstanding the 1993 amendment in the Constitution of India requiring devolution of powers to the Panchayat to “function as institutions of self government... with respect to plans for economic development,” the 2013 Act reduced the status of the Gram Sabha to a mere consultant and just “informed” of land acquisition plans. Their voices of dissent have been silenced.

Many debates have taken place over issues relating to the 70 per cent consent of land owners required for acquisition and the increase in compensation for lands. Companies use a series of strong-arm tactics to enforce consent. Plots are invariably owned jointly by members of the family some staying in the cities. Consent taken from one such

city dweller is shown as consent of all. Signatures of illiterate farmers are taken on blank papers on payment of small sums of money and then shown as agreements to sell coupled with part payment. Possession is taken and the remaining payment is never made.

On market value, the basic flaw remains that paper transactions only reflect the white money component and the cost of land is many times the paper value. Secondly, compensation only takes into account the loss caused to the land owner at prevailing prices and not the huge opportunity cost of rapidly escalating prices in a demand driven market. Land acquisitions are invariably many times in excess of the land actually required for the stated public purpose. The excess land is used for golf courses, luxury hotels and the like.

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Amendment) Bill, 2015 introduced a few days ago does away with many progressive provisions of the 2013 Act. It deletes the requirement of consent of landlords for a large number of projects involving private companies. For these projects, the social impact assessment study, the public hearing, the assessment as to whether acquisition is required and to what extent by an independent multi-disciplinary expert group and the restrictions on acquisition of multi-cropped land have been deleted. The provisions for lapsing of acquisition when physical possession is not taken and compensation not paid under the 1894 Act for five years prior to the coming into force of the 2013 Act, have been diluted. Similarly, the provision for return to the farmers of the unutilised land has been diluted.

The BJP government has made a huge mistake. It is one thing to electorally demolish a bankrupt UPA government that was crumbling on account of its own criminality, betrayals and excesses; and it is quite another to aggressively take by force the lands of a sullen and resistant peasantry. The opposition parties, bankrupt though they may be, have all latched onto what could possibly be a long overdue uprising of the people against land acquisitions. In any case, corruption and mal-governance is so widespread, one wonders how it is that a revolution has not yet happened. **BW**

*The author is a lawyer and founder of the Human Rights Law Network. He had represented the Singur farmers in the Supreme Court against the land acquisition by Tata Motors*



### **Hands-off Approach**

Max India chairman Aniljit Singh does not believe in running his companies like a *seth*, preferring to let professional managers do the job

# THE POWER OF THREE

Max India has decided to demerge its businesses.

While the timing is spot on, with the insurance sector opening up and the 'Make In India' push, it remains to be seen if investors take the bait

By Joe C. Mathew  
Photographs by Ritesh Sharma

**IT IS DRIZZLING** outside. The past 24 hours, if the Met office is to be believed, have been the wettest ever in March in a hundred years in Delhi. Analjit Singh enters the conference room at his residence on 15 Aurangzeb Road, New Delhi, with a punctuality that rivals that of Terence Fletcher, the lead character played by J.K. Simmons in the recent Hollywood movie *Whiplash*.

The resemblance, though, ends there. Unlike Fletcher whose writ runs absolute in his class, Singh, chairman of the Rs 11,700-crore Max Group, keeps out of the day-to-day management of his company. Half an hour into the interview (see *My Daughter Will Have to Earn Her Stripes*) that follows, he lets you in on why this is so. "I don't want to be a *seth* (head of a traditional family-run business who maintains a Fletcher-like grip on the company)."

The group that Singh founded back in 1982 is currently in the midst of a radical makeover — it is being split vertically into three listed entities. This transformation is being lauded, particularly by the investor community, for one reason and one reason alone — Singh's ability to realise that "the objectivity a non-sponsor management executive can bring can never be the same as one brought by a sponsor manager". In other words, it is Singh's ability to not be a *seth* that will ensure the Max Group continues to enjoy the confidence of investors.

### Opening Gambit

On 28 January, a day after the trifurcation plan was announced, the price of a Max India (the group's only listed entity right now and the holding company) share touched its 52-week high, at Rs 522, on the Bombay Stock Exchange. On 27 January, Max India's managing director Rahul Khosla and deputy managing director Mohit Talwar explained the rationale behind the move to analysts and investors. They pointed out how the re-organisation would give investors specific and undiluted access to Max India's three major lines of businesses — life insurance, healthcare and manufacturing.

The three new entities post restructuring will be Max Financial Services, Max India and Max Ventures and Industries. Each will focus sharply on its underlying business, and unlock shareholder value, the duo claim.

Once the demerger takes effect, after due regulatory approval, Max India's current shareholders will retain one equity share of Rs 2 in Max Financial Services and get an additional equity share of Rs 2 of Max India (the name of the proposed healthcare holding company) for every equity share of Rs 2 they hold in Max Financial Services. Besides, they will get one equity share of Rs 10 in Max Ventures and Industries (the proposed manufacturing vertical) for every five equity shares of Rs 2 each they hold in Max Financial Services.

Khosla and Talwar interacted with a record number of investors, close to 170, from around the world, through a conference call after the announcement. The stock rally that followed came as vindication that the move was indeed investor friendly.

### Unlocking Value

All this while, Max India's shareholders — the Singh family has a 40.48 per cent stake and the rest include global investors such as Goldman Sachs, Temasek, IFC (Washington), Fidelity and New York Life and the public — had missed the opportunity to cash in on high-growth areas within the company.

This is primarily because Max India, in its current form, is a holding company that makes, holds and nurtures investments through a diverse bouquet of joint ventures (JV) and subsidiaries with varied levels of profitability and maturity. It holds a 72.1 per cent stake in Max Life Insurance, a JV with Japan's Mitsui Sumitomo Insurance. It has an equal — 46 per cent stake each — partnership with Life Healthcare, South Africa, in Max Healthcare Institute. Max Bupa Health Insurance is a 74:26 JV between Max India and Bupa Finance Plc., UK. The company also has in its investment portfolio

## CURRENT STRUCTURE

### HOLDING COMPANY: MAX INDIA

#### Max Life Insurance

A 74:26 JV with Mitsui Sumitomo Insurance, Japan, it is India's largest non-bank private life insurer. Revenues: Rs 9,633 crore. Customer base: 3.6 million



#### Max Healthcare

A 74:26 JV with Life Healthcare, South Africa, it is a leading healthcare services provider. Revenues: Rs 1,407 crore. Capacity: 2,000 beds across 12 hospitals



#### Max Bupa Launched in 2008 as

a 74:26 JV with Bupa Finance Plc., UK; provides health insurance. Revenue: Rs 309 crore. Agents: 11,400



**Antara** Launched in 2013 as a 100% subsidiary to develop senior living communities in India. The first Antara community will open in early 2016 near Dehradun in Uttarakhand



subsidiaries such as Antara Senior Living, clinical research entity Max Neeman and its sole manufacturing arm, Max Speciality Films.

While one or two of these are mature businesses, the bulk are in the development phase, resulting in dilution of the value of the mature ones when seen as a combined entity. For instance, its flagship life insurance business would have been valued higher — being mature and profit-making — if it were rated alone, than when clubbed, as it is at present, with a mix of loss-making and developing businesses. "The value capture that you get at Max India is largely from its life insurance business, though you don't get the true intrinsic value," says Talwar. "There is something called a holding company discount, which investors levy." This discount could be as high as 40 per cent, depending on multiple



### Max Speciality Films

Launched in 1988 as a subsidiary to manufacture speciality packaging films. Revenues: Rs 746 crore

**Max Neeman** Launched in 2001 as a subsidiary of Max India, it is a clinical research organisation. Revenues: Rs 22 crore



## PROPOSED STRUCTURE

**Max Financial Services** will be the holding company for Max Life Insurance (step-down company)

**Max India** will be the holding company for Max Healthcare, Max Bupa, Antara Senior Living

**Max Ventures and Industries** will be the holding company for Max Speciality Films and new ventures

factors. "In a sense, we have been penalised all these years, as we never really got the true value of our businesses. By doing what we have done now, hopefully that will get eradicated," he adds.

Broking firm Edelweiss Securities echoes this in an investor note. "In the past few years, even though Max has been consistently delivering on critical business metrics, this failed to reflect in its stock price due to the complex corporate structure," it states. "Demerger to create long-term value" is how Sharekhan, another stock advisory firm, sees it.

Email queries to Max India investors Goldman Sachs, New York Life, IFC and Temasek did not elicit a response.

### All About Timing

The timing could not have been more perfect: it happened

days before the passage of the Insurance Laws (Amendment) Bill 2015. Once the Bill, which increases the foreign direct investment limit in the insurance sector to 49 per cent from the current 26, gets enacted, the growth potential of the insurance sector will rise exponentially. Max Bupa's foreign partner has already announced that it proposes to increase its stake to the new upper limit of 49 per cent. Industry body CII says the Indian insurance industry has the potential to touch \$259 billion from the current \$40 billion in the next 10 years. It's not about the insurance industry alone. All three verticals identified by Max — insurance, health and manufacturing — are high-priority growth areas for the central government.

The restructuring plan was not prepared overnight. In fact, Singh realised the need to de-clutter his business operations even before his non-sponsor managing director Khosla came on board three and a half years ago. "It was there even before Rahul came in and I demitted the position (of managing director)," says Singh. Adds Khosla, "The succession planning was very much on Anajit's mind. We have pretty much co-created this pathway."

The fact, however, remains that for all the planning the duo might have put in for years, the company was not in a position to undertake such a restructuring until recently. A lot of preparatory work had to be done by the non-sponsor executives to make the group profitable and cash solvent.

That is because except for Max Speciality Films no other company was profitable until recently. Max Life Insurance, the biggest of the lot with a premium income of Rs 7,279 crore in 2013-14, was not a profit-making entity before 2010-11. Max Healthcare incurred losses during 2013-14. Max Bupa is still not profitable; similar is the case with Neeman. "When you do something like this, at a stage when you are in a capital injection mode, you will have weaker holding companies," says Talwar. "Once you go for a demerger, there cannot be cross-subsidisation. A few years ago, we were not in that position." Talwar joined Max Group before Khosla did, and became deputy managing director after the latter took charge. "Today, the group is profitable and cash solvent, and we are sitting on a cash balance of Rs 600-700 crore," he says, while explaining the rationale behind Max's current restructuring decision.

### The Transformation

This was not the first time that Max India is witnessing a restructuring since its inception in Railmajra, Punjab, 31 years ago. Starting out as a manufacturer of penicillin-based drugs, active ingredients for pharmaceuticals and packaging

# WHAT A RIDE!



Max Healthcare

**1982:** Max India is incorporated

**1985:** Commences commercial operations. Begins production of penicillin-based drug intermediates

**1988:** Ties up with Schering for formulation of electroplating chemicals used in the manufacture of

printed circuit boards

**1989:** Establishes Maxxon for manufacture of speciality packaging films (BOPP or biaxially oriented polypropylene film), launches Max Electronics, an electronic component distribution business  
**1992:** Launches MaxPharma as the

pharmaceutical division to manufacture formulations

**1992:** Enters into a partnership with Hong Kong's Hutchison Telecom to set up cellular and radio paging service

**1993:** Launches Max GB as 50:50 JV with Gist Brocades International BV of the Netherlands

to manufacture drug intermediates

**1994:** Maxxon is rechristened Max Speciality Products. Max India ties up with Upjohn Company, US, for marketing an injectable, long-acting contraceptive, Depo-Provera  
**1995:** Max GB-Hindustan Antibiotics JV is formed

for the manufacture of Penicillin G; Comsat Max, a JV with Comsat International Ventures, US, is formed to launch satellite communication services using VSAT  
**1996:** Forges a JV with Atotech BV of Netherlands to manufacture printed circuit board plating and

films, Singh steered the company through several changes in focus, operations and strategies for almost 25 years. The most well known of the investment and business decisions was Max India's partnership with Hong Kong-based Hutchison Telecommunications to set up a cellular and radio paging service in 1992 and its decision to exit the telecom business to reinvent the holding company's operations in more or less its current structure in 2000.

Fifteen years on, while the company's decision to demerge does not affect a majority of its current investment interests, it does result in some changes. First, Max India will divest its entire stake in the clinical research business. The Max Neeman entities in India and the US are being sold to a Canadian contract research organisation, JSS Medical Research, for \$1.5 million. The second change is in its renewed focus on manufacturing. Max Ventures and Industries (MVIL) is looking for fresh ideas in the "wider world of business" to take advantage of the impetus provided to manufacturing by Prime Minister Narendra Modi's 'Make in India' initiative. The third and most significant change is that Singh, who helmed Max India through earlier re-structuring exercises, is no longer its hands-on manager.

On 18 August 2011, Singh stepped down as managing director of Max and handed over charge to Khosla. This is how Singh summed up the move at that time: "The growing needs

of the Max Group, a complex environment, as also the growth potential of our various businesses, require a higher level of focus, coordination and execution, which Rahul will ably bring on board. With my increasing multi-faceted interests, I felt it necessary to appoint a senior professional to fulfil the requirements of this operating role with 100 per cent focus and attention to this responsibility."

What Singh set in motion was a succession plan for Max India. "I came only because there was an articulated vision of a calibrated succession," recalls Khosla. "The vision was articulated. We discussed the intent, and I got tempted."

But articulating a vision and implementing it are two different things. "Why would I come here from Singapore to join this group if it was only going to be another job and the actual say was going to remain with the sponsor," says Khosla. "I believe the intent was there and that's what attracted me to this opportunity. But the greater joy comes from the implementation of that promise."

According to Khosla, it was Singh's ability to not pull strings, to not second guess him and give him the platform, the licence and the powers to run the group that helped him prep Max India for this transformation.

## Levers To Progress

Around seven months after joining Max, Khosla identified



Max Life



Max Speciality Films

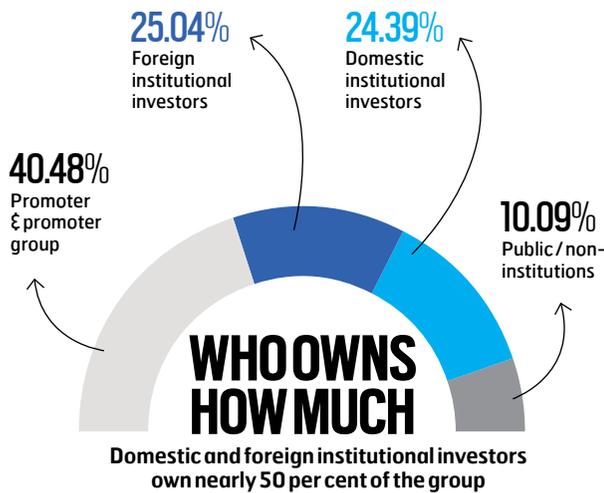
general metal finishing chemicals  
**1998:** Divests 90% of its stake in Hutchison Max  
**2000:** Reinvents itself in healthcare (Max Healthcare); life insurance (Max New York Life Insurance, now Max Life); IT/IT-enabled services (Max Ateev, HealthScribe) and

clinical studies (Neeman Medical International)  
**2002:** Divests its electronic component distribution business (Avnet Max) and generic bulk drugs business (MaxPharma)  
**2003:** Divests its IT/IT-enabled services Max HealthScribe and trims the operations of Max Ateev

**2008:** Forms health insurance JV with Bupa Limited of UK  
**2009:** Max India achieves group revenues of \$1 billion; Max Speciality Products is rechristened Max Speciality Films  
**2012:** South African healthcare major Life Healthcare acquires a 26%

stake in Max Healthcare for Rs 516.5 crore; Japanese Mutsui Sumitomo takes a 26% stake in Max Life from New York Life, valuing the company at Rs 10,500 crore  
**2013:** Max India enters senior living sector with Antara Senior Living  
**2014:** Life Healthcare ups stake to equal Max

Healthcare's, at an enterprise value of Rs 3,650 crore  
**2015:** Restructures group operations into 3 business verticals: life insurance, health & allied businesses and manufacturing industries



FIGURES AS OF DECEMBER 2014

SOURCE: COMPANY

nine key levers to Max India's business. "It was important to understand where we were then, where we need to be, how to get there, and the milestones we need to recognise for making progress," he says.

"The first one was linked to capital. How do we use our capital? Is it efficient, are our returns good? Is it fungible?" The second was to analyse whether the company was seeding enough growth beds for the future. The third lever touched upon good governance — to understand whether there were any deficiencies in the company's way of doing business. "Do we interfere too much? Do we not? Do we have a high ethics code? Are we transparent about our

decisions? The questions were many," says Khosla.

The other levers that needed to be understood were the level of enterprise thinking — "should we think like six different companies or should we consider Max as a group" — performance, people, brand, risk management and service excellence, to chart out medium- and long-term plans for improvement at all levels. "We have three-year plans, five-year plans and a 2020 destination point for every company in each of these areas. Our life insurance business is probably the best placed in terms of these levers," he adds.

The current restructuring touches upon multiple levers: capital, governance, growth beds and certainly, enterprises. "Capital management, which is a very strong lever, has substantially gained if market reaction is any indication," says Khosla. "A year ago, the share price was less than half of what it is today. Some part of it is (due to) performance; some, corporate restructuring; some, clarity; and some, consistency."

### Room To Grow

While the new-look Max Group is clearly investor-friendly, what makes the restructuring even more interesting is the rub-off on the long-term interests of the group's fundamental businesses. Insurance, healthcare, senior living, etc., are all emerging as growth areas in the country. The penetration levels of each of these businesses, as a proportion of GDP, is minuscule; the

headroom for growth is massive.

“Just look at healthcare. In the US it is 15-16 per cent of the GDP. Here, it is just 5 per cent,” points out Khosla. “The penetration of both life insurance and health insurance are in the same range. So there is a tremendous growth opportunity. There is a big market out there for us to play in.”

### Insurance

Once the restructuring is complete, Max Financial Services will be a holding company for Max Life Insurance — the JV that is endowed with almost Rs 2,000 crore of excess capital. This money can be used for acquisitions in an industry that is about to consolidate. “There is no way that 24-25 insurers are going to survive,” says Khosla. “We consider ourselves to be in the top two or three, in terms of the quality of books, for sure, and even in size. So from a private insurer’s perspective, we are very well placed to play that acquisition.”

It’s not just a statement of intent. “I will not name the assets that we have been looking at, but we are quite clear about the assets we value, and the ones we don’t want to take. On those we value, we have done a lot of homework,” he explains. According to him, a potential target could be interesting for its inherent value, which could be its distribution arrangement, quality of books or products, or a particular set of skills.

The timing of the restructuring will also bring in cash to fund the growth needs of the loss-making Max Bupa Health Insurance, the JV that will be one of the operating entities of the restructured Max India. “Bupa is the first company in the insurance space that has expressed intent to increase its stake (after the insurance Bill got cleared),” says Talwar. “If that happens, Max’s stake will drop to 51 per cent. That money is enough to take care of the peak capital requirement (of the JV).”

**“I came only because there was an articulated vision of a calibrated succession. The vision was articulated, we discussed the intent, and I got tempted”**

**RAHUL KHOSLA**  
MD, Max India

### Healthcare

Incidentally, the restructuring of Max India will see its cash reserves of Rs 605 crore getting split between the three new entities. While Rs 150 crore will go to Max Financial Services, Max Ventures and Industries will get Rs 10 crore. The bulk — Rs 400 crore — will be held by the vertical that invests in the group’s healthcare businesses. In other words, Max Healthcare Institute, the company that runs a network of hospitals with a combined bed capacity of 2,000, will receive this money.

“We have just equalised our stake with Life Healthcare (in the hospital JV),” says Khosla. “This has brought in Rs 400 crore to Max Healthcare Institute. In addition, Rs 400 crore will come to Max India (restructured entity) through the cash reserve split. This means Rs 800 crore that can be used to increase the bed strength of hospitals.” This, according to him, will take care of the company’s capital funding requirements for 3-4 years.

Khosla says the hospital business is fast turning profitable. “We have seen 1,000 beds come into operation in the last 24 months,” he says. “The occupancy rates of those beds are quite

**“We have cleaned up the group’s activities. We are cleaning up the balance sheets... It’s all about storytelling. Investors like your story, they will invest”**

**MOHIT TALWAR**

Deputy MD, Max India





LLADRÓ BOUTIQUES:

BANGALORE: UB City – 40985215/16    CHENNAI: Bergamo – 43219440/41  
DELHI: Select Citywalk – 41864400/11    GURGAON: Ambience – 4665429/30  
HYDERABAD: Punjagutta – 23400270/71    KOLKATA: South City – 24225311/12  
MUMBAI: Atria – 24813341/42, Churchgate – 22823436/37

LLADRO.COM



**LLADRÓ**

HANDMADE PORCELAIN  
Spain

104.3  
2 MAR 09

The Max India scrip has seen a spike in the past two years

435.05  
27 MAR 15

## HARD ON PROFITS

Although Max India's revenues have climbed steadily, profits have sputtered

	FY2010	FY2011	FY2012	FY2013	FY2014
Net Income	7,653.4	7,853.2	8,546.4	10,562	11,626.3
EBITA	114	348	430	1,213	506
Net Profit	-89.3	21.9	237.9	849.5	209.5
EPS (Rs)	-3.29	0.14	5.95	29.29	5.21

FIGURES IN RS CRORE

SOURCES: BSE & COMPANY

high. Of the four hospitals comprising these 1,000 beds, three are already EBITA positive; the remaining one will also be, soon. We have changed the leadership of the hospital business. It is solid, sound, and has created goodwill among doctors."

What is significant, according to Khosla, is the level of understanding Max has with its South African partner. "Life Health's stake has now gone up to 46 per cent; we are also at 46 per cent. IFC (an investor whose stake got diluted after Life Health's stake rose) has clawed back to 7.5 per cent. Why? Because they have confidence in the future."

"We are amongst the best performing oncology specialist healthcare providers (in the country)," he says. "We are, perhaps, among the few institutions with the highest number of surgical, medical and radiation oncologists. We will expand in that sector, including single-speciality hospitals dedicated to cancer. We will create centres of excellence for head and neck, cervical, lung cancers, among others."

The company plans to remain a strong north Indian player with more hospitals and beds coming up in Punjab, Haryana, Delhi, Uttar Pradesh and Bihar, and investments to the tune of Rs 2,000 crore happening in the next few years.

The third company that forms a part of the healthcare-focused vertical is Antara Senior Living, whose first project — a senior living community complex with 212 units — is under development in Dehradun. Talwar says the project is net neutral and does not have large funding requirements. "Life care with lifestyle for seniors is what we will do here," says Khosla. "You just walk in there with a suitcase. After that you don't have to worry about anything. It is continued care for the retirement community. That's the value addition we offer." With 25 per cent of units already booked, Talwar does not anticipate any future funding needs after the project is complete.

### Manufacturing

The third vertical, Max Ventures and Industries, is very different to the other two as it has no joint ventures in its fold. The only business it will remain invested in at the moment is the oldest business of Max India, the packaging filmmaking business of Max Speciality Films. It will also be the vertical which will see, post restructuring, an open offer from the Singh family.

"The fact that the manufacturing business has been isolated into one holding company has created an opportunity for Anajit to make an open offer that enables those shareholders who do not want to own these shares to sell them at a favourable price," Khosla says. "There is nothing wrong with the business. It is a great business to have. But for many years the market has asked, 'Why do you have this packaging business, which is not consistent with the nature and character of the group?'"

Whatever be the response to the open offer, Max Ventures will, perhaps, be the most fertile place for ideas, and new projects and investments. In that sense, this vertical will closely resemble the diversified businesses and manufacturing capabilities Singh built from scratch in his early days as an entrepreneur.

Apart from the value it unlocks for Max India investors, the restructuring unlocks time and energy for Singh to pursue and nurture new ventures, including the ones that may become part of its manufacturing vertical. The restructuring process is expected to be complete by the end of the year. "We have cleaned up the group's activities, businesses. We are cleaning up the balance sheets, we are creating pure plays," says Talwar. "It's all about storytelling. Investors like your story, they will invest."

Singh's Fletcher-like obsession with perfection, perhaps, can only help. **BW**

✉ [joe@businessworld.in](mailto:joe@businessworld.in) [@joemathew](https://twitter.com/joemathew)

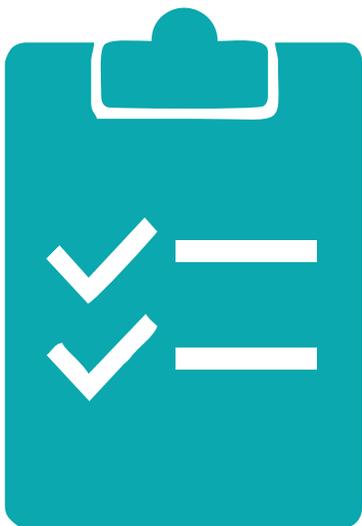
For more on corporates, visit [www.businessworld.in](http://www.businessworld.in)



**Event Date: April 30, 2015**  
**Venue: ITC Grand Central,**  
**Parel, Mumbai, India**

**BOOK YOUR SEAT NOW!**

## Agenda



- Mobile: Of Connecting The Next Billion
- Connected Life by TNS, in association with Digital Market Asia
- The Mobile-First Approach for Social Media
- Where Are the Brand Building Examples On Mobile?
- Mobile – Impact on Organization Beyond Marketing
- What's in the Messenger?
- 10 Mobile Marketing Red Flags... And how to win them
- Preparing for a Mobile-first world: Apps, Web and Platforms
- Is Programmatic On Mobile Delivering?
- Mobile – Not Just a 6" Screen: Are Brands Getting Their Mobile Marketing Right?

Click on the below link or scan QR code  
[www.digitalmarket.asia/events/mobillion](http://www.digitalmarket.asia/events/mobillion)



Initiative by  


Media Partner  
**BW|BUSINESSWORLD**  
www.businessworld.in

Digital Media Partner  


# 'My daughter will have to earn her stripes'

In a freewheeling interview, Max India chairman Aniljit Singh shares his views on corporate restructuring, the promoter family's role, and more. Excerpts:

By Joe C. Mathew; Photograph by Ritesh Sharma

## His Role

For the moment, I will continue to chair Max India and Max Life. I don't think I will permanently stay in that position. Because my skill sets are business building, governance, creating a value system and culture. Which (of our) businesses require a higher element of business building, culture setting etc.? It's our newest business, Antara Senior Living, and one of our oldest businesses, Max Speciality Films, because we lost it by the wayside. I will devote more time to those two areas for a while. My role comes at the board level. I am less engaged with management, but I am not disassociated from it. I don't regard myself to be a lesser professional than Rahul (Khosla), but I have one huge weakness: that is, I am the sponsor. The objectivity, a non-sponsor management executive can bring can never be matched by



## There will be the existing lines of business; there will be new lines of business in Max Ventures and Industries

a sponsor manager. That doesn't mean I am unprofessional. I don't get involved in any day-to-day stuff. If you are asking me if the team is there as a facade and I am really running the show, the answer is a 1,100 per cent no. And I don't wish to get into that situation.

### On Max Ventures and Industries

If you see the name of that company, it's called Max Ventures and Industries (MVIL). It was very carefully picked. There is one expression that is not in that name: that's manufacturing. Manufacturing is also an industry. I didn't want to limit (the scope) to manufacturing. I call it the WWB — the wider world of business. So today if someone comes to me with a new idea, I am open to it. There will be the existing line of businesses; there will be new lines of business (in MVIL). We have not started yet. I am not even in a hurry to decide.

### Open Offer

If you are a Max India shareholder,

# I don't know if the open offer will be totally successful. It's okay. I have not done the offer with a view to delist

you get a share of MVIL. If you think we have rocks in our heads, you sell the (MVIL) share. You don't have to sell the life insurance and healthcare shares. The family decided to make an open offer for this business because it is (perceived to be) the least exciting of all the businesses. I did not want the world to think that I was trying to get a free deal out of this. We took the highest-valuation-of-all methodology and applied that to the demerger calculation, plus gave an open offer. So if you don't like it, *bech do* (sell it). The truth is, a number of people are calling me about that business. Because they know the history of Max has come from *idhar, udhar, neeche, upar se... Abhi bhi kuch drama hone wala hai... Woh hone wala hai. Mere life ka matlab hi drama hai... koi drama karenge...* So I don't know if the open offer will be totally successful. I doubt it now. But it's okay. I have not done the open offer with a view to delist (from stock exchanges). Absolutely not!

## On Sponsor's Role

When you have private equity investments, private equity owners have a certain covenant with the company. Goldman Sachs is there with 15-16 per cent equity (in Max). So there are things which we cannot

do without their consent. The family owns 40.2 per cent of Max. Why should I not have similar rights? So my rights in the Max Group are enshrined in the Articles of Association (AoA) of the company, which is the public document. And they are enshrined by a nominee director by the sponsor on the board, which happens to be Ashwani Windlass (a non-family member). So when I chair the board meeting, I never talk as the sponsor, (Windlass does). When the management brings a proposal, I think whether it is good for the company. The sponsor leader (could) say that it is a great idea, but the family doesn't have money to put in as capital, so kill the proposal. Why should we do that if the people who own 58 per cent are very happy to do it? It is the family nominated director's prerogative to do it or not (not the chairman's). I think Max is perhaps the only company in India that has a PE-like covenant, a nominee director of the sponsor who is not the sponsor. I don't know what else I can do. I don't think there is any more room left for transparency.

## The Family's Role

It is at the governance level, at the sponsor level. Tara (Singh's daughter), who is the CEO of Antara Senior Living, reports to Rahul

(Khosla), not me. She has a board of which I am the chairman. But once Antara gets set and going, I will stop being the chairman. So the family's role has nothing to do with the restructuring deal. If any, it only decreases the role.

## Succession Plan

Tara is part of the Max Group. Antara Senior living is now owned 100 per cent by Max. If she grows, well, like everybody else, she also rises. My son (Veer) is on the wellness side. And that's a private business. He has no intention of even suggesting that it become a listed entity or a part of Max. So that will remain private. It does (have some synergies with the healthcare vertical), but that's okay. He is not looking for it to find a place in the Max portfolio. It will remain private. (Singh's third child Piya is not an entrepreneur). So Tara will be one of the seven (key) people (in the Max leadership team). As she learns and develops and earns her stripes, she should get more responsibilities. That's how we all grow. But there is no master succession plan. **BW**

✉ [joe@businessworld.in](mailto:joe@businessworld.in);

🐦 [@joemathew](https://twitter.com/joemathew)

For more interviews, visit

[www.businessworld.in](http://www.businessworld.in)



**BW BUSINESSWORLD**  
— www.businessworld.in —  
**2<sup>nd</sup> HEALTHCARE  
SUMMIT  
2015**

**May 2015, New Delhi**



**'Smart Healthcare:  
Making a Smarter  
Difference'**

For Sponsorship & Speaking Opportunities:

Conceived and Organised by

Rajat Wadhwa; Phone: +91 9999090990 ; Email: rajat@businessworld.in  
West: Shweta Sinha; Phone: +91 9820347957 ; Email: shweta@businessworld.in  
South: Gunjan Kadyan; Phone: +91 9566222382 ; Email: gunjan@businessworld.in  
North: Ashish Arora; Phone: +91 9990002612 ; Email: ashish@businessworld.in  
Shombit Roy; Phone: +91 9654340014 ; Email: shombit@businessworld.in

**BW BUSINESSWORLD**  
— www.businessworld.in —

# HOSPITAL COMES HOME

With chronic ailments on the rise, home healthcare services are in demand. But the industry has its own pain points

By Venkatesha Babu  
Photograph by Sanjay Sakaria

## Healing Touch

Gaurav Burman and Vivek Srivastava's HCHI provides home healthcare services in Delhi, Chandigarh and Jaipur and plans to extend operations to other cities



## TIME'S RIPE

- India has 14.4 crore people above the age of 60, second only to China
- Market estimated at \$2-4 billion and growing in high teens
- The number of hospital beds stands at 9 per 10,000 people, one of the lowest in the world
- Healthcare insurers recognising home healthcare services can drive costs down
- Rise in chronic ailments has led to a spurt in demand for home healthcare services



# W

**HEN KRISHNAN GANESH'S** 84-year-old father-in-law fell ill, he was in a fix. In spite of his considerable wealth and all its attendant benefits, caring for his ailing father-in-law was proving to be a challenge. He had a chronic condition which required constant attention; a short stint in hospital would not work. Ganesh hired nursing attendants but they were irregular and often went missing for days. Therein came the realisation that lakhs of families across the country were going through a similar ordeal.

So, what was a personal predicament for his wife and business partner, Meena Ganesh, and for him became the trigger for a venture called Portea Medical, a home healthcare service provider.

The home healthcare segment, which provides everything from pre- and post-operative care to doctor visits and nursing care for chronic and ailing patients, all within the comfort of one's home, is a \$130-billion market in the US and a \$57-billion market in Europe. In India, it is still in a nascent stage.

Until a few years ago, such a service did not exist at all or was provided in an unorganised fashion. However, the entry of organised players such as Portea Medical, Health Care at Home India (HCHI), India Home Health Care (IHHC) and Medwell Ventures has changed the rules of the game. These companies have raised venture capital, nurse pan-India ambitions and possess adequate manpower and the technology to address the needs of the home healthcare market. Today, the market in India is estimated to be in the region of \$2-4 billion and is growing rapidly.

### Homing In

One of the primary reasons for the development of the home healthcare market in India is the country's ageing population. While India is often hailed as a young country, with 14.4 crore people above the age of 60, it also has the second highest number of old people after China. Also, with nuclear families becoming the norm in urban India, support systems for the elderly have collapsed. Moreover, lifestyle changes in the past few decades have led to a rise in chronic ailments such as high blood pressure, diabetes and arthritis which require constant care and monitoring rather than short-term critical care.

However, with a mere nine hospital beds available for every 10,000 people in the country, India has one of the lowest ratios of hospital beds to population, anywhere in the world. Hospitals and nursing homes prioritise patients requiring critical care — the latter also yield higher revenue rather than those with chronic ailments. Again, with health insurance yet to take off in a big way in the country, hospitalisation is the last resort, given that it is prohibitively expensive.

With the government having largely abdicated its role of providing healthcare to citizens, most people are dependent on private sector healthcare service providers. There is, hence, a great opportunity for the home healthcare market to develop in the country.



### The Early Birds

One of the early movers in this space was Chennai-based entrepreneur V. Thiyagarajan, who set up IHHC in 2009. Again, the trigger was the difficulty in caring for elderly patients at home. Thiyagarajan, whose wife is a doctor, decided that this unmet need required an institutional rather than individual response. “Once surgery is carried out, a large portion of the post-operative treatment can be administered at the patient’s home. Patients also like being in the familiar surroundings of their home and hospitals get to free up beds and turn them over quickly for needy cases.”

IHHC offers a variety of services, including duplicating an ICU at home. “We have tied up with medical equipment providers so that patients can have ventilators at home and even dialysis can be carried out at home,” says Thiyagarajan. While all players, including IHHC, have tied up with hospital chains to provide feeder services or post-operative care, Thiyagarajan points out that healthcare is a doctor-led system in India. “Think of hospitals as facility providers and managers, be it an operation theatre or support services, which doctors use in return for a fee. Doctors are the stars.”

Last year, Bayada, among the largest players in the US home healthcare sector, took a 26 per cent stake in IHHC.

One person who clearly understands how the hospital administration system in India works is Vishal Bali, the former CEO of Fortis Hospitals. “We clearly need to have a more patient-centric healthcare system and speciality home healthcare is a key element of it. More than 40 mil-

### Eureka Moment

Caring for an ailing family member in the absence of home healthcare options led Bangalore-based Krishnan Ganesh and Meena Ganesh to zero in on Portea Medical

lion Indians lose their lives every year to chronic ailments and a quarter of them are under 60 years of age. Given the shortage of hospital beds in the country and the need for pre- and post-operative

care, home healthcare is the way to go,” he says. Bali along with Ferzaan Engineer, who runs Cytespace Research, a company in the CRO space, has set up Medwell Ventures.

To jump-start growth, Medwell acquired Bangalore-based Nightingale Home Health Services for an undisclosed sum. “Nightingale has been around for 18 years and has tremendous brand equity. However, it was limited to Bangalore and scaling was an issue. We expect to not only increase our footprint but also deepen the portfolio of services offered,” says Bali.

Another entrant to the home healthcare market is Dabur group scion Gaurav Burman. His company, HCHI, has tied up with the founders of Health Care at Home UK — Charles Walsh and Gareth Jones — in a 65:35 partnership, with the Burmans holding majority stake. Vivek Srivastava, CEO of HCHI, says while the company is operational in three cities — Delhi, Chandigarh and Jaipur — the plan is to scale up fast across the country. “We will be investing more than Rs 200 crore in the next couple of years, becoming a large pan-India player in the near future. We anticipate revenues of close to Rs 500 crore by 2018,” says Burman.



**MINDMINE  
SUMMIT 2015**

22<sup>nd</sup> - 23<sup>rd</sup> APRIL, 2015, THE ITC MAURYA, NEW DELHI



**THE INDIA DECADE?**

**The  
HERO  
GROUP**

# MINDMINE SUMMIT 2015

## 2015-2025: The India Decade?

APRIL 22-23, 2015; THE ITC MAURYA, NEW DELHI



**Mr. Nitin Gadhari**  
Minister, Road Transport  
and Highways & Shipping



**Mr. Ravi Shankar Prasad**  
Minister of Communications  
& Information Technology



**Mr. Piyush Goyal**  
Minister of State (Independent Charge),  
Power, Coal and Renewable energy



**Mr. Rajiv Pratap Rudy**  
Minister of State (Independent Charge),  
Skill Development & Entrepreneurship

### KEY SPEAKERS INCLUDE

**Mr. Manish Tewari**  
Former Minister, Information & Broadcasting

**Mr. Kamal Nath**  
Former Minister, Urban Development

**Gen. V P Malik**  
Former Chief, Indian Army

**Mr. R C Bhargava**  
Chairman, Maruti Suzuki India Ltd

**Dr. Naresh Trehan**  
Chairman & Managing Director,  
Medanta - The Medicity

**Mr. Vikram Chandra**  
CEO, NDTV

**Ms. Jyotsna Suri**  
President, FICCI

**Mr. Amitabh Kant**  
Secretary,  
Department of Industrial Policy & Promotion

**Mr. Vijay K Thadani**  
CEO, NIIT Group

**Mr. Subramanian Swamy**  
Indian Politician & Economist

**Ms. Shazia Ilmi**  
Political Leader, BJP

**Mr. Rajiv B Lall**  
Executive Chairman, IDFC

**Mr. Richard Rekhy**  
CEO, KPMG India

**Mr. Suhel Seth**  
Managing Partner, Counselodge India

**Mr. Ravi Uppal**  
CEO, Jindal Steel & Power

**Mr. Arvind Singhal**  
Chairman, Technopak

**Mr. Kapil Sibal**  
Former Minister, Law and Justice

**Mr. Mani Shankar Aiyar**  
Member of Parliament

**Mr. Sitaram Yechuri**  
Member of Parliament

**Ms. Kiran Bedi**  
Retd. Indian Police Service officer

**Mr. Arun Maira**  
Former Member, Planning Commission

**Dr. Ashok Seth**  
Chairman, Fortis Escorts Heart Institute

**Mr. Venkatesh Kini**  
President, Coca-Cola India & South West Asia

**Ms. Vanitha Narayanan**  
Managing Director, IBM India

**Mr. Sanjaya Baru**  
Director, Geo-economics and Strategy,  
International Institute of Strategic Studies

**Mr. Sunil Kaushal**  
CEO, Standard Chartered Bank

**Mr. G. Anand Anandalingam**  
Dean, Imperial College Business School

**Mr. Amit Chandra**  
Managing Director, Bain Capital

**Mr. Kunal Bahl**  
Founder & CEO, Snapdeal

**Mr. Vinayak Chatterjee**  
Chairman, Feedback Infrastructure Services

**Mr. Surjit Bhalla**  
Chairman, Oxus Investments

**Mr. Wilfried Aulbur**  
Managing Partner, Roland Berger  
Strategy Consultants

**& many more...**

Mindmine Summit is the annual flagship event of the Mindmine Institute. The summit is an initiative to harness intellectual discussions and build thought leadership on pertinent contemporary subjects of importance for the Indian financial, political and policy scenario to leverage the strengths of the Indian society and its interface with the world.

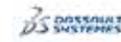
#### Summit Partners



#### Associate Partners



#### Session Partners



#### Lunch/Dinner Partners



Electronic Media Partner



Writing Instrument Partner



Magazine Partner



#### Knowledge Partner



### Hero Corporate Service Limited

264, Okhla Industrial Area, Phase III, New Delhi - 110020. Tel.011-47467000  
www.herocorp.com | www.mindminesummit.com | www.bmlmunjalawards.com

**Watch the Live Webcast on : [www.mindminesummit.com](http://www.mindminesummit.com)**

For further details contact: Ashwani Sharma / Shiv Shanker Singh, email: mindmine.summit@herocorp.com

**Participation  
by Invitation only**

### CARE AT DOORSTEP

A look at how the major players in the home healthcare market in India stack up

COMPANY	PORTEA MEDICAL	MEDWELL VENTURES	INDIA HOME HEALTH CARE	HEALTH CARE AT HOME INDIA
Promoters	Krishnan Ganesh & Meena Ganesh	Vishal Bali, Ferzaan Engineer	V. Thiyagarajan, Mark Baiada	Gaurav Burman, Gareth Jones
Year of founding	2012	2014	2009	2013
Capital raised	\$10 million	Undisclosed	Undisclosed	Undisclosed
Investors	Accel Partners, Ventureast, Qualcomm Ventures		26% stake sold to Bayada of the US	65:35 joint venture with founders of HCHUK
Services	Geriatric care, palliative care, post-operative care, physiotherapy	Pulmonology, cardiology, neurology, orthopaedics, geriatrics, rehabilitation and post-operative care	New-natal care, palliative care, physiotherapy, geriatrics, ICU facilities at home	Post-surgical care, pulmonology, cardiology, geriatrics, physiotherapy
Cities currently operating in	10	3	3	3
Foreign partner	None	Cytespace Research	Bayada	Health Care at Home UK
Employees	1,000	378	400	500
ICU at home	No	No	Yes	Yes

Health Care at Home UK, in the healthcare business for 22 years, will provide training and technical expertise to the Indian venture.

Bangalore-based Portea Medical was started by Zachary Jones and Karan Aneja, who wanted to bring the American home healthcare market model to India. Ganesh acquired it for an undisclosed sum last year. “At that stage, it was a small operation but there was a cultural fit and the acquisition helped us cut go-to market time.”

#### The Roadblocks

While all the four major players are gung-ho about market prospects, there are a couple of industry issues which they need to tackle — the major one being the availability of talent. “This is a people business. If I am deploying a nurse or a paramedical attendant to a client’s place, I am responsible for his safety and security. Also, one cannot carry a huge reserve in this business as it is expensive. Even hospitals struggle to attract and retain talent, so the job is cut out for all the industry players,” says Thiyagarajan of IHHC.

Another obstacle that the home healthcare segment has to contend with is health insurance. Right now, most

insurers limit themselves to paying for hospitalisation, not for medical services availed of at home. All home healthcare industry players say they are lobbying and working with insurance firms to bring about a change. “It is in their interest that they should begin to reimburse expenses incurred on medical services provided at home as they will be of lower cost,” says Ganesh.

While it is a people business, all the players are investing heavily on technology. Both Srivastava and Ganesh emphasise that they have already spent a couple of million dollars in streamlining their back-end operations. “Electronic patient records, scheduling and monitoring staff with the help of technology are all essential to long-term success. The market is nascent but it requires patience and perseverance to grow,” says Bali of Medwell.

For now, patients requiring healthcare services at home as well as care-givers can heave a sigh of relief. Multiple players and the competition between them has meant that patients not only have more options to choose from, the care itself has become more affordable. **BW**

✉ [venkatesha@gmail.com](mailto:venkatesha@gmail.com)

🐦 [@venkateshababu](https://twitter.com/venkateshababu)

For more on healthcare, visit [www.businessworld.in](http://www.businessworld.in)



**GERMANY**



**KALYANI  
BHARAT FORGE**





## Message

---

### Michael Steiner

Ambassador of the Federal Republic of Germany

---

**H**annover Messe, the most important industrial trade fair worldwide, is a truly global event and the perfect stage for Indian companies to showcase their know-how and their prowess. As this year's partner country, India will attract the attention of the whole world – right from the outset when Hon'ble Prime Minister Narendra Modi and German Chancellor Dr. Angela Merkel will jointly inaugurate the fair on 12 April.

I am looking forward to seeing more than 300 Indian companies presenting the best of India's engineering and technological capabilities. The presence of India's top businesses in Germany is a unique opportunity also for companies from Germany and India to enhance their contacts and cooperation.

India is an increasingly attractive investment destination for German companies. In fact, 1,800 German companies have already invested in India and created around 170,000 jobs. The Indo-German Chamber of Commerce is Germany's biggest foreign trade chamber worldwide. Indeed, Germany already makes in India!

Now is the right time to advance our partnership. India and Germany have complementary skills and advantages. Industry 4.0 – the merger of the real and the virtual world – or the Internet of Things provides opportunities for shared success: Germany's world-class manufacturing and India's world-class IT engineering combined can create a win-win situation for both countries.

There is even more that Germany has to offer to India, Prime Minister Modi himself pointed it out: Germany is

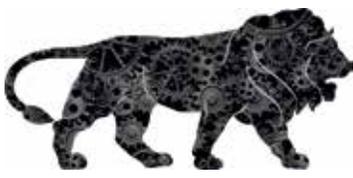
India's natural partner for skill development. Germany can also help India realise other core development programmes such as Smart Cities, Make in India and clean energy.

Further intensifying our collaboration can only prove beneficial to both our nations. India can benefit from our strong and high quality manufacturing sector. Germany can profit from India's high potential as a huge, dynamic domestic market, its strategic location between Europe and East Asia, strong democratic foundations and - first of all - its creative, wonderful people.

For its growing population, India needs to create 30,000 new jobs every day – qualified jobs. Skilled workers are the backbone of a prospering economy. Economies not only need good economists and lawyers – they also need good plumbers, joiners, electricians and precision engineers. Here, Germany can help with its famous dual system of vocational training – the open secret of our success.

Germany's economy is hugely interconnected with the rest of the world – more than 70% of Germany's GDP is generated from international trade. Europe is the world's biggest economy and India's biggest export market. Hannover Messe and Germany can therefore be India's gateway to Europe and the world.

I wish India great success as the partner country of Hannover Messe, which can be a stepping stone on India's way into a bright future. Germany offers India an ever closer partnership. Let's take it to the next level.



# 'Make in India' Calls For Innovation

## Grußwort

### Michael Steiner

Botschafter der Bundesrepublik Deutschland in Indien



Die Hannover-Messe, die wichtigste Industriemesse der Welt, ist eine wahrhaft globale Veranstaltung und die perfekte Bühne für indische Unternehmen, um ihr Know-How und ihre Leistungsfähigkeit zu präsentieren. Als Partnerland 2015 wird Indien die Aufmerksamkeit der Welt auf sich ziehen – gleich von Anfang an, wenn Premierminister Narendra Modi und Bundeskanzlerin Dr. Angela Merkel gemeinsam am 12. April die Messe eröffnen.

Ich freue mich darauf, in Hannover mehr als 300 indische Firmen zu sehen, die ihre Ingenieurskunst und technologischen Errungenschaften vorstellen werden. Die Anwesenheit der wichtigsten Köpfe der indischen Wirtschaft in Deutschland bietet deutschen und indischen Firmen eine einzigartige Gelegenheit, Kontakte zu knüpfen und die Zusammenarbeit zu vertiefen.

Indien ist für deutsche Unternehmen ein zunehmend attraktiver Investitionsstandort. Tatsächlich haben bereits 1.800 deutsche Firmen in Indien investiert und rund 170.000 Arbeitsplätze geschaffen. Die Indo-German Chamber of Commerce ist Deutschlands größte Außenhandelskammer weltweit. Deutschland produziert also schon in Indien!

Jetzt ist der richtige Zeitpunkt, um unsere Partnerschaft voranzubringen. Indien und Deutschland besitzen sich ergänzende Stärken und Fähigkeiten. Industrie 4.0 – die Fusion der realen und der virtuellen Welt – beziehungsweise das Internet der Dinge bieten Chancen für gemeinsame Erfolge: Zusammen können Deutschlands führende Industrieproduktion und Indiens erstklassige Informatiker eine Win-Win-Situation für beide Länder schaffen.

Deutschland hat Indien noch mehr zu bieten, wie Premierminister Modi selbst gesagt hat: Deutschland ist im Bereich Berufsausbildung Indiens natürlicher

Partner. Deutschland kann Indien außerdem helfen, weitere zentrale Entwicklungsprogramme wie Smart Cities, Make in India und saubere Energieerzeugung zum Erfolg zu führen.

Die weitere Intensivierung unserer Zusammenarbeit kann unseren beiden Nationen nur nützen. Indien kann von Deutschlands starkem Produktionssektor profitieren. Deutschland kann Nutzen ziehen aus Indiens großem Potenzial als riesiger, dynamischer Binnenmarkt, seiner strategischen Lage zwischen Europa und Ostasien, seiner starken demokratischen Fundamente und – vor allem – seiner wunderbaren, kreativen Menschen.

Für seine wachsende Bevölkerung muss Indien täglich 30.000 neue Jobs schaffen – am besten hochwertige Arbeitsplätze. Gut ausgebildete Arbeitskräfte sind die Säulen einer florierenden Wirtschaft. Volksökonomien brauchen nicht nur gute Wirtschaftsexperten und Anwälte – sie brauchen auch gute Klempner, Schreiner, Elektriker und Mechatroniker. Hierbei kann Deutschland helfen mit seinem weltberühmten dualen Berufsausbildungssystem – dem offenen Geheimnis unseres Erfolgs.

Die deutsche Wirtschaft ist mit dem Rest der Welt extrem eng verflochten – mehr als 70 Prozent unseres BIPs hängt vom internationalen Handel ab. Europa ist die größte Wirtschaft der Welt und Indiens größter Exportmarkt. Die Hannover-Messe und Deutschland können daher für Indien das Tor zu Europa und zur Welt sein.

Ich wünsche Indien viel Erfolg als Partnerland der Hannover-Messe, die für Indien ein Sprungbrett auf seinem Weg in eine verheißungsvolle Zukunft sein kann. Deutschland ist bereit zu einer noch engeren Partnerschaft mit Indien. Jetzt ist die Zeit sie zu vertiefen.

# India rules at Hannover Messe 2015 industrial fair

India has been designated as the official partner country at the Hannover Messe - one of the world's largest industrial fairs, to be held from April 13-17. Not just that, Prime Minister Narendra Modi will jointly open the Hannover Messe along with German Chancellor Angela Merkel on his maiden visit to Germany on April 12.

What is now called the Hannover Messe, began as the 'Hannover Export Fair 1947' as Germany's response to revive a post-war devastated country after World War-II. It was extremely necessary for the country to showcase its economic potential and the considerable skills of its workers to resurrect the nation. The very first fair became an instant success which can be gauged from the fact that approximately 736,000 visitors from 53 countries came to Hannover. Germany signed export contracts to the tune of US \$32 million in those 21 days that the fair lasted. Since then, Hannover has only grown bigger.

Very soon after its inception, the name was changed to "Deutsche-Industrie-Messe" and again in 1961, the name was changed to "Hannover-Messe". Now in 2015, Hannover Messe will have 178,000 m<sup>2</sup> of display space, which will be utilised by more than 6,500 exhibitors and is likely to be visited by 220,000 visitors. There is no denying the fact that it has now become one of the world's most important industrial tradeshow and the largest capital goods exhibition.

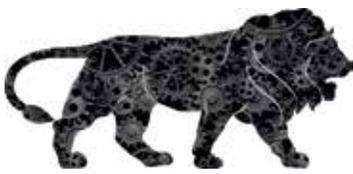
India is utilising this opportunity of showcasing itself at Hannover Messe to aggressively push the 'Make in India'

initiative to attract investment not just from Germany but also the international fora. In 2006 too India had been the official country partner at the Hannover Fair. However, this time India will have a stronger presence, with nearly 350 companies expected to have stalls with over a 100 CEOs confirming their participation. The Indian participation at the fair is wide ranging - from private and public sector firms to small and medium enterprises.

The government too will be represented in strong measure, not just because of the presence of the Prime Minister Modi but also because dozens of ministers from both the Central government and the states are expected to be at the fair. Besides, as many as 17 Indian states are likely to have a significance presence at the fair, with many chief ministers representing their states for investment opportunities as well as trade relations. India's strong participation has generated considerable enthusiasm among the host country as well. Dr Jochen Köckler, member of the Deutsche Messe Managing Board, says: "India is an emerging economic giant which is going to open up enormous sales potential for our German and international exhibitors at Hannover Messe."

As part of its efforts to project itself as a land of opportunities and investments, India will organise seminars at the fair to highlight governmental initiatives in six fields. These include, New sunrise in electronics and electricals; Smart Cities - the Urban Challenge; Renewable Energy; Strategy for skilling India; Heavy Engineering & Motion Drive and Automation; and





# 'Make in India' Calls For Innovation



Digital India. Many of these have been announced by Prime Minister Modi himself and companies the world over have shown keen interest in taking up these initiatives.

India has launched an international campaign on the 'Make in India' initiative under which it is promoting India as an investment destination with a view to making India a manufacturing hub. The country is pitching for global investors to set up industries in India as the country offers skilled workforce, infrastructure, raw material and other facilities. The Prime Minister hopes to not just build and manufacture in India but also wants to create decent job opportunities for Indian youth – keeping an eye on the demographic dividend of India.

Within Europe, Germany continues to be India's largest trading partner and is currently the eighth largest foreign direct investor in India, having received FDI of about \$6 billion between 2000 and 2014. With a US \$21 billion bilateral engagement, Germany is India's sixth largest trading partner. Business relations between the two countries are in the areas of mechanical engineering, automobiles, chemicals, services, nuclear reactors, construction and development.

India exports garments and textile products, chemical items, leather & leather goods, iron, steel and metal goods, electronic components, pharmaceutical products, and auto components to Germany. On the other hand, it's main imports from Germany include electrical generation equipment, auto equipment,

complete fabrication plants, bearings, gear equipment, measurement and control equipment and primary chemical products.

Traditionally too, India and Germany have enjoyed good historical relations. India was the first country to end the state of war with Germany in 1951 and also became one of the first countries to grant diplomatic recognition to the Federal Republic of Germany after World War-II. That warm relationship has continued over decades to this day. India had also conferred on Chancellor Merkel, the Jawaharlal Nehru Award for International Understanding for the year 2009 in 2011.

Bilateral relations between India and Germany have traditionally been strong due to substantial commercial, cultural and strategic co-operation. The two leaders, Prime Minister Modi and Chancellor Angela Merkel enjoy a warm personal equation and had last met at the sidelines of the G-20 Summit in Australia last year. Before that, Prime Minister Modi had also wished Chancellor Merkel on her birthday. Earlier in 2011, the two nations had celebrated 60 years of the establishment of diplomatic relations with a big festival - 'A Year of Germany in India' - being organised under the motto 'Infinite Opportunities – Germany and India 2011-2012'. The festival, held across India, travelled through New Delhi, Mumbai, Bangalore, Chennai and Pune.

The Indian Prime Minister's two-day visit to Germany and the inauguration of the fair will further expand Indo-German business relations. And, Hannover Messe will only lend more business and trade muscle to that.



# Indien beherrscht die Hannover Messe 2015

Indien ist zum offiziellen Partnerland der Hannover Messe erklärt worden. Die Hannover Messe, eine der größten Industriemessen der Welt, findet vom 13. bis 17. April 2015. statt. Außerdem wird Premierminister Modi die Hannover Messe zusammen mit der deutschen Bundeskanzlerin Angela Merkel auf seinem ersten Besuch in Deutschland am 12. April eröffnen.

Was jetzt die Hannover Messe genannt wird, begann 1947 als Hannover Exportmesse. Damals versuchte Deutschland das nach dem zweiten Weltkrieg zerstörte Land wiederzubeleben. Es war sehr wichtig für das Land, sein ökonomisches Potenzial und das große Geschick seiner Arbeiter hervorzuheben. Die erste Messe war ein großer Erfolg, weil 736.000 Besucher aus 53 Ländern nach Hannover kamen. Deutschland schloss in den 21 Tagen der Messe Exportverträge im Wert von 32 Millionen US-Dollar. Seitdem ist die Hannover Messe immer weiter gewachsen.

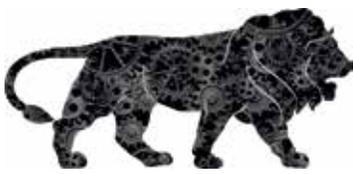
Sehr schnell nach ihrer Entstehung änderte die Messe ihren Namen und hieß danach die „Deutsche Industrie-Messe“ und seit 1961 die „Hannover Messe“. 2015 wird die Hannover Messe eine Ausstellungsfläche von 178000 Quadratmetern haben, die etwa 6500 Ausstellern benutzen und etwa 220.000 Besucher sehen werden. Ohne Zweifel ist es eine der wichtigsten Industriemessen und die größte Ausstellung von Investitionsgütern.

Indien benutzt die Gelegenheit, auf der Hannover Messe aggressiv seine 'Make in India' Initiative voranzutreiben,

um Investitionen nicht nur von Deutschland, sondern auch von anderen Ländern anzuziehen.

2006 war Indien ebenfalls offizielles Partnerland der Hannover Messe. Aber diesmal wird Indien eine stärkere Präsenz zeigen, mit 350 Firmen, die ihre Waren präsentieren, und über 100 CEOs, die sich daran teilnehmen. Die indische Teilnahme ist weit gefächert, mit Firmen aus dem privaten und aus dem öffentlichen Sektor, mittelständischen und kleinen Betrieben. Die Regierung beteiligt sich auch, nicht nur, weil der indische Premierminister Herr Modi selbst da ist, sondern auch, weil viele Minister der zentralen Regierung und der indischen Bundesstaaten erwartet werden. 17 indischen Bundesstaaten sind vertreten, viele davon mit ihren Regierungschefs, um Investitionsmöglichkeiten zu ergreifen und Handelsbeziehungen zu verbessern. Die starke Beteiligung Indiens wird herzlich willkommen sein. Dr. Jochen Köckler, Vorstandsmitglied der Deutschen Messe, sagt: „Indien ist ein aufstrebender ökonomischer Riese, der ein enormes Verkaufspotenzial für die deutschen und andere internationale Aussteller eröffnet.“

Indien möchte sich als ein Land von Investitionsmöglichkeiten darstellen. Deshalb organisiert es Seminare, um Regierungsinitiativen in sechs Bereichen zu präsentieren. Das umfasst „New sunrise“ im Bereich Elektronik und Elektrotechnik, „Smart Cities“ zu innerstädtischen Herausforderungen und die Bereich erneuerbare Energien, indische Fachkräfte, Großmaschinenbau und Automation sowie



# 'Make in India' Calls For Innovation



KALYANI  
BHARAT FORGE



digitales Indien. Mehrere der Initiativen sind vom indischen Premierminister selbst angekündigt worden und Firmen haben weltweit großes Interesse daran gezeigt. Indien hat eine internationale Kampagne gestartet, die 'Make in India' heißt. Dabei wird Indien als Investitionsziel beworben mit dem größeren Ziel, Indien als ein Produktionszentrum zu etablieren. Das Land möchte die globalen Investoren anziehen, damit sie Industrie in Indien aufbauen, weil das Land talentierte Arbeitskräfte, Infrastruktur, Rohstoffe und andere Anlagen anbietet. Der Premierminister hofft, dass in Indien nicht nur gebaut und produziert wird, sondern auch, dass für die indischen Jugendlichen gute Berufschancen entstehen.

Im Europa ist Deutschland der größte Handelspartner Indiens. Auch ist es der achtgrößte ausländische Investor in Indien. Die ausländischen Direktinvestitionen zwischen 2000 und 2014 betragen 6 Milliarden US-Dollar.

Mit einem Volumen von 21 Milliarden US-Dollar steht Deutschland an sechster Stelle unter den Handelspartnern Indiens. Die geschäftlichen Beziehungen zwischen den beiden Ländern schließen Maschinenbau, Automobile, chemische Industrie, Nukleartechnik, Anlagenbau und Entwicklung ein. Indien exportiert Kleider und Textilprodukte, Chemikalien, Lederwaren, Eisen, Stahl und metallische Waren, elektronische Teile, pharmazeutische Produkte und Autoteile nach Deutschland. Es importiert aus Deutschland

Kraftwerksausrüstung, Autoausrüstung, komplette Fabrikationsanlagen, Lager, Fahrwerke, Mess- und Steuereinrichtungen und Primärchemikalien. Traditionellerweise erfreuen sich Deutschland und Indien einer guten Beziehung. Indien war das erste Land, das 1951 den Kriegszustand mit Deutschland beendete. Und es hat als eines der ersten Länder nach dem zweiten Weltkrieg mit Deutschland diplomatische Beziehungen aufgenommen. Die freundschaftlichen Beziehungen setzen sich bis heute fort. 2011 hat Indien Kanzlerin Merkel den Jawaharlal Nehru Preis für internationale Verständigung für das Jahr 2009 verliehen.

Bilaterale Beziehungen zwischen Indien und Deutschland waren traditionell stark, weil die beiden Länder starke kommerzielle und kulturelle Kooperation unterhielten. Premierminister Modi und Kanzlerin Merkel haben ein gutes persönliches Verhältnis. Sie haben sich letztes Jahr auf dem G-20 Gipfel in Australien getroffen. Herr Modi hatte zuvor Kanzlerin Merkel auch zu ihrem Geburtstag gratuliert. 2011 begingen die beide Länder das Jubiläum zu 60 Jahren diplomatischer Beziehungen mit einem großen Fest. Es hatte das Motto 'Unendliche Möglichkeiten - Deutschland und Indien 2011-2012'. Das Fest, das in ganz Indien ausgerichtet wurde, reiste durch Neu-Delhi, Mumbai, Bangalore, Chennai und Pune. Der zweitägige Besuch des indischen Premierministers in Deutschland und die Eröffnung der Messe werden die Geschäftsbeziehungen zwischen Indien und Deutschland fördern. Die Hannover Messe ist dazu ein wirkungsvoller Beitrag.



## Baba N Kalyani

Chairman & Managing Director, Bharat Forge Limited

**B**aba N. Kalyani, heads the flagship US \$2.5 billion Kalyani Group. BFL is India's largest forging manufacturer and exporter of components to the global automotive industry. Not just that, with manufacturing facilities based in India and Europe, it also manufactures various equipment and components for non-automotive industries including aerospace, railways, marine and conventional & non-conventional energy.

The Kalyani Group has joint ventures with global MNCs including Meritor, USA, Carpenter Technology Corporation, USA, Lochpe-Maxion of Brazil and Alstom, France. Under his leadership, Bharat Forge has grown from US \$1.3 million in 1972 to about US \$1.2 billion now. In an exclusive interview to Business World, Mr Kalyani talks about the prospects of the Indian economy under the new leadership and the place enjoyed by the Indian manufacturing in the global order. Excerpts from the interview:

**Q. Can you give an overview of your contribution towards Indo-German business ties and how significant is 'Bundesverdienstkreuz' - Germany's prestigious Order of Merit?**

German companies have been in India in manufacturing for over a hundred years and it has been a one-way street. I think, we were the first Indian

company in 2003 to go and set up manufacturing there. We were the pioneers and now have four plants including one coming up in Saxony. We have excellent relations with the government and also with companies which has helped us grow our trade there. This, in fact, set the ball rolling for other Indian companies to start looking at Europe as an investment destination.

We feel good about the award and I think it is the contribution of a few thousand people who work in the company. I have had the rare opportunity to lead such a company and I had done my job as a leader and mentor. But the heavy lifting and hard work has been done by the employees.

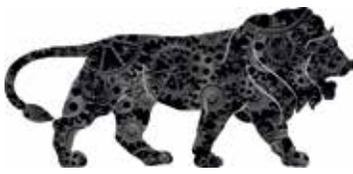
**Q. Can you tell us more about your Saxony plant?**

Our new plant in Saxony, in eastern Germany, will produce light weight aluminium components for cars. This is a green technology that we have innovated and uses very little energy to produce these parts.

It is a unique technology comprising closed-material cycle that reduces the Global Warming Potential (GWP) impact of customer products at least by 40% with added benefits of reduced material weight and costs.

**Q. How have you reached this pinnacle of success?**

We decided to make ourselves one of the top five in the



# 'Make in India' Calls For Innovation



KALYANI  
BHARAT FORGE



world and that could be done with three things. One was that we will provide skills to our people and put tremendous emphasis on training and skilling people in the nineties itself. The second was to drive our business with technology and innovation. The third was to develop our technology ourselves, and not to borrow, because then it becomes a self-driving engine.

**Q. Your website says, "Our strong presence in the passenger car segment is guaranteed by innovative light weight solutions with application of advanced materials and optimised product design." Please elaborate.**

If you look at the trends in automotive-making, you will see that there is a lot of connectivity, a lot of gadgetry but the metal part in the car is getting smaller and is light-weight. We spotted this much earlier and started working on it by two ways. We started using aluminium instead of steel. Second was to reduce the weight of existing components using the desired engineering and technology. So, if you reduce just 10 per cent of the weight of a car, it is a lot of efficiency in terms of fuel efficiency and lower emission levels. The car is greener and less polluting.

**Q. Could you please elaborate CSR initiatives undertaken by your Group?**

We have been doing CSR for over twenty odd years now. One of our long-running programmes is with the NGO called Pratham which puts children from disadvantage families into school. We are able to do this for almost 18,000 to 20,000 children in a year and our children are now graduating. Recently we have started building toilets under the Swachh Bharat Abhiyan. We realise the health and education make an impact on people's lives and this is what matters. A few years back we had also built an Industrial Technical Institute (ITI) which finally became a model ITI.

**Q. What do you think about the government's initiatives?**

After more than three years of prolonged economic slowdown, the Indian economy has started to turn around both cyclically and structurally. The performance of the government in the past ten months has created greater optimism and a heightened sense of expectancy.

Prime Minister Modi has given a very important direction to the industry because every leader in this country in the last 20-30 years has said we need to create more jobs and need to have more manufacturing. But nobody could figure it out how to do it. But Prime Minister Modi has a lot of clarity in terms of manufacturing and 'Make in India' vision that he has. He

has a lot of steps clear before him and is driving those with a lot of horsepower in a nation of nearly 1.3 billion people with such different kinds of thinking.

**Q. What do you feel about the 'Make in India' campaign?**

Bharat Forge has been a flag bearer of 'Make in India' since a long time. The big thing is the 'Make in India' campaign and the implication is what you can do in India in terms of defence and aerospace. This initiative will give a huge opportunity to the Indian industry but the Indian industry will have to understand that it will have to create that innovation, the skillsets and then that opportunity will come to you.

We still import a huge amount of hardware in defence while a lot of that can be made here. The railway is another similar area. We have recently inaugurated a high-tech locomotive factory for making railway components.

Under 'Make in India', the emphasis would now shift towards import substitution. It is perhaps for the first time that the manufacturing sector has received the kind of attention that it deserves both as a catalyst for investments and to generate employment in the country. But our goal should be to not only achieve 25 per cent share in GDP but also position India as a country with the most advanced manufacturing capabilities.

**Q. Would you describe yourself as an industry major that is encouraging SMEs from Indian to invest in Europe.**

There is a certain similarity between Indian and German SMEs - most of them are led by technocrat entrepreneurs who are passionate about building strong businesses around a few technical capabilities that they have mastered. Over the last few years, with the Indian economy expanding many Indian SMEs have grown multifold in their operations. Bharat Forge has also leveraged its strength in domestic markets to first promote exports and then acquire assets globally.

One of our major acquisitions abroad was Carl Dan Peddinghaus (CDP), Ennepetal, which even now is the largest among all our European plants. Running plants closer to our customers, in Europe and in particular in Germany has been a pleasant and very enriching experience for us.

We have benefitted immensely by people exchanges and sharing of best practices between our European and Indian manufacturing locations.



**Baba N Kalyani**

Chairman & Managing Director  
Bharat Forge Limited

**V**orsitzender & Geschäftsführer, Bharat Forge Limited (BFL), Baba N. Kalyani, Vorstandsvorsitzender des Mischkonzerns US \$2,5 Mrd. (Milliarden) der Kalyani Gruppe. BFL ist Indiens größtes Schmiedeunternehmen und Exporteur von Komponenten für die weltweite Automobilindustrie. Mit Fertigungsstätten in Indien und Europa produziert Bharat Forge eine breite Palette von anspruchsvollen Sicherheitsbauteilen für den Automobilindustrie und Non-Auto-Sektor beispielsweise auch für die Luft- und Raumfahrt, Bahn, Marine und konventionelle und nicht-konventionelle Energie. Unterstützt durch mehrere Jahrzehnte an Erfahrung in der Herstellung von Komponenten & Metallurgie, blickt das Unternehmen über den Automobilsektor hinaus und hat sich auf eine ehrgeizige und spannende Reise gemacht um die Präsenz in weiteren anspruchsvollen Branchen wie Energie, Öl & Gas, Luftfahrt, Eisenbahn und Marine - auszubauen.

Die Kalyani Gruppe hat Joint Ventures mit globalen MNCs einschließlich Meritor, USA, Carpenter Technology Corporation, USA, lochpe-Maxion, Brasilien und Alstom, Frankreich. Unter der Führung durch Herrn Kalyani, ist Bharat Forge von US \$ 1,3 Mio. in 1972 auf etwa US\$ 1,2 Mrd. gewachsen. In einem exklusiven Interview mit Business World spricht Herr Kalyani über die Perspektiven der indischen Wirtschaft unter der neuen Führung und der Platzierungskraft der indischen Fertigung in der globalen Ordnung. Auszüge aus dem Interview:

**Frage. Können Sie uns kurz einen Überblick über ihren Beitrag zur Indisch - Deutschen Geschäftsverbindungen geben und wie bedeutend das "Bundesverdienstkreuz" - einer der**

### **renommiertesten Verdienstorden Deutschlands ist?**

Deutsche Unternehmen sind seit mehr als hundert Jahren in Indien in der Fertigung vertreten aber es war eine Einbahnstraße. Ich glaube, wir waren das erste indische Unternehmen welches im Jahre 2003 eine Produktion übernahm. Wir waren die Pioniere und haben nun vier Werke, darunter das noch hinzukommende in Sachsen. Wir haben ausgezeichnete Beziehungen mit der Regierung und mit Unternehmen, die uns geholfen haben, dort zu wachsen. In der Tat, hat dies den Ball für andere indische Unternehmen ins Rollen gebracht Europa als Investitionsziel zu betrachten.

Wir fühlen uns geehrt durch den Verdienstorden und ich denke, es ist dem Beitrag von ein paar tausend Menschen, welche in der Firma arbeiten, geschuldet. Ich habe die seltene Gelegenheit bekommen eine Firma wie diese zu führen und habe mich immer als Chef und Mentor gesehen. Die schwere und harte Arbeit wurde jedoch durch die Mitarbeiter ausgeführt.

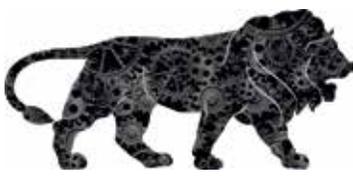
### **Frage. Können Sie uns mehr über ihr Werk Sachsen sagen?**

Unser neues Werk in Sachsen, im Osten Deutschlands, wird leichte Aluminium Komponenten für Kraftfahrzeuge produzieren. Dies ist eine sogenannte „green technology“, welche wir zur Serie gebracht haben. Sie verbraucht nur wenig Energie zur Herstellung dieser Teile. Es ist eine einzigartige Technologie, die einen geschlossenen Stoffkreislauf umfasst. Dadurch wird das Treibhauspotential (Global Warming Potential (GWP)) mit Auswirkungen auf die Produkte der Kunden um mindestens 40% verringert - mit zusätzlichen Vorteilen wie Reduzierung des Materials, Gewichts und bei den Kosten.

### **Frage. Wie haben Sie den Höhepunkt des Erfolgs erreicht?**

Wir beschließen, eine der Besten fünf in der Welt zu werden und das sollte durch drei Dinge möglich sein. Ein Punkt war, dass wir unseren Mitarbeitern die Kompetenzen bereitstellen wollten und einen enormen Schwerpunkt auf Ausbildung und Qualifizierung in den Neunziger Jahren setzten. Zweitens sollte der Antrieb für unser Geschäft Technologie und Innovation sein. Das dritte Augenmerk lag darauf, die Entwicklung unserer Technologie selbst voranzutreiben, und diese nicht zu leihen, denn dadurch wird es zu einem selbstfahrenden Motor.

**Frage. Ihre Webseite sagt, "Unsere starke Präsenz im PKW-Segment wird durch innovative Leichtgewicht Lösungen mit Anwendung von fortschrittlichen**



# 'Make in India' Calls For Innovation



KALYANI  
BHARAT FORGE



## **Materialien und optimiertem Produktdesign garantiert." Bitte führen Sie dies näher aus.**

Wenn Sie einen Blick in Richtung der Trends in der Automobilindustrie werfen, werden Sie viele Möglichkeiten sehen, aber das Metallteil im Auto wird immer kleiner und ist leichter. Wir sahen dies viel früher und arbeiteten an zwei Wegen. Wir begannen zum einen mit Aluminium anstelle von Stahl zu arbeiten. Zum anderen wurde zur Verringerung des Gewichts der vorhandenen Komponenten mit der gewünschten Technik und Technologie verfahren. Also, wenn Sie nur 10 Prozent des Gewichts eines Autos verringern, ist dies eine Menge an Effizienz in Bezug auf den Kraftstoffverbrauch (Brennstoffwirkungsgrad) und niedrigerer Emissionswerte. Das Auto ist somit umweltfreundlicher und weniger umweltschädlich.

## **Frage. Könnten Sie mir bitte die CSR-Initiativen ihrer Gruppe erläutern?**

Wir arbeiten seit mehr als zwanzig Jahren mit CSR. Eines unserer lange laufenden Programme ist in Kooperation mit der NRO Pratham genannt, wodurch Kinder von benachteiligten Familien die Schule besuchen können. Wir sind in der Lage dies für 18.000 bis 20.000 Kinder in einem Jahr umzusetzen und unsere Kinder sind nun dabei einen akademischen Grad zu erlangen. Vor kurzem haben wir begonnen Toiletten unter der Swachh Bharat Abhiyan zu installieren. Wir realisieren, dass die Gesundheit und Bildung einen Einfluss auf das Leben der Menschen hat und das ist was wirklich wichtig ist. Vor ein paar Jahren haben wir auch ein gewerblich technisches Institut (Industrial Technical Institute (ITI) gegründet, welches schlussendlich ein Modell ITI wurde.

## **Frage. Was denken Sie über die Initiativen der Regierung?**

Nach mehr als drei Jahren anhaltendem, wirtschaftlichen Abschwung der indischen Wirtschaft beginnt nun die indische Wirtschaft sich sowohl zyklisch als auch strukturell zu drehen. Die Leistungsfähigkeit der Regierung in den vergangenen zehn Monaten hat zu mehr Optimismus und einem Gefühl der Lebenserwartung geführt. Ministerpräsident Modi gibt der Industrie eine sehr wichtige Richtung, denn jede Führungskraft in diesem Land fordert in den letzten 20-30 Jahren mehr Arbeitsplätze zu schaffen und sagte es würdemehr Fertigung gebraucht. Aber niemand konnte herauszufinden, wie dies umzusetzen ist. Ministerpräsident Modi hat die Klarheit in Bezug auf die Fertigung und 'Make in Indien' Vision. Er hat eine Menge Schritte klar vor sich und treibt diese mit viel Leistung - und dies in einer Nation von fast 1,3 Milliarden

Menschen mit unterschiedlichen Denkweisen.

## **Frage. Was denken Sie über die 'Make in Indien'-Kampagne?**

Bharat Forge ist seit langer Zeit Fahnenträger der 'Make in Indien'. Die 'Make in Indien'-Kampagne ist eine große Angelegenheit und die Implikation ist, was wir in Indien umsetzen können in Bezug auf die Verteidigungs-, Luft- und Raumfahrtindustrie. Diese Initiative ist eine große Chance für die indische Industrie aber die Industrie muss verstehen, dass es die Innovation und Kompetenz zu schaffen hat. Dann wird diese Gelegenheit zu Ihnen kommen. Wir importieren nach wie vor eine große Menge von Gerätetechnik der Verteidigung, obwohl eine Menge davon hier durchgeführt werden könnte. Die Bahn ist ein weiterer ähnlicher Bereich. Wir haben vor kurzem eine Hightech Lokomotiven Fabrik für Bahn Komponenten eröffnet.

Unter 'Make in Indien', soll der Schwerpunkt sich nun in Richtung Import Substitution verschieben. Es ist vielleicht das erste Mal, dass das verarbeitende Gewerbe die Art von Aufmerksamkeit erhält, die es verdient sowohl als Katalysator für Investitionen als auch zur Schaffung von Arbeitsplätzen im Land. Aber unser Ziel sollte es sein, nicht nur 25 Prozent Anteil am BIP zu erreichen, sondern auch Indien als Land mit den fortschrittlichsten Fertigungsmöglichkeiten zu positionieren.

## **Frage. Würden Sie sich selbst als mächtigen Industriezweig bezeichnen, die die SMEs ermutigt von Indien in Europa zu investieren?**

Es besteht eine gewisse Ähnlichkeit zwischen indischen und deutschen SMEs - die meisten von ihnen sind beeinflusst durch Entrepreneur, die mit Leidenschaft starke Unternehmen rund um technische Fähigkeiten aufbauen, die sie gemeistert haben. In den letzten Jahren, mit der Erweiterung der indischen Wirtschaft sind viele indische SMEs um ein mehrfaches gewachsen. Bharat Forge hat auch ihre Stärke in den heimischen Märkten genutzt, um erst den Export zu fördern und dann Vermögen weltweit zu erwerben.

Eine unserer wichtigsten Akquisitionen im Ausland war Carl Dan Peddinghaus (CDP), Ennepetal, welches das größte unter allen unseren europäischen Werken ist. Die Produktionsnähe zu unseren Kunden in Europa und insbesondere in Deutschland wurde zu einer angenehmen und sehr bereichernden Erfahrung für uns. Wir haben enorm vom Austausch und der Nutzung gemeinsamer und bewährter Praktiken zwischen unseren europäischen und indischen Produktionsstätten profitiert.



## A century of business partnership between India and Germany *by ParminderBakshi-Hamm, Germany*



### Dirk Matter

Director  
Indo-German Chamber of Commerce  
Duesseldorf, Germany

The Indo-German Chamber of Commerce (IGCC) has existed almost from the very beginnings of Germany's trade with post-independence India. The Chamber has played an exemplary role in promoting and shaping business relations between the two countries. Business World speaks to Dirk Matter, Director, of the IGCC in Duesseldorf. Excerpts:

#### PKB: Can you share something about the history and development of the IGCC?

DM: The IGCC was founded in 1956 in Mumbai, making us the first bilateral German Chamber of Commerce in Asia, some years before Japan and other countries. Some Germany firms have a relationship spanning over 100 years with India. For example, Krupp had sold locomotives over a hundred years ago, Bayer has been in India for over a century and bought natural dye in those days. Siemens had laid telegraph lines from Kolkata to London in 1875 and it was the Germans who built the famous steel plant in Rourkela.

IGCC's most popular service is business partner search. In the last eight years we have set-up about 200 companies for German enterprises in India. Closely connected with company formation is HR recruitment; when an SME has a small production or distribution subsidiary, an Indian manager is employed. We have sponsored trade fairs and the Indo-German Training Center offers dual education for Indian postgraduates in business administration.

#### PKB: In your 23 years of experience at the IGCC what impressions have you gathered of doing business in India?

DM: The Indian market is an interesting market where industry sectors are still being built—new factories for the car industry and even steel plants—something which is not happening in Germany any more. But there are many companies in Germany that have good expertise in these sectors. Though India retains the image of a low cost country,

this is no longer true especially in real estate and energy. Wages are still low, but that only for unskilled workers; salaries of highly qualified people have risen significantly in the last few years. The business mentality is different and both sides sometimes find it difficult. We, as a Chamber, try to give a little support in that we offer intercultural training not just to the Germans but also the Indians.

#### PKB: What's your vision of the future?

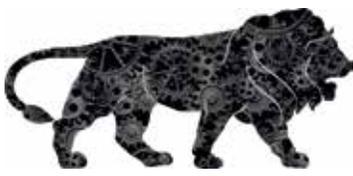
DM: We hope that economic growth will increase again because only that can guarantee that the situation for people will improve. We hope that Mr. Modi's visit to the Hanover Trade Fair will be useful in putting India in focus in the German media which will help attract more trade with India. The substantial barriers for foreign investors need to be reduced and this will lead to more job creation. This is my great vision for the future.



## Small Caps Big Returns



Die WEBER-HYDRAULIK Gruppe ist spezialisiert auf kundenspezifische und zuverlässige Hydrauliklösungen. Mit Hauptsitz in Deutschland und Standorten in der ganzen Welt entwickelt und produziert das Unternehmen Zylinder, Steuerblöcke, Ventile, Elektronik und Aggregate für Erstausrüster und Industrie in Europa, Nord- und Süd Amerika und Asien.



# 'Make in India' Calls For Innovation



## Ein Jahrhundert der Geschäftspartnerschaft zwischen Indien und Deutschland *by ParminderBakshi-Hamm, Germany*

**D**ie Deutsch-Indische Handelskammer (Indo-German Chamber of Commerce, IGCC) hat nahezu von Beginn an den Handel Deutschlands mit dem unabhängigen Indien begleitet. Die Handelskammer hat dabei eine beispielhafte Rolle gespielt, indem sie die geschäftlichen Beziehungen zwischen den beiden Ländern gefördert und gestaltet hat. Business World hat mit Dirk Matter, Geschäftsführer der Deutsch-Indischen Handelskammer in Düsseldorf gesprochen. Auszüge dieses Gesprächs:

### **PKB: Können Sie uns etwas über die Geschichte und die Entwicklung der IGCC erzählen?**

DM: Die Kammer wurde 1956 in Mumbai gegründet und damit waren wir die erste deutsche Auslandskammer in Asien überhaupt – und zwar noch weit vor Japan und anderen Ländern. Es gibt deutsche Firmen, die schon vor über hundert Jahren Beziehungen zu Indien hatten. Krupp hat schon vor hundert Jahren Lokomotiven an Indien verkauft. Bayer ist auch seit hundert Jahren in Indien – damals haben sie in Indien Naturfarbstoffe gekauft. Siemens hat die erste Telegrafenerleitung 1875 von Kolkata nach London gebaut. Die Deutschen haben das berühmte Stahlwerk in Rourkela errichtet. Unsere populärste Dienstleistung ist die Geschäftspartnersuche. Dann haben wir in den letzten acht Jahren ungefähr 200 Firmengründungen unterstützt. Das HR Recruitment hängt eng damit zusammen. Der Mittelstand stellt für kleinere Produktionsstätten oder Vertriebstöchter indische Manager ein, und dabei helfen wir.

Wir fördern das Messegeschäft. Das von uns vor 20 Jahren gegründete Indo-German Training Center bietet im Bereich Wirtschaftswissenschaften eine duale Ausbildung für indische Postgraduates an.

### **PKB: Welche Eindrücke haben Sie während Ihrer 23 Jahre Erfahrung in der IGCC gewonnen, was das Geschäft mit Indien betrifft?**

DM: Der indische Markt ist interessant, weil Indien ein Land ist, wo noch viele Industriebranchen aufgebaut werden – neue Fabriken für die Autoindustrie oder selbst neue Werke im Stahlbereich, und diesen großen Anlagenbau gibt es ja fast nicht mehr in Deutschland. Aber es gibt noch viele deutsche Firmen mit sehr guter Kompetenz darin. Indien hat immer noch das Image eines Low-Cost-Landes. Gerade im Immobilienbereich und im Energiebereich sind in Indien die Kosten aber gar nicht so niedrig. Die Löhne sind tatsächlich noch niedriger, aber auch da nur bei einfachen Arbeitern. Bei Hochqualifizierten gab es erhebliche Lohnanstiege in den letzten Jahren. Die Geschäftsmentalität ist anders – da tun sich beide Seiten schwer. Wir als Kammer versuchen, ein bisschen zu unterstützen, indem wir interkulturelles Management-Training anbieten – nicht nur für Deutsche, sondern auch für Inder.

### **PKB: Wie sieht Ihre Vision für die Zukunft aus?**

DM: Wir hoffen, dass das Wirtschaftswachstum wieder zunimmt, weil nur das garantiert, dass sich auch die Lage für die Bevölkerung verbessert. Wir gehen davon aus, dass der Besuch von Herrn Modi in Deutschland anlässlich der Hannover Messe sehr nützlich ist, weil dadurch Indien auch bei den deutschen Medien sehr in den Fokus geraten wird, wodurch das Interesse an Geschäften mit Indien nochmals deutlich anziehen wird. In Indien sollten die bürokratischen Hürden für Auslandsinvestitionen erheblich verringert werden, und dies würde entsprechend mehr Arbeitsplätze schaffen. Das ist die große Vision für die Zukunft.

Auf Basis von 75 Jahren Erfahrung bietet WEBER-HYDRAULIK innovative, zukunftsorientierte Systeme, zum Beispiel für Federungs- und Lenksysteme oder im Bereich der Energierückgewinnung. Weber-Hydraulik Indien steht für professionellen Service, Flexibilität und Zuverlässigkeit.

In nur drei Jahren hat das Unternehmen seine Stellung auf dem indischen Markt gefestigt und ausgebaut. Zu Anfang hat sich WEBER-HYDRAULIK auf Fahrerhaus-Kippanlagen für Lastwagen spezialisiert. Inzwischen hat man den Markt im Bereich Landwirtschafts- und Baumaschinen weiter erschlossen.

Getreu dem Motto „Leadership in hydraulic solutions“ bietet WEBER Indien Produkte und Systemlösungen im hydraulischen Bereich. Dabei ist sich das Unternehmen seiner ökonomischen und ökologischen Verantwortung bewusst und bietet unter anderem Lösungen mit verringertem Energieaufwand, besonders wartungsarme Produkte und Produkte für den Bereich erneuerbare Energien.

Für die Zukunft baut WEBER auf gewachsene Strukturen und traditionelle Werte, aber auch auf innovative Ideen und neue Entwicklungen. Individuelle Beratung, eine stabile Vertrauensbasis mit Zulieferern und Kunden und optimale Prozesse machen WEBER-HYDRAULIK zu einem idealen Partner.



## A Voyage To Success and Commitment



### Surinder Kapur

Chairman  
Sona Group of Companies

**S**ona Group of Companies is an establishment steering its way to the strategic world locations and provides manufacturing components for the automotive industry hereby, catering to passenger cars, utility vehicles and light commercial vehicles. Hailing from a jewelry business class family, Surinder Kapur, the Founder Chairman, took a leap forward, thus breaking the family lineage and initiated a buoyant vision in October 1987 with the establishment of Sona Company. The company started its journey with its solitary plant with a single but giant customer, Maruti and a sole product Manual Steering System. In its infant stage, starting with an iota human resources and a meager revenue generation of 7 million as compared to its current turnover, today this millionaire multinational establishment has spread its network in all the major markets being a major entrepot in commerce with other countries and employees 7000 people in 16 plants and has revenues of 4500 millions. The company completes its 10,000 days of dedicated service in their stride in Feb 2015 making a significant mark on the globe.

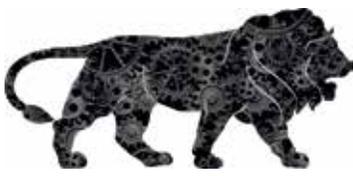
The foundation of the Group is based on three core values: Respect for the Individual, Service to the Customer and Excellence in the pursuit of their goals. Focus on Quality and the commitment to offer the customers excellence in service, to meet their growing needs, have been the underlying factors of the groups' success. The company is constantly upgrading its core competencies and aligning objectives at all levels to help achieve customer satisfaction. The Group has adopted world-class contemporary manufacturing practices like the Toyota Production System (TPS), group Kaizen activity, participative management and break through management, to continuously learn and grow.

Being a fulcrum of supplying quality products and synonymous with innovation to the automotive industry, the Group's global footprint spans India, Germany and the USA and has three main product lines of Steering Systems, Drive Line Products and Precision Forgings. Offering an unrivalled level of service in precision forge gear products with nearly 30% global market share, the company has successful financial relationships with large, multi-national customers and iconic automotive brands like Maruti Suzuki, JTEKT and Mahindras which is a testament of its dedication to first-class service and product quality.

Having a benefit of associated with Germany, the strongest manufacturing country in the world, Sona has proved a testimony of developing and manufacturing innovative products. The Chairman believes that Germany is a potential market for India and new vistas could be reached out through more cordial economic, cultural and educational relations. He admires the country's product development capabilities and predicts that it will stay ahead of the curve "because Germans are able to evolve and develop products".

Starting out as a "Manufacture to Print" organization, the group today boasts of having created its own IPR particularly in the areas of power steering for off highway applications and precision forging. The Sona Group has technical and marketing alliances with domestic and international majors Maruti Suzuki India Ltd (India), Mahindra & Mahindra (India), JTEKT Corporation (Japan), Mando Corporation (Korea), Somic Ishikawa Inc. (Japan), ZF Lemforder GmbH (Germany), Somic Engineering Inc. (Japan), Mitsubishi Materials Corporation (Japan), Fuji Kiko (Japan), Koyo Electronics (Japan) and Sixt (Germany). Achieving the benchmark and improvising with its products, the skilled manpower and engineers have made it possible to develop and patent Electronic Steering Product for the Off Highway market. With a responsibility of continuing to provide service to its stake holders, the company is working unflinchingly taking assistance from Fraunhofer Institute in Germany and CSIR in India.

Surinder Kapur, a bigwig and an International player feels strongly for the Make In India Campaign and congratulates PM Modi for this pragmatic approach and commendable initiative of promoting indigenous products. He addresses this as a calculative step for generating the economy by interfacing with the global investors, thus, envisioning India to be a manufacturing hub in the coming years.



# 'Make in India' Calls For Innovation



## Eine Reise zum Erfolg und Engagement

Die Sona Unternehmensgruppe ist ein Unternehmen, das Komponenten für die Automobilindustrie an strategischen Standorten anbietet. Mit der Herstellung von Autokomponenten liefert das Unternehmen hierfür Personenkraftwagen, Nutzfahrzeuge und leichte Nutzfahrzeuge. Aus einer Jewelierfamilie stammend nahm Herr Kapur, der Gründungsvorsitzende, einen großen Sprung nach vorne, indem er einen neuen Weg anders als seine Abstammungslinie wagte und gründete das Unternehmen Sona im Oktober 1987 mit fester Vision. So begann die Reise der Sona-Gruppe mit ihrem ersten Standort und Produkt 'manuelles Lenksystem' für den ersten Großkunden Maruti. In der Entwicklungsphase erwirtschaftete die Sona-Gruppe mit kleiner Belegschaft einen Umsatz von 7 Millionen indische Rupie. Heute als multinationales Unternehmen beschäftigt die Sona-Gruppe mit ihrem Netzwerk in allen wichtigen Märkten 7000 Mitarbeiter, verfügt über 16 Standorte und macht einen Umsatz von 4,5 Milliarden Indische Rupie (ca. 700 Mio. €). Im Februar 2015 blickte die Sona-Gruppe auf ihren 10.000ten Tag des engagierten Services zurück.

Die Gründung der Sona-Gruppe ist basiert auf drei Kernwerten:

- Respekt des Individuums
- Service für den Kunden
- Erstklassige Umsetzung der Ziele

Der Fokus auf Qualität und das Engagement den Kunden immer exzellenten Service zu bieten, um ihre wachsenden Bedürfnisse zu erfüllen, sind die zugrundeliegenden Erfolgsfaktoren des Unternehmens. Das Unternehmen baut ständig ihre Kernkompetenzen aus und passt ihre Ziele auf allen Ebenen an, um ihre Kunden zufrieden zu stellen. Die Sona-Gruppe setzte weltklassige gegenwärtige Produktionsabläufe wie das Toyota-Produktionssystem (TPS), Kaizen Gruppenarbeit, das partizipative Management und das „Break through“ Management ein, um kontinuierlich zu lernen und zu wachsen.

Als Stützpunkt der Lieferung von Qualitätsprodukten und Synonym für Innovation in der Automobilindustrie erstreckt sich die globale Präsenz der Gruppe über Indien, Deutschland und die USA und verfügt über folgende drei Hauptproduktlinien:

- Lenksysteme
- Produkte des Antriebsystems
- Präzisionsgeschmiedete Teile

Dank eines beispiellosen Maßes an Service in der Automobilindustrie mit ihren Präzisionsteilen hat die Gruppe fast 30% Weltmarktanteil. Die Sona-Gruppe hat erfolgreiche Finanzbeziehungen mit großen, multinationalen Kunden und ikonischen

Automobilmarken wie Maruti Suzuki, JITEKT, TATA und Mahindras in Indien und VW, Daimler, MAN, Scania in Europa sowie Caterpillar, Linamar und Magna in den USA. Das ist ein Beweis für das Engagement der Gruppe bezüglich erstklassiger Dienstleistung und Produktqualität.

Durch die Zusammenarbeit in Deutschland genießt die Sona-Gruppe den Vorteil innovative Produkte zu entwickeln und herzustellen. Der Vorsitzende glaubt, dass Deutschland ein potentieller Markt für Indien ist und neue Perspektiven durch Wirtschafts-, Kultur- und Bildungsbeziehungen geschaffen werden können. Er bewundert die Produktentwicklungsfähigkeiten Deutschlands und prognostiziert, dass Deutschland der Konkurrenz immer einen Schritt voraus bleiben wird, denn Deutsche sind in der Lage sich und Produkte zu entwickeln.

Angefangen als eine 'manufacture to print' Organization ist die Gruppe stolz auf ihr eigenes geistiges Eigentumsrecht insbesondere in den Bereichen der Servolenkung für Off-Highway Anwendungen sowie im Präzisions schmieden. Die Sona-Gruppe hat technische Zusammenarbeit und Marketing-Partnerschaften mit nationalen und internationalen Großkunden wie z.B. Maruti India Ltd. (Indien), Mahindra & Mahindra (Indien), JTEKT Corporation (Japan), Mando Corporation (Korea), Somic Ishikawa Inc. (Japan), Mitsubishi Materials Corporation (Japan), Fuji Kiko (Japan) und Sixit (Deutschland).

Das Erreichen der Maßstäbe und die Verbesserung der Produkte mit Hilfe von qualifizierten Arbeitskräften und Ingenieuren ist es der Sona-Gruppe gelungen ihre eigene elektronische Lenkung für den 'Off Highway' Markt zu entwickeln und zu patentieren. Mit der Verantwortung weiterhin den Geschäftsinteressenten Dienste zu leisten, arbeitet die Sona-Gruppe unbeirrt durch die Unterstützung von Fraunhofer-Institut in Deutschland und CSIR in Indien weiter.

Herr Surinder Kapur, eine große Persönlichkeit und ein international agierender Vorsitzende ist von der 'Make in India' Kampagne überzeugt und gratuliert dem Ministerpräsidenten Modi für seinen pragmatischen Ansatz und seine lobenswerte Initiative zur Förderung der einheimischen Produkte. Ferner sieht Herr Kapur diesen Ansatz als richtigen Schritt an, um die Wirtschaft zu entwickeln, indem man mit globalen Investoren zusammenarbeitet, um sich Indien als eine Fertigungsdrehscheibe in den kommenden Jahren vorstellen zu können.



## Strengthening economic relations

Indo-German relations date back to centuries but in recent years the two countries have made concentrated efforts to further strengthen relations. The leaders of both the nations have made concerted efforts to improve relations in the sphere of political, economic, defense, educational, cultural and other fields. Today leading companies of Germany are playing a vital role in taking the economy of India to new heights and the Indian companies are playing the same role in Germany. Some of the successful companies that have carved a niche in both India and Germany include:

**Deutsche Bank** – In a short span of time Deutsche Bank has created a name for itself in the Indian Banking industry. The bank has risen to new heights under the leadership of Dr Paul Achleitner. The bank provides services in a number of fields such as Private and Business Clients, Asset and Wealth Management, Corporate Banking and Securities, and Global Transaction Banking.

**Daimler** – One of the most renowned automobile companies in the world, Daimler is also one of the most admired brands in India for its brands such as Mayback and the Mercedes Benz series. Headed by Dr Dieter Zetsche, the company distributes a total of over 100 individual vehicle models in the product categories cars, vans, trucks and buses in around 200 countries worldwide.

**Infosys** – This top notch Indian brand has earned laurels and admiration around the world for its work ethics, employee friendly work environment and professionalism. It is one of the most admired Indian companies in Germany and has won prestigious awards such as Daimler Supplier Award 2014.

**Tata Consultancy Service** – Another leading Indian name, it is providing its clients with services such as Assurance Services, BI & Performance Management, Business Process Services, Consulting, Digital Enterprise, Eco-sustainability Services, Engineering & Industrial Services, Enterprise Security & Risk Management, and many more.



**Allianz** – A leading company in the field of insurance, Allianz has over 1,47,000 employees worldwide. It serves more than eight million customers in over 70 countries. Allianz is one of the world's largest asset managers with third party assets of 1,313 bn euros under management at the end of 2014.

**L&T Technology Services** – The company is a name to reckon with in not only India but also the entire world. It is one of the most well known companies in the Engineering R&D space. The company serves a large number of customers, many of which are Fortune 500 companies. The company offers innovative design and development solutions across the product development value chain, for various industries such as Industrial Products, Transportation, Aerospace, Telecom & Hi-tech, and the Process Industry. It also offers services in the areas of Mechanical Engineering, Embedded Systems, Engineering Process Services, and Product Lifecycle Management; besides proprietary solutions in Engineering Data Analytics, Power Electronics, Machine-to-Machine, and the Internet-of-Things.

**Bosch** – Having a worldwide presence, the Gerlingen headquartered Bosch is the world's largest supplier of automotive components. Bosch's core products are automotive components, which include brakes, controls, electrical drives, electronics, fuel systems, generators, starter motors and steering systems. Its industrial products portfolio includes drives and controls, packaging technology and consumer goods, while in the building products segment it deals in

household appliances, power tools, security systems and thermo-technology.





# 'Make in India' Calls For Innovation



## **Bavaria** Synonymous with Excellence and Innovation

*Bavaria, the largest state of Germany with Munich as its capital is Germany's strongest and fastest growing economy with GDP of 488 billion Euros. A great number of reputed international companies like BMW, Siemens, Audi, Allianz, Infineon, Puma AG, Adidas AG, Infineon, MAN and many small & medium sized companies are headquartered in Bavaria. Bavaria enjoys a leading position – nationally and internationally – in key technology sectors such as information and communications technology, biotechnology, energy and medical technology as well as satellite navigation. Bavaria is also a world leader in the field of clean technology, automotive, materials & aerospace engineering, ICT, life sciences, optronics, nanotechnologies and industrial & automation technologies. The state has excellent logistics systems, airports and public transport system which make it ideal for international companies to start their business operations.*

### **Bavaria – An Ideal Investment Destination**

Bavaria acts as a gateway to the large South East and East European markets with its 500 million consumers. With its ideal location in Europe, Bavaria offers enormous resources in terms of skilled workforce, research, development synergies, customer base potential and excellent government support.

Over the years, Bavaria has transformed itself to an economic super power due to consistent efforts of innovation. Bavaria's research and development enterprises, highly skilled workforce, world-class universities and higher learning institutions situated in Bavaria makes it a hub of innovation centre.

With its multifaceted and conducive industrial climate, Bavaria attracts a wide spectrum of competitive suppliers, potential customers and cooperation partners which could be a win-win situation for any trading partner. Major cities of Bavaria comprising of Regensburg, Wurzburg, Greater Nuremberg and Augsburg, are all centres providing high-tech services.

### **Indo-Bavarian Relationship**

Traditionally the relationship between India and Bavaria has been close. In 2002, India opened a Consulate General in Munich, the capital of Bavaria. Today, Indian companies effortlessly get access to the European market. The annual trade volume between the two has increased to more than €2.2 billion.

More than 1,500 international high-tech firms have made Bavaria their home for German and European activities. Around 70 Indian companies have set up their offices in various cities of Bavaria for easy access to the

entire European region. India has also steadily gained importance as a market for Bavarian exports.

Bavaria is one of the Indian strongholds in Germany with a very vibrant 12,000 Indian community in Bavaria which has access to a large infrastructure of business and social associations. There are a multitude of Indian restaurants, specialty markets, cultural associations catering to the Indian needs in Bavaria which also makes them feel at home.

The State of Bavaria opened its Office in India at Bangalore in 2001 to offer first hand service for Indian investors in setting up and expanding business operations in Bavaria by providing information, location analysis, data support and a professional network in the business and government area.

### **Invest in Bavaria – Bavaria's India liaison office**

Our office 'Invest in Bavaria' is the special division within the department of the Bavarian Ministry of Economic Affairs and Media, Energy and Technology which is also single-stop, point of contact within the Bavarian Ministry of Economic Affairs for all companies interested in setting up and expanding business units in Bavaria.

Our office supports Indian companies a wealth of services for all stages of setting up a business in the state, from the planning phase, throughout the search for and selection of a location, to implementation. We would like to invite Indian companies to look at the excellent business opportunities that Bavaria offers in expanding your business horizon.

*For more details please visit: [www.invest-in-bavaria.com](http://www.invest-in-bavaria.com)*



# POWER PLAY

The government and private sector power players are engaged in a game of brinkmanship. Who'll blink first? By Neeraj Thakur



**NOTAKERS:** The private sector has boycotted the bidding process for the award of 2 UMPPs, bringing the exercise to a halt

**O**

**N 25 SEPTEMBER 2013**, as many as nine companies bought the request for qualification (RFQ) document for the Bhedabahal ultra mega power project (UMPP) in Orissa. Apart from government-owned NHPC and NTPC, the other interested parties were Tata Power, Adani Power, JSW Energy, Jindal Power, Sterlite Infraventures, CLP and L&T. For the Cheyyur UMPP in Tamil Nadu, eight companies — NTPC, Adani Power, JSW Energy, Jindal Power, CLP, GMR Energy, L&T and Sterlite Infraventures — showed interest. A year on, only four of the eight bought the request for proposal (RFP) document for the Cheyyur UMPP. The document costs around Rs 50 lakh, and is non-refundable. The Bhedabahal UMPP saw NTPC and NHPC evincing interest.

Soon after, notwithstanding the investment in the RFP documents, all the private sector companies suddenly decided to back out of the bidding process for the Cheyyur project, leaving only NTPC in the fray. With central guidelines stipulating a minimum of three bidders for awarding a project through competitive bidding, the year-long process came to nought. The government set up a committee with Pratyush Sinha, former chief vigilance commissioner, as head. The committee has met twice until



now to discuss changes to the bidding document and is likely to submit its report soon.

### Concerns Galore

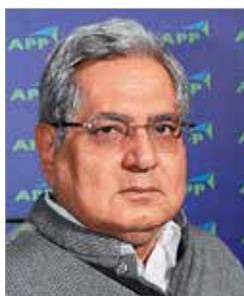
So, what triggered the boycott by the private sector? Apparently, the concerns over various clauses in the revised Standard Bidding Document (SBD) brought in by the UPA-II government. Of the lot, the most contentious clause was to do with the Design, Build, Finance, Operate and Transfer (DBFOT) model, which replaced the earlier Build, Operate, Own (BOO) model.

Private players were also unhappy with the concessionaire substitution clause that was introduced to make the private sector more accountable for putting in aggressive bids and

terms for UMPPs. Many private players were also worried about the treatment of fuel charges for captive mine-based UMPPs.

### DBFOT Dilemma

Private sector players claimed that DBFOT would make it difficult for power producers to convince banks to fund their projects. The cost of setting up a UMPP is around Rs 25,000



**“More than 95 per cent of projects that are in trouble today are struggling with issues regarding treatment of fuels and their pricing”**

**ASHOK KHURANA**

*Director general, Association of Power Producers*

crore and no bank will agree to grant a loan of that size to a company without it having rights over the land.

Chanda Kochhar, MD and CEO of ICICI bank, who also advised the government at the time of formulation of new policy, expressed her reservations thus: "The proposed DBFOT structure has materially altered the existing PPA document on BOO framework for Case 2 competitive bidding on which about 29,000 MW capacity has been awarded (including 16,000 MW for UMPPs). A considered opinion may be taken for retaining the old document structure with suitable modifications to achieve the purpose of discovery of competitive tariffs."

Says Salil Garg, analyst at Fitch Ratings, "Developers want to own the land. Under the DBFOT model, the developers will not own the land after 25 years. This will result in a substantial loss in RoE because land holds a substantial cost. Also, banks will be wary of lending to projects that are transferable at the end of a certain period. In case the developer has not been able to service his debt in 25 years, the bank will have a problem in recovering the debt by selling land."

### Concessionaire Substitution

The clause on 'concessionaire substitution', which means that the power generator can be substituted in case it fails to abide by the terms of the contract, is also a matter of concern to private developers. According to private power producers, the clause will result in uncertainties and risks for contractors and suppliers who will be discomfited by this lack of stability.

### Fuelling Fire

Under the earlier UMPP bidding framework, fuel prices were not a complete pass-through. Any variation in the price of power was allowed only on the escalable energy charge component. Developers had to split fuel costs into escalable and non-escalable components at the time of bidding. But plants reliant on imported coal do not have any control over fuel prices. Tata Power, for instance, quoted a 45 per cent escalable fuel component and a 55 per cent non-escalable component in its Mundra UMPP bid. When Indonesia effected changes to its coal regulations, causing prices of coal imported from that country to shoot up beyond the level projected by Tata Power in

its bid, the latter suffered losses on account of the non-escalable component in its energy mix.

When the new UMPP bidding framework replaced the earlier rules, fuel price variation became a complete pass-through to the power purchasing utility. There were, however, different formulations governing this, depending on the fuel source. In the case of a captive coal mine-based UMPP, a developer is expected to quote a fixed charge in his bid, which will include the cost of mining, equipment and the bank base rate. This fixed charge will then be escalated according to a suitable index. The concept of escalable and non-escalable charges was thus done away with. But even this did not fully address the concerns of power project developers. Says Garg,

"Developers are not ready to take any risk vis-a-vis fixed charges as envisaged under the new SBD. Due to the element of competition in managing costs, a developer can either make windfall gains or lose money over 25 years."

Adds Ashok Khurana, director general of the Association of Power Producers (APP), "More than 95 per cent of projects that are in trouble



## THE POSITIVES

The UPA government's revised standard bidding document has quite a few pluses

- Allows the developer to keep 15 per cent (captive fuel) and 20 per cent (non-captive fuel) of the total capacity for merchant sales
- Makes machine availability the complete responsibility of the developer while allowing sharing of fuel availability risk. The guidelines allow for incentives/disincentives based on power availability being higher/lower than 90 per cent of the installed capacity
- Allows fuel price risk as a complete pass-through to a power purchasing utility with different formulations depending on the fuel source



**"Under the DBFOT model, the developers will not own the land after 25 years. This will result in a substantial loss in RoE because land holds a substantial cost"**

**SALIL GARG**

Analyst, Fitch Ratings



# THE CONCERNS

Power producers have raised concerns over the new standard bidding document

- DBFOT model
- Fuel treatment
- Treatment of captive coal
- Treatment of imported coal
- Additional fuel supply agreement
- GCV risk
- Treatment of fixed charge
- Role of independent engineer
- Stringent termination provisions

today are struggling with issues regarding treatment of fuels and their pricing. It is a well accepted fact that fuel price risk for 25 years cannot be taken by any developer and, therefore, this risk needs to be apportioned in a manner that does not create problems in the future. The proposed document recognises this need but fails to deliver the necessary treatment in the document as it attempts to pre-determine the fuel pricing trajectory over the project cycle by introducing arbitrary price caps and escalation rates.”

## Closure Pangs

The new bidding framework requires the concessionaire to achieve financial closure of the project “within one year from the date of agreement or an extended period of 180 days with damages”. In case of failure, the agreement will be terminated. Most private firms are already languishing under debt. Adani Power, which participated in the technical qualification round, had a debt of Rs 22,317.20 crore on its balance sheet as of March 2014.

“Lenders will consider financing a project only when utility obligations related to land, environment and forest clearances are met. Even after these obligations are met, financial closure of

such capital-intensive projects would require significant time,” read a presentation by APP to the power ministry. APP, which represents all private sector power producers, has written to the government asking for concessionaires to “be allowed 365 days for financial closure after all utility obligations have been met”.

## The Flip Side

A government official, who worked on the new SBD, gives the boycott by the private sector a twist. “The private sector was part of the consultations when the new SBD was framed. There were as many as five drafts that were prepared just to incorporate the demands of the private sector. Why did the corporates buy the RFQ and RFP documents which cost them Rs 60 lakh if they had to boycott the bidding? It is the change of government that has given them an opportunity to get the document altered to support crony capitalism.”

He points out that the criticism heaped on the UPA government for allowing corporates to frame one-sided contracts for infrastructure projects and then hold it to ransom was what prompted it to go for the DBFOT model. “We wanted to keep land with the government. In case a developer faltered in building a project, we could take it back.”

The UPA-1 government had come out with its UMPP policy in 2005-2006 to deliver power at competitive prices and achieve efficiencies of scale. As many as 16 UMPPs with 64 GW in capacity were envisaged at coal pitheads and coastal locations. However, only four UMPPs were awarded between FY07 and FY09. Following this, the government had to stop the process as the earlier projects had run into trouble.

Reliance Power, which bagged three out of the four UMPP projects, filed tariff review petitions with the Central Electricity Regulatory Authority and APTEL (the appellate authority) for the operational Sasan plant and the yet-to-be-set-up Krishnapatnam plant. The Mundra UMPP, operated by Tata Power, also faced similar issues. The company is mired in battles

over compensatory tariff with buyers. Reliant on expensive imported coal, Tata Power has moved the the Central Electricity Regulatory Commission for permission to revise tariffs from the contracted Rs 2.26 per unit to Rs 3.

Keeping all these issues in mind, the UPA government came up with measures to rein in developers who showed a tendency to abandon projects midway or force the government to revise contracts after bagging the projects.

The government has set a target of 88,000 MW in generation capacity in the 12th Plan. Given the problems on the UMPP front, it is unlikely that it will meet the target. **BW**

# 4

The no. of UMPPs awarded so far of the 16 envisaged

*neeraj@businessworld.in*

*For more on power, visit [www.businessworld.in](http://www.businessworld.in)*

# RENDEZVOUS

---



**KISHORE CHHABRIA**  
AIMS TO START HIS  
OWN DISTILLERIES  
AND IS NOT  
INTERESTED IN THE  
NUMBERS GAME





# 'Will Overtake Pernod Ricard In Two Years'

**After Vijay Mallya's mighty fall from grace, Kishore Chhabria has donned the mantle of India's largest liquor baron. Will his Allied Blenders & Distillers be able to take on global giants and thrive? By M. Padmakshan**

**E**XPECTATIONS FROM Kishore Chhabria run high. With liquor baron Vijay Mallya ceding control of his company, United Spirits (USL), to global giant Diageo, there is a vacuum in the ranks of Indian spirit makers and industry watchers are looking to the chairman of Allied Blenders & Distillers (ABD) to fill it. They believe he can play a critical role in shaping the industry's future. Their belief is, perhaps, not misplaced. With sales of over 30 million cases, Chhabria's ABD accounts for nearly 10 per cent of the 320-million-case Indian spirits market. Apart from the flagship Officer's Choice whisky, ABD's portfolio consists of brands like Jolly Rogers rum, Kyron premium brandy and Wodka Gorbatschow.

From a single-brand, three-million-cases company to acquiring numerous brands and distilleries, Chhabria has come a long way. He is now eyeing Tilaknagar Industries (TI), which in its portfolio has the marquee brand, Mansion House brandy. Mansion House is originally owned by the Netherlands-based Herman Jansen; Tilaknagar has been making Mansion House since 1983 under a commercial understanding with the Dutch company. Along the way, the two companies ended up fighting a case in the Bombay High Court over the right to produce the brand in India. The court ruled in favour of TI in 2012; Herman Jansen appealed against the order and a final verdict is due.

Chhabria, who has been in expansion mode for some time, got into the fray by acquiring a 50 per cent stake in Herman Jansen — the deal was completed in August last year. Analysts see his move as an attempt to block the possible entry of another corporate entity into the bidding ring even as TI chairman Amit Dahanukar reiterated that his company was not on the block. Chhabria is also gearing up for an IPO that could fetch Rs 500 crore, to be utilised for various projects.

Chhabria's journey to prominence has, by no means, been smooth. In 1983, he joined elder brother Manu Chhabria. Manu and Kishore, along with Mallya, acquired Shaw Wallace, a company with a colourful portfolio of brands such as Royal Challenge, Director's Special and a string of beers, including Haywards 5000. However, the brothers and Mallya soon parted ways, leading to a long-drawn internecine battle that was fought at different levels of the judiciary and through enforcement agencies. In 1992, the brothers too split, warring over ownership of brands and companies.

At this juncture, Kishore Chhabria made a decisive move: he joined hands with Mallya, who by then had become the strongman of the Indian spirits industry. This was 1994. According to the arrangement between the two, BDA, later rechristened ABD, was made a subsidiary of Herbertsons, the flagship company of the UB group, and Chhabria appointed its vice-chairman. He continued to independently manage BDA and its sole brand, Officer's Choice. By mutual understanding, Chhabria and Mallya agreed not to raise their respective stakes in Herbertsons.

The understanding, however, did not last as both began raising their respective stakes secretly. A bitter, noisy and costly litigation that went all the way up to the Supreme Court later, both agreed on a *détente*. In 2005, Mallya gave up ownership of BDA and Rs 130 crore in cash in return for Chhabria ceding his stake in Herbertsons. Chhabria soon played his masterstroke: he brought in Deepak Roy, Mallya's one-time blue-eyed boy, as ABD's managing director. Roy had famously helped Mallya shape UB's marketing strategy.

Chhabria spoke to *BW* in a freewheeling chat at his residence in Casa Grande, on Mumbai's Malabar

Hill, which also houses a part of his office. Everything, from his parting with Mallya to the break with his brother, was touched upon. Excerpts from the no-holds-barred interview:

**You are already the No. 3 liquor company in India, after Diageo-USL and French spirits major Pernod Ricard. How soon will you become No. 2? What is your vision for ABD?**

Diageo and Pernod Ricard are international majors; they are ahead of us in volume and valuation. We are the largest among Indian companies, but we are not interested in the numbers game. The important thing is driving force; without it we might make a serious mistake. The industry was shocked when Pernod Ricard, that makes Royal Stag in India, recorded a profit higher than Mallya's USL. At that time, USL's Bagpiper was the world's highest selling whisky, according to international analysts. USL commanded 50-60 per cent of the market; Pernod Ricard, hardly 7-8 per cent.

**How did the industry react to the sudden change?**

The industry, as a whole, put in place

**'We are not interested in the numbers game. The important thing is driving force; without it we might make a serious mistake'**

initiatives to change gear from volumes to bottom line. A new word was created: premiumisation. Many brands were upgraded to the premium level, enhancing profit margins.

**What did ABD do?**

ABD launched Officer's Choice Blue and Officer's Choice Black, both in the premium segment. This was, in fact, a serious diversification. We entered other segments too: Jolly Rogers rum, Kyrone brandy, etc.; they are a notch above regular segments.

**What was the breakthrough for Officer's Choice? How did it transform from a small brand to the world's No.1 whisky?**

The end of litigation in 2005 was the real breakthrough, when Mallya and I settled out of court. With this the lull phase of the brand, too, ended. And the journey, from a brand that sells five million cases a year to becoming the largest selling whisky, began. We will touch 50 million cases in three years. By then the market would have expanded to 400 million cases.

**When do you think you will become No. 2? I say No. 2 because No. 1 is too far ahead.**

Within the next two years we will cross Pernod Ricard in terms of volume, then probably in valuation. It's a long way, but we will do it with backward integration. As we do not have our own distilleries, we buy alcohol. We want to start our own distilleries: we are looking for four, one in each of the zones — north, south, east and west. We already have a sufficient number of bottling plants. We will launch some brands soon, besides giving a boost to existing ones.

**How often do brands succeed in the liquor business?**

They fail very often; one in 10 brands succeeds. Even if you put all your might into one brand, it might fail. To establish a brand — a premium

one — you may well have to spend about Rs 50 crore. And still see it fail. It is luck. When a brand succeeds, all kinds of analyses, advertisements and managerial jargon are brought in to explain its success. But success of a brand hinges on pure luck. Let me explain: A director makes a movie and it becomes a success. Then his second movie flops. You cannot explain away both. Luck is a factor.

**Mallya's United Breweries had many 'millionaire' brands – Bagpiper, McDowell's No. 1, Signature, Black Dog, to name a few. Did they all succeed because of luck? Did Mallya and his team's understanding of the market not count at all?**

Mallya did not make these brands; he bought the companies which owned these brands. He did improve them after acquisition.

**How do you plan to finance your projects? Is an IPO in the offing?**

An IPO is being planned. It will be issued in two years.

**It was reported that you were planning an IPO in a year's time. Why did you postpone it?**

We postponed it because we thought it would be ideal if we reached a certain benchmark before we headed for an initial public offer.

**Are you the new Indian liquor baron, now that Mallya has exited?**

I do not know. I am not sure if the word 'baron' has a positive or negative connotation. But ABD is there, already. We have established our presence. As I told you before, we are the largest Indian spirits company.

**What do you think caused Mallya's fall?**

Do not write Mallya off. He failed in one business — the airline business. That does not mean he is a failure. He is active in his other businesses.

**Are you and Mallya still friends?**

Yes, we have always been friends, although we have been business rivals and fought in the markets as well as in the courts.

**When did you meet Mallya for the first time?**

In 1984, at Hyver Hall, on the outskirts of London, with my brother Manu Chhabria. Mallya was young and talked business. I understood he knew his business very well.

**That was for buying Shaw Wallace?**

Yes it was.

**Why did Mallya part ways with your elder brother?**

Complications arose in the deal. I do not want to narrate all that. Mallya's stand

attempt to raise our individual stakes in Herbertsons.

**Was this agreement in writing or verbal?**

Mostly verbal.

**Therefore Mallya thought you had breached the agreement and from there the differences started?**

Mallya, too, had raised his stake, to 44 per cent. Mine became 51 per cent from 26 per cent.

**You have been making headlines for the past couple of years mainly because of a reported attempt on your part to take over Tilaknagar Industries...**

That is not correct. We are interested only in Mansion House. Do not say that I am trying to take over TI; I already own the brand. We have registered our brand

## 'Do not write Mallya off. He failed in one business — the airline business. He is active in his other businesses'

was that he had never been involved in buying Shaw Wallace as he was not a non-resident at that time. The laws that prevailed then were different. My brother was a non-resident.

**When did you join hands with Mallya?**

When I parted ways with my brother.

**Who called first – you or Mallya?**

I called Mallya and he was receptive.

**And when did both of you start fighting?**

When the income-tax officers raided my office and residence, they found that I had bought shares of Herbertsons. There was an agreement (between me and Mallya) that we would not

here. In August 2014, ABD and Herman Jansen signed an agreement under which ABD would market and produce Mansion House in India. However, there is a case pending in the Bombay High Court involving all three parties. I hope it will end soon.

**What is ABD's valuation?**

ABD is not for sale.

**Have you ever felt uncomfortable about being in the spirits business? Did you ever think of exiting and starting another business?**

Never. **BW**

*The author is a senior journalist*



**TDI**

tdiindia.com



## Airports Advertising | Metro Advertising

When it comes to out-of-home **advertising**, most media professionals trust only TDI. Because, only TDI has the experience & the reach to deliver the full impact of your **advertising** campaign all over the country. To learn more about us you can write to us at [info@tdiindia.com](mailto:info@tdiindia.com)



011-42534300

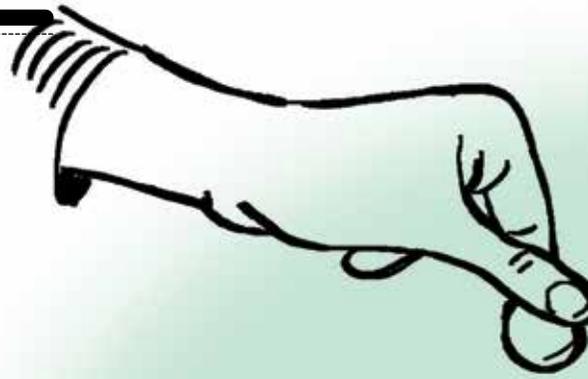


## Media Services | Internet & Mobile Advertising

North | Jatinder Singh : + 91 98115 40202 East | Vandana Sharma : + 91 98302 12552

South | Vinod Kumar : + 91 98840 38320 West | Abhijit Kulkarni: +91 8879004651

Media Services & MAD (Mobile & Internet Advertising) | Sanjay Sharma : +91 98184 53031



# CHIT (NOT CHEAT) FUNDS!



They do pay. If you invest in the right one. And by right, we mean registered chit funds with healthy and long track records

By Shailesh Menon, Illustration by Dinesh S. Banduni

**T**S. Sivaramakrishnan, secretary of All India Association of Chit Funds, spends more time these days telling people the difference between genuine chit funds and ponzi schemes. And he has personal reasons to do so.

“Managing a chit fund is seen as a bad profession now; people look at you with a lot of suspicion. It can bring a bad name to your family... these are

times when no one would even want to have matrimonial ties with people engaged with chit fund business,” laments Sivaramakrishnan, who also manages the Balussery Benefit Chit Fund.

Ponzi investment schemes such as Saradha and the infamous Rose Valley Fund have rocked the foundation of the chit fund industry. These scams have caused an identity crisis for Indian chit fund companies —

some of which have been in existence for over seven decades. Although investor base of chit funds is growing in India, there is an increasing skepticism among ‘new-gen’ patrons towards this indigenous savings product. “There has been a lot of confusion over chit funds in the last three years... Partially this is because of mis-reporting by the media, which feels all chit funds are ponzi schemes. This is simply not true,” explains S. Bapu,

executive advisor to Shriram Group, which runs the Shriram Chit Funds.

Proliferation of unregistered chit funds is another big problem faced by the industry. Finance companies prefer to float unregistered chit schemes as it saves them from stringent regulatory mandates, cumbersome filings and tax obligations.

To make matters worse, the union government recently brought chit funds under the service tax re-



game; this levy, charged indirectly on investors, will hurt the return profile of most chit funds.

### Chit Basics

A chit fund is both a credit and savings product. Chit schemes bear a pre-determined value and are of a fixed duration. Each scheme admits a particular number of members (generally equal to the duration of the scheme), who contribute a certain sum every month to the 'pot'.

The 'pot' is then auctioned every month. One with the lowest bid gets the pot. The borrower continues his contribution till the end of term.

Let's take an example to decode the working of chit funds. Say, investor A joins a Rs 50,000-worth chit fund alongside 49 other members for a monthly subscription fee of Rs 1,000 for 50 months. In the first month, after all the 50 members contribute Rs 1,000, the 'pot' be-

comes worth Rs 50,000.

Most chits do not allow bids in the first round of instalment, but to simplify the example, let's assume A's chit fund manager (also known as foreman) allows draw from the first pot. To get the pot (Rs 50,000), A has to bid alongside other contributing members of the fund who too might be interested in the pot. If A manages to out-bid others — at say Rs 49,000 — he gets to keep the money. For the remaining months

(till tenure), A will have to continue paying his subscription fees of 1,000.

Here's how the math would look at the end of the term: A pays Rs 50,000, but gets only 49,000 (out of his successful first pot bid). The Rs 1,000 that he forgoes (at the bid) is divided among other members of the chit fund, which is their profit or dividend. A benefits from the timely receipt of funds; he also gets dividends if other members borrow from the 'pot' in subsequent months. Members who do not borrow from the 'pot' generally make 9-12 per cent returns on their investments.

The 'pot' value could be between Rs 1 lakh and Rs 5 crore; and the tenure of high-value chits could go up to a decade. The smart thing to do is to invest in chit funds that have a higher bidder turnout.

Discounts could be steep in funds with more bidders, and this could increase the dividend payout. (Excerpts paraphrased from a *BW* story published in June 2013).

"Chit funds are more flexible than banks. They require less documentation and are more accommodative of different types of collaterals (at the time of joining the fund). The biggest plus-point is that chit funds allow members to access cash whenever

### “MANAGING A CHIT FUND IS SEEN AS A BAD PROFESSION NOW; IT’S SEEN WITH A LOT OF SUSPICION”

**T. S. SIVARAMAKRISHNAN**  
General secretary, Chit Fund Association



ter is not regulated by the government and hence, unsafe,” says Preethi Rao, policy and development fellow at IFMR, which has done extensive research on chit funds.

“Investors should look for chit fund companies that are registered under the Chit Fund Act, 1982 and have been around for many years. Apart from checking company registration, it is also important to check whether the scheme (one is participating in) is also registered,” advises Rao.

Association members say, registered chit funds take adequate precautions while admitting new members — they need to have strong referrals, support of guarantors or collateral. And contrary to popular belief, there is legal recourse for those invested in registered chit funds. They can approach the state registrar of chit funds or the deputy registrar of chits (at the district level) to lodge complaints and seek relief. However, for those invested in unregistered chit funds, legal recourse is limited.

The chit foremen too have to be registered with the registrar under various state governments. They then have to get separate approvals for different chit schemes. They also have to submit the collection and auction procedure reports

### “MEDIA FEELS THAT ALL CHIT FUNDS ARE PONZI SCHEMES. THIS IS SIMPLY NOT TRUE”

**S. BAPU**  
Executive advisor, Shriram Group



### “CHIT FUNDS ARE MORE FLEXIBLE THAN BANKS. THEY REQUIRE LESS DOCUMENTATION”

**V.C. PRAVEEN**  
Director, Sri Gokulam Chit & Finance



necessary,” says V. C. Praveen, director at Chennai-based Sri Gokulam Chit & Finance.

#### Cheat VS Chit

Chit funds, which mostly cater to small savers and traders, are lately linked to almost every investment scam in the country. The industry is seen with a lot of suspicion in the aftermath of the collapse of Saradha Group (in April 2013), which wiped out the savings of thousands of investors. The Rose Valley Scam and the KBC

Chit Fund scam tarnished the image of chit funds even further.

“Saradha and Rose Valley were collecting public deposits and investing the money in real estate. They were promising super-normal returns to investors. Chit funds do not engage in such activities. The pot is always in the bank; it is not re-invested,” clarifies Sivaramakrishnan.

Chit funds are not allowed to do any other business without the permission of the state government. Chit fund associa-

tion members, however, acknowledge that there are many unregistered chit funds, which could be diverting funds for making dubious investments. As per industry estimates, over 12,000 registered chit funds manage Rs 35,000 crore every year. The share of unregistered funds may be 80-90 times that of registered funds, association members opine.

“It is very important to differentiate between chit funds and ‘collective investment schemes’ (or ‘ponzi’ schemes). The lat-



periodically, and deposit security — equivalent to the chit amount as cash or bank guarantee — with authorities specified by the respective state governments. The chit company will not be allowed to withdraw this collateral till all participants have been paid. Such regulations make chit funds safer, but also costly.

### Service Tax Worries

The government has decided to impose service tax (at 14 per cent across services) on firms running chit funds. This is likely to have an impact on net earnings from chit funds.

“The chit promoter is not in a position to take the burden on his shoulder as this industry is subject to a cap on its income, which is a wafer thin 5 per cent for the entire period of service, which go up to 60 months,” says Sivaramakrishnan. “This will also lead to the burgeoning of unregistered chit fund schemes,” warns Praveen.

### Bottom Line

Limitations apart, chit

funds address gaps left by the traditional banking sector. They mobilise individuals into small groups to save among themselves. The popularity of unregistered chit funds in villages and towns is a standing testimony to this fact.

“Registered chit funds are quite safe for small investors as there are strict guidelines for registered companies to follow. The primary problem faced by chit funds in recent times is bad press. The media has erroneously blamed the registered chit industry for the scam perpetrated by collective investment scheme operators,” says Rao of IFMR.

“The need of the hour is to educate the public about the safety of the registered chit funds since they play a major role in the financial inclusion agenda of the country,” she says.

The time is just right to distinguish between chit funds and cheat funds. **BW**

[shailesh@businessworld.in](mailto:shailesh@businessworld.in)

[@alertsmenon](https://twitter.com/alertsmenon)

For more on chit funds, visit [www.businessworld.in](http://www.businessworld.in)

## DOING IT RIGHT

Investing in chit funds is not necessarily the easiest way to lose your savings, as is the general perception. Not all chit funds are ponzi schemes. If done right, such investments could reap good profits. Here are a few pointers for those who would like to give it a shot:

- 1 INVEST IN** chit schemes managed by reputed firms only. Look for ‘certificate of registration’ on the chit office premises
- 2 INVEST ONLY** in registered schemes. Every individual scheme should have a ‘sanction certificate’ and ‘certificate of commencement’.
- 3 IT’S BETTER** to park your money in chit funds that have a long track-record
- 4 BE WARY** of chit schemes that promise very high price money or returns
- 5 CHITS WITH** wider investor base are always better than pools with fewer investors
- 6 IN THE CASE** of registered chit funds, investors can approach state registrar of chit funds or deputy registrar of chits (at the district level) for complaint redressal
- 7 LEGAL RECOURSE** is limited for people who have invested in unregistered chit funds

ORGANIC INDIA  
A sip of  
Good Health

[www.organicindia.com](http://www.organicindia.com)

# 'Need a bank for the poor'

Nobel laureate and Grameen Bank founder Muhammad Yunus feels disruptive change is the only way to take banking to the unbanked

By Gurbir Singh

Photograph by Subhabrata Das



# M

UHAMMAD YUNUS, the Bangladeshi banker who made a mark as a social entrepreneur, economist and civil society leader, was awarded the Nobel Peace Prize in 2006 for founding Grameen Bank and for pioneering the concepts of microcredit and microfinance. Yunus in 2011 went on to found Yunus Social Business (YSB) — Global Initiatives as an international implementation arm for his vision of a new, humane capitalism. Today, YSB manages incubator funds for social businesses in developing countries and provides advisory services to companies, governments, foundations and NGOs. Un-



**MUHAMMAD YUNUS:  
BELIEVES MAKING  
CSR CONTRIBUTIONS  
MANDATORY FOR  
CORPORATES IS A  
GOOD STEP**

fortunately, Yunus fell foul of Bangladeshi Prime Minister Sheikh Hasina, with the latter suspecting the banker of nursing political ambitions and challenging her supremacy. In March 2011, the Bangladesh government fired Yunus as chairman of Grameen Bank, citing legal violations and for breaching the statutory age limit.

Recently, Yunus was in Mumbai at the invitation of Nishith Desai Associate, where he made a detailed presentation on his concept of developing 'social business' to give capitalism a 'human face'.

Addressing corporate leaders and hard-nosed bankers, he said if the pitch was right, business promoters and shareholders would have no objection to committing funds for ventures aimed at transforming society. He illustrated his point by citing the example of the social business joint venture between Grameen Bank and Danone Foods, which was set up in 2006 to provide key nutrients to Bangladesh's rural population. At the time the JV was being set up, Danone was faced with the task of seeking shareholder approval for \$500,000 as the multinational company's share of the paid-up capital. However, when the issue was put to vote, not only did 98 per cent of the shareholders support the motion, they even contributed \$35 million when all that was sought was a mere half a million!

*BW | Businessworld* caught up with Yunus on the sidelines of the Mumbai conclave. Excerpts:

**Do you bring a message for Indian entrepreneurs?**

Indian entrepreneurs have succeeded in difficult circumstances, and have built up the economy. What I bring for them is a proposal: would they consider setting up a small social business directed at solving a problem in their own neighbourhood, or in their own state? It could be unemployment, an old age issue, a healthcare issue, or even a gender problem. It can be a small business, even one per cent of their regular business, but

focused on solving a specific problem. This will release tremendous creative power. Today, we leave all the responsibility on the shoulders of the government; that way problems don't get solved.

**You have used a very interesting phrase throughout your presentation – social business. How do you define it? How do you distinguish it from corporate social responsibility (CSR), or charity?**

Social business is the setting up of a non-dividend company to solve

a human problem. However, it is a business, and in that sense you have to cover costs, and create a surplus. But as an investor, I am not interested in making profit. That means I can only take back my investment — whatever I put in. After that I will not take out any more money, and dedicate myself to solve the problem I have identified. So, it is a problem-solving company. The difference with CSR is that it is charity money. My company makes profit, and I give a small bit of that to

# IN CONVERSATION

charity, and call it CSR. I give it to a non-government organisation, or an education institution, as a gift to them. So, CSR is not a business. Social business is ultimately more sustainable. With CSR, I may donate Rs 1 crore, and it is a beautiful thing. But the money will never come back. With social business, I use the money, I solve the problem and the money comes back. It is self-sustaining, and can become very powerful.

**The Indian Companies Act has made it mandatory to contribute 2 per cent of profits to CSR. Does this show that Indian corporate groups are not socially inclined, and therefore, a law had to be enacted to make them realise their social responsibility?**

This is a global problem, not just in India. Corporates are busy making money; they are mandated by their shareholders to give back maximum returns. To solve people's problems, to help people, is not in their mandate. Everything depends on how the company is performing on the stock market. The act of giving is certainly not part of the business. People have over time realised that businesses are self-centered, they are selfish; they think only of themselves. Then, they said let's give something away as charity. That's how corporate social responsibility was born. It did not come from the government; it came from the corporates themselves. But later, they even started using the CSR money for self-promotion. It became part of public relations. They started promoting cricket teams, they started promoting music. You call it CSR, but you bring it back to yourself by promoting yourself. And, therefore, the government steps in and says: we don't leave it to you, we will impose restrictions, you have to contribute 2 per cent; and these are the list of activities that can be considered as 'CSR'. It is a good step.

**You have also suggested that CSR funds be used for social business. Is that right?**

Yes, CSR as social business becomes powerful; it becomes self-sustaining; it can grow; it becomes an institution. In the first draft, I was told, in the schedule of CSR activities, there were eight forms of social business listed. But in the final Bill, this was removed. Perhaps, someone in the government thought: how can we include a 'business' in CSR activity? This is regretful. Somebody in the conclave mentioned that Rs 35,000 crore is being raised as CSR. This can become a powerful investment. This can be used to address the problem of slums, education, healthcare. But, if you leave it to them, it will remain pious wishes. You need a regulatory authority to see that this work is done.

**India has had a history of tight-fisted family-run businesses. Has there been a change in this mindset in the recent past?**

There has been substantial change. That is because with MBAs and professionals coming in, they trained the organisation not in the traditional business norms, but the norms of western, liberal capitalism, and they are making a difference.

**'CSR is charity; not a business. The money will never come back. Social business is more sustainable'**

**The Narendra Modi government has tried to make the banking sector more inclusive with the Pradhan Mantri Jan Dhan Yojana that ensures a 'zero-balance' bank account to every citizen. What is your assessment of this scheme?**

These are good intentions, and correct identification of the problem that people should somehow get into the banking system. Opening an account is establishing a relationship between a person and the bank; but if you leave it at that, it will not solve any problem. It has to have a long-term purpose. I have heard of the new programmes where all government subsidies for the people go directly into the bank account, like subsidy on cooking gas. This is to prevent the funds from leaking out and so that we are not dependent on some bureaucrats ensuring the money reaches recipients. A suggestion for the government: send the money in the name of the woman in the family because the man can take the cash and misuse it. The woman is always careful with the money, and she will ensure that the whole family benefits.

The Jan Dhan Yojana is also a good programme because it allows people to access overdraft facilities. The only problem is the low limit — Rs 500 or so. Second, it is the government's project, not the banks'. Banks naturally do not like small accounts. They say it costs too much to handle these small withdrawals. So, they may not disobey the government diktat, but they will do things like being rude, with the aim of keeping people away. So, we have to sit down with the banks to make it easy, and to bring the technology, so that these small accounts can be serviced. The private banks may not work in the villages as they say it is costly and time consuming. So, we have to say that you will be compensated by the sheer volume of business.

**If you were the finance minister of India, what are the 3-4 measures that you would implement that will give financial empowerment to the people?**

Banking has to be brought to the level of the people. The existing banks have been created for the rich. They cannot work for the poor. When we created Grameen Bank, we created it only for the poor; it is designed in that way. We, therefore, need a separate bank for the poor, to service their needs. We need a new law. Under the present law, we cannot create a bank for the poor. That is the way legislation has defined banking. We have to create the right architecture, which fits the needs of the people. The microfinance Bill was pending with the old government, but it never got through. And it does not exist now — I am told when Parliament's term ends, the pending Bills in the pipeline also fall. So, the new government now has an excellent opportunity to come up with a new Bill, which will allow microcredit banks to be created. These small banks will handle the small accounts, and there will be no tension with the big banks, who anyway do not want to handle these small accounts. We will also have to erect a new regulatory system. The old one will not do, as it does not understand how these small banks function.

**The world knows about the success of Grameen Bank. But tell us the story in your own words. What are the key takeaways?**

The world of banking convinced itself that you cannot lend money to the poor. They said the poor are not capable of returning your money, they are not creditworthy. Banking is for people who have money, people who have collateral. We created a bank that has no collateral; it is a trust-based bank. And it works; money comes back. First, they said it was a funny thing, and it will soon disappear. But it was not a funny thing, it

was a stable thing. Then, the charge came that it is small, but it did not remain small; it became big. And then, the murmur started that it will work in Bangladesh, but will not work anywhere else. But it works everywhere, including the Grameen Bank in the US. The fact that the poor are creditworthy has now been established; it has also been established



solar energy. It is a social business. We did not want to make money. We created a water company when we saw people were drinking contaminated water or water poisoned with arsenic. Grameen Bank today has 2,600 branches in almost every village in Bangladesh. We have 8.5 million borrowers. Last year, we gave out \$1.5 billion in loans. At

**‘Banking has to be brought to the level of the people. The existing banks have been created for the rich’**

that banking does not need collateral, and that the poor can own banks.

**You created a number of ancillary companies around Grameen Bank. What was your experience with those initiatives?**

Yes, we created numerous ventures for tackling malnutrition, water supply, joint ventures like Grameen Danone. When we saw a problem, we created a business to solve it. Like Grameen-Danone was created to solve the problem of malnutrition in Bangladesh. Why can't Indian businessmen take the same road by creating small businesses to tackle specific problems? We created the Grameen Energy project for solar energy. Today, in Bangladesh, many villages are using solar energy. We have lit up millions of homes with

the same time the deposits in the form of savings of people exceeded \$1.5 billion, more than what we had given out in loans. And it is not dependent on the government. The government need not worry that because you have created a poor people's bank, it will have to dish out money. The government now understands all it has to do is to give permission, the rest will follow.

**What is your focus today?**

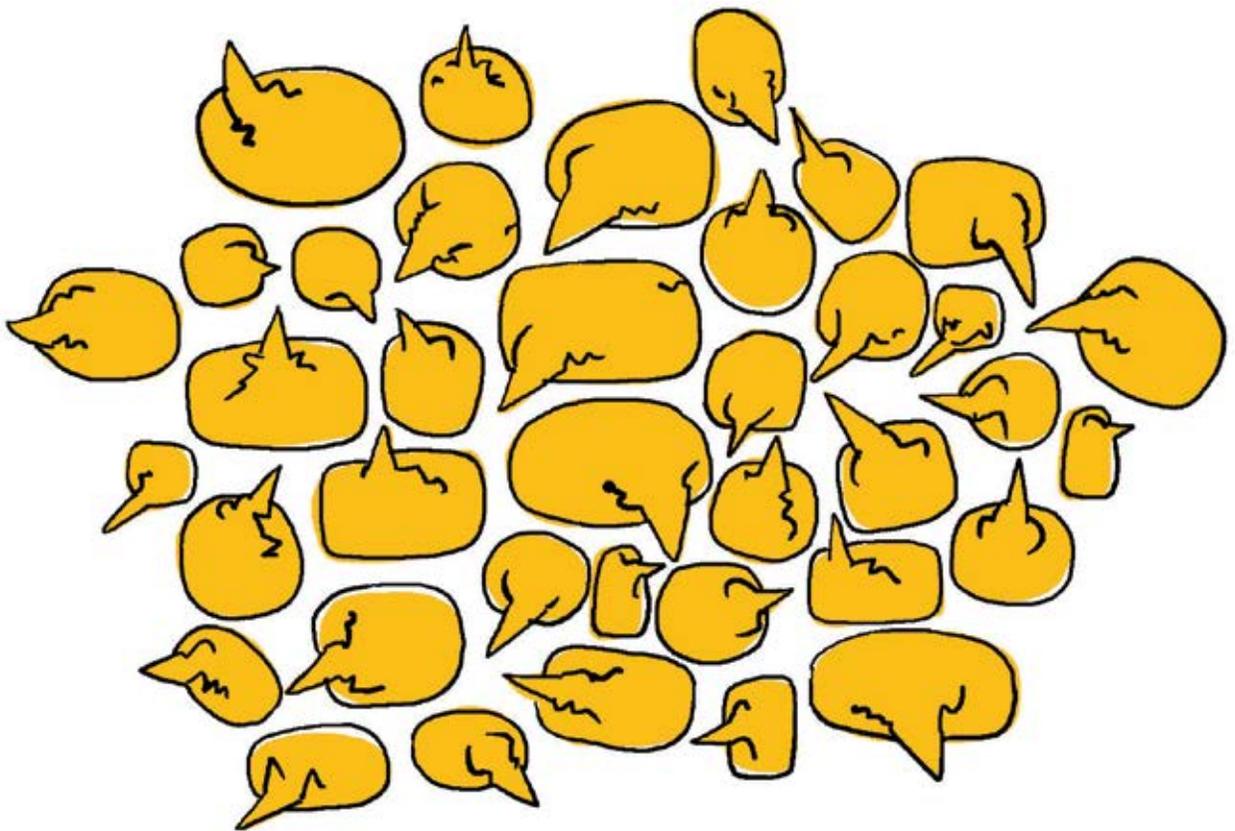
It is social business. I am focusing on social business in Bangladesh and in countries like Brazil, Colombia, Haiti, Uganda and Albania. **BW**

✉ [gurbir@businessworld.in](mailto:gurbir@businessworld.in)  
🐦 [@gurbir110](https://twitter.com/gurbir110). For more interviews, visit [www.businessworld.in](http://www.businessworld.in)

## FROM PROFANE TO PROFOUND

Morality like art, means drawing a line someplace — Oscar Wilde

By Meera Seth



ASHOK SHUKLA HAD FELT THE silence almost tangibly after the eight women had left his office, last week. What a bouquet of emotions and thoughts, he mused. To Renee he had once said, “Choose your fights. Don’t go headlong into every situation and come out with a bloody nose. There is no need for that!” That was 12 years ago. But today as he heard the women, it struck him their world had changed significantly. They were battling and

struggling with a lot in a harsh and crass world. Except he was not sure how many of those they needed to grapple with.

The lady managers at Teffer, at least some of them, had come to him last week requesting a way to stop the rampant use of abusive language during work at Teffer. Not just the men, but some women too had begun to participate in the melee, and now it had become an enjoyable new lingo.

They told him that they were not moralising, but wished for a workplace that was a workplace.

Ashok Shukla then decided he must have a meeting with some of the men and women and first chat with them all before he could talk rules and rights. Yeah, he knew people abused. He had older children and they often bit their tongue and slunk out of the room in a comic hurry when they had had a slanging match over some silly

thing. But beyond that he had never given it a thought. Obviously, it was leading into a habit in older age.... Today there were Teffer boys and girls and he knew the words they used were concern-causing.

Here, he had barely entered the meeting room and he saw them at each other with loud arguments. Shukla had urged some of the ladies to be present, as well as 12 other middle and senior managers. Rupen Khanna was saying to Harit, "You may be using the words to emphasise an expression, but you could be speaking in the presence of people who feel extremely offended, just as for you it is fun,...."

**Harit:** I disagree. Does that mean people who don't swear or people who feel offended by swear words are not mean or angry or aggressive?

**SHUKLA** deftly picked this up and staged his entry into the argument as well as took charge of the 'show' which was his by right!

**Shukla:** Let me decode that, Harit. The expectation from an office environment, from a workplace is that it be professional. The use of words such as the ones we are alluding to, are taking away that feel, that elegance. There may be some who disregard bad language. There may be some who enjoy it. There may also be some, as it happens, who dislike the use of bad language and even find it offensive. But a workplace is a workplace...

**Amit Shankar** (Head of IT): I think we are monitoring a bit too much. People who swear are people who swear. I find the preachers of good

## Women are not alone in this. Men too hate abusive language

painfully insufferable, this is my religion... so now? We are adults, damn it, what is all this!

**Shukla:** Ok, guys, why is it so important to use abusive language so that you feel your powers are being taken away when you are being dissuaded from using bad language?

**Atul Rajput** (head, Production): Maybe you are! (laughing)

**Shukla:** I am serious, Atul. What causes men to power their talk with abusive language?

**Atul:** Ok, serious it is then. Hence, not just men, I've heard women use as much abusive language in office as men. The times I've heard men use it perhaps outnumbers the times I've heard women use it. There could be a reasonable statistical pointer for this: the incidents are in near proportion to the men-women ratio in an office.

**Shukla** (interrupting him to pick the thread): Ok, so women abuse too. What kind of women?

**Tapas Das** (Finance): Your kind, I mean, an experienced HR lady — she uses language that makes me cringe.

And I have realised that it is not the breeding. It is a something else. She does that even in non-office situations. Her use of abusive language has nothing to do with the setting — it has more to do with the way she is. She talks the same way over dinner with a glass of wine in her hand.

**Atul:** Ok, let me lay it out for you: Why men use abusive language in office, could be the exact same reason that women use it: it is a language they are comfortable with, they find they can express themselves faster and more accurately using the words they do, they don't think it is offensive, they don't intend to be offensive, they believe others will understand this and come to the conclusion that no harm was meant.

Some men are in fact genuinely abusive — it could be their upbringing; their nature; their circumstances; the environment and the industry they work in (for example, it is easier to be abusive when dealing with people who steal onions from gunny sacks in a warehouse); or simply, maybe the other person deserves it!

**Shukla:** I am imagining that a workplace has a significantly different environment than a warehouse and is made up of people whose education gives them better expression. One lady has pointed out that she was at a distributor with her sales head - and the distributor was using most colourful language; the sales head, she says, was laughing and that made her feel miserable. Being mere audience and participating in it, does also render you culpable. Why laugh

Management is an enterprise...  
venture into it through  
Case Study Methodology  
@ MIT School of Business



www.mitsob.net

# CASE STUDY

and enjoy a process that you did not initiate or cause?

**Atul:** Women are not alone in this. Men too hate abusive language — it is just that they tend to overlook it more easily than women. My guess is that there are differences between men and women. This is one of them, how they deal with abusive language.

**Tanisha Hassan** (R&D assistant): Oh yes there is a difference. Women feel assaulted by words that describe an assault on women. Because it says angrily I will do this to your women. And when you hear your colleagues who you trust and have faith in for work, it is very disturbing. Your faith is contradicted. Maybe you have to be a woman to feel this assault.

**Atul:** Sorry, you may be right. We men are used to rough language... it is part of the caves we come from.

**Tanisha:** Maybe that is because being man is about brawn. Women are nurturers and nurturers don't hurt or like being hurt. Maybe that is why.

**Sanjay Oomen:** Then, why do women want to be in a man's world? If that is what you want, then you take them all, as they come. You can't crib.

**Damayanti:** There you are! Primitive, feudal and patriarchal.

**Atul:** Sorry, Sanjay, it isn't a man's world. It isn't a woman's world either. This world belongs to men, women, children, animals, birds, and trees. No one can lay claim on this planet.

**Shukla:** The question is: In an office environment where there are women who dislike an abusive environment, can we have rules of language?

**Atul:** Yes, we can and we should. These need not be only for women who dislike abusive environments. Men can demand it too.

Rules are the starting point for shaping the world the way we envision it at a given point in time. Rules help us define what we see the world to be; rules are the first step to make that



vision a reality. Once rules become part of the way we live — and part of our culture — we won't need them.

They just become natural ways to live. **Shukla:** Ok, Randeep, you have been nodding agreeably tell us, what is the feeling that men experience when they use abusive language? And swear words.

**Randeep Diwakar** (Legal): Men must feel powerful or a spirit of 'camaraderie', that we are among friends, and I can abuse and be myself.

**Kosha:** Men feel flustered and then relieved. They often even use it knowingly and then apologise for their 'colourful' language to their female colleagues as if other men around the table "understand" and don't mind a bit!

**Shukla:** And you, Kannagi, what is your take? Many women have also begun to use abusive language, including what are called swear words. Many are also very comfortable using provocative language where there may not be abusive language but definitely use of innuendos. I am looking

at mixed groups where women shoot off provocative expressions that involve subtle references to body parts and perceptions of body parts — male and female. This happens in amidst work. I ask you, what do men in general feel? Ok, Randeep, you first.

**Randeep:** Threatened? Just as much as abusive men bring about aggression, they are also judgemental about how 'aggressive' the 'abusive' woman must be; so they likely think, 'maybe she is a cut throat type ...?'

**Shukla:** Interesting. And why do you think this trend is gaining?

**Randeep:** Media makes it look cool, in order to show a diverse workspace, women are projected to sound like men, look like men. Hence the suits. All messages coming through say it's not too bad, its acceptable, it hip and most of all, cultures are more forgiving now. Movies with more cuss words make it to the Rs 100-crore club. Then Western movies have such a generous garnish of cuss words, and here everyone wants to sound

like they are in the movies, so ....It will be valuable to know what women in general feel using abuse or provocative language...

**Kannagi:** Those women feel at par, unthreatened, like power players, 'deal with it' types — I am who I am, 'sorry buddy, for you are being a wuss' like that. I don't know why this has come up now. Cussing is the way people here speak, Ashok. Yes, if you have a trained ear, which we all do by now, we know when a cuss is in anger and when an endearment. It is very happening to fashion yourself around a Type A personality. It seems to go down better with beer at lunch. And a lot of our women want that macho feel, to be seen and known as powerful and do it too. In fact, my best friend at work feels nothing expresses an emotion as well as a cuss does.

**ATUL** really laughed this time.

"Ashok, this is our new reality, face it. Abuse is the new slang."

**GAURAV** Sen, a VP in marketing entered the fray with a mild laugh. He said, "Let me say something to help you feel less bullied, Ashok. Abusing is now an art form. In my first job at a paint company, I was exposed to the world of paint, painting and painters. Words and language culture changed as the professional relationship between the painter and his circle changed. With fellow painters, generously peppered swear words, was natural. When it came to the painting contractor, it was the painting contractor who liberally used them. And I wondered why?"

"The tone, manner and context provided an excellent guide. When the contractor got angry, wanted deadlines met, or wanted to underscore his financial authority, he used abusive words over them. The otherwise 'abusive-with-other-painters' painters now dropped the

## In times of stress you will often hear 'what the eff is going on'

abuses completely. To the contractor, their words were deferential. *Tu* became *aap*, *abbey* became *ji*, and so on. So, what can be colloquial banter among equals, becomes tools in the mouths of the powerful to demonstrate, reinforce hierarchy. The painters accepted the abuses as part of the linguistic culture of the superiors.

"So, Ashok, wherever you find the hierarchy of semi educated labor-contractor-client supervisor-manager relationship you will find the use of abusive language. At the core of it, there is very little dignity given to labour. So, you will see this in contract labour, transportation, docks, coal mines, etc.

"The same people when confronted with government or police officials or politicians, will use the most chaste language. So, this is the paradox of genuflection to power and abuse to exploit. I guess male to male protocol allows use of swear words to drive home a point; but you cannot do likewise with women. However, with more women in the workforce these days, language has to change. Abusive words would be wrong.

**Amit Shankar:** Not sure. In IT sectors, which is dominated by younger people, their everyday lingo is different, irrespective of male or female.

So, in times of emotional stress

you will frequently hear 'what the eff is going on'? or 'Where the eff is the report'? There is no intention to abuse here. It's just become an everyday parlance, lending itself as nicely as a verb as an adjective! And when everyone is mouthing it, you do it too!

It is however the tone, manner and context that create the problems. Along with who is saying it. My colleague Vishwa, who you know, has a wild temper and peppers his delivery with expletives. He was much loved and everybody just knew that was him. However when his subordinate joined the chorus, we had a disaster! It's a dangerous game.

**Shukla:** Yeah, so, I have heard all the justifications. As long as it was perceived as a man's world, we all went about being beasts. Now we have discovered there are women too and this world belongs to more than men. So, while some of you do feel competitive pressure compels you to abuse, sadly it won't work anymore.

**A NUMBER** of the audience made sounds of protest as he went on, "So here is the deal; no swearing on duty. It will go against you in your appraisal. We need to back the women who today are under a lot of threat and one way to record that solidarity is through use of genteel language. we speak, so we think, so we act, so we are... yea? For too long we have done as we pleased which was fine. But somehow that sent out a message to lesser men that it was licence to assault women. By our thought and word we will now make that difference which the country needs.... Yes?"

Ten seconds of silence later, the men thumped the table with, "Yes-ssss"!

Shukla looked at them; he hoped they would stick to it. **BW**

[casestudymeera@gmail.com](mailto:casestudymeera@gmail.com)

 [Businessworld case studies](#)



# RESPONSIBLE DEMOCRACY

*The awareness of subcultures and what is 'kosher' for one vs what is not is a key aspect*

**T**HERE ARE TWO BROAD THEMES THAT STRIKE ONE: the freedom of using language in a way that is authentic and expressive, on the one hand, and the mindfulness towards those for whom

the impact is strongly negative on the other. With regard to the first issue, if one approaches it from a moralistic perspective, that it is wrong in itself, one is in danger of alienating the group that speaks with a certain freedom of expression, uninhibited by any need to be politically correct. The point is that this kind of free expression does not land well on everyone. Democracy implies that all points of view matter. Not dealt with properly and you can easily have a polarisation of one against the other and the beginnings of nascent sub-groups: a miniature left wing and a right wing.

Coming down too heavily on authenticity can end up throwing out the proverbial baby with the bathwater. The way that adolescents speak to each other away from a watchful parental eye could result in big trouble for some, if found out. Usually, however, the 'twain do not meet' and all's well that ends well. However, key to this is the separation of two worlds. It would perhaps be too idealistic to assume that the free expression group will 'come around' to better speech or that the offended group will accept the free expression group even if the language is inappropriate.

The awareness of subcultures and what is 'kosher' for one vs what is not

is a key aspect. In a larger context, one sees this in the space of intercultural work: a hierarchical, tough-speaking ethnic group may not sit well at all with a group that is more egalitarian and soft spoken. The forcing of one in a given direction, brought on by the needs of the other, is fatal over time. I cannot help feeling that the polarisation between the Islamic world and the Western world, very broadly, has its roots in this kind of disregard of cultural sensibilities.

Ashok Shukla has handled the situation well. Here is a matter with very strong points of view, both for and against. The 'sides' define a thick line between those who are supporters of the free use of expletives at the workplace and those troubled by it. The former group seems to almost feel a sense of being sorry for the latter. What a bunch of 'wusses', they appear to be suggesting.

The latter, in the minority, badly impacted through no fault of their own. The dominant and the dominated. This kind of thing can very easily contribute to becoming part of the culture of the organisation. This is the new 'cool' and it begins to pressure people to belong or be marginalised. It would have been really easy for Ashok to just get irritated and either come down strongly on those who use expletives or denounce the offended women (and some men) as being out of synch with reality. Instead, what he did is create a space — a crucible. A crucible is a container that can withstand very high temperatures. Here, it is meant as a container that can withstand strong emotions. One can see the polarity of

views. Gradually, in the conversation shades begin appearing: men themselves are divided, as are the women. This is an important step, one which brings the two groups towards a mindfulness of impact.

Chimananda Adichie, a Nigerian writer, spoke on TEDTalks about how the 'single story' is a deceptive thing. In reality, there are many shades and we need to pull out those shades. Allow for the variety of perspective. This process sets the ground for the decision that follows. In the absence of discussion, the decision would have created further polarisation combined with bitterness.

The central lesson here is: how can those, in positions of responsibility, be both aware of these views as well as create a space for reflecting. One which would then become the basis for action. If this 'holding space', this 'crucible' is missing, then we leave the forces to manage themselves. The result? The women who feel disturbed by the language would, over time, slough off or become disconnected. One loses valuable people.

There is one danger, however, where there can be a shading into a type of permissiveness that brings with it a deep disrespect and dominance into play with absolutely no care for the consequences. It is this type of perversion that may have got seeded in everyday life and is a cause of huge concern. **BW**

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



# TEXT COLOUR AND FONT SIZE

*Is language peppering a phenomenon of the times we live in?*

## WAS AT A PUB IN BANGALORE

with some friends. At the next table was a group of younger men and women. The generation gap between two tables was evident not only by the colour of our hair but also the language being used.

What seemed to us as unparliamentary just seemed to be common parlance at the next table. So, is this language peppering a phenomenon of the times we live in?

Observing thugs and drunkards sometimes provides great insights into base human behaviour. The alpha male syndrome is more evident at the bottom of society. The language and mannerisms get reflected in local folk culture and frequently captured in films. Dharmendra's clenched jaw and fierce face spitting the 'dog' word followed by the threat of flowing blood legitimised cussing. So did the use of the f-word in umpteen Hollywood flicks.

Recently, I was watching Jeremy Clarkson of *Top Gear* on CNN. He was beeped umpteen times for his use of bad language. Jeremy is a master of metaphor and brilliant in the use of the English language. However, he has an occasional penchant for use of adjectives rooted in male human anatomy. And that is always accompanied by peals of laughter from the audience in the show, men and women. Jeremy is an unabashed alpha male and hero worshipped across the world. Is the use of spicy language with overt anatomical allusions, in the form of adjectives, a trait of power and domination?

Which brings me to the use of words emanating from the reproductive region of the human body. It's strange why the rest of the human anatomy is left behind. There has to be a massive correlation between domination and use of language that codes exploitation of certain parts of the human anatomy. The alpha male at his muscular best is almost expected to use a certain type of language to force the domination. So is the use of such peppery language decoded almost unconsciously as display of power? And power is gender neutral.

Hindi films and serials have portrayed the stereotype of a powerful dominating woman towering over the husband, son-in-law, son, daughter, gangs, political and all forms of relationships. Is the language of the alpha woman beginning to mimic the male? Is position of power or need to display it overcoming gentle language? How did this power play get in to the corporate world? This is not the language taught at home or in our educational institutions!

The use of intemperate language is seen as a metaphor to feelings, expressed in street language. There is a certain element of subliminal coolness that the user wishes to transmit with these words. Industries where coolness and counter culture are trending the assault on age-old social behaviour codes seems to be accepted by both genders. However, even in those places, the context of use determines the impact.

The same person changing vocabulary, depending on the social context, is but a natural phenomenon. In a casual

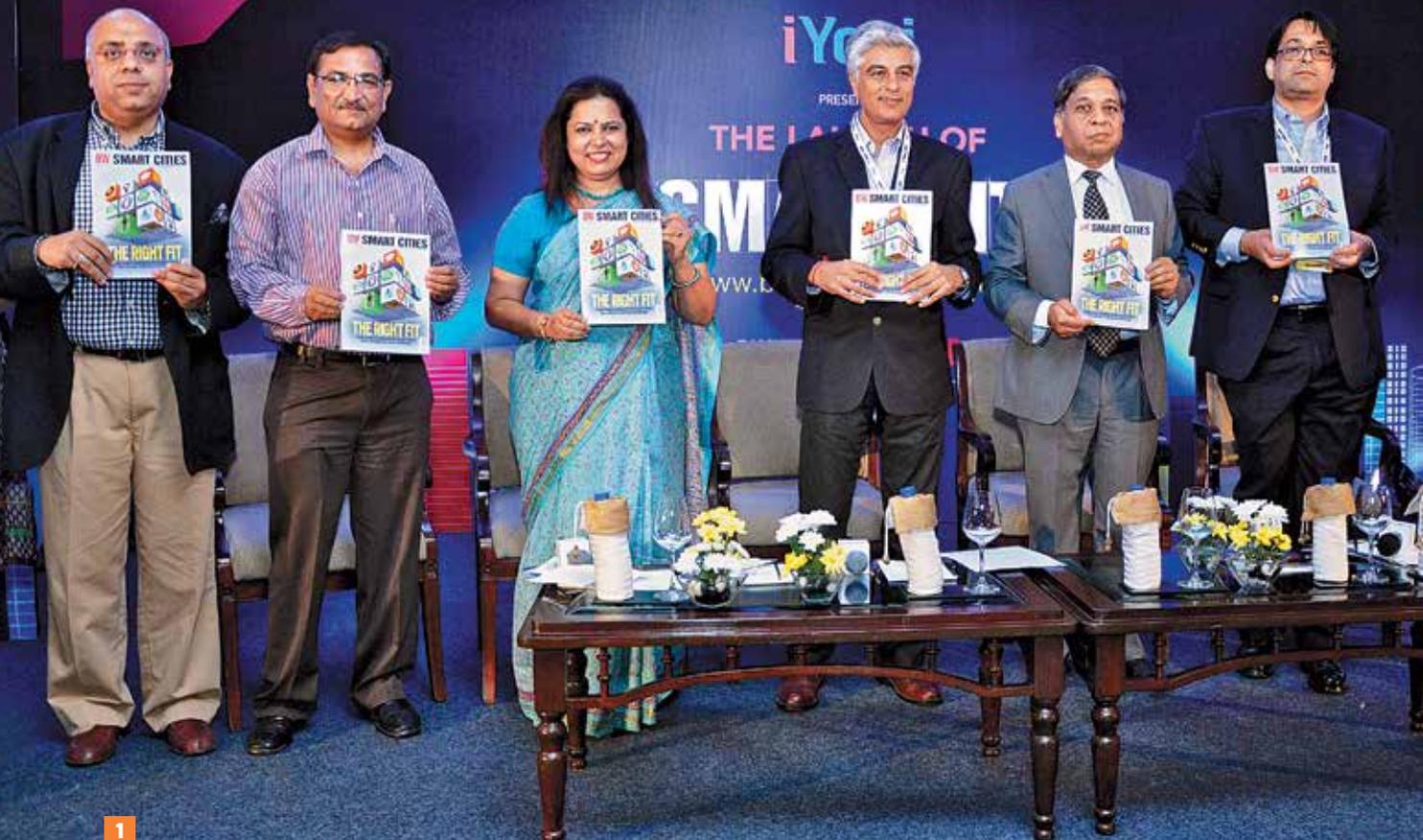
environment, where people know each other, is the license to use cuss words to punctuate or short code feelings becoming so much more acceptable across genders and social groups that it is blurring the lines of the social contexts? Though women are far more circumspect in changing codes of language civility, in many contexts they do occasionally spice language.

There is also the subconscious desire to rebel against conventional language use. It is perhaps also a personality projection technique. So, could the use of expletives be linked to the desire to establish dominance in a group? Which brings me to the use of language as plumage. Not everyone is endowed with the genius of a Wodehouse or Tagore or Dickens. The absence of command over the language to translate inner desires and feelings short-circuits to expletives. Invariably the tone, manner, style, body language and volume of delivery economise the number of words used.

So, a complex web of circumstances is creating a proliferation of cuss words in a formal office environment. What makes the situation worrisome is the preponderance of use by a certain personality type. The impact of that can have ramifications leading to insults, defensive behaviour, avoidance and a negative social quotient inside the office.

At the end of it, I would love to hear what Reginald Jeeves would have to say on changing civility codes. **BW**

*The writer is the CEO of Celsius100 Consulting, Bangalore*



1

# THE SMART WAY

*BW|Businessworld* launched India's first-of-its-kind magazine on smart cities in New Delhi, preceded by panel discussions on urban governance, public-private partnerships and the Internet of Things. The bimonthly magazine follows the launch of the website ([www.bsmartcities.com](http://www.bsmartcities.com)) and forms part of an integrated media outreach platform that seeks to bring together all stakeholders and enthusiasts in the domain to connect, ideate and collaborate on the Centre's urban renewal vision. Focusing on multiple sectors, new avenues of collaboration and best practices, the objective of the unique platform is to be the preferred destination for information and intelligence on smart cities



2



3



**1.** (From Left) Annurag Batra, chairman & editor-in-chief, *BW|Businessworld*; Muktesh Chander, IPS, special CP, Traffic, Delhi Police; Meenakshi Lekhi, Member of Parliament, Lok Sabha; Manu Ahuja, president, India & southeast Asia, ASSA ABLOY; S. P. Ketkar, professor, marketing, LBSIM; Vishal Dhar, president, iYogi; Prukalpa Sankar, co-founder, Social Cops **2.** Meenakshi Lekhi addresses guests **3.** Gustavo de Aristegui – Ambassador of Spain in India **4.** Amitabh Kant, IAS – Secretary, DIPP, Ministry of Commerce & Industry, Government of India **5.** Preeti Singh, executive editor, *BW Smart Cities*; Vaibhav Chaudhari, associate director, CBRE South Asia Pvt Ltd; M. Ramachandran, former Urban Development Secretary, Government of India; Karuna Gopal; president, Foundation for Futuristic Cities; N. S. N. Murty, associate director, Government and Public Services, PricewaterhouseCoopers India **6.** Shailesh Pathak, executive director, Bhartiya Group; Amitabh Kant; Barjor E. Mehta, lead urban specialist, World Bank; Ambassador de Aristegui **7.** Manu Ahuja; S. P. Ketkar; Vishal Dhar; Prukalpa Sankar **8.** Muktesh Chander

# FORWARD



PRESENTING PARTNER

# PEOPLE TO BANK ON

The *BW|Businessworld* Magna Awards 2015, at ITC Grand in Lower Parel, Mumbai, are India's first awards to capture excellence in both commercial and investment banking. The Awards in association with PwC is a tribute to the best banks overall as well as the fastest growing among small-, medium- and large-sized banks. The i-banking awards recognise both the best deals and dealmakers in M&As, QIPs, Syndicated Bonds (Rupee), and foreign currency bonds.



1



2



3



4



5



6

**1.** Rahul Shukla, managing director & head-Corporate Banking, Citibank receives the Best Foreign Bank award from Annurag Batra, chairman & editor-in-chief, *BW|Businessworld* **2.** Paresh Sukthankar, deputy managing director, HDFC Bank gets the Fastest Growing Large Bank award **3.** Madhu Terdal, group chief finance officer, GMR Group receives the QIP Deal of the Year 2014 award **4.** Shinjini Kumar, partner-Leader Banking & Capital Markets, PwC (India) addressing guests **5.** Abanti Sankaranarayanan, MD, Diageo India receives the M&A Deal of the Year 2014 award **6.** Shyam Srinivasan (center), MD & chief executive officer with Abraham Chacko (right), executive director, Federal Bank bag the Best Small Bank award **7.** Uday Kotak, executive vice-chairman & MD, Kotak Mahindra Bank picks up the Banker of the Year award **8.** Vishal Kampani (center), MD & CEO with Atul Mehra (right), MD & co-CEO, JM Financial Group take home the M&A Deal Maker of the Year 2014 award **9.** Raj Balakrishnan, MD & head-Investment Banking, Bank of America Merrill Lynch receives the QIP Dealmaker of the Year 2014 award **10.** V. P. Shetty (L), executive chairman, JM Financial ARC and Uday Kotak exchange notes **11.** Atul Mehra (L) and Kaustubh Kulkarni, MD & head — Debt Capital Markets (south-Asia), Standard Chartered Bank share a moment



7



8



9



10



11

KNOWLEDGE PARTNER -  
BEST BANK & INVESTMENT  
BANKING AWARDS



**pwc**

---

DATA PARTNER -  
INVESTMENT BANKING  
AWARDS

**Bloomberg**



# SMALL IS STILL VERY BEAUTIFUL

We need to 're-entrepreneurise' India with global standards of imagination and engagement

By **Ramesh Jude Thomas**

# E

**EARLY LAST MONTH, I WAS** at Goa's annual business excellence awards. While preparing for the keynote address, I thought to myself how apt the expression *Achhe Din* was to a place like that. While it doesn't have a Tata or an HDFC to boast of, there were some very interesting names present that evening. A company like Lawrence & Mayo has chosen to be a relatively small, well-managed, values-driven entity. None of this has stopped it from being a truly world-class operation.

Is this a microcosm of the state itself? Goa has a population of less than two million, but enjoys some enviable economic and human development numbers. It has 2.5 times the average per capita income, negligible infant mortality, 89 per cent literacy and a low, declining fertility rate. In spite of a 27 per cent Catholic population!

The biggest brand name from Goa has to be Goa itself. Many years ago, at a CII tourism conference in Pondicherry, speakers went on about 'God's Own Country'. When my turn came, I recall suggesting that while Kerala might be the Almighty's native place, when He wants to really chill, He lands in Goa on a bike. Much like Bhutan, it enjoys a happiness quotient, which, I suspect, has something to do with its small size and personality of contentment — which haven't really impaired its ability to feed its people.

But the real question for the evening was whether we could get world beaters out of a small, contented place like Goa. After all, Jim Collins did say that good is the enemy of great.

Two interesting thoughts pop up straight away. One, that some of the leading names in business came out of tiny places like Burbank, Bentonville, Fairfield and Armonk — townships that gave birth to giants like Disney, Walmart, GE and IBM. Which of these isn't a world beater?

Two, on the consumer and markets side in India, every

indicator suggests that the next wave of economic growth will emerge from the smaller towns. Consider this: by 2025, just ten years from now, India will have 79 towns with a population of a million or more. By which time, middle India will be demanding groceries worth more than Rs 4 trillion. This little nugget is going to come as no surprise to anyone. And yet, most businesses still drive a metro-led strategy in search of scale and standards — certainly at their own peril.

One of the boards I sit on is a specialty retail chain. It had been losing money hand over fist, not helped by the e-commerce avalanche. I found it had over 60 per cent of its stores in the metros. The moment we shifted tracks to smaller towns, both momentum and margins went north. Think Chik Shampoo, SRS Finance and Kesari travels. All built around a small town strategy.

So can a Lawrence & Mayo, born in Goa, thinking small and clean, become a world beater? It already has world-class standards — it has an optical engineering division that can be the pride of any business anywhere. What will stop them?

Ten years ago, two professors at INSEAD put together a defining piece of work under the banner of Blue Ocean Thinking. Their fundamental premise was to move away from the gridlock of supply-side thinking and into thinking unserved markets and consumers. How core strengths can be migrated to wider footprint area? Think about IPL. From a five-day extravaganza, through the one-day format, it finally became a 20-over cameo. Keeping the basic product intact, IPL has made cricket into a pure Bollywood extravaganza. Dancing girls et al. It exploded and how. It created me too all over. It inspired tennis and hockey versions.

Ironically, if we really want to hit the 10 per cent acceleration that we so badly desire, we cannot afford to think big any more. Look at our economic mascot: the great Indian IT business. With treasure chests that would make most banks go green with envy, they are looking to buy only now.

For my money, we need a hundred IPLs, Chik Shampoos and FabIndias. We need to 're-entrepreneurise' India with global standards of imagination and engagement. May be it's time to switch the Sensex for the Small Cap Index! **BW**

*The author is president and CKO, EQUITOR Value Advisory*

# AFTER HOURS

---

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

---



A GUIDE TO  
NOIR MOVIES

Pg **106**

---

DEALING WITH  
DEPRESSION  
AT WORK

Pg **110**

---

MOTO TURBO:  
A NON-  
SMARTPHONE

Pg **114**

---

APPS  
FOR ALL  
SEASONS

Pg **116**

---

GEETIKA  
KAMBLI  
REVIEWS *WELL  
DESIGNED*

Pg **120**

---

PHOTOGRAPH: SHUTTERSTOCK

# A NOD TO NOIR

There is more to the film genre than just stylish Hollywood crime dramas  
By Lena Saha



**T**HE AMERICANS invented many things; they also invented film noir, or 'black film'. Well actually, it was French critic Nino Frank, who first used the term in 1946 to describe stylish Hollywood crime dramas. Critics still argue whether noir qualifies as a film genre, since the films in question could just as well be described as sexy or erotic murder mysteries and dark thrillers. I am not wading into that argument, although my gut is

somehow always able to tell the difference: I think it's got to do with a particular proportion of sexiness, erotica or sleaze combined variously with bleakness, cynicism, obsession, drugs and murder. Whatever that proportion may be — or if, indeed, there is such a proportion — noir (or if you want to be specific, also its variation, neo-noir, referring to films produced mid-1960s onwards) remains my favourite film genre.

If there's one noir film that hooks me every time

with its juicy plot concoction of Los Angeles's narcotics mob of the early 1950s, a high-class prostitution ring, power, politics and corruption in the city's police force, and a series of clinical murders, it is the Curtis Hanson-directed *L.A. Confidential* (1997). LAPD cops Sergeant Jack Vincennes (Kevin Spacey), Officer Bud White (Russell Crowe) and Sergeant Ed Exley (Guy Pearce) are all far from model cop material, but in this tale they emerge as heroes in the

bigger criminal scheme of things. Trying to use the system to fulfil their personal goals and obsessions the trio get played by it, are chastened, and finally, redeemed. Exley, particularly, has a brilliant character arc and a then young and handsome Pearce played him to perfection.

Hanson and Brian Helgeland's screenplay, adapted from the novel by James Ellroy, is packed with suspense, but it has brilliant gags, dry humour and quote-worthy one-



**SEX, LIES AND CRIME:**  
*L.A. Confidential* had all the elements of a memorable noir film

liners, too. Sample this: Vincennes and Exley visit a bar to question a suspect, who is engrossed in conversation with a decked-up woman. Exley thinks she is a Lana Turner-lookalike prostitute and smugly says it to the woman's face; Vincennes tells him she is the real Lana Turner; and Exley has a drink thrown at his face by the star.

Released the same year as *Titanic*, which swept the Oscars with a record-equalling 11 wins, in retrospect, *L.A. Confidential* seems to be the one deserving of all awards. Of course, Kim Basinger did snare the Oscar for Best Supporting Actress for the movie; so did Hanson and Helgeland for Best Adapted Screenplay.

Los Angeles has served as the setting for film noir right from the 1940s; a casual glance at the city's history is enough to tell

you why. It's the place where Hollywood royalty hobnobbed with notorious gangsters and the nexus of corruption and sleaze between the police, government officials and the wealthy ran high. Much before *L.A. Confidential*, Roman Polanski's *Chinatown* bared the city's underbelly in 1974. For private investigator Jake Gittes (Jack Nicholson), a case that starts out as a regular snoop into adultery committed by the chief engineer of the city's water

and power department quickly snowballs into murder, lies and incest, culminating in a tragic, personal déjà vu relating to Chinatown. Robert Towne's Oscar-winning original screenplay set in 1937 is the stuff of breathless praise even today. If you haven't watched this one, you have missed out a lot.

If ever an award is instituted for noir atmospherics and style, it would go to Nicolas Winding Refn's *Drive*. Set predominantly in night-time LA, the

NOT ONLY HOLLYWOOD

JOHNNY GADDAAR (2007)

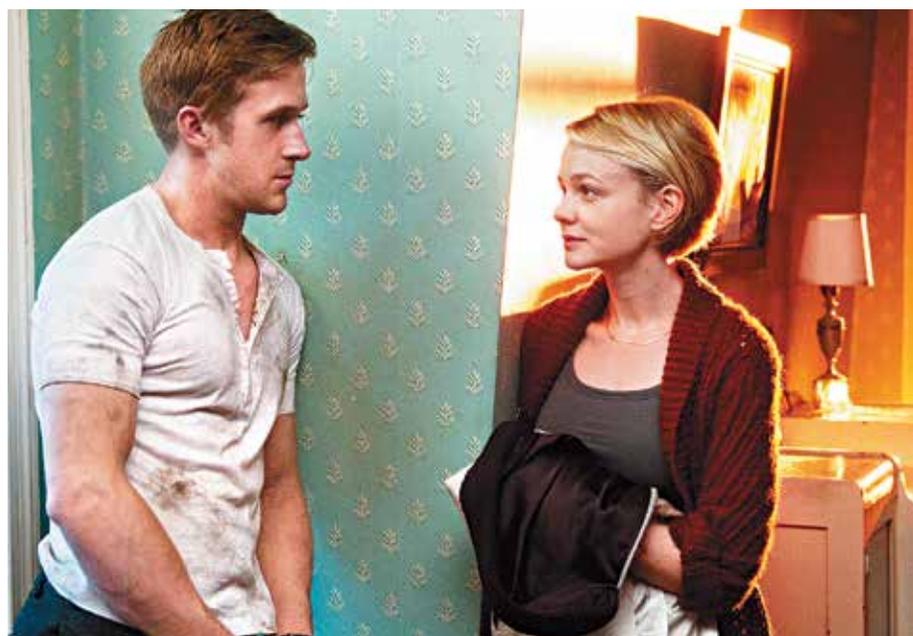
Sriram Raghavan's second movie relies more on style, but is thoroughly entertaining. A young man, who double-crosses his gang members and kills them all, gets his comeuppance through a case of mistaken identity. Some cool touches are a scene likening the gang to fish laid out on a pan ready to be spiced and fried; a tribute to thriller writer James Hadley Chase by showing a character reading his book; and a zingy score by Shankar-Ehsaan-Loy backed up by Hard Kaur's rap.

AARANYA KAANDAM (2011)

The concubine of an ageing don (Jackie Shroff) hatches an elaborate plan to eliminate him and his gang in this Tamil film. Thiagarajan Kumarajaga bagged the National Award for Best First Film of a Director for this movie. Stylised, slow-mo action scenes and portrayal of crude realities makes the film worth your time.

BADLAPUR (2015)

Raghavan's meditative noir questions the justification for violence and retribution through one man's relentless quest for avenging his wife and son's killing. The film boasts of brilliant atmospheric cinematography by Anil Mehta, realistic production design, and a musical score by Sachin-Jigar that is in sync with the movie's preoccupations.



THE EYES HAVE IT: Ryan Gosling and Carey Mulligan in a scene from Nicolas Winding Refn's *Drive*

film's dark tones accentuated by occasional golden halos of light and slow-moving shots (not slow motion) define its mood. So does the intentionally tacky, golden-scorpion-embossed silver jacket that Ryan Gosling's unnamed protagonist wears in almost every scene. The new-age electronic score

by Cliff Martinez along with the songs 'Under Your Spell' and 'A Real Hero' are inseparable from *Drive*.

Gosling's character works at a car repair shop and part-time as a stunt double on films. He also moonlights as a getaway driver for criminals. A man of few words and fewer belongings and relations, he

finds himself attracted to next-door neighbour Irene, a married woman with a child, whose husband is in jail. Always living on the edge of the world of crime, but never falling into it, the driver ultimately becomes a brute killer to protect Irene and her son, whose lives are endangered after her husband is shot dead. *Drive*

won Refn the Best Director award at Cannes.

David Cronenberg's *A History of Violence* (2005) is the perfect accompaniment to *Drive*. Both films project violence as the only recourse — problematic as it may be — for some people to restore peace (yes, the irony!), but not without irreversible, life-long repercussions. Cronenberg's film, in fact, makes this point more strongly.

The happy and uneventful lives of Tom Stall (Viggo Mortensen) and his family in small-town America are jolted by an incident in which he expertly guns down two thugs, who wanted to rob his diner. Soon, mobsters from Philadelphia arrive,

## MEMORIES OF MURDER (2003)

This South Korean film is based on a real-life unresolved case of the rape and murder of a series of women. The incidents take place in a small town near Seoul in 1989, when the country is under a military dictatorship. A gripping police procedural from director Bong Joon-ho, the film is elevated by the use of stark imagery in several scenes. Following an established movie tradition, the final scene returns to the place where it all began.

## MANORAMA SIX FEET UNDER (2007)

Navdeep Singh's film is an inspired take, thought toned down and simplified, on *Chinatown*. A suspended government official and failed writer, Satyaveer Singh, is hired by a mysterious woman to investigate her politician-husband's affairs. Only, she is looking for something more damaging that becomes clear to Satyaveer later as she and some others are killed, and dirty secrets tumble out of the politician's closet. The film failed to create ripples at the box office, but has now become a cult Indian noir.

## STRAY DOG (1949)

In this film by Japanese master Akira Kurosawa, a rookie cop in the Tokyo police force finds that his gun has been stolen from his holster while he was travelling on a crowded bus. Fearing that he would lose face by reporting the theft, the young cop decides to scour Tokyo's poverty-ridden slums and the underworld to locate his gun. However, he has to take the help of a veteran detective when he discovers that his gun has been used in a crime spree.

claiming that Tom is notorious gangster Joey Cusack. Tom is forced to return to his old, violent self to protect his family. When he returns home, we realise this family will never be the same again as the spectre of Tom's past and his propensity for violence will have redefined his relationship with his family. The unnerving denouement makes this a thought-provoking noir.

*A History of Violence* shows that greed and savagery are not endemic to big cities alone; it takes just one trigger to shatter the veneer of contentment in small towns. For me, no film does this better than *Fargo* (1996) and no one portrays low lives more accurately or in a more morbidly funny way than the Coen brothers, Joel and Ethan. This apart, Carter Burwell's elegiac signature tune, which opens the movie in North Dakota's snowed-out Fargo; Roger Deakins's marvellous stark



cinematography and the sing-song accents of many of the characters are of great recall value.

An incompetent car salesman, Jerry Lundegaard (William H. Macy), in desperate need of money, tries to get his wife kidnapped by two

criminals so that he might extract the ransom from his wealthy father-in-law. However, things don't go according to plan and bodies pile up. A seven-month pregnant local police chief, Marge Gunderson (Frances McDormand), investigates the murders,



**GRIPPING TALE:** Varun Dhawan and Nawazuddin Siddiqui battle it out in Sriram Raghavan's *Badlapur*

which she later ties with Lundegaard and the disappearance of his wife. In the end, the criminals get their due in one way or the other, as Marge tells one of them, "There's more to life than a little money, you know." Sublime stuff, which in any other movie, could have sounded jaded. McDormand scored an Oscar for Best Actress in a Leading Role for playing Marge, one of the most memorable screen characters of all time. In fact, all the characters — even the ones having one or two scenes — leave an impression. A hat-tip to the Coen brothers. **BW**

✉ [lena.saha@businessworld.in](mailto:lensaha@businessworld.in)  
For more entertainment stories, visit [www.businessworld.in](http://www.businessworld.in)

# DEPRESSION GOES TO WORK

Depression has always been that dark dirty secret you suffered in silence. Today's workplace is impatient of anyone "dropping the ball", let alone allowing depression to cause a dip in performance. But the consequence of making depression taboo has been brought home forcefully with the suicide of the Germanwings pilot who crashed the aircraft along with 149 passengers. Back home in India, actress Deepika Padukone brought the forbidden topic to the table with a courageous open interview on television. **Dr Alok Sarin**, Consultant Psychiatrist at New Delhi's Sitaram Bhartia Institute of Science and Research speaks to **Mala Bhargava** about why it's important to talk about this loneliest of diseases even at work.



**Apart from a drastic and unusual situation such as happened with the Germanwings pilot, is depression really an issue at the workplace?**

People spend a large part of their lives at their workplace. About one in four people are likely to suffer from depression at some time. If depression is not recognised or acknowledged, certainly it can impact functioning and the feeling of well-being at work. It's unlikely that a person who suffers from depression is working at his or her full potential. The impact may not be obvious, but it's there.

**If it isn't obvious, how does one recognise depression at work?**

The way that you would recognise it anywhere else. You need to step out of the employer-employee paradigm and look at the person with the fellow human lens. There will be changes in behavioural patterns which could directly relate to work, or changes that show up in socialising in the workplace. A person could be actively avoiding company, participating less in activities, saying the minimum possible at meetings, and of course looking sad. It's the same



**DR ALOK SARIN**  
Sitaram Bhartia Institute  
of Science and Research,  
New Delhi

things you would notice in a friend or a family member — this isn't specific to a workplace.

**Since people at the workplace are not trained to recognise depression, isn't there the danger that they will only see dropped performance?**

The same would be true of a parent, a child or a spouse. It's important for all people to be sensitive to the possibility of someone having a depressive illness or disorder and be sympathetic to the fact, whether it's a colleague or family member. Both for the good of the individual and the micro unit, whether that's the family or the office or a team, it is important to understand that while all sadness may



not be depression, it can often be a disorder for which sympathetic and thoughtful intervention needs to be planned.

### Would you say then that people in organisations need to know more about depression?

People in the world certainly need to know more about depression. It is important in organisations that those in supervisory positions and in HR be aware of the possibility of depression and consider it when evaluating performance. They need to make sure that they have a plan to help those

who need it. And this is not just for depression but other problems as well, both mental and physical.

### How would you say organisations should become informed about depression?

It is important for them to be part of public discourse on this and not shy away from a problem that is obviously so common. In fact, if you're an organisation — whether an educational institute or a company — where a large number of people collect and spend their time, then the sensitive handling and care of each

and every member of your micro community is your responsibility.

There are people who talk to companies about stress management and so on, but while not wanting to medicalise the issue, depression beyond day-to-day stress also needs to be talked about. While talking about time management and productivity, it must be kept in mind that some people — a very few people — might need a little more intervention, even if it's psychotherapeutic or pharmacological.



**DISHEARTENED:** If depression is not recognised or acknowledged, it can impact the functioning and feeling of well-being at work

### People have become particularly spooked after the incident of the Germanwings air crash. Do you think they'll just be wary of depression now?

It would be most unfortunate to demonise anyone with depression because of these atypical incidents. One doesn't really know the reasons for the pilot's actions. Just because a person is suffering from depression doesn't mean that everything he or she does is stemming from that. Bringing it down to just mental illness, in fact, would be a very limited and limiting perspective. And we

should certainly not start to think of depression as dangerous in this way or as inevitably leading to catastrophic consequences. That would be a real pity. The more you demonise, the more you stigmatise.

### In fact isn't there enough stigma causing people not to report or come out in the open with depression?

Yes, there is and that's unfortunate. People believe that they will be discriminated against. For instance in the army, they may be denied promotion or moved to other work categories, and so they keep the problem hidden. In the services in fact, people will seek help outside rather than from services doctors because they are so worried about it being known.

### Isn't depression dangerous for some jobs that need intense alertness and concentration. Also do drugs not interfere with some jobs causing sleepiness or blurred vision?

Yes, it is possible and that's where proper handling is required. Many solutions are available, if explored. Such as moving a person to another kind of work, either temporarily or permanently, or increasing the level of supervision, dealing with the person more sensitively, and so on. Pure avoidance isn't the answer and nor can you — or should you — keep people with depression out of the workforce. **BW**

✉ [mala.bhargava@gmail.com](mailto:mala.bhargava@gmail.com)  
🐦 [@malabhargava](https://twitter.com/malabhargava)



# CHEATING YOUR WAY TO BE SLIM

Some tricks that won't even make you feel like you're on a diet and still you'll lose a couple of kilos pretty soon

By **Rachna Chhachhi**

# T

**HE BUFFET SPREADS SEEM TO BE** calling you, the plate sizes are getting bigger, the mouth-watering food options are beckoning you. And in your travel-lunch meeting-travel-cocktails-travel-presentations-travel-less-sleep schedule, your New Year resolution of losing weight just got lost. Don't worry, you're not alone. Only 8 per cent of New Year resolutions are kept each year. So ditch the guilt, and try to figure out a practical way to drop a size without even realising it. To help you do that, here are some cheat tricks that won't even make you feel like you're on a diet, and you'll still see a couple of kilos disappearing pretty soon.

**Cheat trick #1:** At lunch, swap 50 per cent of carbs (roti, bread, rice) with raw salads and fruits. Carbs have more calories and less fibre than raw foods. Quantities can be bigger when you exchange, and calories fewer. For example, instead of two toasts or rotis, have one toast/roti and add an extra helping of raw cut salad. Your stomach will still stay full, but you would have cut calories by half. Calories saved: 100.

**Cheat trick #2:** Eat two one-inch squares of dark chocolate or jaggery chikki instead of two scoops of ice cream. Each scoop of ice cream has 400 calories and each two-inch sq. of jaggery or choc is 180 calories. Calories cut? 500!

**Cheat trick #3:** Drink water. A lot of our hunger in the summer is thirst that causes an emptiness in the stomach. Drink a glass of water. Take a deep breath. Then pick up your plate to eat. You will eat 20 per cent less. Calories saved: 200.

**Cheat trick #4:** Replace paneer with fish or tofu, as 100 gm of paneer, even if made from low fat milk, is 250 calories. Whereas 100 gm of tofu or fish have 55 and 109 calories, respectively. Besides, paneer is an inferior protein than these two. So get more nutrition and fewer calories by this exchange. Calories saved: 200.

**Cheat trick #5:** Love your single malts? Good. Switch to red wine. That's because even though whiskey and wine may have equal calories, red wine does not cause bloating. In fact, polyphenols in red wine block fat absorption. So, you wake up fresher the next morning, and you consume less alcohol per glass too.

Now if you follow these tricks, you save a whopping 1,000 calories every day! It takes 3,600 calories burnt or eaten less to lose a pound. Even if you do this six days a week, you will still cut down 6,000 calories every week. Which means you can lose a pound a week (give or take a few since you won't be so rigid all the time) by just these minor changes. Moreover, your face and eyes will stop looking puffy because you have lost weight and eliminated the whiskey.

The art of losing weight, then, isn't in starvation, but in replacement. Go do it.

## Question Of The Fortnight

Send in your questions to [askrachnachhachhi@gmail.com](mailto:askrachnachhachhi@gmail.com)  
*I recently quit smoking, but read somewhere that even after 10 years of quitting, some people end up getting lung cancer. How can I ensure that after quitting I don't get it?*

— Mitali Bhatnagar, 39

Dear Mitali,

First, the bad news. As a woman, you are prone to not just lung cancer but also breast cancer if you smoke or have ever smoked for a reasonable length of time. Having said that, hats off to you for your determination, keep at it and keep the death stick at bay. Along with quitting, you need to flush out the toxins left by years of smoking through nutrition and lifestyle changes. Ensure that you have two smoothies a day: one of fruits and another of green leaves. Make it in the mixer, do not strain and drink within 5-10 minutes of making it. These will flush out toxins and kill cancer cells. Also, increase your exercise and include pranayam in it to oxygenate your body. This will also help kill cancer cells. **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*

**BW|BOOKS**

Powered by:

**BW|BUSINESSWORLD**

www.businessworld.in

# THE MARKETING WHITEBOOK 2015-2016



**# I AM A  
MARKETER**

## Let's Conquer The Empowered Consumer!

For advertising and sponsorship opportunities please contact:

North:

Ashish Arora +91 9990002612  
ashish@businessworld.in

Abhinav Seth +91 9818920224  
abhinav@businessworld.in

Amit Bhalla +91 9899112450  
amit.bhalla@businessworld.in

Karishma Gupta +91 8800684294  
karishma@businessworld.in

West:

Deepak Bhatt +91 9426229429  
deepak@businessworld.in

Shweta Sinha +91 98203 47957  
shweta@businessworld.in

Sagar Naik +91 9920542555  
sagar@businessworld.in

Urmi Raja +91 9029117877  
Urmi@businessworld.in

**Think Business. Think BWBusinessworld.**

# SOME SERIOUS SOUND

Bang and Olufsen enter India with a whole range of premium sound and television — and a Bluetooth speaker worth its weight in pleasure

By Mala Bhargava



Rs  
22,990

**N**OT LONG AGO, the premium audio brand from Denmark, Bang and Olufsen, set up shop in India, bringing their whole range into the country. There's a reason it's housed at the Emporio Mall in Delhi. This is expensive stuff. Although they have affordable headphones and Bluetooth speakers, it's at the high-end that they really come into their own with surround sound, televisions, and snazzily shaped speakers that send music straight into your bones. I carried off one of their smaller items, a portable wireless speaker, to give it a try.

And the BeoPlay A2 is

easy to carry off. It has a lovely leather strap that gives it a huge touch of class. The speaker itself is encased in a hard plastic grill which comes in a few different colours, though it's the army green that really looks the best. It looks rugged and cool and though it's more masculine looking than neutral, I'd say few people will hesitate to take it around. The speaker is quite heavy for its size. I would definitely do some serious damage if I were to drop it on my foot. And yet it's certainly thinner than *War And Peace*. The weight, however, becomes understandable when you switch it on and the sound flows out.

The BeoPlay speaker sounds great. Although we've got somewhat used to hearing loud sound from small packages, what you hear on the BeoPlay still comes as a surprise. No distortion, no lack of clarity, just powerful clear sound. It delivers a deep bass but never pounding and unpleasant. The speaker is double-sided so you get a wider spread of sound. They like to call it 360 degree sound. There are two channels on either side of the speaker and an extra tweeter on the rear side of the driver for more high-frequency tones.

I found the BeoPlay A2 connected via Bluetooth to devices really quickly and with no fuss at all.

There was just nothing to fiddle with: just one button, which along with the volume up/down and the power button is all there is on one edge of the device. In the box, you get a set of different plugs and a big charging adaptor. There's a USB slot and you can actually charge your phone in the unlikely event that you should need to. The battery of the speaker is a claimed 24 hours, but on Bluetooth and with loud volume, it will certainly not last that long.

You need to shell out Rs 22,990 for the BeoPlay A2 and it really isn't much for the quality of sound this speaker delivers. **BW**

✉ [mala.bhargava@gmail.com](mailto:mala.bhargava@gmail.com)

# WHOPPER OF A PHONE

**Bulging with specs, Motorola's Turbo is meant for those who don't want pretty, and are willing to pay**

**By Mala Bhargava**



**T**HE MOTO TURBO is like the big boy burger of phones. It's not a good looker — not by a long shot — but instead it's sturdy, chunky, and a little heavy for its 5.2-inches of screen. It's strange how the back of a phone gets talked about as much as it does but then it's the part that everyone else sees first and it's what the user touches all the time. On the Turbo, the back is made of ballistic nylon, a kind of strongly textured material that resists scratches and fingerprints but looks rugged instead of sophisticated. And for what it costs — Rs 41,999 — this phone should be looking a bit nicer.

All said and done though, maybe the type of person who'll be interested in the Turbo won't care as much about the looks of the phone as about the combination of hardware specs and software. There's a screen that's phenomenally crisp at 2560x1440 resolution with 565ppi density. That's one clear screen. It is a QuadHD AMOLED display (like the ones used by Samsung) and colours are considered overly rich, but the majority don't mind that at all. And if you're worrying that a screen like that will soak up battery like a kid drinking cola then you needn't. The 3,900mAh Li-Po non-removeable battery certainly lasts you the day and a bit more if

you use it moderately.

The Turbo is also turbocharged with a 2.7GHz quad-core Snapdragon 805 processor with 3GB of RAM. The graphics processor is an Adreno 420, which makes it just what the gamer ordered. It doesn't heat up particularly either. Onboard storage is 64GB with no storage slot.

The software on the Turbo has all the Google and Motorola goodies. First, it's running Android 5.0.2 — Lollipop. It's very fluid and smooth though, sometimes you may get a pause before something begins for the first time. Once it gets going, it's slippery smooth. Motorola doesn't interfere with the stock Android feel, the tech savvy love so much, but it does put in extras that make it a special experience to use.

The Turbo isn't without its disappointments though. The 21MP rear camera isn't what you'd expect it to be. The camera app is slick and easy to use but lacks in-depth settings and results in mushy pictures in low light. The front camera is just a 2MP shooter. Another disappointment is that the phone doesn't support 4G. Still! All that heft, both physical and performance-wise, may compel you to consider the Turbo, especially if you're a user of the old Nexuses, ready to upgrade. **BW**

✉ [mala.bhargava@gmail.com](mailto:mala.bhargava@gmail.com)

# ALL WEATHER APPS

Get updates on the weather, traffic, news of friends, their location, etc., through our selection of apps

By Mala Bhargava



## WEATHER COMING UP

**IT ISN'T JUST** the British who talk about the weather. Indians are equally interested. Especially when the weather has been particularly variable as it has recently. The Android app Weather Timeline, which costs Rs 50, is a really detailed look at weather with predictions from the next hour to the distant future. Obviously, the immediate weather is based on satellite information while distant future weather is based on typical patterns — very useful for when you're traveling somewhere.

There are a whole bunch of widgets associated with Weather Timeline so you can choose what kind of information to put on your screen. There are lots of options for fine tuning, including changing colour automatically with the weather. What's really nice is the qualitative style of alerts: "Light drizzle, starting in the evening," for example.

## A PRECISE WORKOUT

**I'VE BEEN LOOKING** for something like this for a long time. I finally chanced upon this app that goes by the strange name of Chrono List, on the Play Store.

Chrono List is a simple timer for exercise intervals. You can create timers by naming them, setting time, entering multiple tasks and selecting the alerts you want throughout. I like it because I like to switch on some music that paces my workout and at the same time get alerts for exact times. Often, music has its own built-in intervals, but it's also nice to do a precise number of repetitions. With this app you can set for example, 10 rounds of 50 seconds each. It can include a certain time for warm-up and cool down and you can get different beeps or other sounds to indicate start, finish and intervals. Useful fuss-free app.



## A NUZZLE OF NEWS

**THIS ISN'T THE** first app to give you news your friends (let's be clear, they're contacts) are sharing. But it's a popular one and you can get it on the App Store for Rs 60.



The approach in this news app — and there are so many out there — is to present you news that more than X number of contacts from your timeline are sharing. Since you will have contacts that share interests, here's your cue to not just read the content but share it further with the confidence that it has a greater chance of being appreciated. There are several ways to consume your news. You can look at recently shared content, or look at featured feeds, friends' feeds, friends' friends' feeds, and news you may have missed. There's quite a degree of control over notifications. You can save stuff to read later, of course.

## TAKE A SAFE RIDE

**ANYONE WHO'S TAKING** buses, cabs or autos somewhere could benefit from firing up RideSafe before setting out. There are so many safety apps out there but each takes a slightly different approach. This app for Android just looks for deviations from your chosen route to a specified destination. Put in the two addresses and select some contacts you would want informed, and then make sure you follow a known standard route. If there's trouble and you're not able to reach out to your phone, your contacts will get an alert. The app makers have promised to pay for the SMSs that go out — though they hardly need to.



Friends and family could also use the app to track each other's rides though most of the cab apps also now have this feature. There have also been SOS apps. It's just that RideSafe doesn't need manual intervention.

## TRAFFIC GOES SOCIAL



**THERE WAS A** time when, if someone said "jam" you'd reach for the bread and butter. Not today. Jam means badly stuck in traffic, going crazy with

frustration. Well, if traffic particularly drives you up the wall and makes you late for everything, try these updates. Traffline, an app on iOS, Android, Facebook and Twitter, is India-specific and it maps your city's traffic with colour codes. Google Now users will know that you can get an idea of traffic and time to travel from there, including suggestions on when to leave, but here's a deeper level of information if you're up to getting involved. You can contribute to the information yourself. People can message each other, put up photos of traffic conditions and work around the routes where there seems to be too much of a traffic pile-up. Enter your location, set your destination, and take recommended routes.

## FOR THE HYPER FRIENDLY

**SOCIAL NETWORKS HAVE** increased the amount of access people have to each other, that's for sure. But it also means friends and contacts can be scattered all over across these platforms. It gets to be a mess. Connect is an app for iOS, Android and the Web that puts all your people on a map. Clusters are in overlapping circles but you get a pretty good idea of how they're distributed. The Connect app is meant to let you keep tabs on your contacts to a fault. You can get notifications on their social activities and also, to some degree, their whereabouts. So, if someone visits your city, you'll get an email notification.



For a person who wants to network intensely, it's a boon, but watch out if you're roughly happy with your current level of interactions. Even after offloading the app, you continue to get alerts.



## UP PERISCOPE, UP MEERKAT

Some video streaming has been possible for years. But never like this. Never so easy, so instant and so intimate

By Mala Bhargava

**L**AST NIGHT A BUILDING CAUGHT FIRE IN NEW YORK CITY. There was thick angry black smoke billowing out of somewhere and fire engines, people, cars all rushing about the place. As we watched from the rooftop of a nearby building, it began to rain, and finally, the smoke seemed to dissipate and merge with the clouds.

Of course, I wasn't there. I was in my cosy bedroom in Delhi. But I was watching the scene as it was being streamed by Lance Ulanoff of Mashable on Periscope. And it felt like I was right there. If you've heard about Periscope, and the other talked-about app, Meerkat, and dismissed them as just another bunch of apps to flood the devices we carry, then don't. They're a couple of apps all right, but when they launched, something in the online world changed forever.

Meerkat and Periscope are both video streaming apps. Now, one has been able to stream video in many ways. For that matter, you could walk around with Skype on and someone could see your video. Before that, there were webcams. There are other ways to stream video to browsers. But never has it been so easy as with these two new apps. Meerkat and Periscope are both for the iPhone right now, but soon headed to Android. I hear there's already some Windows Phone workaround called Telescope. Meerkat depended on Twitter, since it was born about two months ago, but Twitter clipped its wings and brought in its own Periscope which it claims was already in the works for the past two years. Because of Twitter's integration, Periscope is obviously the easier to find content for and is also the more polished of the two apps. But it's not so much about the apps, which I'm sure will get better and will inevitably be joined by other similar apps — it's about what just happened. You and I just became broadcasters. It is so shockingly easy to open up one of these apps, press

a button, and begin streaming video live, smooth, clear, that it puts the power of video-anywhere into everyone's hands.

I've been watching a number of streams on both these apps and am still trying to wrap my head around how powerful this sort of instant easy video streaming can be. Watching the New York fire, I began to ask questions — you can key in comments — and Lance Ulanoff answered many of them or responded to things I was pointing out. I realised I was watching the future of news. It's interactive, participative, real-time and real-life. Of course, without all the different correspondents and cameras etc., available to TV, you're not getting all the relevant information. But I have a feeling someone will figure this all out as we go along.

It was equally powerful to almost climb into someone else's life as people by the thousands began to test out video streaming. I "went along" with someone who took us to a lovely place in Austria for a few moments of relaxation. I could hear the birds, see the beautiful blue of the river and in the distance there were snow covered mountains. I asked how cold it was, and learned that it definitely was on the chilly side. I also peeped in on an office party, listened to some great jazz in a bar in Vegas and acquainted myself with the many cats and dogs that immediately populated the timeline. I asked a guy who was driving to work all about startups in Chicago and walked around Paris with Paul, whoever he may be. Many well known personalities were already doing ask-me-anythings on video and I dropped in on those and someone obligingly took us on a tour of the Facebook campus.

There's lots of garbage as well. With the human species, use and abuse go hand in hand. So there were idiots offering to undress or worse, someone throwing up, someone else showing us the inside of their fridge for no reason. But I was struck by the sheer intimacy of the experiences. A young man asked the world at large to help him choose some products at a store, and everyone promptly obliged. The dangers immediately spring to mind. You could stream anything live without a person knowing. I even noticed a title that said "Watch me kill myself". You can see where this is going already. **BW**

mala@pobox.com, @malabhargava  
For other columns by Mala Bhargava, visit [www.businessworld.in](http://www.businessworld.in)

# UNVEILING THE JURY FOR

www.realtyplusmag.com  
**realty**  
**PLUS**

CONCLAVE & EXCELLENCE AWARDS



**Anuj Puri**  
 Chairman & Country  
 Head, JLL India



**Anurag Jhanwar**  
 Director, CRISIL  
 Real Estate Ratings



**B G Vyas**  
 COO  
 Asian Granito Ltd



**Deepak Sapru**  
 VP – Business  
 Development & Exports,  
 Sleek International  
 Private Limited



**Jaideep Gandhi**  
 MD  
 Jaya Advertising



**Joe Verghese**  
 Managing Director,  
 Colliers International



**Karan Grover**  
 Architect,  
 Karan Grover & Associates



**Nikhil Bhatia**  
 Co-Head, Capital  
 Markets, CBRE South  
 Asia Pvt. Ltd



**PK Shashidharan**  
 Senior Vice President  
 Marketing, CERA  
 Sanitaryware Limited



**Reza Kabul**  
 Founder  
 Reza Kabul Architects  
 Pvt. Ltd



## For nominations & further information, please Contact

Aditya Raina: +91 77108 41752 / +91 22 2640 3303, [aditya.raina@exchange4media.com](mailto:aditya.raina@exchange4media.com)

## For Sponsorship Please Contact

### Mumbai & Kolkata

**Tripti Kedia:** [tripti@exchange4media.com](mailto:tripti@exchange4media.com), +91 9820010226

**Navin Venkatesh:** [navin.v@exchange4media.com](mailto:navin.v@exchange4media.com), +91 9975092516

### New Delhi

**Varun Verma:** [varun.verma@exchane4media.com](mailto:varun.verma@exchane4media.com), +91 9818769850

### Bangalore

**Sneha Walke:** [sneha@exchange4media.com](mailto:sneha@exchange4media.com), +91 9845541143

Associate Partner		Home Finance Partner	
Knowledge Partner	PR & Promotions Partner	Radio Partner	Design Partner
Online Media Partners		Magazine Partners	

LEAD  
REVIEW

# DESIGN TO IMPACT

**F**ACED WITH THE SHOCKING BLOW OF a global recession and the fractured reputation of

business leadership that led the world to it, there now seems to be consensus for design to lead 21st century businesses. So, a book that dwells deeply on design seems timed just right. But Jon Kolko's book *Well Designed: How to Use Empathy to Create Products People Love* does much more.

The book at once catches interest by exemplifying the wonder of new-age products such as 'Nest'—as well as the success of its \$3.2 billion buyout—and explaining how the empathy and ingenuity of design is behind the creation of such remarkable products. It offers the challenge of helping businesses with the difficult task of creating rugged products in a time that demands astounding agility. "Agile or Fragile?" muses Kolko, who has earlier authored three books on design. But what truly makes this book special is that despite its focus on the new vision of what design can be, it is less of a prophecy and more of a guide.

This last decade, the world has divided

designers into thinkers and doers, forcing apart those who see the role of design as a problem solving strategy and those who see it as a skill-based activity. Kolko, who is vice president of consumer design at US-based education technology company Blackboard, brings a point of view that starts with strategy and moves well into execution, doing the difficult job of straddling both worlds. Beginning

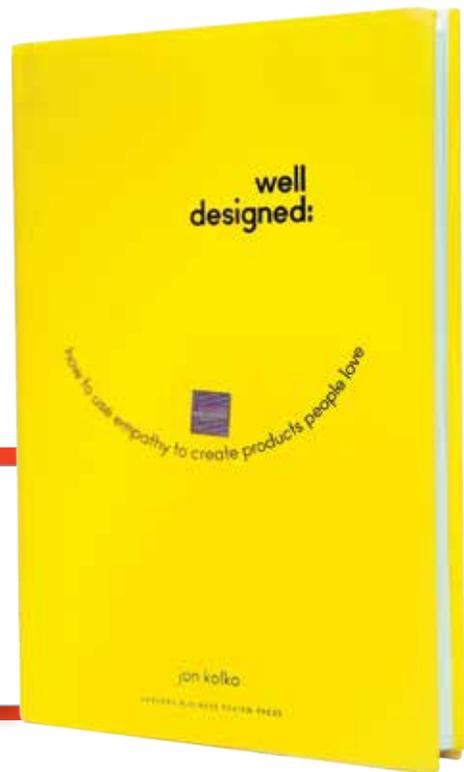
with "design thinking" and moving into "design doing", the book painstakingly explains the new design process step by step. Its sagacity is remarkable, and anyone who might have wrestled in vain with the traditional design process while innovating for a startling future would see that at once.

The book is divided into six chapters based on the stages of what Kolko calls the new design process.

**WELL DESIGNED: How to Use Empathy to Create Products People Love**

Jon Kolko HBR PRESS

Pages: 224; Rs 1,250



BY GEETIKA KAMBLI

**What makes this book special is that despite its focus on the new vision of what design can be, it is less of a prophecy and more of a guide**

It starts with how to reframe a Design Brief and therefore introducing the important new face of design thinking. And follows quickly into Chapter 2 to what may be the most ethereal phase of defining its territory; or the product-market fit. Here is where classical design thinking might end, but Kolko shows how thought and imagination follows into research, product strategy and also product specifications outlining Chapters 3 to 5.

Finally, the book ends with Chapter 6 outlining how to build a roadmap for the future, and taking a powerful and proactive stance for design.

What is interesting about the book is that unlike most others, Kolko speaks both to the designer and the marketer, bringing a refreshing feel to the content at once. He

is also intelligent and yet simple to follow, which is a tough act to play. The book, however, serves best as a guide demanding a rugged commitment from the reader, enforcing a focus that is easily lost when browsing. This is certainly not the best book for a casual read on a long flight. It is more the kind of book that needs to be read repeatedly over

a few weeks, shuffling back and forth between chapters as new thoughts take root.

Also, to a seasoned designer, the book is at once slow and also fast. Some ideas that are common practice (such as ethnographic research) are discussed at length, whereas other emerging ideas (such as a product-market fit) seem to miss

a clear transition to the ensuing stage.

Though the book is well organised, there is an uneasy sense of non-linearity. Kolko would have done well to take a single example from start to finish, closing the overlaps and ensuring tighter continuity. Writing a book on design takes sufficient initiative. Writing a handbook on

design takes plain courage. And the book rises courageously to this difficult task, speaking to the practicing designer and marketer, clearly mapping the way ahead. It deserves a well-earned place on the desk of anyone with an eye to the future. **BW**

↳ *Kambli is managing partner, Future Factory*

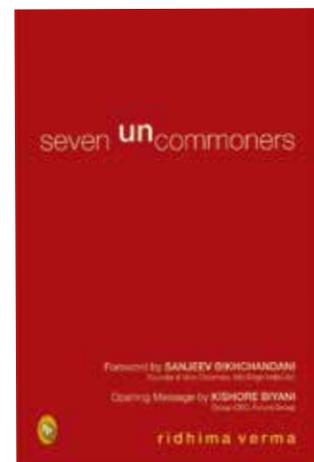
## BRAVING ALL ODDS

**INDIA IS CURRENTLY GOING** through a golden age of entrepreneurship. Never before in centuries has the entrepreneurial ecosystem been as supportive or the economic drivers been as conducive for budding entrepreneurs. One of the most essential ingredients of any thriving entrepreneurial ecosystem is the celebration of successful ones and the telling of their stories. Given the travails that every entrepreneur faces during his/her journey, knowing about others who had to overcome similar hurdles provides inspiration when it is needed the most.

Entrepreneurial stories of every hue and colour abound in thriving hubs such as Silicon Valley, not just those of successful ones, but also of failure and mistakes. In India, however, there has been a paucity of such stories, particularly those highlighting entrepreneurial journeys of the “aam aadmi”. We do have stories of celebrated heroes such as Ratan Tata, Narayana Murthy, Dhirubhai

Ambani and Anil Agarwal. However, it is the magnitude of their success and impact that makes them outliers and hence difficult for ordinary folks to relate to. What was in short supply are entrepreneurial stories that every young person can relate to. It is here that Ridhima Verma’s *Seven Uncommoners* (FingerPrint) makes an invaluable contribution.

The book highlights the life journeys of seven achievers (Pawan Jain, Vishal Gondal, Nishith Desai, Mahesh Singhi, Prasad Lad, Jagdish Gupta and Patu Keswani), who came from typical middle class backgrounds and just based on their sheer hard work created thriving businesses and, in the process, generated substantial wealth for themselves, their employees and investors. What makes it further interesting is the diversity of the industries that these uncommoners come from. These are not the glamorous and often reported tech Cinderella stories of overnight success. From logistics



to infrastructure to financial and legal advisory services to facilities management and hospitality, these industries represent as good a mix as any of what constitutes our economy. In highlighting these stories, Verma shows that opportunities abound in every sector for those who have the eye to identify and pursue them.

One aspect Verma could have done differently is to focus on how the protagonists made key decisions that determined their path and the emotions that were involved. There is substantial narrative that documents the journey without necessarily adding to the reading experience that can be done away with. **BW**

↳ *Lakhamraju is vice-chairman, Great Lakes Institute of Management*

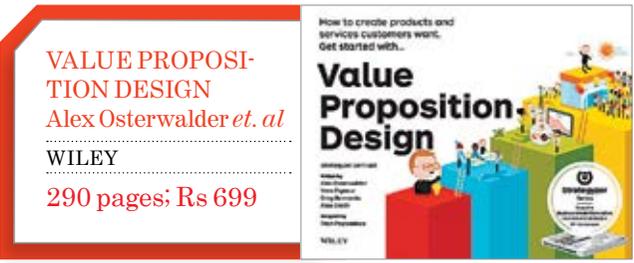


# What Customers Want

BY VENKATRAMAN S.

**T**HE WORLD OF MANAGEMENT BOOKS, which is inundated with many titles on the creation, sustenance and evolution of value in enterprises and business, got another member in its fraternity. Authors Alexander Osterwalder, Yves Pigneur, Greg Bernarda, Alan Smith (co-author and art direction) and Trish Papadakos (design) have created this handbook, as a perfect sequel to their *Business Model Generation*. The authors call themselves the Strategyzer crew, as they run an eponymous website.

The authors had introduced the nine building blocks: customer segments, value proposition, channels, customer relationships, revenue streams,



key resources, key activities, key partnerships, and cost structure, as part of their the business generation model (BGM) canvas. While the BGM canvas creates value for your business, the value proposition (VP) canvas helps you create value for your customers. The authors claim the VP canvas is a plug-in tool to the business model (BM) canvas and just like the BM canvas allows you to visualise business models, the VP canvas allows you

to visualise value propositions in greater detail. Both canvases work hand in hand and this is especially valid as value propositions and customer segments live inside the framework of the BM canvas and expand upon it.

The authors approach starts from the VP canvas, which sets the stage for further design thinking leading to testing and followed with monitoring of the metrics leading to evolution of the

value proposition. The design, test and evolution cycle is an iterative and never-ending process in such a way that the value proposition is always kept relevant to customers. By observing and identifying the customer's task and understanding their needs and their pains (problems) and gains (outcomes or benefits), design thinkers need to develop a product or a service that delivers value. And this is one of the best ways of achieving the product-market fit.

Though the colourful diagrams and emoticons make the text engaging, overdose of it throughout the book leads to some distractions as some of the emoticons are not exactly relevant. The book is primarily meant for practitioners who can make extensive use of frameworks and guidelines as part of their design thinking. **BW**

## BOOKMARK

NEW ARRIVALS

## OFF THE JACKET



**KRUTI JAIN**  
Director,  
Kumar Urban  
Development

**Recent read:** *Outliers: The Story of Success* by Malcolm Gladwell

**I recommend:** *Good to Great* by Jim Collins. *Fountainhead* by Ayn Rand

**On my shelf:** *The Right Space, Modern Tropical Garden Design*, etc.



**MAKE CHANGE WORK FOR YOU**  
SCOTT STEINBERG  
(Hachette)  
Rs 399

How to hone skills that are needed to help reinvent your career and workplace



**CREATING INNOVATORS**  
TONY WAGNER  
(Simon & Schuster)  
Rs 499

Parents and educators need to find ways to turn their kids into innovative thinkers



**CORRUGATED SLICES**  
SHOMBIT SENGUPTA  
(Sage)  
Rs 305

The third of the Jalebi trilogy focuses on rethinking concepts that we already know



**ENVIRONMENT AND FISCAL REFORMS IN INDIA**  
ED. BY SRIVASTAVA & KUMAR (Sage) Rs 995

The importance of integrating environmental reforms and the role of subsidies in India

*The time has come to take urbanization as an opportunity and not as a challenge. We need to evolve qualitative and quantitative index based urban solutions, which will result in holistic growth leading to more jobs and technological breakthroughs, innovation, thus enabling, the Prime Minister's vision of creating 100 smart cities and providing housing for all with amenities and utilities along with quality of life. - GRK Reddy, Chairman and Managing Director, MARG Group*



"A rigorous, concerted, young and collaborative effort will be required by all the stakeholders for the development of smart cities"- was the message which came from the Symposium on Sustainable Smart Cities organized on the 16th of March 2015, Monday at the India Habitat Center, New Delhi. Welcoming all guests were Mr. GRK Reddy (President of the Symposium), Shri Uday Gadkari, Presiden, COA, Shri Prakash Deshmukh, President, IIA who participated throughout the conference.

The Symposium was inaugurated by the Minister of Urban Development, Shri Venkaiah Naidu. The opening session was also attended by the Minister of State for Science and Technology Shri Y S Chowdary who spoke on the theme of 'Self Contain, Self Sustain'.

The Symposium coincided with the launch of a book on Smart Cities named 'Smart and Human- Building Cities of Wisdom'. The book, published by Harper Collins, has been authored by Mr. GRK Reddy and Srijan Pal Singh. Introducing the World's Largest Painting on the theme of Smart Cities made in January at MARG Institute of Design and Architecture Swarnabhoomi (MIDAS) at MARG Swarnabhoomi, during the 57th Annual Convention of National Association of Students of

Architecture (NASA), also emphasized on why youth centric models of transformation cities is needed.

The afternoon session of the Symposium was attended by former President of India, Dr. APJ Abdul Kalam. He formulated an '11-point charter for Smart Habitations' and advocated for a Smart Habitation Commission. He spoke about the need for habitations where rural and urban divide is reduced. Dr. Kalam also launched the special mobile application to measure the quality of urban life index from users. The evening session of the Symposium was attended by Founder of the Art of Living, Sri Sri Ravishankar. He emphasized on incorporating the idea of 'Vasudhaiva Kutumbakam-Whole World is One Family' into the development of Smart City.

The Symposium included several other experts who presented their views. They included Mr. Uday Gadkari, Mr. Getamber Anand, Mr. Prakash Deshmukh, Ms. Juliet Jiang, Dr. Arbind Prasad, Mr. Ranbir Saran Das, Mr. Akhtar Chauhan, Mr. Jaijit Bhattacharya, Mr. Satish Magar, Prof. Prasanna Desai, Dr. Ashok Patil, Mr. Anurag Batra, Mr. Vijay Sharma and Mr. DK Hari. The Symposium was organized by Habcraft and MARG Swarnabhoomi. The partner organizations were Council of Architecture (COA), Indian Institute of Architects (IIA), CREDAI and FICCI.

To take the Smart Cities initiative further, MIDAS Institute of Smart City Planning and Management (MISPM, www.mispm.in) is starting a PG Diploma course on Smart City Planning. Inspired by numerous case studies and sustainable planning experiences across the world, the research team has collated urban analytics developed a suitable program to suit the Indian context under the banner of MISPM. The program is titled PG Diploma in Smart City Planning and Management.



Business Media Partner

Community Partner

# THE 'M' OF LUXURY

## Why luxury brand managers require a portfolio of skillset to work in the industry

**P** EOPLE IN THE LUXURY INDUSTRY ARE OFTEN referred to as homoluxus. The homoluxus should always know that the life span of luxury brands is varied and totally surprising. The homoluxus is convinced that he is eternal and nothing can happen, protected by his brand, sure that he is and will remain successful. He is applauded in his social circles. He can see his own name or the name of the company he leads, in the best streets of all the cities, he is thrilled to speak about his brand, is in all the magazines—his image is seen everywhere, usually with charming ladies and stars, dressed in a black tie. How can he be afraid of anything? ...He is not obsessed with money but with the product and its quality. He is not in a hurry, has time and he is not under pressure; he is zenlike in his focus, and has nothing to demonstrate. Does he still exist in the luxury forest or is he a dinosaur?

**The creator:** One concocts

extraordinary olive oil that the creator presents in beautiful, elegant bottles. The creator intends to sell them in luxury delis, and he will no doubt succeed. The creator has the energy, the taste, the talent, and the patience that it takes. Another loves jewelry, makes one-off pieces with stones that she finds from who knows where. Another mixes colors, matches fabrics, and makes necklaces of unusual shapes.

One creator was a designer, but his former luxury house laid him off after closing its doors. He opened a little boutique, but it didn't work; he wasn't a good manager. He is a creator, not an accountant. Then there's the one who makes sandals and the other one who makes dresses. They are all in luxury's waiting room. They struggle. Creators often have plenty of illusions. Mistakenly, they think that luxury designers can do anything they like! A creator's freedom has to be based on rules and knowledge; otherwise, nothing good can come of it. That said, the golden rule in real luxury is to



▶ ASHOK SOM & CHRISTIAN BLANCKAERT

# THE ROAD TO LUXURY

THE EVOLUTION, MARKETS,  
AND STRATEGIES OF  
LUXURY BRAND MANAGEMENT

ASHOK SOM  
CHRISTIAN BLANCKAERT

WILEY

**THE ROAD TO LUXURY:  
The Evolution, Markets and Strategies of Luxury Brand Management**

*Ashok Som, Christian  
Blanckaert*

WILEY

464 pages; Rs 599

make sure creators have no managerial responsibilities, and are given a free rein. The truth is that luxury can only work if the products are unexpected and unplanned. If design becomes standardized, there is no chance of surprising the customers and making a sale. Producing articles that resemble others, that have a feel of “*déjà vu*,” would doom the luxury market to failure. Creation goes beyond a system or habits. The organization of a luxury house has to allow for this.

Of course, creators can be unbearable

megalomaniacs, demanding and obnoxious. But it's in their nature, and the rest of us just have to accept that.

Luxury needs entertainers. Luxury could not exist without artists. Creators drive luxury and so sometimes reason must give way to imagination, reality gives way to the irrational, and truth succumbs to dreams! That's what luxury is all about. At least, that's how it should be. What is the common thread running between Gabrielle Chanel, Hubert de Givenchy, Yves Saint Laurent, and Christian Dior? Are all the names

of designers or brands? This is one of those rare questions where one can never be wrong. These are names of designers who gave their names to their brands. In the earlier days of luxury, the designer stood for the brand. Each brand displayed the eccentricities, the enigma, and the individuality of the designer it stood for. What remains important to date is that the designer gave identity to the brand, making the designer and the brand inseparable. Thus we were in a regime, where the “Creator was the Controller.” But can the creators actually

run a global business or manage the value chain of the business? What will happen after they leave the brand? And when they leave, most important, who is going to sell their brand?

...two decades ago, the luxury industry model was almost completely dominated by the family business. However, the rivalry between Bernard Arnault (LVMH) and Henry Racamier created a historic structural shift within the industry as each aimed for market control through growth and acquisition. As a consequence, the industry started consolidating, and family houses that could not survive were absorbed within the multibrand conglomerate, except for a select group of French and Italian companies such as Hermès, Chanel (Wertheimer Family), Armani, Prada and Tod's to name a few. These tectonic shifts from the family business model to corporatization pushed the luxury industry away from its historic style of management as the key factors of success become finance instead of family, and the focus shifted to the colossal conglomerate instead of the small, artisan business, which became "inadequate" for a global business strategy.

To understand the management styles of the managers in the luxury industry, we need to dwell briefly on the role of the managers—and the usual typology of the management styles.

**The Ambidextrous Luxury Manager:**

Combining the right and the left brain: ...Managers in the luxury industry are required to understand the unique properties of the luxury experience, manage highly creative people, apply tough management disciplines, and be sensitive to the cultural nuances involved in running a global business.

**Speed versus time:** The manager has to grapple with timelessness and profitability. For example, Hermès and Chanel might be of the opinion that they are not looking at short-term profits, yet during every quarter they have to keep an eye on the revenues, which in turn will determine their

growth and investment plan. The focus on profitability is now extending across the portfolio to highly prestigious, loss-making brands, and the introduction of International Financial Reporting Structures is forcing greater transparency in financial reporting by large groups. The speed of growth and the time required have a direct bearing on the talent management of the companies. On one hand they have to nurture talent that understands and communicates the story of the brand, the product characteristics, timelessness, quality, and service of the luxury business, while on the other hand they have to cater to the speed of marketing, sales, and after-sales in international markets.

**Everywhere or not:** The luxury manager has to understand French and Italian savoir faire while selling products in Shenzhen, Sao Paulo, Singapore, or San Francisco. Dispatching expatriates to manage stores is one realistic option, although the expatriates more often than not do not speak the local language. The expatriate manager on his or her "colonizing" mission of emerging markets is probably well equipped but finds himself or herself short of understanding the local nuances and can be a failure. Research from Martens & Heads shows that not more than 15 percent of the actual operating CEOs are from the local emerging market. Also Maxine Martens, CEO of Martens & Heads, rightly questions, "How many French or Italian luxury firms that do 30 percent of their business in Asia have 30 percent of their top management from Asia?" Some propose that with globalization and corporatization, the luxury industry should also follow the path of the global corporation. They should also hire more locals in the emerging markets and bring more emerging markets professionals to the HQ.

**Internal versus external:** Should the ambidextrous manager be found internally or should she be headhunted



externally? Research shows that there is a trend to hire executive people outside the luxury industry because they have more experience dealing with crises and global expansion in emerging markets. There are highly capable leaders in other sectors whose experience managing brands and whose international mindset could be invaluable to luxury businesses needing to operate more effectively in a globalized marketplace.

The big question is how to identify those leaders who can bring new skills and a fresh outlook, adapt to the idiosyncrasies of the sector, empathize with the product and the consumer, manage the creative process and get the best out of existing talent, handle operational complexity, shorten the production cycle, and yet remain flexible and agile enough to respond to and run with innovative ideas. Leaving it up to employees to take the initiative and gain education and experience on their own, however, is a gradual process that has prompted many eager companies to look for an alternative quick fix by pursuing talent outside the luxury industry. Gucci's Robert Polet was president of the ice cream and



## The Outsider

The big three, LVMH, Richemont and Kering, although open to external recruits, are undoubtedly more comfortable trying to nurture employees within the organisation

frozen foods division of Unilever before joining Gucci in 2004. LVMH has recruited several non-industry leaders, including Laurent Boillot, formerly of Unilever. Liberty plc hired Geoffroy de La Bourdonnaye, who was with Disney for many years before joining LVMH, while Dr. Bruno E. Sälzer worked at Beiersdorf and Schwarzkopf before becoming CEO of Hugo Boss. Stanislas de Quercize, president of Cartier and ex-president of Van Cleef & Arpels, started his career at Procter & Gamble.

But the big three, LVMH, Richemont, and Kering, although open to external high-potential recruits, are undoubtedly more comfortable trying to nurture employees who are already within the organization or at least within the industry, and are now investing in their talent resources to nurture leaders for tomorrow.

**Big or small:** The big three, with time, have transformed themselves into multicultural, multibrand conglomerates. While it is difficult to generalize, managers coming into the industry from outside tend to be more effective when joining larger businesses than smaller ones. Culturally and in other ways, it is easier for larger

companies to assimilate outsiders, but that is not to say that smaller companies could not benefit greatly from an infusion of leadership talent with experience of different sectors and global markets. The challenge is to find leaders who possess a high level of sensitivity and who recognize the importance of preserving the inherent value of a brand.

**International versus local:** The industry is in a state of flux and is undecided. There is little consensus, even from an academic point of view, on how to modernize the luxury industry. Those who defend exclusivity and brand coherence are equally passionate about adapting to, and meeting the needs of, emerging markets. Some state that local distribution will be the key to success, and that new ways of doing business (such as going digital and e-commerce) are critical, while still arguing against employing mass-market tactics for fear of diluting that sense of exclusivity and even opulence that is the very hallmark of luxury.

Thus, where can one find this manager, the leader who is best equipped to handle the seemingly contradictory elements of developing

new markets, opening up new distribution channels, adapting to diverse cultural expectations, and preserving exclusivity and brand coherence, while operating within a far tougher, more competitive commercial environment?

**Manage talent in the digital era or stick to the traditional:** The competencies required for the digital and the traditional luxury world are not the same. To be ambidextrous is a key challenge. Burberry and Polo Ralph Lauren have embraced the digital world with ease, while many are still struggling. For example, Burberry is often recognized as a digital luxury leader. With two enthusiastic advocates steering the company, CEO Angela Ahrendts and chief creative officer Christopher Bailey (now promoted to CEO, since Angela Ahrendts left for Apple in 2014), the firm has intertwined creativity, technology, and management in a way that has helped generate consumer interest in Burberry's products via its digital projects. Through their Art of the Trench crowd-sourcing site, a three-dimensional Livestream show, and, most recently, an interactive digital ad campaign, Ahrendts and Bailey have facilitated collaboration across several functional departments, making everyone work together in the name of digital innovation.

Thus the ambidextrous luxury manager needs to have a portfolio of skill-sets that will make him or her comfortable in this industry. ... As in all industries, one size does not fit all. The luxury industry has witnessed a sea of change in the internal and the external environment during the past 20 years, and the styles of top management have evolved over that time. The specificities pertaining to these changes had profound implications on the styles of management and governance of these companies. **BW**

*With permission from Wiley*

## Botox Baron Dies

Celebrity dermatologist FREDRIC BRANDT, once called the Baron of Botox, has died aged 65. He apparently hanged himself. According to Dr Brandt's publicist, he had been suffering from depression for some time and was recently devastated by what is believed to be a parody of him on the Tina Fey comedy series, *Unbreakable Kimmy Schmidt*. However, she added that he didn't kill himself because of that one show. An early proponent of botox, his clients included Madonna. He was also a writer and radio talk show host.



## Raju Sent To Jail Again

B. RAMALINGA RAJU was sentenced to seven years in jail and fined Rs 5 crore after being found guilty of criminal conspiracy and cheating in the Rs 7,000-crore Satyam scam. Touted as the nation's biggest accounting fraud, it came to light on 7 January 2009 after Raju, the company's chief, confessed to fudging its account books and profits for years. The scam caused an estimated notional loss of Rs 14,000 crore to investors and unlawful gains of Rs 1,900 crore to Raju and others. Raju had earlier spent 30 months in judicial custody.

## New Turf



V. SHANKAR, Standard Chartered Bank's CEO for Middle East, Africa and the Americas, has quit the bank amid a top-level management reshuffle, to pursue his ambition of managing a private equity fund. Shankar, who has been with the bank for 13 years, was instrumental in building its business and clinching deals. He is the latest among senior executives to leave the bank after chairman John Peace, chief executive officer Peter Sands and Asia chief Jaspal Bindra.

## Berlusconi Bows Out

Italian media mogul and former prime minister SILVIO BERLUSCONI has agreed to sell his football club Inter Milan in a deal worth €1 billion. Berlusconi is close to selling 75 per cent of his shares in the seven-time European Cup winners after holding talks with Chinese investors. As part of the deal, Berlusconi's daughter Barbara is expected to continue in her post as club director.



## FRESH CHARGES

Former CMD of Syndicate Bank S.K. JAIN has been booked in a money laundering case by the Enforcement Directorate. It took cognisance of a CBI FIR, which had accused Jain of accepting a bribe of Rs 50 lakh through conduits and abusing his official position to enhance the credit limits of some firms. He was earlier arrested for granting credit extension to Bhusan Steel after it defaulted on the payment of loan instalments.



## RAGS TORICHES

ZHOU QUNFEI, a former factory worker who founded a company supplying Apple, Samsung and other technological giants with touchscreen glass, has become China's richest woman, with a fortune over \$8 billion. Qunfei, the chairwoman and president of Hunan-based Lens Technology, saw her wealth soar after the firm's debut on the Shenzhen stock exchange.

## FAR FROM FAB

It's a fair bit of bad publicity for Fabindia and no one will probably know this better than managing director William Bissell. He, along with CEO Subrata Dutta, were summoned for questioning by the police after HRD minister Smriti Irani discovered a CCTV camera near the trial room of a Fabindia store in Goa's Candolim. The store may lose its trade licence too.

## MARANS IN TROUBLE

The Enforcement Directorate attached assets worth Rs 742 crore of former telecom minister and DMK leader DAYANIDHI MARAN (right) and his brother KALANITHI MARAN in the Aircel-Maxis case in which they are accused. Dayanidhi had allegedly received Rs 742.58 crore as illegal gratification. Earlier, the CBI had alleged that Dayanidhi forced a promoter to sell his stakes in Aircel and two subsidiary firms to Malaysian firm Maxis Group.



HURRY!  
LIMITED PERIOD  
OFFER

# STORIES WHICH HELP YOU TO BECOME THE STORY



## New Exciting Subscription Offers for BWBusinessworld

- Stay ahead of the curve with exclusive business insights and analysis
- Make the most of the limited period offer and maximise your returns
- Get the magazine delivered at your doorstep, free of cost

## PRIORITY ORDER FORM

Yes! Please start my supply of the Businessworld magazine for the term I have indicated below:

TICK ONE (✓)	Subscription Term	Issues	Cover Price	You Save	Total	Free Gift
<input type="checkbox"/>	1 Year	26	₹ 1560	₹ 310	₹ 1250	Allen Solly Tie
<input type="checkbox"/>	2 Year	52	₹ 3120	₹ 730	₹ 2390	Allen Solly Tie
<input type="checkbox"/>	3 Year	78	₹ 4680	₹ 1330	₹ 3350	Allen Solly Tie

Name: (Mr./Ms./Mrs): .....  
 Designation: ..... Occupation: ..... Industry Type: .....  
 Address: .....  
 City: ..... State: ..... Pin (Mandatory): .....  
 Tel: ..... Mobile: ..... Email ID: .....

### PAYMENT DETAILS

Signature: .....  
 Enclosed is my  Cheque  DD No ..... Payable to GBN Media Pvt Ltd.

BW|Businessworld cover price is Rs. 60 only. BW|Businessworld is a fortnight magazine. Add Rs. 50 for non- Delhi cheques. Please allow 6 weeks for processing your subscription.  
 The number of issues and/or size and/or content and/ or number of pages and/or design amd /or look and feel of the magazine and /or the frequency of publication are subject to change at the sole discretion of GBN Media Pvt. Limited without any prior intimation during the subscription period. All subscriptions are subject to actual realisation of the payment. All disputes are subject to the exclusive jurisdiction of competent courts & forums in Delhi /New Delhi only. All gifts warranty/gaurantee is held with manufacture of the product not with GBN Media Pvt. Ltd. Terms & conditions apply.

Now Subscribe to your India's largest Business Magazine online by using your Debit or Credit Card and Net Banking.  
 For subscribing to Print Version of BW Businessworld Magazine: please visit [Subscription.Businessworld.in](http://Subscription.Businessworld.in) – Powered by Instamojo



**BW|BUSINESSWORLD**  
 — BECOME THE STORY —

# THE LAST PAGE

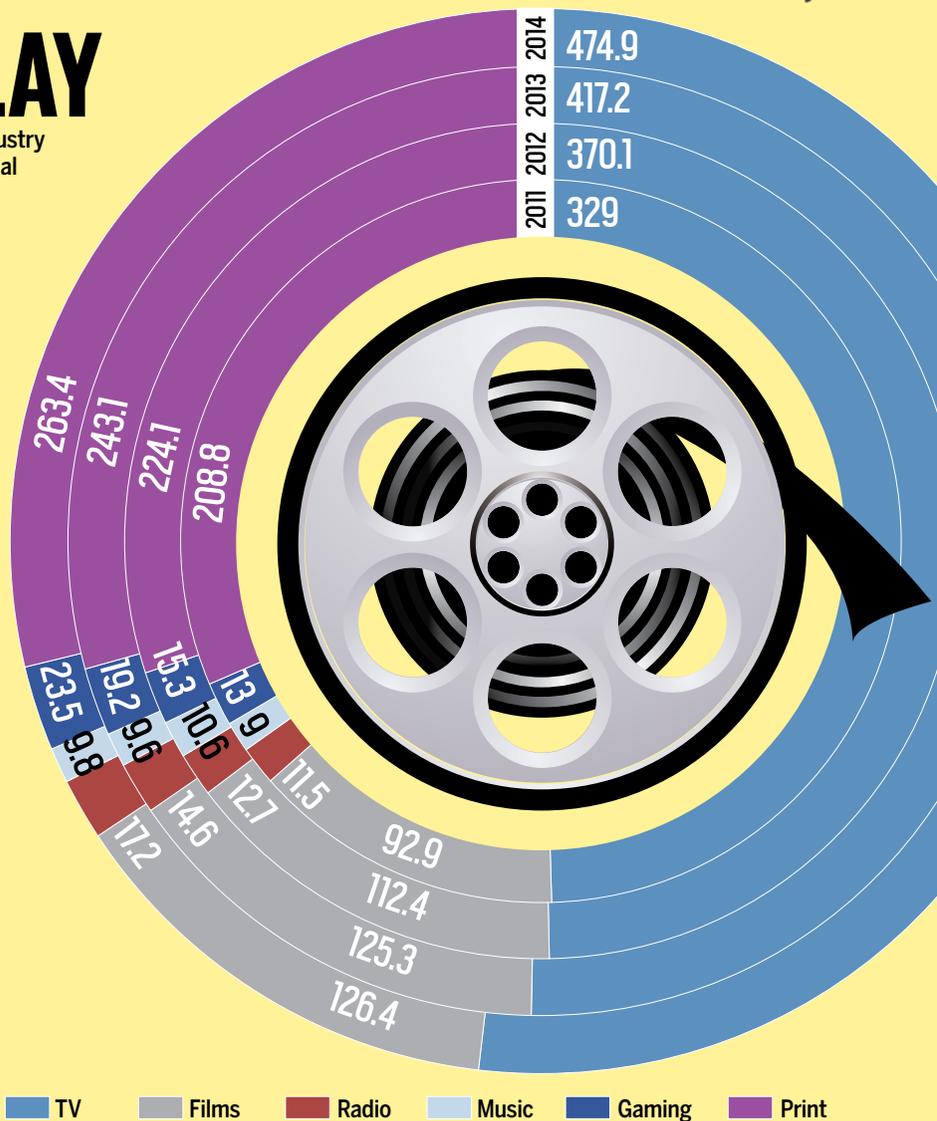
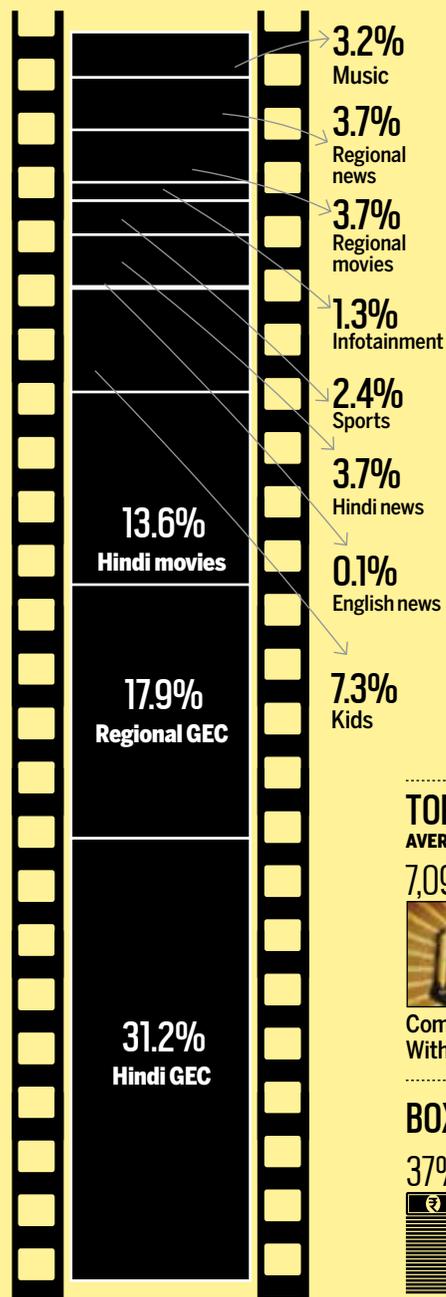
INDUSTRY SIZE (IN Rs BILLION)

## ACTION REPLAY

A look at how the media and entertainment industry has fared over the past few years — with a special focus on the year gone by

Compiled by Shailesh Menon  
Graphic by Prashant Chaudhary

### VIEWERSHIP SHARE



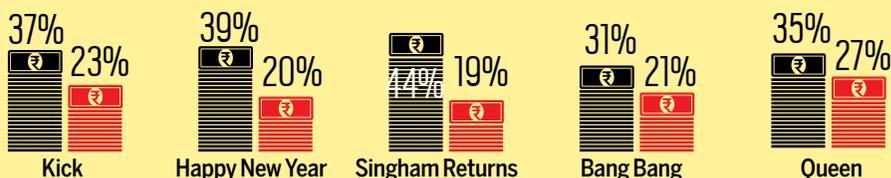
### TOP-5 NON-FICTION SERIES ON HINDI GECs

AVERAGE TVT (Television viewership in thousands)



### BOX OFFICE CONTRIBUTION BY CIRCUIT (2014)

₹ MUMBAI ₹ DELHI/UP



Mumbai & Delhi/UP circuits account for about 60% of total box office collections of Hindi films

SBI

Asset Backed Loan.



State Bank of India  
THE BANKER TO EVERY INDIAN

# Loan against mortgage of property

"I need funds urgently for my business."

- Businessman



"SBI's Asset Backed Loan with an attractive rate of interest is readily available."

- SBI Relationship Manager



"I am planning to build a commercial complex; I need an urgent loan."

- Builder



"No problem SBI's hassle-free Asset Backed Loan with simple and quick processing is the answer."

-SBI Relationship Manager



- ✓ Hassle -free loan for manufacturers, traders, service enterprises, builders
- ✓ Simple and quick processing
- ✓ Best rates in the industry

- ✓ Easy repayment with tenure upto 96 months
- ✓ Flexible end use

There's always more to SBI

Follow us on

Facebook	/StateBankofIndia
YouTube	/TheOfficialSBI
Twitter	@TheOfficialSBI

SMS 'SBIABL' TO 567676

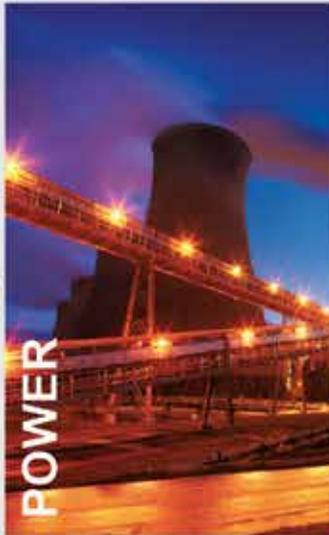
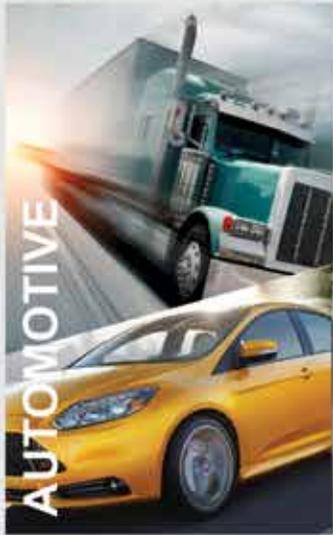
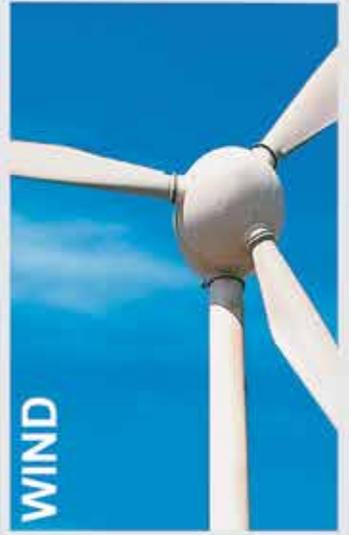
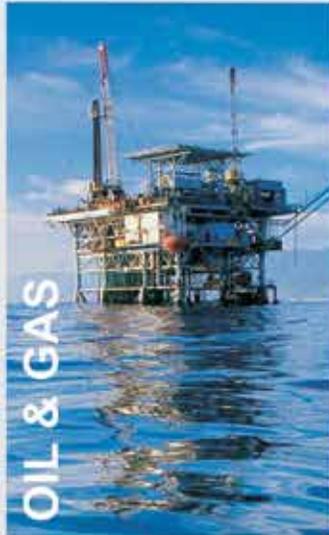
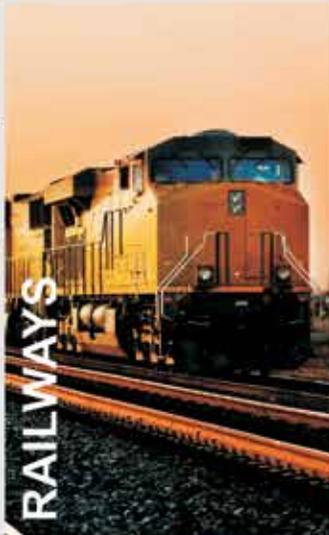
Have you registered a nomination in your deposit account? If not please contact your branch.

For details log on to [www.sbi.co.in](http://www.sbi.co.in) or call 1800 425 3800 & 1800 11 22 11 (Toll free) / 080 - 26599990. Email : [contactcentre@sbi.co.in](mailto:contactcentre@sbi.co.in).  
For queries relating to the schemes of Ministry of MSME, please call Udyami Helpline (Toll Free) : 1800 180 6763

MAKING IN INDIA FOR THE WORLD



◀ EXPANDING HORIZONS ▶



At Bharat Forge, we are continuously expanding our horizons. Exploring new vistas, setting new goals, creating new paradigms. Always evolving - from a leading auto-component supplier to a world class technology driven engineering company, from auto-component sector to critical verticals such as Energy, Oil & Gas, Rail & Marine, Aerospace, Construction & Mining and other related businesses.

With innovation at our heart, we continue our endeavor of rising through diversification and high quality manufacturing that drives change and sustainability.

**BHARAT FORGE**



KALYANI

Bharat Forge Limited, Mundhwa, Pune - 411 036, INDIA, Tel: + 91-20-67042777,  
Email: [info@bharatforge.com](mailto:info@bharatforge.com) Website: [www.bharatforge.com](http://www.bharatforge.com), [www.kalyanigroup.com](http://www.kalyanigroup.com)