Whistleblowing or Crying Wolf at Infosys?

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Forbes INDIA

Shiv Nadar, **HCL Technologies**

Anil Rai Gupta, **Havells India**

Saugata Gupta, **Marico Ltd**

Manu Kumar Jain, **Xiaomi**

Good to Great

The winners of the 2019 Forbes India Leadership Awards

Sandeep Patel, **Nepra**

ES Ranganathan, **Indraprastha Gas**

Nadia Chauhan, **Parle Agro**

Bhaskar Bhat, **Titan**

(From left): Sujeet Kumar, Amod Malviya & Vaibhav Gupta, **Udaan**

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Welcome to the

Forbes INDIA

Tablet Edition

Great leaders have a good gut and back it up with the willingness to stay the course

The Winning Attitude

Lists abound of the greatest leaders of the modern world. The names may vary here and there but a handful make it to most of such lists. Bill Gates makes the cut, as might Walt Disney; but most conspicuous are those who changed the destiny of nations and their people by challenging the status quo, articulating a vision and inspiring millions to work towards executing it. Think Martin Luther King Jr, Mahatma Gandhi and Nelson Mandela—and, if charisma, empathy and the ability to drive change (via armed struggle, in this case) are essential attributes of leadership, the countercultural icon of rebellion Che Guevara cuts the mustard, too.

Gandhi or Guevara or Gates, leaders across the spectrum—from politics to sports to business—share common attributes. And it's these traits that are in ample display in the winners of the Forbes India Leadership Awards 2019.

Honesty coupled with the ability to inspire people is one of them. Our winner for Best Multinational CEO, Xiaomi's Manu Jain, displayed plenty of that. "We made a lot of mistakes in our offline journey," he tells Rajiv Singh. The context: Xiaomi's attempt to take the online-only brand offline, for which it tried and erred more than once by following what others were doing. Jain eventually decided it was time to devise his own strategy and exhort his team to play by the rules laid down by him. The results have been spectacular, as you will find out on page 58.

The recognition of the need to empower is also what sets apart winning leaders from the rest of the pack. If Saugata Gupta is the Best Private Sector CEO this year, a part of the credit should go to Marico founder Harsh Mariwala. As Salil Panchal writes, Gupta was three years in Marico when Mariwala reckoned he had found the man to lean on in the transition from a family-run commoditised business to a professionally-run consumer products entity. Almost five and a half years after the board appointed Gupta as CEO, Mariwala has adequate reason to pat himself on the back.

Great leaders, to be sure, have a good gut, and back that up with perseverance and the willingness to stay the course. The winner of the award for Lifetime Achievement, the 74-year-old Shiv Nadar, fits in that mould. He is, after all, the man who in the 70s saw the advent of the microprocessor, which drove him to launch HCL in 1976. "I have a strong instinct, but most of the time it is backed by some solid work," Nadar tells Harichandan Arakali in a rare interview. Don't miss the story on page 46.

There are other winners too, from this year's Outstanding Startup and GenNext Entrepreneur, to the Entrepreneur with Social Impact and the crowning glory—the Entrepreneur For the Year. I won't give away any more. The package on the Forbes India Leadership Awards begins on page 36. Helmed by Panchal, who also put together a stellar jury to pick the winners, the awards are *Forbes India*'s way of honouring the outperformers in Indian business at a time when the going has been tough. But you know who gets going at such times...

The big story of this issue is Infosys's by-now frequent run-ins with whistleblowers—since 2017, the IT services giant has been at the receiving end of at least six anonymous emailed complaints of misgovernance. Kunal Talgeri dives deep to explore whether such frequent blowing of the whistle may be a case of crying wolf. That's on page 18.

STORIES TO LOOK OUT FOR

▲ (From left) Salil Parekh, the Infosys CEO, has been at the receiving end of whistleblower complaints; HCL founder Shiv Nadar has won Forbes India's Lifetime Achievement award for 2019

Brian Carvalho
Editor, *Forbes India*
brian.carvalho@nw18.com

Best,

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Salil Parekh, CEO of Infosys, has led a strong recovery, but the whistleblower complaints have cast aspersions on that

AMIT VERMA

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Pardeep Jain, founder and managing director of Karbonn Mobiles, has a four-pronged strategy to stage a comeback

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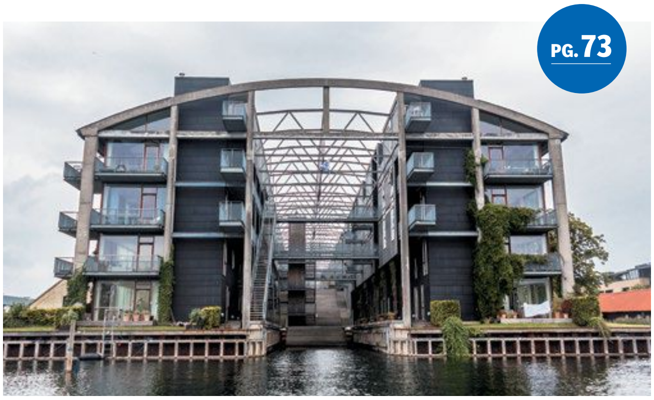

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A torpedo factory in Copenhagen that has been converted into a residential block of apartments

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Derinkuyu, in Turkey's Cappadocia, is the largest underground city of the country

LIFE

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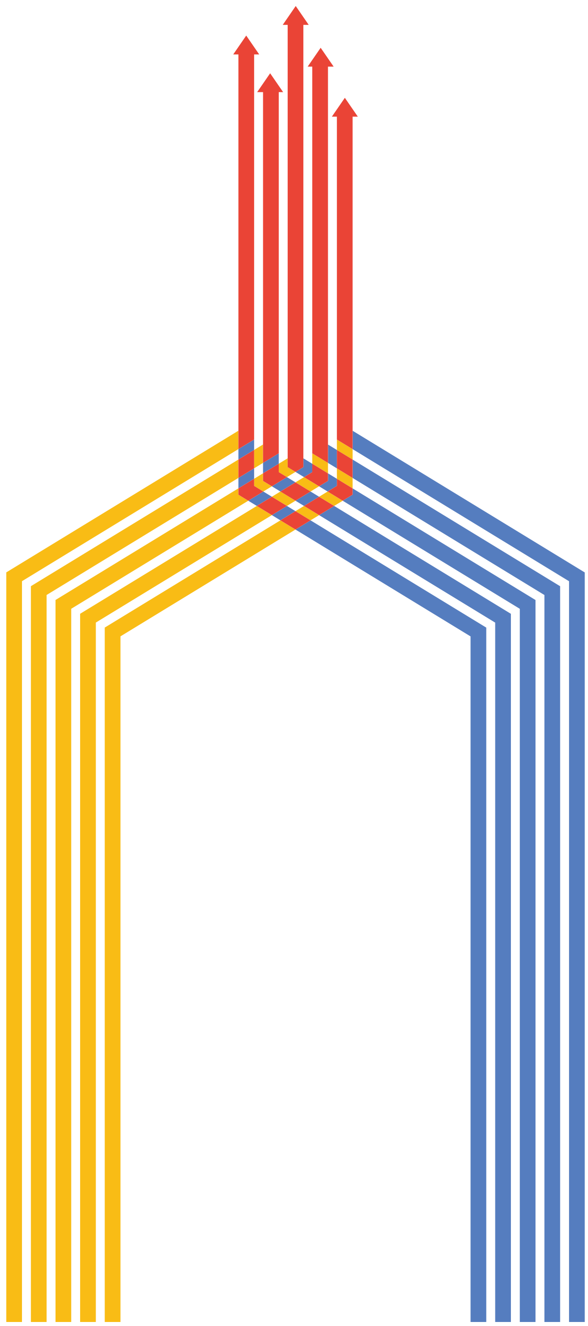

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ECONOMY

Slowdown's Firm Grip

A host of indicators point to the slowdown becoming more entrenched

CHAITANYA DINESH SURPUR

AS THE INDIAN ECONOMY started slowing since last Diwali, car sales dipped, consumer goods companies reported lower volume growth and businesses found it harder to borrow money. As growth continues to weaken, a host of indictors are pointing to a much deeper malaise than initially believed. Diesel sales are down and with it truck sales; loan growth has fallen and wholesale price inflation, a key indicator of the pricing power of industry, now reads below 1 percent.

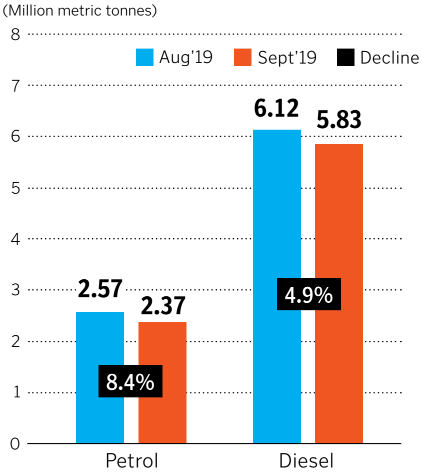
The immediate result has been a realisation that growth in FY20 is unlikely to revive. GDP estimates for FY20 have been cut to 5 percent from the earlier 6.1 percent, according to Soumya Kanti Ghosh, chief economic advisor of the State Bank of India. He points to the global growth slowdown and the lack of demand from the Indian consumer as primary culprits even as he believes that further rate cuts are unlikely to revive demand on account of the leverage consumers have already taken.

When might growth revive? Look for increased credit growth, rising imports and higher truck sales. Ghosh believes that is at least two quarters away and has penciled in 6.2 percent as his FY21 target.

• SAMAR SRIVASTAVA

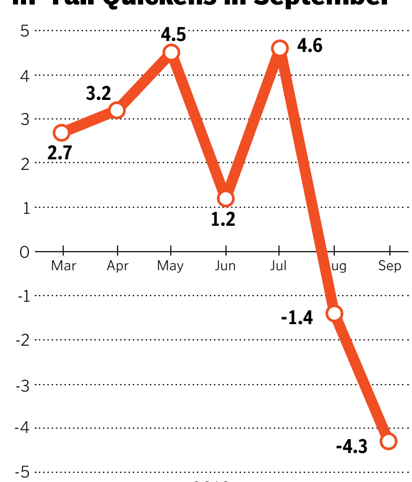
Fewer Buyers of Diesel and Petrol

(Million metric tonnes)



SOURCE Petroleum Planning and Analysis Cell

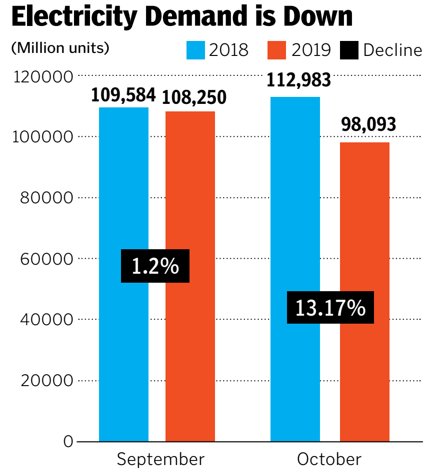
IIP Fall Quickens in September



SOURCE Ministry of statistics

Electricity Demand is Down

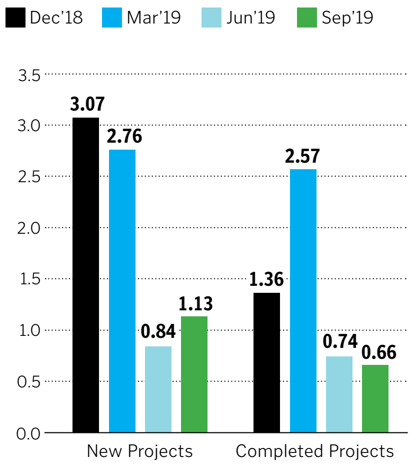
(Million units)



Industrialised states	Oct Decline
Maharashtra	22.36%
Tamil Nadu	5.27%

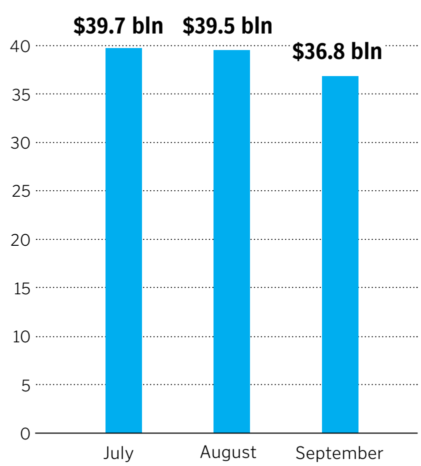
SOURCE Central Electricity Authority

Projects Stalled (₹ tln)



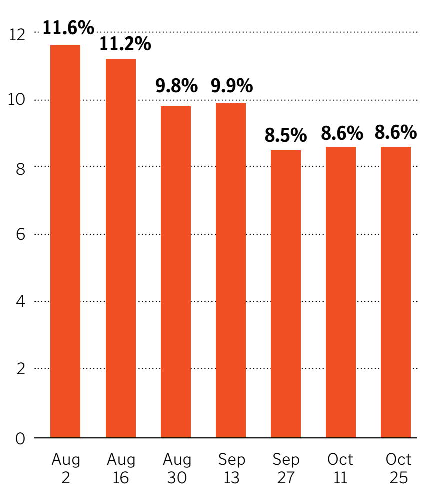
SOURCE CMIE

Downturn Hits Imports (bln)



SOURCE Director General of Foreign Trade

Loan Growth Falls



SOURCE RBI

VEHICLES

Auto Sales in First Gear

October sees improvement but can the momentum be sustained?

PRADEEP GAUR / MINT VIA GETTY IMAGES

AFTER 11 MONTHS OF SLUMP, India's automobile sector had something to cheer about during the festive month of October. Sales of passenger vehicles—comprising cars, utility vehicles and vans—grew by 0.28 percent, arresting a massive decline that began last October. Sales of utility vehicles, a category which has models such as Kia Seltos, Hyundai Venue and MG Hector, grew by 22 percent.

"There was some heavy discounting during this period which increased footfall across showrooms," says Puneet Gupta associate director of Automotive Forecasting at IHS Markit. "The dealers can now work on the inquiries and offer something good over the next few months to sustain sales."

A mix of factors ranging from availability of finance and improved lending rates, in addition to new models, and deals on outgoing models, including the likes of Maruti Suzuki Brezza, have been instrumental in the recent improvement in sales. Yet, overall passenger vehicle sales during the April-October period fell by 20 percent from 20,28,502 to 16,18,278 units.

In October, car sales fell by 6.34 percent to 173,649 units, while motorcycle sales declined by 15.88 percent to 11,16,970 units. Sales of two-wheelers also went down by 14.43 percent to 17,57,264 units while commercial vehicle sales fell by 23.31 percent to 66,773 units.

"We are in the last leg of the slowdown," says Deepesh Rathore, co-founder of Gurugram-based automotive consultancy Emerging Markets Automotive Advisors. "The responses to the new models have been good. We will need a few facelifts and new launches to keep the excitement up. We are optimistic about 2020."

• MANU BALACHANDRAN

43.3%

The percentage of feature phones in mobile phone shipments in India

SHUTTERSTOCK

ECOMMERCE

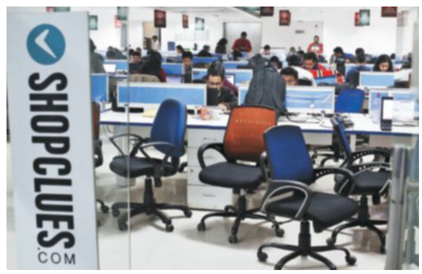
The Qoo10 Code

Gurugram-based startup ShopClues was acquired by the Singapore company for approximately $70 million in an all-stock deal

BELEAGUERED ECOMMERCE company ShopClues has found an unlikely home. Once a unicorn, the Gurugram-based startup was struggling to keep afloat due to a fund crunch. It was bought by Singapore's Qoo10 for approximately $70 million in an all-stock deal in early November.

Qoo10, barely known in India, is a popular ecommerce platform in Singapore, Hong Kong and Malaysia. It is the brainchild of Ku Young Bae, an ecommerce veteran is Southeast Asia. Bae took a plunge in the internet economy in 1999 with the launch of Seoul-headquartered GMarket, which was the first South Korean company to be listed on Nasdaq in 2006. In 2009, eBay acquired GMarket for $1.2

ANINDITO MUKHERJEE / REUTERS



billion after buying out shares from existing investors Interpark, a South Korean mall operator, and Yahoo. GMarket was subsequently delisted from the exchanges.

In 2010, eBay entered into a joint venture with Bae to form Giosis, which operates the Qoo10 brand that is a pan-Asian ecommerce marketplace. In July 2018, eBay acquired Qoo10's Japan business for $573 million and gave its holding in the firm's businesses across other geographies.

Headquartered in Singapore, Qoo10 has since emerged as Singapore's biggest ecommerce firm, ahead of Alibaba-owned Lazada Group, Rocket internet's Zalora, IDG-backed ezbuy and Shopee, a venture of Tencent-backed Sea group.

Qoo10 has raised approximately $230 million from investors such as Singapore Press Holdings, Saban Capital Group and Oak Investment Partners, among others. It has separately raised $50 million for its cross-border logistics subsidiary Qxpress from Crescendo Equity Partners. A *Bloomberg* report in April 2019 said, "Tencent-backed Sea bled roughly the same amount every three months last year to expand Shopee. Alibaba, meanwhile, has pumped in a total of $4 billion since acquiring control of Lazada in 2016."

• SAYAN CHAKRABORTY

STREET SMARTS

Long Live Feature Phones

Smartphone sales are slowing down, but not because the Indian market is nearing saturation

A RECORD 46.6 MILLION UNITS of smartphones were shipped in India in the third quarter of 2019, a 26.5 percent quarter-over-quarter (QoQ) growth, according to a recent IDC report. This comes at a time when global smartphone shipments inched ahead by 0.8 percent in the third quarter over a year ago, reversing seven quarters of decline. In terms of QoQ, the numbers were 8.1 percent higher than the previous quarter.

India may seem to be bucking the trend, right? Well, not quite. Smartphone sales, reckon analysts, are headed for their slowest annual growth in three years, and are likely to end the year below 10 percent. This would be on the heels of 29 percent, 5 percent, 14 percent and 14 percent growth since 2015.

UNIT SHIPMENTS (Million units)	2015	2016	2017	2018	2019 Q1	2019 Q2	2019 Q3
Feature phones	150	140	164	181	32	32	36
Smartphones	104	109	124	141	32	37	47

SOURCE IDC

Would that mean that, like China, India's mobile phone market is nearing saturation? Maybe not. Feature phones posted a 17.5 percent year-on-year growth in the third quarter. Their resilience is impeding the growth of smartphones. Every year, India adds 60-70 million first-time smartphone users. With 15-18 percent of the market still under ₹7,000—this segment is not growing—millions of 2G feature phone users don't find a reason to upgrade. Reason: The price gap between a feature phone and a smartphone with reasonable experience is ₹3,000-4,000. "Unless the switch happens, smartphone numbers will not rise," says Tarun Pathak, associate director at Counterpoint Technology Market Research. "There is enough headroom for growth, but that will happen only when new smartphone users are added."

• RAJIV SINGH

97%

Of airline passengers in the US will be subjected to facial recognition by 2022

SHUTTERSTOCK

TECHNOLOGY

Face-Off Over Facial Recognition Systems

Opponents cry invasion of privacy and absence of a proper law, while proponents say it automates existing police procedures

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EARLIER THIS YEAR, THE National Crime Records Bureau (NCRB) invited bids to set up a centralised Automated Facial Recognition System (AFRS). The platform is expected to help the police identify people by matching facial features, with data available from any existing database. However, the proposal brought to the fore concerns about invasion of privacy and the absence of legality. The initial deadline has been extended four times, November 7 to November 30 and now, January 2020. The NCRB hasn't given a reason for it.

The Internet Freedom Foundation (IFF), a Delhi-based non-profit organisation, has sent a legal notice to the NCRB questioning the idea of setting up a centralised AFRS. "The system is a gross violation of our right to privacy and has no legal basis," says Joanne D'Cunha, IFF's associate counsel. The NCRB responded by saying the AFRS does not violate privacy and that it, "automates the existing police procedure of comparing suspects' photos with those listed in LEA's [law enforcement agency] databases". However, unlike fingerprinting, there are no clear laws or regulations for facial recognition.

"THERE IS A POSSIBILITY THAT IT WILL MISIDENTIFY CERTAIN CATEGORIES OF FACES MORE THAN OTHERS."

"Although there is a Supreme Court judgment, there is no statutory procedural law which would govern this kind of data collection," says Divij Joshi, technology policy fellow at Mozilla Foundation, a global non-profit. He adds that even under the Criminal Procedure Code and The Evidence Act—the primary legislation used to control the use of evidence and criminal procedure by the police—there is nothing that talks about facial recognition. "Facial recognition is completely unregulated." Although the NCRB states that the ARFS is legal, D'Cunha argues that NCRB claims its legality stems from the Cabinet Note for Crime and Criminal Tracking Network Systems, which "is not a legal authority".

Adds Joshi, "There is a possibility that it will misidentify certain categories of faces more than others, which will mean that those categories will be more likely to face police scrutiny and investigation." The chances of biases, stereotypes and assumptions are high, warns the IFF.

However, this is not the first time that such a technology is being used in the country; there are state police departments who have attempted using them. The IFF says the facial recognition software used by the Delhi Police had a 1 percent match rate and misidentified images of boys with girls. On some Indian private players who are developing such systems, Joshi says, "Their algorithms are based on Bollywood movies. Such data is hardly representative for the purpose of building probabilistic identification systems."

Facial recognition systems have been banned in San Fransico and Massachusetts. However, countries such as China, Japan, the UAE and Singapore continue to use them for airport security and evaluating student behaviour in schools.

• NAINI THAKER

27%

The growth in luxury spending by millennials in India between 2014 and 2018

SHUTTERSTOCK

SPENDING

Luxury Over Sustainability

A study shows millennials don't look for sustainability as a feature while buying luxury products

MILLENNIALS MAY BE conscious about sustainability, but it does not go hand-in-hand with luxury for them, according to a study co-authored by Anne Michaut, associate professor of marketing, and Jean-Noel Kapferer, emeritus professor of marketing at HEC Paris, an international business school. They surveyed 3,000 multigenerational consumers across borders.

"People are under the impression that millennials would be more sustainability oriented in their attitudes and also in terms of expectations towards brands to be more sustainable. The truth is that's not the case. They are no more sensitive than other generations," says Michaut.

SHUTTERSTOCK

Abhay Gupta, founder and CEO of Luxury Connect, says, "When it's a luxury product, I don't think [sustainability] is high up in their decision to purchase. For a non-luxury product, it plays a big role." Shankar Prasad, founder of Pureplay Skin Sciences (India), concurs, "People don't look for sustainability as a core feature."

Michaut says there are three drivers behind this. The first, consumers accept that luxury products may not be sustainable. The second is the impression that sustainability in the luxury sector will not make a difference. The last is that the consumers believe the brand will take care of sustainability.

• PRANIT SARDA

FINANCE

Millennials Chase Credit

A recent study finds they opt for short-term loans and monitor their credit scores

MILLENNIALS HAVE BECOME credit hungry, but credit conscious too. According to a recent study by TransUnion Cibil, those born between 1982 and 1996 self-monitor their credit scores and have an average Cibil score of 740. The number of self-monitoring Indian millennials grew by 58 percent between 2016 and 2018 while credit-conscious non-millennial consumers increased by only 14 percent.

"Our observation is that the millennials are earning more, saving less and have a higher propensity for credit than other demographics. Millennials are more digital savvy, more easily accessible digitally, and thus often approached in parallel by multiple lenders. This can result in accidental over-leverage in some cases. So, education, awareness and conscious borrowing is as important to them as other credit seekers," says Prashanth Ranganathan, founder and CEO of PaySense, a digital lending startup.

Millennials constitute nearly 34 percent of the Indian population. They have a marked preference for unsecured loans, and credit cards, personal loans and consumer durable loans contributed to 72 percent of all loans availed by this segment, according to the study. Credit cards

Leveraging Loans

72%	of all loans are for credit cards, personal reasons and consumer durables
9%	of the total loans are for two-wheelers and cars
64%	apply for credit within three months of checking their score
34%	avail of a credit card, and/or open a new loan account

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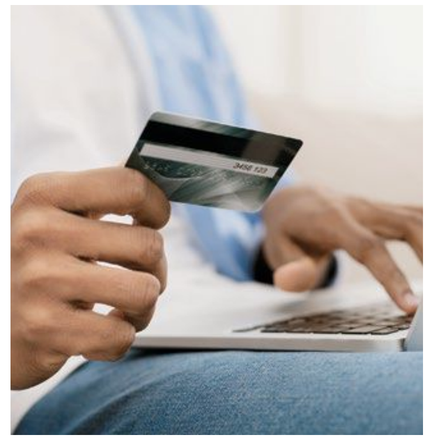


topped the chart for loans as of June 2019 while the least credit was taken for agriculture and education.

Millennials enjoy spending on travel, gadgets, smartphones, vehicles and constantly upgrade their lifestyle. They don't hesitate in opting for short-term lending. Sujata Ahlawat, vice president and head of direct to consumer interactive, TransUnion Cibil, says, "If you see the kind of loans that the millennials are opting for, the top three being two-wheelers, consumer durables and credit cards, I don't see that posing a risk to the system. In fact, we see a larger set of credit aware consumers coming into the ecosystem."

Gujarat's millennial population has topped the chart for being the most credit-conscious with an average score of 747. Haryana follows with a score of 743. At 734, Delhi's average credit score is the lowest.

Millennials understand the importance of maintaining a positive credit footprint. "This credit awareness will help them be ready to take advantage of lenders' offers such as lower interest rates while applying for large-ticket loans such as home loans," says Ahlawat.

• NAANDIKA TRIPATHI

1.65 Lakh

The number of Indian tourists expected to visit Los Angeles by 2023

SHUTTERSTOCK

INTERVIEW

‘LA is a Social Experiment Everyone is Attracted to’

Ernest Wooden Jr on Los Angeles being the first US city to set up a tourism office in India

ERNEST WOODEN JR, CEO & president of the Los Angeles Tourism Board and Convention Centre, says India is going to be one of the fastest-growing markets for the US, and Los Angeles (LA) in particular. They opened their first tourism office in India, in Mumbai, with a soft-launch this August. Edited excerpts:

What made you set up an office in India?

We are responsible for identifying markets around the world that are prime to generate visits to Los Angeles (LA). About 12 or 13 years ago, we identified China as one of those emerging markets. Very few people came from mainland China to LA then, but today, it is our No 1 international market. We see various similarities in China’s and India’s relationship with LA; we think it’s going to be one of the fastest-growing markets for the US, and LA in particular, over the next several years. Year-over-year growth, in the short term, will average about 5 percent per year. This number could explode if we do our work well.

What sort of traveller segment are you targeting from India?

The easy way is to identify the relationship between Hollywood and Bollywood, and cultivate that. But one of India’s greatest exports is education, and we have unbelievable university infrastructure in LA, with USC, UCLA and others, and look forward to having not just students, but also their friends and families visit the city. The one thing that

distinguishes this market from the others are flights coming directly into LA, especially from Dubai and other Middle Eastern airlines that are popular in India. The airline competition lowers price for travellers.

You mentioned a lot of business travellers come from India... what sort of businesses are drawing them, beyond entertainment?

The movie business is, of course, an important one. But the larger chip here is technology. Silicon Valley has had the brand identification for a while, but many new startups are occurring right in LA. Biometrics is a big focus area, as is internet security. We see a lot of content startups, and those navigating the 5G space.

How does LA tourism from India compare with that of New York or San Francisco?

Very favourably. The reality is that we are a different experience. Even in California, San Francisco gets cold! LA is one of the most diverse cities in the world, with no dominant ethnicity. It’s like a huge social experiment that everyone is attracted to—particularly millennials—and it shows in the way we think about business, music, the arts, even food. We’re confident that once we can identify that segment and get them to LA, they’re going to want to come back many, many times.

• PANKTI MEHTA KADAKIA

Indians in Hollywood

- Los Angeles Tourism hopes to end 2019 with 135,000 Indian visitors—a 5.1 percent year-on-year increase; projects 22 percent growth from India over four years
- Delhi is set to bring in 17 percent of the Indian traveller pie; Mumbai 14 percent
- India is the fifth largest foreign exchange generator for the US at $15.8 billion, after China ($36.4 billion), Canada ($22.1 billion), Mexico ($21.1 billion) and Japan ($16 billion)

60%

Of YouTube's content is consumed outside the metro cities

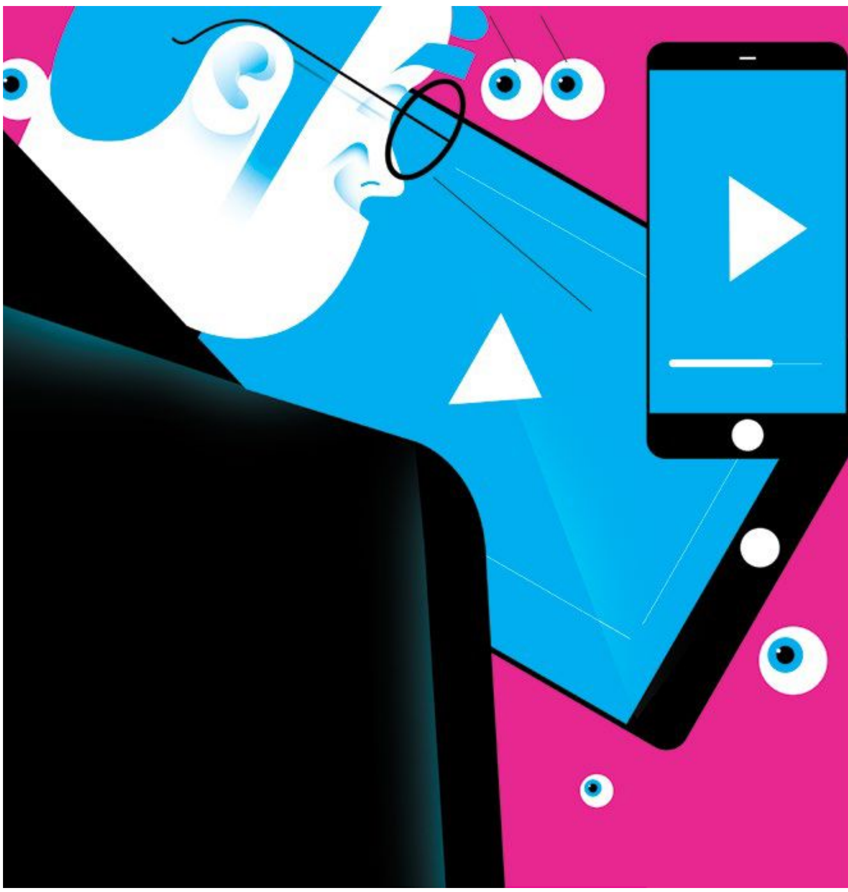
SHUTTERSTOCK

GETTING EYEBALLS

India's Digital Video Consumption Grows 2x in Two Years

A report by BCG and CII takes a look at how this trend can be monetised

SAMEER PAWAR



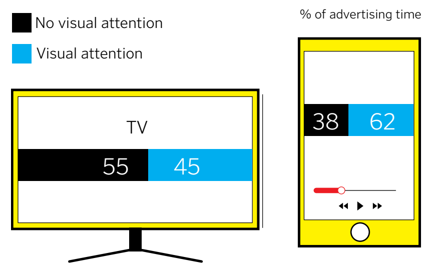
THE BOSTON CONSULTING Group (BCG) and Confederation of Indian Industry (CII) released a report in November on India's digital video consumption, titled 'The trillion (and growing) touchpoint story–recognising the monetisation conundrum'. It shows that the average Indian's digital video consumption has grown 2x in the past two years, owing to surging smartphone adoption, low-cost mobile internet and industry initiatives.

The report adds that the industry has invested heavily in making customer-centric video experiences, building micro-genres and experimenting with different formats. "The subscriber video on demand (SVOD) user base is truly democratised, having moved beyond the 3Ms: Metros, males and millennials," Karishma Bhalla, managing director and partner, BCG India, tells *Forbes India*.

A key task for the industry now is to figure out how best to monetise this medium. The study finds that digital video ads receive better engagement than those on television, but some issues persist.

• PANKTI MEHTA KADAKIA

Digital Video Gets More Eyeballs for Advertisers



- **55%** viewers use TV advertising time to multitask, switch screens or skip content. In comparison, mobile advertising commands more viewer attention
- A lighter advertising load on OTT can drive higher recall for brands

Advertisers are Leaning Towards Digital Because of:

- Improved targeting
- Real time tweaking possibilities
- Better return metrics
- Less expensive

100%

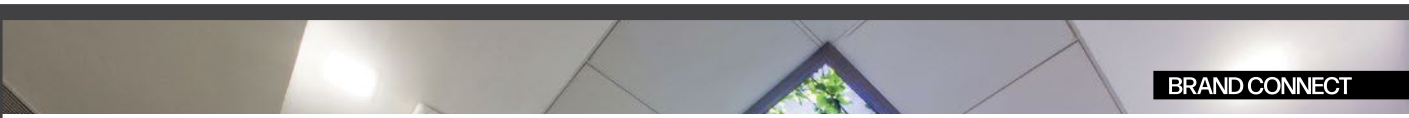
respondents believe digital platforms enable more granular targeting

Growing Concerns

- No third-party regulator can validate companies' self-reported metrics
- There's a lack of consensus on what to measure, and how impressions are calculated
- The balance between personalisation and privacy invasion
- Ad fraud: Are views coming from bots or real humans?

Brand safety

It's difficult to know where and next to what your advertisement will be shown



P. D. HINDUJA HOSPITAL:
PROVIDING NEW AGE CANCER CARE WITH HUMANE TOUCH

The word "Cancer" cannot go unheard, as it is the second leading cause of death in India. The alarming rise of cancer amongst individuals is setting an unprecedented scare among people. Cancer is no longer only a disease of the smokers, mainly due to the adversely changing lifestyle and environmental factors. Women are more prone to cancer as compared to men, because of biological and social reasons. The major reasons are lack of awareness and access to healthcare facilities which leads them to a "too late" stage due to which they are unable to seek timely medical help.

P. D. Hinduja Hospital & Medical Research Centre, a leading tertiary care hospital in Mumbai, is known for its global standards of providing quality care and has been a pioneer in adapting the latest advancements in medical technology. The hospital continues to abide by its vision of providing "Quality Healthcare for all". The hospital boasts of national and internationally acclaimed doctors, innovative technology and state-of-art facilities to cater to the needs of patients.

P. D. Hinduja Hospital & MRC was amongst the first hospital in the country to start a dedicated oncology care center and is today a referral center for cancer patients from all over the world. It provides holistic cancer care with a humane touch and is well equipped to treat all forms of cancer.

The state-of-the-art diagnostic facilities, lab and imaging services offered at the hospital are outstanding. Some of the treatment modes specially dedicated for cancer care are:

1) Medical Oncology: This modality of treatment uses therapies like chemotherapy, immunotherapy and targeted therapy. The hospital has two day care centers, a dedicated in-patient department, and a BMT unit exclusively to treat cancers related to blood. The hospital offers treatment at par with global standards.
2) Radiation Oncology: The hospital has the latest Linear Accelerator to provide precise and accurate radiation therapy for cancer, reducing the risk of side effects. For complex brain tumor treatment, the hospital has the latest Leksell Gamma Knife Perfexion, being the only hospital in western India, having this facility. It is also amongst the few centers in the country to provide Brachytherapy treatment for cancer.
3) Surgical Oncology: Although there have been advances in medical therapies on a technology front, surgeons play a significant role in bridging the gap to provide treatment. The renowned experts at the hospital are trained internationally to provide state-of-the-art treatment like key hole surgery, robotic surgery, and laser surgery to name a few. The role of a surgeon is to provide a humane touch that involves step by step guidance from the diagnosis to treatment.

At the hospital, patients are also provided with emotional and mental support where individuals from in-house support groups like Mahek & Udaan assign dedicated time to help patients and to have a proactive approach towards their journey.

The innovation in technology has now also provided for new means of care and prevention of the disease. Today, cancer if detected in an early stage is a curable disease.

THE NEXT BILLION CUSTOMERS ARE DIGITAL BUT NOT ALWAYS SAVVY

At the recent Mumbai leg of the Forbes India One CEO Club roundtable, India's top chief executives spoke about how to tap into the next billion customers and the challenges their businesses face in doing so.

By Samar Srivastava

(L to R standing) **Tarun Katial**, CEO, ZEE5 (Essel); **Ritesh Pai**, Group President, and Chief Digital Officer, Yes Bank; **Kamolika Peres**, Director of Sales, Google Cloud India; **Avlesh Singh**, Co-founder & CEO, WebEngage; **Jamshed S Daboo**, Managing Director, Trent Hypermarket Pvt Ltd (Star Bazaar); **Arnab Banerjee**, COO, CEAT, RPG Group

Five chief executives from both new-age ventures and traditional businesses sat down on October 15, 2019, to share their thoughts on the 'Next Billion Customers of Digital India', at the Mumbai leg of the Forbes India One CEO Club's Digital Leadership series roundtable, conducted in partnership with Google Cloud India.

The round table saw Ritesh Pai, Group President, and Chief Digital Officer, Yes Bank; Avlesh Singh, co-founder and CEO, Webengage; Jamshed S Daboo, managing director, Trent Hypermarket; Arnab Banerjee, chief operating officer, CEAT and Tarun Katiyal, CEO, ZEE5 shared their thoughts on how the next billion customers are different from the ones businesses have been used to selling to so far, and what they can do to get them into an ecosystem where they can use these services in their native languages.

For those who think just getting websites up is a challenge, Jamshed Daboo, managing director, Trent Hypermarket believed that it is equally important to get customers to be aware of their products online. So while there is one set of customers shopping online, there is a huge mass of customers who while digitally savvy (they watch videos on their mobile) are not aware of the kind of products one can shop online.

"The paradigm we are using to attract the so-called digital-savvy customer has to change when the customer is becoming digital before becoming savvy," he said. As a result, the next billion customers won't be about pushing sales but also about raising awareness. It was a point echoed by Avlesh Singh, co-founder, and CEO, WebEngage who said that for the first 100 million (customers), we were able to copy-paste everything from the US, but for the next billion you'd have to think differently from the ground up.

For mature businesses like CEAT, an offline engagement is necessary have, for the most part, supplemented by an online strategy that is used to engage customers and then convince them to buy products. Using experts to advise customers on what tyres to buy is one example. "So some of the key influencers we engage directly is when a product upgrade or new product coming, so we offer them to try it out." Arnab Banerjee, chief operating officer, CEAT, said. The tyre also has similarities with other businesses in that customers can always use social media channels to vent their frustration against a product. Since this is a purchase that is not done too frequently, customers even those that are less savvy do research online and can be sensitive to feedback. As a result CEAT has set up a team to proactively monitor online feedback and complaints.

For new--age and digital-only businesses, the challenge has been to go deeper in order to reach these customers. Yes Bank was started as a bank that was a digital native, as it did not have the weight of the legacy IT systems. The upside of this was that the bank could make a platform that appealed as much to millennials who rarely enter a bank branch as well as corporates that need a robust platform. For new customers, it is critical that the infrastructure built allows the bank to cross-sell and upsell its services, according to Ritesh Pai, group president, and chief digital officer at Yes Bank.

Zee5 has taken a bet on vernacular languages. "Over the last 27 years, ZEE has built the length and breadth of content in this country, and we serve content today in languages that nobody else does. Right from Malayalam at one end to Bangla the other, to Tamil at one end to Punjabi at the other, everything is included. The regional play that ZEE5 has been humongous, including Hindi obviously. So far, it has deployed 100,000 hours of content and we continuously deploy on an on-going basis, which was a big advantage," said Tarun Katiyal, CEO of Zee5. Add to that hyper-personalisation and the fact that Zee5 has worked hard on getting its user interface in place for vernacular languages, the company is confident it can tap into customers.

Reaching a billion new customers is a challenge but once there, the next big challenge is loyalty. Jamshed Daboo believes that the online customer is more 'promiscuous' than others. Avlesh Singh who runs a web-only business spoke about how businesses themselves are spoiling customers and allowing them to be disloyal. "(It is) because the guy has choices. Businesses talk about how their customers now know they should not buy in a single go because if they wait for a day, they will get a 30 percent discount. This is not just anecdotal but from experience. People know how to game your company. How can you build a business when customers know that they can get a better deal if they don't buy in a single flow," Singh averred.

Catering to the next billion customers also needs a strong infrastructure backbone while, at the same time, making it more relevant for customers. "We fundamentally believe that the next billion users will have very different consumption patterns; the information he or she will seek, the way that he or she will interact with technology is very different," said Kamolika Peres, Director of Sales, Google Cloud India. The company has started a job seeking platform designed for first-time users in Bangladesh, connecting users to jobs that they would fit into. Voice is also likely to be a large part of the offering for the next billion customers. Typing in search terms may be difficult and so getting them to speak into their feature phones is a better option. "I think it's going to be a combination voice and text. We have launched Google assistant on phone calls. You can actually do a Google search on a phone call which lets us create a credible set of solutions offerings and relevant positioning for the next billion users. So I think it's one of the most fascinating problems that we have tackled," Peres added.

Forbes INDIA ONE CEO CLUB
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Whistleblowing or

Infosys has been no stranger to anonymous complaints, but the whistleblower mechanism may have just devolved into a tool to rock the IT services giant's boat

By KUNAL TALGERI

Be careful with this message, warned Google Mail on October 20. It was referring to an 8.42 am email in my inbox. "'Whistleblower' has never sent you messages using this email address," opined Google, with an auto option to report the sender for phishing.

Indeed, the Sunday morning email was from an Infosys whistleblower, but from a new username and domain address. It wasn't from the Infosys whistleblower of 2017 and 2018, which came from a different email address and username.

The 2017-18 batch of whistleblower complaints had built on a set of explosive moot points from yet another whistleblower in 2016, which centred around "serious corporate governance issues and conflict of interest issues" under Vishal Sikka, the CEO of Infosys until August 2017.

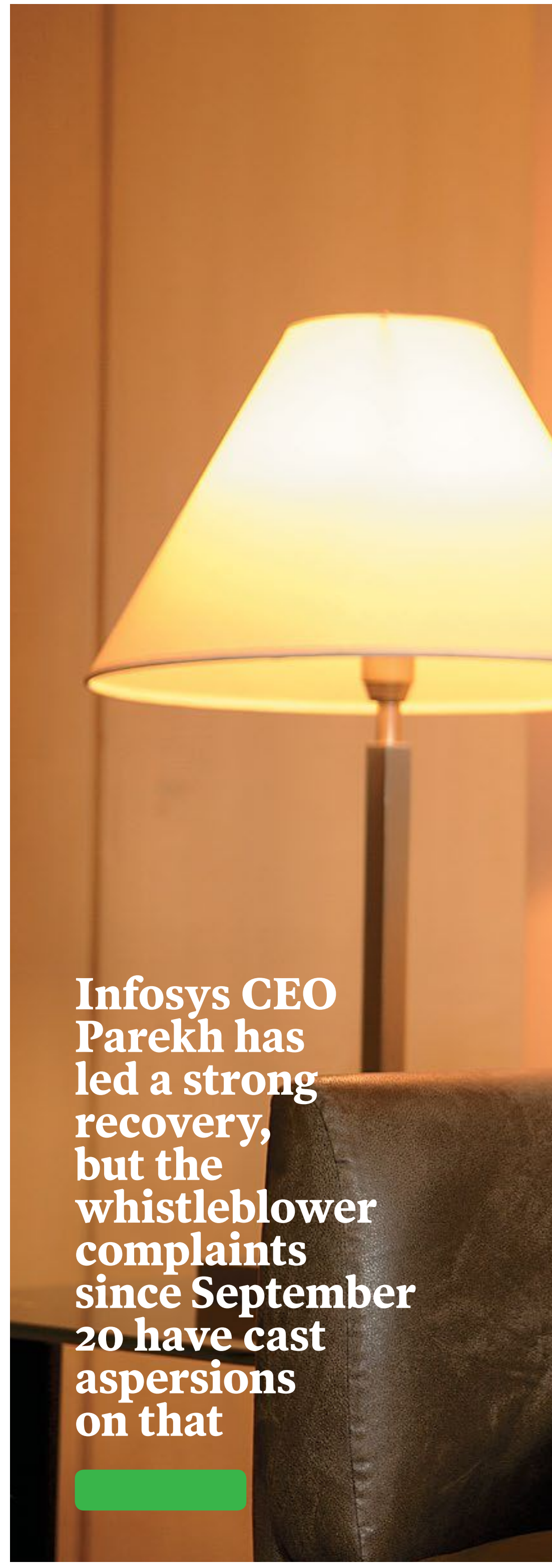
Marking journalists on emailed whistleblower complaints had become a covert method in the 2017 campaign to usurp Sikka, and change the board of directors under R Seshasayee, giving the informants mileage on mass media. WhatsApp, an instant messenger, enhanced the whistleblowers' reach. The campaign ended with the resignations of Sikka and Seshasayee.

The allegations were never proven, at least not to the public. This was unusual for Infosys, in which promoters control only 13 percent of a publicly-listed company, and hence leaned towards a culture of timely disclosures and accountability. But the Infosys board under chairman Nandan Nilekani neither admitted nor denied the findings of the 2017 inquiry into the Panaya buyout. The whistleblowers had repeatedly questioned the acquisition. The board, satisfied with the independent inquiry, wanted Infosys back to business.

Apart from journalists being privy to the complaints, there is another common feature between the October 2019 and the 2017-18 complaints. (*Forbes India* has copies of these.) In all instances, emails were marked to six or more officials of the Securities and Exchange Board of India (Sebi), including its chairman. This legitimised the complaint, making it believable.

But does that mean whistleblower allegations are based on evidence, or can be cross-verified? Are the recent whistleblower charges—against Infosys current CEO Salil Parekh and CFO Nilanjan Roy—in the October 20 email true? Or has the whistleblower mechanism devolved into a tool to rock the Infosys boat again in the WhatsApp age? In a November meeting with investor analysts, Nilekani addressed both sides of the predicament.

First, the scope for misuse. He said: "If a company does not have the opportunity to thoroughly investigate any complaint, this (whistleblower) right could inappropriately shift from a corporate safeguard to becoming a conduit for abuse, allowing an individual to manipulate a company's operations



Infosys CEO Parekh has led a strong recovery, but the whistleblower complaints since September 20 have cast aspersions on that

Crying Wolf?

ABHIJIT BHATLEKAR / MINT VIA GETTY IMAGES

or reputation without due process."

While replying to an analyst's question later, Nilekani stood up for whistleblower protection: "Please understand... If a whistleblower has raised a genuine issue and is dealing with the company, he should be protected against the company...We are not in the business of finding out who did it. That would be inappropriate."

HOW IT HAPPENED

In the October 20 email to the media, the whistleblowers (identified as 'Ethical Employees') questioned the Infosys management's accounting practices. In the past four quarters, the company has reported year-on-year growth rates ranging between 8.4 and 10.6 percent.

The allegations against Parekh and Roy were first spelt out in a complaint dated September 20, a month before it was forwarded in an email to the media. Infosys claims it became aware of the allegations on September 30, after a board member got the complaint titled 'Disturbing Unethical Practices' and another (without a date) 'Whistleblower Complaint'.

According to a source, the complaints did not have any evidence. Neither did Infosys get email evidence or voice-recordings in support of the allegations, which the informant claims to have enclosed in a letter to the Whistleblower Protection Program (WPP) under the US Department of Labor in Washington DC. This letter to the US was dated October 3, and substantiated the claims made in the first complaint by 'Ethical Employees'.

This letter was also the most sensational, as it suggests that details of supporting evidence were enclosed. Its subject refers to "wilful mis-statement and material accounting irregularities..." Infosys learnt about this complaint on October 16.

According to securities law, the onus lay on Infosys to respond to an informant even without evidence. Any whistleblower policy kicks into action from the time a company receives the complaint. According to the Infosys Whistleblower Policy, "All reports under this Policy will be promptly and appropriately investigated, and all information disclosed during the course of the investigation will remain confidential..."

Infosys says it placed the whistleblower complaints before its audit committee, chaired by financial expert D Sundaram, on October 10. It was then placed before the non-executive board members on October 11, the day the company announced its second-quarter financial results and its management faced investor analysts and the media. But they didn't mention anything about the complaints.

On October 20, when members of the media received this complaint by email and reported it, the issue started to reverberate across stock markets. The 'Ethical Employees' had scored; the Infosys' board had been late.

"On October 18, two days before the complaints were made public, the chair of our Audit Committee decided to retain outside counsel to conduct an independent investigation of the matter," Nilekani told analysts on November 6. It appointed law firm Shardul Amarchand Mangaldas & Co on October 21, the day the whistleblower complaint was put out by the media.

Infosys informed the stock markets on the same day, but the Bombay Stock Exchange (BSE) and National Stock Exchange of India were closed for Maharashtra elections. So the Infosys American Depository Receipts (ADRs) took the first hit—a 15 percent fall—on the New York Stock Exchange. The Indian stock markets followed, as the stock dropped by 16 percent.

On October 23, Sebi and the BSE sought a clarification from the company for non-disclosure of information about the complaint. "In this case, there are very specific allegations—like cited contract, clients—without evidence," says Shriram Subramanian, founder of InGovern, a firm that advises financial investors on proxy research services. "It isn't easy to discern the seriousness of the complaint. That is just the nature of the beast: The whistleblower mechanism. And the company erred on the side of not disclosing."

"It could even be factions within a company. So it is tricky, with no easy way to discern the seriousness of an anonymous complaint," says Subramanian.

TV Mohandas Pai, former finance and HR head at Infosys, told *Forbes India*: "Whistleblowers can write to anybody today. Every company must have an independent process

You've Got Mail

Contours of a few whistleblower complaints

Feb 19 2017

- Informant claims to be employee of Infosys
- Red-flags conflict of interest in Infosys' buyout of Panaya
- Allegations of CEO using corporate resources for private use
- Alleges difference of opinion between then CEO and CFO on investments

Dec 9 2017

- Informant addresses Sebi in complaint
- Asks Sebi to hold Infosys board accountable for report on severance payment to former CFO Rajiv Bansal

Apr 14 2018

- Addressed to Sebi chairman and demands accountability for buyouts of Panaya and Skava

May 23 2018

- Addressed to Sebi chairman, asks the regulator to order Infosys board to release investigation report on questionable buyouts and Bansal's severance payment

Sep 19 2018

- Addressed to Sebi chairman, asking to retrieve severance amount paid to Bansal from members of board headed by R Seshasayee

Oct 20 2019

- Copy of Sept 19, 2019, letter to Infosys board, and Oct 3 letter to Office of the Whistleblower Protection Program in the US
- Allegations against CEO and CFO of boosting short-term revenue and profits
- Claims revenue recognition in large contracts not as per accounting standards
- Irregularities in large deal approvals

to evaluate and take action. But if people go to the media after filing the whistleblower-complaint with the company, what can anybody do to prevent it? Nothing can be done."

The whistleblower mechanism took root at Infosys in April 2003. Pai recalls the company was in line with the global response among corporations to protect shareholders from another Enron in the US. "Before the whistleblower policy was formed, employees sent emails to the chairman or HR, or whoever they wanted within the company. Today, people can send emails to anybody they want," he says.

If so, how do Sebi officials or board directors know that a whistleblower letter is legitimate, as opposed to a tactic to derail a company's management? Not to forget, the danger of insider trading.

The October 20 email, whose contents got published, had specific details of deals and names of clients that made the allegations against the management seem credible, adds Subramanian. Once published, whistleblower complaints can fuel speculation far more potently than market rumours, and long before any allegations get proved.

"It can also be carried out by outsiders who have taken sharp positions in the market," Subramanian says. According to business news daily *Mint*, Sebi was investigating a buildup of derivatives positions in Infosys stock before allegations of accounting malpractices surfaced with the whistleblower complaint that became public knowledge.

"Under listing guidelines, all material information needs to be disclosed to the stock markets," says Ramesh Vaidyanathan, managing partner of Advaya Legal, a law firm. "But whistleblower allegations are not material until proven to be true. If companies find something to be materially wrong based on whistleblower information, the nature of the complaint has to be disclosed without going into the content of

"The management is fully within its rights to select large deals... We must let the management perform their job, and this is not a matter of whistleblowing."

NANDAN NILEKANI,
CHAIRMAN, INFOSYS

[redacted]

whistleblower letters," he explains.

So how does the regulator cope with these complexities? A Sebi consultation paper dated June 10, 2019 has recommended an Office of Informant Protection (OIP) for whistleblowers to directly make a complaint to Sebi. The regulator thinks this mechanism can reduce, if not prevent, insider trading. The OIP is envisaged as a way to process the veracity and authenticity of information received, analyse the application of regulations and even decide upon the issue of granting a reward to the informant after Sebi takes enforcement action. "The proposal is still in the pipeline," Vaidyanathan says.

Another recommendation is that a legal representative will verify the identity and contact details of the informant, and ensure that the identity as well as the informant's disclosures are kept confidential. This mechanism is crucial to ensure fair redressal of complaints, depending on evidence shared by whistleblowers rather than anonymous informants.

INFY UNDER PAREKH

Analysts were peeved at Infosys' delay in disclosing news of the whistleblower complaint it received on September 30. "The board signed the audited numbers despite this (whistleblower) letter, suggesting that they did not believe there was anything that vitiated the financial statements," stated a research analyst report by Investec Bank.

After Nilekani explained the updates to analysts on November 6, many brokerages and investment firms recommended 'HOLD' for the Infosys stock. But on November 12, news agency IANS reported another whistleblower letter. This one made accusations against Parekh for not settling down in Bengaluru, but living in Mumbai among other things.

But the most materially-significant test facing Infosys is to prove that its books of account are clean. Its regulatory filings show that Parekh has led a strong recovery from the tumultuous tenure of Vishal Sikka, which ended in August 2017. The whistleblower complaints since September 20 have cast aspersions on that.

According to Infosys' 2018-19 annual report, the number of its clients who contribute more than $100 million each year improved from 14 to 25 in three years. The whistleblower complaint claims "revenue recognition matters are forced which are not as per accounting standards".

Winning and renewing large outsourcing deals is important for IT firms to utilise their substantial talent pool. Infosys had 2.28 lakh employees, as of March 31, 2019. And its utilisation rate (excluding trainees) is up from 80.6 to 84.3 percent in the same period. Parekh has steered this with the focus on large deals to utilise the talent base.

While Infosys clocked 9 percent growth in constant currency terms to come within touching distance of $12 billion in 2018-19 revenue, followers—particularly old-timers—rue the drop in operating margin. It has moderated from 25.9 in FY15 to 22.8 percent in FY19.

But this is an outcome of how competitive the market for IT outsourcing deals has become. In 2009, large vendors TCS and Infosys were seeing clients come under pressure after the Lehman Brothers crisis. But the competition from its smaller peers was less.

More mid-sized IT offshore service providers from India—TechMahindra, L&T Infotech, Hexaware, Zensar—have upped their deal-sourcing capability from a decade ago. On the supply side, "smaller competing players begin with a lower starting price", noted ISG (Information Services Group), a technology advisory firm in its October 2019 ISG Index. On the demand side (clients), ISG notes "enterprises are watchful of external factors, which impacts propensity to spend". Clients have been in caution mode.

Large IT outsourcing (ITO) deals are still the bread-and-butter business of Indian IT firms. And the US is still the largest contributing market for large IT firms' revenue. But the value of ITO deals in the Americas has crawled from $7.2 billion in the first nine months of 2017 to $7.5 billion in the same period of 2019, according to the latest ISG Index.

Europe, Middle East and Africa were worse. Value of ITO deals shrunk from $7.1 billion in the first nine months of 2018 to $6.6 billion for the same period this year. In this backdrop, Infosys renewed or won deals like ABN Amro and Volvo in Europe, and Verizon in the US. But with more choice, clients call the shots while renewing such deals.

"Where average total contract value was $78 million, 66 percent of managed services deals see competitive renegotiations. (And) incumbents lose 70 percent of such deals that come up for renegotiation," states the ISG Index.

The September 20 whistleblower complaint claimed that "several billion dollar deals of last few quarters have nil margin… In large deals finance team, important employees are *sic* left due to pressure to make deals look good."

This brings to fore a home truth of why and how ITO deals are financially engineered. "The fact that there is financial engineering in deals, presumably with zero margins, should not surprise anyone," says Sid Pai, former president of ISG Asia-Pacific, who had been lead negotiator for over $20 billion in deals, including the first large deal ABN Amro inked with TCS and Infosys in 2005. "If there are allegations of revenues or profits not being accounted for correctly, or of withholding information from auditors, they are serious and need to be probed by the board," says Pai. "However, doing large deals with varying margins and using financial engineering to deliver greater value to clients upfront is normal practice for all firms in this industry."

FINANCIAL ENGINEERING

Deals are structured in a way that the IT service provider gives more value to enterprise clients in the first few years of the contract. So, in many instances, the first couple of years prove to be unprofitable for service providers. "The deals are engineered in a way that the profits from the deal accrue to the service provider (IT vendor) in later years of the contract. This is a common feature of the IT outsourcing industry, especially when the environment is very competitive," Pai explains. It hasn't been common in Infosys, though.

One of the main reasons Infosys has struggled to win large deals is it never compromised on margins, says a former senior manager at Infosys. "There was always a conflict between the sales guys and finance. All the hard work was done by sales, involving up to hundreds of people across geographies for more than six months to win a large deal," he explains.

"The idea would be to win a large deal, even with thin margins, in a cost-neutral way, and then work the margins up. But, first, the sales team had to win the deal. Unfortunately, large deals wouldn't come to us at 20 percent margins in competitive conditions. The finance and legal teams became gatekeepers," he recalls.

This worked robustly for Infosys when deals were aplenty and large

The Infosys Recovery

The current management has doubled the $100-million deals compared to FY2013, but that is now under scrutiny



CEO	SD SHIBULAL			VISHAL SIKKA			PAREKH	
Fiscal year	2012	2013	2014	2015	2016	2017	2018	2019
Revenue ($ bln)	7	7.4	8.3	8.7	9.5	10.2	10.9	11.8
Operating margins (%)	25.8	28.8	24	25.9	25	24.7	24.3	22.8
No. of $100 mln+ clients	13	12	13	15	14	19	20	25
Utilisation rate* (%)	76.6	73	77.4	80.9	80.6	81.7	84.6	84.3
Employees	149,994	156,688	160,405	176,187	194,044	200,364	204,107	228,123

SOURCE Annual reports *excluding trainees

Indian IT firms were in demand. The global biggies like IBM and Accenture were still growing their offshore centres to retain customers. Fewer foreign enterprises had offshore facilities in India. So, TCS and Infosys didn't have competition at scale until Cognizant upped the ante, overtaking Infosys with speed in closing large deals.

As the market became more competitive after 2011, sales teams within Infosys found the internal demand on margins stifling. Large deals took months to close. It also helped TCS and Cognizant get perceived as being flexible and more customer-friendly.

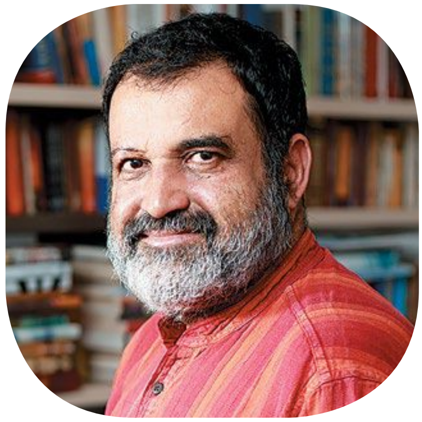
CHASING THE NEW

Every Infosys CEO has faced stiff resistance from that Old Guard legacy since 2011, according to three former Infoscions. Under SD Shibulal, Infosys talked about a 'new normal'—a cue for the need to accept what is good for clients (price) who were facing budgetary pressures. In 2015, Sikka advocated a product and platforms foundation to take Infosys on a high risk, high value path. That meant high margin, but after a wait.

Parekh, when appointed, was seen as the right person to navigate Infosys as a people's company (as opposed to Sikka's top-down product philosophy). But Parekh still needed to listen to his customers' demands.

One school of thought among the three former Infosys senior managers is that Parekh may be facing the heat for taking responsibility in closing large deals based on client comfort. With this path, he is prioritising Infosys' customers above Infosys' margins in the near term.

The board has his back, as Nilekani reaffirmed to analysts: "The management is fully within its rights to select large deals and see it in the overall context of what needs to be achieved... We must let the management perform their job, and this is not a matter of whistleblowing. Large deals is entirely the prerogative of the company to decide what margin they should take it at."



"Before the whistleblower policy was formed, employees sent emails to the chairman or HR... Today, people can send emails to anybody they want."

TV MOHANDAS PAI,
FORMER INFOSYS DIRECTOR

[redacted]

Second, senior leadership will get rationalised—roles will be done away with—or transformed (re-skilling) as enterprises get digitised. This is a reality that is playing out at $16 billion Cognizant Technology Solutions under new CEO, Brian Humphries.

In late October, Cognizant announced that as many as 12,000 mid- to senior-level employees' roles are becoming redundant. This means the company will let go of 7,000 people, and re-skill the remaining 5,000 for new roles that are getting created. In addition, Humphries is adding 500 sales-focussed managers with varied backgrounds like business finance and commercial law. He wants Cognizant's sales force to win a greater share of new digital business, without taking their eye off large deals. For this, Cognizant will move to a more leveraged sales compensation plan from January 2020, with at least 70 percent of the base fixed and 30 percent variable.

"There will be strict parameters in terms of what they are required to sell, which will enable us to ensure that people do not follow the path of least resistance (which is what they sold yesterday), but readily embrace the things that we need them to sell as part of our digital strategy," Humphries told an investor analyst at the third-quarter 2019 earnings call in October.

Cognizant is not nudging—it is bulldozing their sales, business finance and legal teams into expanding the New (digital business). That's what CEOs of IT companies are paid to do: Take decisions with limited information available, in ambiguous conditions, win large deals for the offshore delivery teams to innovate for clients at scale.

The board under Nilekani, a non-executive chairman and co-founder, is fostering a culture in operations that departs from micro-managing decisions. This innately means more trust to take faster decisions for clients.

"This game is not a rising tide that lifts all boats," Nilekani told analysts. "It will go to those companies that get their strategy correct, that will get their execution correct, that will rebuild the skills of people that build new services and transform the way they do things."

In this context, the points flagged off by whistleblower 'Ethical Employees' will prove to be one of two things: Materially significant to punish Parekh. Or, self-preservation to delay the inevitable.

But if Parekh is innocent, Infosys' shareholders will always have two worries looming: What happens when the next whistleblower cries 'wolf' in the media? And will anybody believe a whistleblower if he or she actually tells the truth? F

Forbes INDIA Leadership Awards 2019

ENTREPRENEUR FOR THE YEAR

LIFETIME ACHIEVEMENT

BEST CEO PRIVATE SECTOR

BEST CEO MULTINATIONAL

GENNEXT ENTREPRENEUR

OUTSTANDING STARTUP

ENTREPRENEUR WITH SOCIAL IMPACT

SPECIAL JURY AWARD

BEST COMPANY PUBLIC SECTOR

Celebrating achievers and their remarkable journeys against all odds

Leading From The Front

The Forbes India Leadership Awards recognise the vision and strategies of business leaders who excelled in a challenging corporate environment

◆ By SALIL PANCHAL

The Forbes India Leadership Awards (FILA), now in its ninth year, are an acknowledgement of corporate excellence, visionary leadership and innovation. Our distinguished jury navigated the corporate landscape to identify companies and business leaders worthy of the honour.

The year gone by could not have been worse for corporate India. The country is in the midst of a slowdown with the pace of growth slowest in over six years. A deeper crisis looms large. The government is yet to admit this, but Krishnamurthy Subramanian, chief economic advisor to the government, has spoken about "signs of a slowdown". In such a scenario, achieving corporate excellence, turning around business fortunes, or scaling up startups is rare.

Besides the quantitative data, which includes operating performance, efficiency measures and evaluation with peers, *Forbes India* looked at qualitative factors to map leadership skills, quality of corporate governance, and effective management.

This year, we included a Special Jury category to recognise the efforts of Bhaskar Bhat, whose transformation of Titan and role in the Tata Group cannot be ignored. Havell India's Anil Rai Gupta wins the Entrepreneur for the Year award for maintaining critical growth rates (revenue grew by a CAGR of 18 percent in five years to ₹10,058 crore) in a tough business cycle, while readying for organic growth. Shiv Nadar, like Azim Premji in 2018, wins the Lifetime Achievement Award, for not just revolutionising India's technology landscape but also building HCL Technologies into a global enterprise across 44 countries. Nadar's contributions towards his philanthropic foundation are also noteworthy.

The other business leaders to be honoured are Xiaomi's Manu Kumar Jain (Best CEO-MNC), Marico's Saugata Gupta (Best CEO-Private Sector), Indraprastha Gas's Managing Director ES Ranganathan (Best Company-Public Sector) and Parle Agro's Nadia Chauhan (GenNext Entrepreneur), who has revamped sales and distribution and innovated with products to grow in size. Sandeep Patel, who founded Nepra—a waste management business—wins the award for Entrepreneur with Social Impact, for growing at 100 percent in the past year. Rapidly growing online B2B ecommerce marketplace Udaan wins the award for Outstanding Startup.

METHODOLOGY

The process started almost four months ago, with extensive research on qualitative and quantitative parameters. The long-list of names in each category was whittled down by September and narrowed down to a strong set of five to eight nominees. In October, the high-powered jury headed by Harsh Mariwala, founder and chairman of Marico, went through the nominations and decided on the winners. The other jury members were Ashu Suyash, Gautam Kumra, Mihir Doshi, Saurabh Mukherjea and Puneet Bhatia. KPMG, *Forbes India*'s knowledge partner, helped with the content for dockets sent to the jury; Veratech Intelligence helped with financial data of the companies.

Forbes INDIA Leadership Awards 2019

The Decision Makers

The Forbes India Leadership Awards jury is an eclectic mix of some of India's most experienced and successful business leaders

◆ By SALIL PANCHAL

Harsh Mariwala

Founder and chairman, Marico
(Jury chair)

Harsh Mariwala transformed Marico from making commoditised products such as edible and coconuts oils into a brands-driven and professionally-run FMCG giant with revenues in excess of ₹7,300 crore. Since 2012, he has focussed on driving entrepreneurship through Ascent Foundation, which identifies and helps young entrepreneurs. His experience of building large businesses while maintaining strong corporate governance standards was invaluable to our exercise.

Mihir Doshi

Managing director and country-CEO, Credit Suisse India

Veteran investment banker Mihir Doshi is a new entrant to the Forbes India Leadership Awards jury. Under his leadership, Credit Suisse acquired a banking licence and has gained strength in wealth management and investment banking. Two of the largest deals have emerged in his tenure as the head: A $1.8 billion QIP offering of Axis Bank (India's largest QIP for a private sector company and second-largest overall), where Credit Suisse was the book-running lead manager; the other was a $819 million purchase of a stake in NIIT Technologies by Baring Private Equity Asia, where Credit Suisse was the exclusive sell-side financial advisor on the transaction. Doshi is set to make India Credit Suisse's hub for technological innovations.

From left: Mihir Doshi, Gautam Kumra, Ashu Suyash, Harsh Mariwala, Puneet Bhatia And Saurabh Mukherjea

Puneet Bhatia

Co-managing partner and country head, India, TPG Capital Asia

Puneet Bhatia is also a new entrant to the Forbes India Leadership Awards jury and brings with him the expertise of understanding the private equity investor's role, strategy and vision while investing in Indian companies. He has turned around two businesses in India: The debt-ridden, near-bankrupt Vishal Retail chain and the Shriram Group. Last year, TPG wrote its largest cheque when it backed an acquisition by homegrown agrochemical firm UPL Ltd. The fund deployed $600 million for an 11 percent stake. Prior to this, Bhatia was the CEO (private equity group) for GE India.

Ashu Suyash

Managing director and CEO, Crisil

A financial services veteran, Ashu Suyash has been instrumental in transforming Crisil into a global analytics and data powerhouse from a single-revenue channel business. In a tumultuous year, it continued to lead the credit ratings space, while increasing its market share in bond issuances and its number of corporate clients. Last year, Crisil launched new data and analytics platforms. Suyash brought with her the knowledge of turning around corporations, the commitment that business leaders need, and an understanding of India's deepest social concerns.

Saurabh Mukherjea

Founder and CEO, Marcellus Investment Managers

An investment and wealth management expert, Saurabh Mukherjea's Marcellus Investment Managers has assets under management (AUM) of ₹557 crore. Its investment philosophy revolves around companies with sound corporate governance and management, which are available at reasonable valuations. Before founding Marcellus, Mukherjea was CEO of Ambit Capital, where he was instrumental increasing AUM to $800 million. Mukherjea is the author of three bestselling books: *Gurus of Chaos*, *The Unusual Billionaires*, and *Coffee Can Investing*. He brought with him his expertise of interpreting financial data and new-age business vision.

Gautam Kumra

Senior partner and managing director, McKinsey India

Heading McKinsey's India operations, Gautam Kumra has founded the McKinsey Leadership Institute in India, which focuses on developing leaders who can deliver transformational change. Kumra has also led the McKinsey Asia Center, a special initiative on globalisation, which has helped several major Indian companies shape their global agendas. His vital knowledge in how corporates achieve this, and how multinationals set their agenda for growth in India, made him part of the jury.

ADITI TAILANG

Forbes INDIA Leadership Awards 2019

ENTREPRENEUR FOR THE YEAR

The Success Switch

Anil Rai Gupta is scripting the growth story of the Havells Group with strategic acquisitions, technology adoption and rural expansion

◆ By MANU BALACHANDRAN

Anil Rai Gupta is well into his fifth year at the helm of Havells.

With each passing day, the 50-year-old can't help but realise the striking similarities he shares with his father, Qimat Rai Gupta, when it comes to matters of running the ₹10,000 crore Havells Group. Qimat Rai Gupta, a former school teacher, built the company from the ground up, after starting as a small-time shopkeeper selling electrical goods and cables in New Delhi in 1958.

"We are more same than different," Gupta tells *Forbes India*. The second-generation businessman has been named Entrepreneur for the Year in the 2019 Forbes India Leadership Awards. Gupta took over the mantle of chairman and managing director at Havells India after Qimat Rai Gupta passed away in November 2014. As with many family-run companies, the economics graduate from the prestigious Shri Ram College of Commerce in Delhi had been groomed by his father for many years before he finally took over the reins.

"Sometimes, it would happen that when my father was taking some decisions or doing something, you felt that it could have been done differently," Gupta says. "But now when I'm in this chair, I do the same things. But obviously, there will be differences and the differences come from the fact that he was a self-made entrepreneur starting with zero capital while I am a trained entrepreneur."

Yet, the past five years have seen the emergence of Anil, a tactful and astute businessman with a vision for building the group into its next phase of growth. "We want to be something like the Apple of electrical products," he says. "We don't want to be considered as another 'me too' company. We want to be a premium mass electrical company."

Since he started heading the company, Gupta has taken various significant decisions. This includes selling Sylvania, a Frankfurt-based

ANIL RAI GUPTA

Chairman and Managing Director, Havells India

INTERESTS OUTSIDE WORK:
Golf, badminton, listening to and singing songs, reading

WHY HE WON THIS AWARD:
For envisaging Havells India into its next phase of growth with a strong focus on research and development, manufacturing, and nurturing a culture of entrepreneurship

“We want to be something like the Apple of electrical products. We want to be a premium mass electrical company.”

ANIL RAI GUPTA, CHAIRMAN AND MANAGING DIRECTOR, HAVELLS INDIA

AMIT VERMA

Forbes INDIA Leadership Awards 2019

ENTREPRENEUR FOR THE YEAR

The Havells plant in Alwar in Rajasthan manufactures 700,000 water heaters in a year

electrical company that Havells bought in 2007, and acquiring Lloyd in 2017 to foray into the electrical appliances industry. Now, as India grapples with a slowdown, Havells has been focussing heavily on building up its manufacturing capacity, in addition to setting up a large rural network to piggyback on a revival in the Indian economy.

The group already has a significant play in the Indian fast-moving electrical goods and electrical equipment category. Havells manufactures everything from fans, water heaters and personal grooming products to cables, wires, air conditioners, washing machines and television sets. The company boasts of a pan-India dealer network of over 11,000 distributors and some 6,500 employees. In 2019 fiscal, the company had annual revenues of ₹10,057 crore, growing 21 percent over the previous year, while profits grew 11 percent to ₹791 crore. The company currently has a market capitalisation in excess of ₹43,300 crore, making it one of the largest in the segment. Its competitors include Polycab and Apar Industries in the electrical categories while it competes with the likes of Whirlpool, Voltas, Samsung and LG in the consumer appliance category.

"Anil is symbolic of a new generation of leaders that India currently needs," says TV Mohandas Pai, chairperson of the board at Manipal Global Education Services and the former director of software giant Infosys, who also serves on the board of Havells. "Anil listens to everybody, is transparent, and respects opinions. He has also been able to carry on the legacy of his father and understands the importance of distribution. Yet, when it comes to hard decisions, he takes them."

TAKING TOUGH CALLS

Selling a company that he led from the forefront to buy when he was the joint managing director of Havells is perhaps the toughest decision Gupta had to take upon becoming chairman.

In 2007, Havells had bought Sylvania in an attempt to tap into the global market. At the time of the purchase, Sylvania was nearly one-and-a-half times the size of Havells, and the idea was to leverage on Sylvania's brand to sell in India, China and Europe, among other markets. While Havells had annual revenues of ₹2,000 crore, Sylvania clocked over ₹5,000 crore.

"There were two ideas behind the acquisition of Sylvania," says Gupta. "We wanted to get global access to lighting technology and to the markets of Europe and Latin America. We are a distribution and brand-oriented company and we visualised that it would be a good idea to acquire."

But, sluggish growth in Europe in recent times meant that the acquisition was becoming a burden on the Noida-headquartered company. In the 2014 fiscal, Sylvania's losses stood at 4 million euros, rising to 10 million euros in 2015. "We had already taken the advantage of the technology and the technology transfer that had to happen," Gupta says. "Anyway,

> **“Anil is transparent and respects opinions. He has been able to carry on the legacy of his father and understands the importance of distribution.”**
>
> **TV MOHANDAS PAI,** CHAIRPERSON OF THE BOARD, MANIPAL GLOBAL EDUCATION SERVICES

technology was also going to change toward LEDs (light-emitting diodes).”

Such developments also meant that Havells was looking for better avenues of growth. Around the time, even as 40 percent of the company’s business was outside India, an impetus to the Indian lighting industry by the central government in 2014 provided an opportunity. Under a new initiative—called the National Programme for LED-based Home and Street Lighting—the government wanted to increase India’s usage of LED lamps across homes and cities and replace conventional lamps, which typically use more power.

“I think around 2014-15 we realised that we want to focus more on the India growth story for the next 15-20 years… while the global market will continue to have their struggles of growth, India is providing a huge growth opportunity for the next two or three decades,” Gupta says. “It is something similar to what happened in Japan between the 1970s and 1980s, and China from 1990 to 2015.”

To begin with, Havells sold an 80 percent stake in Sylvania to engineering services company Shanghai Feilo Acoustics for ₹1,340 crore in December 2015.

“Every big decision is a difficult decision. But I think, thankfully, the kind of management style that my father has taught me depends a lot on consensus-building and we are a great team of people who are open to discussing things rather than just being dependent on one man,” Gupta says. “The final buck stops with somebody, which is me. When the mind is very clear, the clutter goes away and it’s easier to make a decision.” Havells sold the rest of the 20 percent in December 2017.

BUYING LLOYD

Looking for better avenues of growth within India, Gupta wanted to build Havells for India for the next 15-20 years. “When I took over, we started looking at a different landscape and that meant a different perspective,” he says. This meant that the organisation—which had largely remained an electrical company manufacturing cables, wires, motors, fans, switchboards, kitchen equipment and geysers—began looking at the consumer durables industry as well. This included manufacturing appliances such as air conditioners, washing machines, and television sets.

The belief was that since Havells had already established itself as a premium brand, it could broaden its portfolio to offer newer products. “Over the past 20 to 30 years we've been investing heavily in three or four things,” Gupta explains. “On the brand side, we moved from [being] a B-grade brand to A grade, and we’ve moved from an industrial-oriented brand to a consumer-oriented brand. Distribution was a huge investment that the company made over the last few years. We also invested heavily in technology and manufacturing capabilities.”

That’s when a banker informed the group about a potential sale of Lloyd by its promoters. “Around 2015-2016, we started looking at opportunities in the other electrical and electronic products which are big industries that we were not present in,” Gupta says. “This is one consumer durable category, which is a large industry in India. But the segment is dominated by multinationals and there isn’t one dominant Indian company in this segment.”

India’s appliance and consumer electronics market was worth a staggering ₹2.05 trillion ($31.49 billion) in 2017 and is expected to increase at 9 per cent CAGR to reach ₹3.15 trillion ($48.37 billion) in 2022, according to the India Brand Equity Foundation, a trust established by the Ministry of Commerce and Industry. Of this, the washing machine, refrigerator and air conditioner markets in India were estimated to be around ₹7,000 crore ($1.09 billion), ₹19,500 crore ($3.03 billion) and ₹20,000 crore ($3.1 billion) respectively. Companies such as Samsung, LG, and Whirlpool dominate the industry currently.

“While we had an idea of getting into this industry ourselves, unlike the other additions that we have done in the past through organic expansion like in fans and lighting, here we wanted to get into acquisition because we wanted to acquire a distribution channel as well as a brand that is already in this business,” Gupta says. “So that’s when this Llyod opportunity came along, which could get us an entry into the consumer appliances industry.”

Havells then spent a staggering ₹1,600 crore to buy out the consumer durable business (CDB) from Lloyd Electric and Engineering. The company, which was struggling with debt, was primarily engaged in the sourcing, assembling, marketing and

Building Havells

1958 Former schoolteacher **Qimat Rai Gupta** sets up an electrical goods shop at Bhagirath Palace in Delhi

1971 Gupta acquires local switchgear manufacturing brand Havells, from **Haveli Ram Gandhi** for **₹7 lakh**

1976 First manufacturing plant for **rewirable switches** set up at Kirti Nagar, Delhi

1983 First acquisition of the loss-making electrical meter manufacturer Towers and Transformers

1993 **Havells goes public**, lists on the Bombay Stock Exchange and the National Stock Exchange

1996 Enters the cables and wires category by acquiring a sick manufacturing unit of **Surya Cables** in Alwar

Home automation company Crabtree India launched as a joint venture between Crabtree UK and Havells India

2000 Taking over Standard Electricals makes Havells rank second in India's switchgear market

distribution of products such as air conditioners, televisions, washing machines, and other household appliances. "It already had a distribution channel all across India and was well-suited into the 'deeper into homes' philosophy of Havells," Gupta says. By the time Havells purchased Lloyd, the company already had a network of over 10,000 direct and indirect dealers across India, with a 14 percent market share in the home AC segment.

BECOMING A HOUSEHOLD NAME

Today, a bulk of Havells's focus is on research and development, particularly on new product categories and technologies. Alongside this, the company has also been investing in setting up manufacturing units for Lloyd. "A lot of times, even today customers ask me whether [our] electrical products come from China. Everything that we sell is manufactured in India," says Gupta. "And we have been able to financially do it successfully, contrary to what people think."

Another focus has been on turning more professional, bringing in management professionals to run various functions. Last year, Havells hired Mukul Saxena—credited with setting up a research and technology centre for German conglomerate Siemens in Bengaluru—as executive vice president and chief technology officer. "So for each business, and each function like R&D and manufacturing, we now have professionals who manage those; people who have done this in very large organisations... we've been able to attract that kind of talent to our organisation," Gupta says.

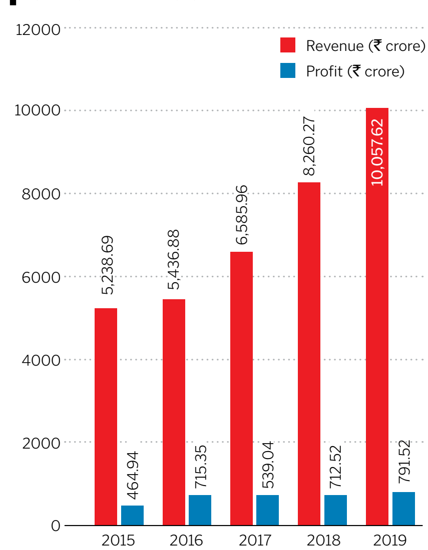
Yet, the past few years have not been very easy. Much of that has been largely due to a slowdown in the Indian economy. For Gupta, however, since his business depends largely on real estate, the period also provided an opportunity to strengthen its foundation. "The growth continues, and we want to keep getting deeper into consumers' homes," Gupta says. "So we've realised that if we want to keep giving the best product to the consumer with better technology over a period of time, then we must get away from this 'value for money' tag and be a mass premium player."

To start with, Havells has initiated a restructuring of Lloyd's distribution network. "When we acquired Lloyd, it was a value for money brand and it was going into a certain channel that was not selling mass premium products," Gupta says. "That means Lloyd was not available at stores such as Vijay Sales or Croma or Reliance Digital. While we want to continue to retain those existing channels, we also want to expand the distribution channel. So the right investments are being made." The company also brought in new brand ambassadors, including actors Ranveer Singh and Deepika Padukone from March this year, in addition to Mohanlal and Mahesh Babu.

"Even in a slow market, Anil and his team have maintained their push on branding and marketing, which I think will stand them in very good stead," says Devangshu Dutta, chief executive of retail consultancy Third Eyesight. "The Indian market is growing, though the pace may increase or decrease at different times; strongly establishing brands in the minds of the consumer and the distribution network is the best moat to build against competition, both domestic and international, now and as the market grows in the future."

Gupta reckons that the results are beginning to show. "I think there is a huge transition in the minds of the trade and the consumer that Lloyd is a good quality product coming out the Havells portfolio," says Gupta. "Havells does not call itself a luxury player. At the same time, you are not compromising on technology because

Havells India's financial performance

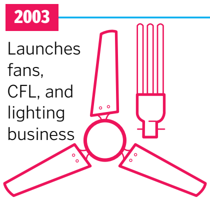


SOURCE BSE

> “Even in a slow market, Anil and his team have maintained their push on branding and marketing, which will stand them in very good stead.”
>
> **DEVANGSHU DUTTA,** CHIEF EXECUTIVE, THIRD EYESIGHT

SAMEER PAWAR

2003



Launches fans, CFL, and lighting business

2006

Acquires **brand rights** of Crabtree from parent company in the UK for the Indian market

2007

Acquires Frankfurt-headquartered Sylvania through Dutch subsidiary Havells Netherlands for **$300 million**; private equity firm Warburg Pincus invests $110 million in Havells India

2011

After launching water heaters in 2010, **enters the domestic appliances market** with mixers, irons and hand blenders

2015

Sells 80 percent stake in Sylvania to Shanghai Feilo Acoustics Co Limited for nearly ₹1,100 crore

2017

Buys Lloyd’s consumer durable business for ₹1,600 crore; sells remaining 20 percent in Sylvania to Shanghai Feilo Acoustics Co for ₹240 crore; forays into personal grooming segment

you want to sell a cheap product, but you’re giving the right technology to the consumer at the right price.”

Pai says that Gupta, like his father, spends a lot of time with the distributors. “He has a wonderful team and is very detail oriented. Yet, despite all the success, he remains simple and humble.”

WHAT’S NEXT?

Today, Lloyd is in the midst of a transition, says Gupta. “I think there’s a huge change in perception in the mind of the consumer, but more importantly, what happens in the first one or two years of any brand transitioning is that the trade changes their perception first and the consumer takes a bit longer to change his/her perception,” he explains.

He is confident the change will happen soon. He had already seen that with Havells when he was at the company with his father. The roots of the company can be traced back to 1958, when Qimat Rai Gupta set up an electricals trading business in Delhi’s Bhagirath Palace, a wholesale market for electrical goods. In 1971, when a fellow trader’s business ran into some difficulties, Qimat raised capital and bought out the firm, which was named Havells.

Over the next few decades, the company primarily focussed on switchgear, switchboards, and industrial electrical requirements. Then, around 2004, Havells entered consumer products like fans and lights, followed by the acquisition of Crabtree India in 2006 and Sylvania in 2007. “Just as the perception about Havells has changed over the last 15 years, the same will happen over the next four or five years in the case of Lloyd,” says Gupta.

Meanwhile, Gupta has also divided the businesses at Havells into four major categories, with separate business heads to look after these businesses. These include the building circuit protection business, cables, electrical consumer durables and a lighting business that also includes consumer lighting and professional lighting.

“We are a very entrepreneurial organisation,” Gupta says. “Even this personal grooming business [launched in 2017] was just like a start-up. Havells is a culmination of a huge number of startups over the last 20 years. We invest in the business for two or three years; once we have the results, we ramp it up.”

The company is currently number two in the fans segment, number two in the personal grooming category and number one in the geyser market and the premium lighting category. Much of that is largely due to the group’s philosophy of making it to the top three in the first five years of starting a category. “We have a plant in Rajasthan that manufactures 700,000 water heaters in a year. We have only 70 people in that factory. So it’s highly automated with huge investments. But many people [other industry players] still want to get it [the process] outsourced.”

Now, as the company looks for growth over the next two decades, it has also been busy ramping up its rural distribution network, to tap into the growing demand in the country. Over the past few years, India has laid much focus on rural electrification, with the government claiming near 100 percent electrification of villages.

“Within two-and-a-half years, we have set up a completely new rural distribution network. Electrification has already reached all the villages now, and those people will be buying more and more electrical products in the future. Already, in the last one-and-a-half years we’ve set up close to 1,500 distributors and 30,000 electrical products outlets in the rural areas. Within one year we will double this.”

Yet, even as it chases high volumes, Gupta is clear that they won’t venture into offerings that compromise on quality. “Like in fans, for example, there is an economy segment. We don’t want to be a part of that because that is low quality and cheap quality. If you compromise on quality in electrical products, either you’re compromising on safety or on electricity consumption. We want to be an energy-saving producer of products. We want to be highly reliable for the consumer.”

So where does Havells go from here? “We are getting ready,” Gupta says. “We’re trying to tune out the noise around this whole slowdown so that we continue to invest. The markets will be tough and our growth may not be 20 percent as earlier. But even if we grow at 10 percent, we are happy with that.” F

The House that Nadar Built

The HCL founder, who made it big by pre-empting digital changes, has put in place strong organisational structures to shoulder both his multi-billion dollar company and philanthropy

◆ By HARICHANDAN ARAKALI

This June, HCL Technologies completed a $1.8 billion deal to purchase several intellectual properties (IPs) from IBM Corp that made up seven software products. A large team of 'IBMers' also moved to HCL Technologies to become 'HCL-ites'. The deal marked a milestone in HCL's history and reflects the 'instinct' that Chairman Shiv Nadar followed when he turned entrepreneur in the 1970s, riding the wave of advancements made in microprocessor technologies.

The deal with IBM is estimated to add $650 million in annual revenues to HCL Technologies, India's third-biggest software services provider that earned close to $2.5 billion in revenues in the quarter ended September 30.

"I have a strong instinct, but most of the time it will be backed by some solid work," says Nadar, 74, during an interview in his 14th-floor office at the HCL Group's corporate headquarters in Noida. In the '70s, when he was working at a company called DCM, he saw the advent of microprocessors. "A few of my colleagues and I could see that this was it. If we quit now and get started, there is a realistic chance of us making it."

Eight of them left. In 1976, Nadar and his co-founders started Hindustan Computers Limited, which two years later introduced a desktop computer based on a microprocessor from a company called Rockwell. The computer, HCL 8C, became quite popular.

"In those days, we would make business plans on the announced architecture itself," Nadar recalls. Such architecture could see some changes and modifications before a commercial version was released. "To make it really work, every R&D engineer that we hired was from the IITs, mostly from Madras and Kanpur, but also a few from Bombay and Kharagpur."

Nadar says theirs was the only company in India that was designing such computers at the time. The government company ECIL was doing some work in the area, as well as DCM, "but we left them all behind", he says. "That was the level of competitiveness that was built in the company. I don't think our companies today are capable of taking courageous decisions like we did at that time."

For example, he recalls, HCL would go to IIM to recruit engineers graduating with management diplomas. One year in the late '70s, HCL went to IIM Calcutta and the entire graduating batch turned up for interviews, such was the chutzpah of the company; Nadar & Co hired about a hundred of them. Today, hiring a hundred IIM graduates with engineering degrees would be very tough, he says "because how do you get them, they won't come to you". "Back then, I was 31 and an MBA graduate was 24, so almost our age group."

The recruitment process did not really include interviews, Nadar recalls. Since the freshers had to learn how to sell in order to bring in revenues, the HCL team would make up role-play charts and tell the aspirant, "Now, you are the salesman, sell to me."

Nadar went on to build multiple businesses, including HCL Infosystems and HCL Comnet but, by far, the most successful is HCL Technologies, which was previously an R&D unit that was spun off into the technology services provider in 1991. HCL Technologies was listed on the Bombay Stock Exchange in 1999 and has today made Nadar one of India's wealthiest; his $14.14 billion in annual earnings has put him at No 6 rank on the 2019 Forbes India Rich List.

Nadar was also enterprising in striking strong relationships with multinational companies that helped his group. Two examples are a venture with Perot Systems in 1996 that ended in 2003, and another called HCL-HP with Hewlett Packard, which ended, after six years, in 2014.

Today, Nadar thinks the IT

SHIV NADAR

Founder and Chairman, HCL Technologies

INTERESTS OUTSIDE WORK:
Philanthropy, focussed on education

WHY HE WON THIS AWARD:
Has built a $8.6 billion organisation and used personal wealth to fund education for the poor

"I have a strong instinct, but most of the time it will be backed by some solid work.'

SHIV NADAR, FOUNDER AND CHAIRMAN, HCL TECHNOLOGIES

industry can make the switch to digital technologies, at a time when the traditional IT outsourcing business is stagnating, despite contributing two-thirds or more of the industry's revenues. In case of HCL Technologies, he believes the switch has already taken place. "A lot of work we do with our clients is about digital technologies." While the switch in the industry happened faster than expected, HCL has kept up and has moved earlier than anticipated, says Nadar. "HCL is a paranoid company and if you've read the book *Only the Paranoid Survive*, we are a typical example of that," he adds.

The company has invested $4 billion in buying IPs and is still debt free. "We believe in IP because that's what we came from. We understand technologies," he explains.

Among these is the $1.8 billion deal with IBM that has seen 3,000 R&D and frontline employees move from IBM to HCL. "They wrote source code. We didn't want to be left looking at whether something wasn't working."

On his decision-making style with such large transactions, Nadar says: "I don't just decide. First it has to be proposed by the CEO and his team. Once I take a decision, everyone else falls in line. The CFO has to fall in line."

Anil Chanana, the CFO who retired last year, would say that he may not agree with Nadar but that he would go along with his instincts. With the IBM deal, the first payment had to be made on June 30; Chanana took the precaution of remitting it a day earlier.

Nadar adds: "Just because the amount becomes larger, the decision criteria doesn't change. We are cutting the cloth according to the needs."

Nadar's success has also been because of his ability to find and nurture exceptional leaders. Vineet Nayar, who joined the group in 1985 as a management trainee, is perhaps the best example. "Like what I have seen in America, I don't let age come in the way of anything. And it was the same with Vineet, and we became very good friends," Nadar says.

The litmus test for Nayar came when one of the co-founders, who headed technology, fell seriously ill and had to be replaced. "No one expected me to pick Vineet," who had never been overseas, never sold overseas and had never been involved in technology areas. He was from the HCL Comnet unit.

"I told him, 'I've chosen you, I've been telling you well before, you never believed me but here it is, get started.' He said, 'Are you sure?' I told him, 'I'm sure, trust my judgement, you're good.' He became a fantastic leader taking the whole company higher."

Nayar was made president of HCL Technologies in 2005 and served as its CEO from 2007 to 2013. He made mantras like 'employee first' famous at HCL Technologies and committed the company to chasing 'Blue Ocean' strategies of finding large, untapped opportunities and dominating them.

"Shiv has been successful in riding successive waves and re-creating himself and his companies. HCL started as a hardware company with its own proprietary hardware; it transformed itself into a personal computer company," says Rishikesha Krishnan, a professor of corporate strategy at IIM Bangalore. "Later Shiv successfully shifted gear to software, and in that has been successful in keeping up with the times."

Nadar is also one of India's biggest

SAJJAD HUSSAIN / AFP / GETTY IMAGES

The VidyaGyan school in Bulandshahr, UP: Last year, 2.5 lakh children competed to be among the 300 admitted to the two VidyaGyan schools

“Shiv has been successful in riding successive waves and re-creating himself and his companies.”

RISHIKESHA KRISHNAN, PROFESSOR, IIM BANGALORE

philanthropists. By 2018, he had committed about $800 million of his personal wealth to philanthropy via the HCL Foundation.

“In philanthropy, he has done extremely well too,” says Krishnan. While the SSN (Sri Sivasubramaniya Nadar) institutions in Chennai, which offer engineering, management, research and advanced career education, have become colleges of repute, the VidyaGyan schools in the Uttar Pradesh cities of Sitapur and Bulandshahr have been admitting meritorious underprivileged children and offering them a world-class education for the past 10 years. Last year, 2.5 lakh children competed to be among the 300 that are admitted to these schools. Some its students, after graduating in India, are now beginning to find places in Ivy-league colleges in the US.

The work is very close to Nadar’s heart because “it’s not for profit anyway, and the expectation is that some of them will come back and serve the nation.”

Krishnan adds: “And the jewel in the crown is the Shiv Nadar University in Dadri, Uttar Pradesh, which has the potential to be among the top universities in the country.”

HCL today employs close to 1.5 lakh people and operates through a well-defined structure, a key component of Nadar’s vision. Everything the company has done has a structure, whether it be business, philanthropy or education, including the Kiran Nadar Museum of Art, located in Delhi and Noida, that houses the art collection of Nadar’s wife Kiran. “The structure carries them, no single individual should, that’s the strength,” Nadar says.

Building the organisation is what Nadar sees as his biggest achievement. “First thing is, you’ll have to learn to let go of the sense of power.” He points to his corporate

AMIT VERMA

Roshni Nadar Malhotra, CEO and executive director of HCL Corporation and vice chairperson on the board, is leading efforts to make the company more inclusive

communications executive, who is sitting in on the interview, and says: “She’s managed to get me in front of you, but I’m media shy. But she’s the executive, she knows what she’s doing.” Having hired people for various roles over the years, Nadar has the fortitude to stand back and trust their judgement.

The Nadar family owns 60 percent of HCL Technologies. Nadar believes this is important because, in India, diluted ownership leads to the company eventually losing its way. He also believes in focusing on his core work and not diversifying. “If you see Indian business families, they are all in multiple industries, they see an opportunity and they go there.” Nadar, too, could enter various verticals in a sector as wide as IT, but what stops him is “any time I let greed take over, it will destroy this company”.

Early in his entrepreneurial career, Nadar too had tried his hand at investing in some unrelated opportunities, but quickly learnt from his mistakes and returned his focus to technology services. “Whatever we do, we focus on that and we do it well. We work with the largest corporations of the world. We have very little work in India. Somehow, our way of working suits our goals. It’s a young workforce and it’s board-run. You’ll have to see it to believe how a board truly runs a company.”

When asked about the growing influence of large companies on society, Nadar chooses to focus on transparency and compliance. The board’s independence is extreme, he says. There is an audit committee that is empowered. Nadar himself doesn’t attend the audit committee meetings; his daughter and vice chairperson Roshni does, but can’t vote. Only the independent members can vote. “The chairman of the audit committee is more powerful than me, because he can say no to business proposals when it goes through the audit committee,” says Nadar.

Diversity is another area Nadar continues to focus on, and it is also something that Roshni is personally involved in. About 40 percent of the company’s workforce comprises women, but Nadar is forthright in pointing out that the proportion falls off as one goes higher up in the organisation. “We are losing all that talent because all our structures are built for men. How do you change that? You’ll have to imagine that there are only women and then build structures. My daughter is leading that effort.”

This instinct for what needs to change is one of Nadar’s big strengths. And Krishnan echoes the view: “Nadar has the unique ability of building organisations and institutions that adapt to the changing world.” F

Forbes INDIA Leadership Awards 2019

BEST CEO-
PRIVATE SECTOR

Battle-Ready

Saugata Gupta is unafraid of carrying out bold experiments at Marico to drive growth and innovation in the male grooming and health food segments

◆ By SALIL PANCHAL

MEXY XAVIER

Marico is among a select group of Indian blue-chip companies to have seen double-digit revenue growth and return on capital employed each year since 2009

On a pleasant October morning in Mumbai, Saugata Gupta is frantically responding to emails and going through digital-related presentations at his Grande Palladium office in Bandra-Kurla Complex. It is only 8.30 am and like most days, the 51-year-old has his hands full.

Twelve years after being elevated to lead Marico's India business from being a sales a marketing head, he is preparing for a new battle: To add muscle and volume to the consumer goods manufacturer's newest categories of premium personal care, male grooming products and health foods. The challenge is even more daunting considering the economic slowdown and demand for consumer goods falling to a seven-year low. But Gupta remains unperturbed. "We are successful because we punch above our weight. We are an insurgent company and the trick is how to become a scaled insurgent for the long term," says Marico's managing director and CEO.

Marico is among a select group of Indian blue-chip companies to have seen double-digit revenue growth and return on capital employed each year since 2009. It enjoys a stable market share for its flagship products Parachute coconut oil (53 percent) and Saffola (73 percent). One out of every three Indians' lives is touched by Marico, the company claims. In fact, it is No 1 or No 2 in at least 95 percent of the product segments it operates in, except deodorants and skin care.

"Leadership helps us focus on volume growth and gaining market share. We don't focus on margins early on; they will come with scale, not just in product cost but also advertising and distribution," explains Gupta.

The company commands a market capitalisation of ₹47,752 crore at the BSE and it has rewarded its shareholders well: ₹100 invested in Marico in 1996 was worth ₹16,909 as on March 31, 2019.

THE DISRUPTOR

Harsh Mariwala, founder and chairman of Marico, led the disruption by selling Parachute brand rigids (oil sold in round blue bottles) in the market in the 1980s. It was a time when coconut oil was sold loose or in tins as a commodity. A decade earlier, Mariwala had joined the family-run business, Bombay Oil Industries (Boil), which manufactured and traded in coconut and vegetable oils and chemicals. Marico, set up in 1990, later entered into an agreement with Boil to use the Parachute and Saffola brands, before acquiring them in 2001.

It was in these early years that both Mariwala and Marico safeguarded Parachute from rival Hindustan Unilever (HUL) which was flush with funds and pushing its own brand of hair oil (Nihar), apart from trying to buy out Parachute. Armed with new marketing campaigns, Mariwala not only defended his turf by increasing his distribution network on the ground but also won the corporate battle by buying out Nihar from HUL in 2006 for ₹216 crore. Gupta was new to Marico then, but a vital cog in the battle of the corporate giants. Gupta was part of the core team which decided on the Nihar acquisition at that time. "We went all out for this acquisition... ₹216 crore might have seemed as too high a price at that time, but it gave us significant presence across various regions. It definitely strengthened

SAUGATA GUPTA

Managing director and CEO, Marico

INTERESTS OUTSIDE WORK:
Travelling, food and stand-up comedy shows

WHY HE WON THIS AWARD:
For innovating to build new growth engines in skin care, male grooming products and health-focussed packaged foods. He has strengthened the structure Harsh Mariwala has created by institutionalising Marico further through stronger corporate governance, transparency and digital transformation

our long-term strategy," says Gupta.

Marico has since successfully transitioned from a family-run commoditised business to an institutionalised FMCG giant.

At Marico, the process of handing over the baton was methodical after Mariwala decided to give up control of the day-to-day operations at the company. Gupta, formerly a marketing officer with ICICI Prudential in India, was just three years with Marico when he was made CEO of its consumer product business. Mariwala codified both his and Gupta's roles in the new scheme of things. "Saugata and I wrote down what we thought our roles should be and then we compared notes before presenting it to the board," says Mariwala, who is 24th on the 2019 Forbes India Rich List with a net worth of \$4.6 billion (around ₹29,500 crore).

MIXED BAG OF ACQUISITIONS

Apart from Nihar, Marico picked up more brands along the way. It bought out Vietnamese ICP company's X-Men brands in 2011 followed by Paras's personal care brands Set Wet, Livon and Zatak from Reckitt Benckiser in 2016. In 2017, it made a strong presence in the male grooming space by acquiring Beardo from Zed Lifestyle and also South African hair styling brand Isoplus.

About 22 percent of Marico's revenues comes from its global business, led by Bangladesh (46 percent share) and Vietnam (22 percent). Marico Bangladesh is

PRASHANTH VISHWANATHAN / GETTY IMAGES

Marico is looking to add volume to its premium personal care and male grooming products

a listed entity at the Dhaka and Chittagong stock exchanges. Its success there is a result of the market shifting from loose oil to branded coconut oil. Marico manufactures and sells Parachute, Parachute Advansed, Set Wet, Saffola and Livon brands there. In Vietnam, Marico continues to grow through personal care and male grooming X-Men products and Thuan Phat sauces.

Marico's expansions into the Middle East, South Africa and Egypt, however, have not met with the same success. Its share of the Middle East and North Africa markets—an organic expansion where Parachute and its value-added brand extensions are sold—has more than halved from 33 percent in FY10 to 15 percent in FY19. South Africa also cuts a sorry figure, with an 8 percent share, more than 12 years after Marico acquired the Caivil, Black Chic, Hercules and Just for Kids brands. "It has been difficult to make money [there]", admits Gupta, alluding to slow demand for consumer goods and high inflation in those regions.

Gupta, along with Marico's Chief Operating Officer Ashish Joshi (who also heads the Africa and Middle East businesses), will need to take a tough call soon. "Mergers and acquisitions cannot be a substitute or escape button for organic growth," says Gupta.

TOUGH CALLS

The CEO concedes that the company won't aim to make so much money that the profit pool becomes attractive for others. "We ensured that for Parachute... it is unprofitable for others to enter," says Gupta. But he needs to stay on guard. Parachute sales fell by 1 percent in volume terms and 4 percent in value terms in the September-ended quarter, owing to supply chain disruptions due to floods in several Indian states. Marico's total revenues were also flattish, down by 0.4 percent year-on-year in Q2 FY20.

Marico is in the process of determining fresh pricing for Parachute to make it attractive for regular users who [in a weak demand environment] would have switched from branded to cheaper, unbranded products.

Rural demand was most hit in the North and East India regions, where the company is a bit "under-indexed". But this is also the region

MARICO FINANCIALS

	FY16	FY17	FY18	FY19	Q1 FY20	Q2 FY20
Total Revenue (₹cr)	6,024	5,936	6,333	7,334	2,166	1,829
Net Profit (₹cr)	711	799	814	930	320	247
EBITDA margins (%)	17.5	19.5	18	17.5	26	16
ROCE (%)	45.1	46.8	41.3	41.1	NA	28.3*

SOURCE Investor presentations, company information updates

* Figure is for H1 FY20

> **"Saugata and I wrote down what we thought our roles should be."**
> **HARSH MARIWALA,** FOUNDER AND CHAIRMAN, MARICO

where Marico's value-added hair oils (Vaho)—Parachute Advansed Beliphool, Nihar Naturals Shanti Badam Amla and Parachute Advansed Extra Care—have a stronghold. The impact on Vaho was sharp in the September-ended quarter, with zero volume growth and a 4 percent fall in value growth.

Gupta says the current consumption slowdown is neither cyclical nor structural. It is "temporary" and he hopes to get Marico back to mid-single-digit growth in the second half of the fiscal (October 2019 to March 2020) in India. Marico could clock at least 8-10 percent constant currency growth in the international business, he adds.

NEW DRIVERS

Not wanting to make Marico a two-trick pony which is excessively dependent on Parachute and Saffola (and thus coconut and safflower oil commodity prices), Marico has been innovating aggressively. Besides the core segment—the basic model for growth, which has few but big innovations—Marico has two more drivers: Engine 2 (premium personal care, which includes skin care and male grooming brands) and Engine 3 (healthy gourmet foods such as Saffola Fittify power foods, Coco-soul spreads and crème oil).

In 2019 alone, Marico has introduced four flavours among its Saffola masala oats, green teas, coffees and superfoods, Livon serums, Set Wet Studio X range and Serums and Kaya Youth O2 range of products.

A significant contribution to the availability of Engine 2 and Engine 3 is modern trade and ecommerce, including supermarkets. Engine 2 is also being sold through chemists and cosmetics stores while Engine 3 finds its way through specialty food outlets. "Much of this learning was after we acquired Beardo," explains Gupta.

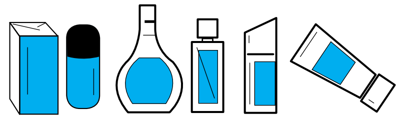
Marico is well-placed in the still-vastly-under-penetrated male grooming segment both in India—through Set Wet and Beardo—and overseas with Isoplus (South Africa) and X-Men (Vietnam). "There is no mass, broad spectrum (beard, hair care, face, body, skin care) player which participates in all segments of male grooming," says Gupta, adding that Marico plans to strength its position there. It does not rule out "Beardo-type" small acquisitions in the coming years.

Rakshit Rajan, portfolio manager at Marcellus Investment Managers, says Beardo's acquisition might not dramatically change fortunes for Marico. "It has helped it get a foot into the door [of male grooming]," he says. However, Ranjan adds that Marico could see a huge opportunity in the packaged foods space as healthy, well-packaged and safe foods continue to gain popularity. Marico's recent innovation, Saffola Oats, has been growing and commands a 79 percent value market share.

The foods segment is now worth ₹200 crore in sales for Marico and it intends to grow it to ₹500 crore. A similar growth rate is targetted for the male grooming segment. Marico has been high on innovation, but low on retaining focus to make the products a success. Gupta admits they need "scale in their innovations".

Niche products such as its Saffola fortified cholesterol management atta and diabetes atta mix could not be scaled up. "We realised that people are not willing to compromise taste for health. So create foods which are ideal for diabetics, but not diabetic food," says Gupta.

Its other flagship brand Saffola—where growth has remained flattish, up just 1 percent in volume terms in the September-ended quarter—faces growing competition from rivals such as Emami's refined rice bran oil, Con Agro's Sundrop Lite, Adani Wilmar's Fortune Sunlite, rice bran and Vivo brands.



GUPTA'S MANTRAS

- It's better to have a good brand equity that is badly managed rather than a well-managed mediocre brand
- Don't enter a category which is a "red ocean" (high penetration and more than 2-3 players having market share of 80 percent)
- Choose categories where you believe you have a 'right to win' (already have won market leadership and is expanding)
- Enter a less crowded "blue ocean" area and own it, instead of fighting tooth and nail in a market which already has dominant players

BUILDING LEGACY

Gupta, like Mariwala, is ready to experiment. The company is evaluating a scenario where private supply chain logistics agencies carry out supplies and distributors have zero stock. Gupta is one of the longest serving corporate heads at Marico and is looking to build a strong legacy, much lile Mariwala did in the 2000s. A group of at least 20 young leaders are being groomed under Gupta by evaluating how they execute tasks, their learning ability and the way they nurture talent, appreciate shareholder value and imbibe the owners' mindset to their business.

Marico today is a lot more institutionalised than some of its competitors. This is what makes it one of the more attractive FMCG companies for sales and marketing executives to work with in India apart from its work culture and empowerment opportunities. Marico now has outside coaches to train its staffers and provide development tools to assess its young leaders.

Gupta wants to continue pressing the innovation button, alter distribution schemes for new growth engines, and embrace digital technologies in marketing. In those terms, in just over a decade, he has already created his own legacy. F

Forbes INDIA Leadership Awards 2019

BEST CEO-MNC

When Xiaomi Talked Shop

How **Manu Jain** took Xiaomi to the top of the smartphone pack in India by unleashing a strong offline play

◆ By RAJIV SINGH

A strong streak of success, at times, can have a delusional impact. Manu Jain realised this three years ago. From a meagre 1.6 percent market share in smartphones in 2014, Xiaomi had become the second biggest brand in India by early 2017. For an online-only brand, cornering a 13 percent share and running hot on the trail of South Korean Goliath Samsung was no mean feat. Whatever Jain was doing was turning into gold.

Emboldened, Jain reckoned it was time to raise the stakes by taking Xiaomi offline. While Mi Preferred Partner stores—multi-brand retail stores that sell Xiaomi products on priority—were started in March 2017, Xiaomi rolled out Mi Homes two months later in Bengaluru. Mi Homes are exclusive retail stores owned by franchisees and operated by Xiaomi. By the end of the year, the numbers pole-vaulted to 500 Preferred Mi Partner Stores and 10 Mi Homes. Success, as it turned out, was still elusive. "For one year, we struggled with our offline strategy," recalls Jain, global vice president of Xiaomi, and managing director of Xiaomi India. The magic of Xiaomi as an online brand, he recounts, couldn't be replicated offline. "It was a disaster. Nothing turned into gold."

Undeterred by the early setback, Jain continued with his offline play. But the results were the same. "We made a lot of mistakes in the offline journey," he confesses. Reason: Jain tried to replicate what other brands were doing offline. "We were not playing to our strength," explains Jain.

Such acceptance and a subsequent course-correction worked wonders. Xiaomi's offline foray is one of its biggest success stories in India. From 1 percent offline market share in 2017, Xiaomi now has over 22 percent of the pie, making it No 2 after Samsung in that space.

The expansive offline play of the largest smartphone brand in India now—75 Mi Homes, 2,500 Mi Stores, 25 Mi Studios, and 6,000 Mi Preferred Partner stores—is set to get bolder as Jain sets an ambitious target. "Offline has been one of our biggest success stories in the last two years," he says, underscoring why cracking offline was crucial for the company. While 60 percent of the mobile handset market in India, he explains, is still offline, a staggering 90 percent of consumer durable and electronics are bought in brick-and-mortar stores. "While online gives you a huge leap, continuous growth can come only if you have cracked offline. Both have to work in tandem," says Jain, adding that Xiaomi still gets 60 percent of sales from online. The target for the next year is 50 percent each.

For an online brand, with no experience in brick-and-mortar, the offline road was paved with mistakes and learnings. "It was trial-and-error to begin with," says Jain. The first big mistake, he lets on, was trying to be all over the place. Brands like Samsung and Vivo were selling through 1,000-1,200 shops in Bengaluru, and Xiaomi duly followed. "We started giving our phones to everybody (retail stores)," he says, explaining the genesis of the problem. The brand turned promiscuous, and retailers, especially bigger ones, became more demanding. From demanding multiple demo phones, freebies, marketing spend and fat margins, retailers tried to extract whatever pound of flesh they could. "Ours is a low-margin business. We could not afford to burn so much money," Jain adds.

He tried to fix the problem by getting rid of big retailers, and co-opting the smaller ones. The solution, though, turned out to be the second mistake. Another quick fix was getting hold of even smaller retailers. "We tried three or four times but with little success," Jain recounts, explaining that the error lay in the diagnosis of the problem. "We kept believing that the mistake was ours because an online-only company can't understand offline."

MANU JAIN

Global vice president, Xiaomi; managing director, Xiaomi India

INTERESTS OUTSIDE WORK:
Reading, cartooning, baking, fitness

WHY HE WON THIS AWARD:
For taking Xiaomi to pole position in the smartphone market

"You need to step out of the comfort zone to grow... It's okay to make mistakes. But it's not okay to repeat them."

MANU JAIN, GLOBAL VICE PRESIDENT, XIAOMI

NISHANT RATNAKAR

Jain went back to the drawing board and redevised the strategy. The game, he resolved, would be played according to the new rules set by him. The first big move was to undo whatever Xiaomi had been doing. One single store was identified in one market, and the rules were made explicit to the retailer: No money for promotions, hoardings, or marketing. What Jain offered as bait was access to all the products, and exclusive rights to sell Xiaomi. While most of the retailers found the idea amusing, many refused to be a part of the 'crazy' plan. Jain didn't budge and had his way. From Bengaluru, he spread to a couple of other markets with the same strategy.

Xiaomi's new offline gambit was beginning to show results. With 500 Mi Stores, 50 Mi Home, and 2,000 Mi Preferred Partner stores, the Chinese smartphone brand was running full steam and complementing its strong online play. With the twin engines firing, Xiaomi was able to dethrone Samsung by the last quarter of 2017. The turning point in Xiaomi's offline play came last November when the smartphone brand opened 500 Mi stores in rural India in a single day. "It was a Guinness record for opening the maximum number of stores in a day," says Jain flashing a grin. However, it was not the record that made him proud. It was a strong sense of self-belief that the offline beast could be tamed, and the market could be cracked. "There has been no looking back since then," he says. Online, Jain lets on, was the comfort zone for Xiaomi. "You need to step out of the comfort zone to grow."

The gap between the leader and the former No 1 has only steadily widened. According to the latest IDC India report tracking this fiscal's third quarter (July-September) of the smartphone market, Xiaomi had a 27.1 percent market share, followed by Samsung at a distant 18.9 percent.

> “He lets the team make mistakes, but challenges them to break out of the ‘usual’ mould.”
>
> **PRAVEEN SINHA,** WHO CO-FOUNDED JABONG WITH MANU JAIN

Xiaomi, the report adds, recorded its highest ever smartphone shipments in a quarter with 12.6 million units, growing at 8.5 percent year on year.

Those who have known Jain and worked with him in the past have few doubts about his ability to come from behind and deliver. Praveen Sinha, a serial entrepreneur who co-founded online fashion etailer Jabong with Jain, vouches for his former colleague's penchant for new battles. “Jabong was the epitome of challenging the status quo,” says Sinha, who was Jain's junior at IIM-Calcutta and at McKinsey & Company. While we wanted to sell fashion online, he says, the country believed in the offline retail model. “Manu challenged the normal and was able to deliver in the digital space with amazing success,” says Sinha, who has always been impressed with the way Jain set his goals. “He came across as an entrepreneur who would stop at nothing, and always aspire for the next goal,” adds Sinha.

Jain's successful stab at executing the online-offline model for Xiaomi is an extension of what he did during his previous stints. It's also a reflection of his personality. “His personal belief of always breaking out of his comfort zone and challenging what's normal is what makes him a great leader,” says Sinha. What is most remarkable about Jain as a leader, he adds, is his quality to let the team make mistakes and keep challenging them to break out of the 'usual' mould.

Marketing gurus also praise Jain's leadership traits. Taking a brand from online-only to omni-channel is a challenging journey, says Abraham Koshy, professor of marketing, IIM-Ahmedabad. Cracking the distribution system without parting with significant margins is a difficult proposition and Xiaomi has successfully negotiated this challenge. “Jain has provided Xiaomi the leadership to make it big in India,” he says, explaining the nuances of an online-offline play. While an online presence, he lets on, in a category dominated by online brands is essential for bringing in sales and visibility, an offline presence supports the online presence by creating credibility and word-of-mouth by intermediaries and trade influencers. Developing a physical presence in offline trade needs "walking-the-street" to cover markets. “And this requires leadership to strategise and manage the sales team,” he says, highlighting the biggest quality of a leader: Spotting opportunities.

Xiaomi, under Jain's leadership, has made a transition from a smartphone brand to a ‘smart’ electronics consumer durable maker. From selling smartphones to having a sizeable presence in over 12 segments as diverse as routers, smart air purifiers, shoes, lifestyle products like backpacks, luggage, T-shirts, audio products and trimmers, Xiaomi has broad-based its play in India, which happens to be the company's biggest market after China.

Jain, for his part, says Xiaomi is still in its early days in India. “We have just scratched the surface,” he says. Ask him about his journey so far, and he keeps the reply simple: Humbling and full of mistakes. “It's okay to make mistakes. But it's not okay to repeat them.” F

How The Online-Offline Tango Helped Xiaomi Take Pole Position

Market Share (2017), Q1 (Jan-March)

March: Mi Preferred Partner stores launched

May: Xiaomi launches first Mi Home

Q2

Q3

Q4

By December, Xiaomi had 10 Mi Homes and 500 Preferred Partner stores

2018

December: 500 Mi Stores; 50 Mi Homes; 2,000 Mi Preferred Partner stores

Q4 Market Share

2019

November: 2,500 Mi Stores

Target: To double the number (up to 5,000) by early next year

75 Mi Homes

Target for early 2020: 100

25 Mi Studios

Target for early 2020: 250

6,000 Mi Preferred Partner stores across 200 cities

Target for early next year: 500 cities

Q2 Market Share

Xiaomi's offline market share is **22%**

SOURCE Counterpoint Research; Xiaomi; industry officials quoting Nielsen; Channelplay

Xiaomi: The Largest Exclusive Brand Retail Network in India

Is **44%** bigger than Samsung India

48% bigger than Cafe Coffee Day (CCD)

108% bigger than Domino's India

117% bigger than Bata India

Why Offline is Crucial

60% of smartphones are still sold offline in India

Over **90%** of consumer durables and electronics are bought offline

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GENNEXT ENTREPRENEUR

Adding Fizz

Nadia Chauhan catapulted Parle Agro from a sleepy, single-brand organisation to a multi-category, multi-brand beverage behemoth, and there's still more to come

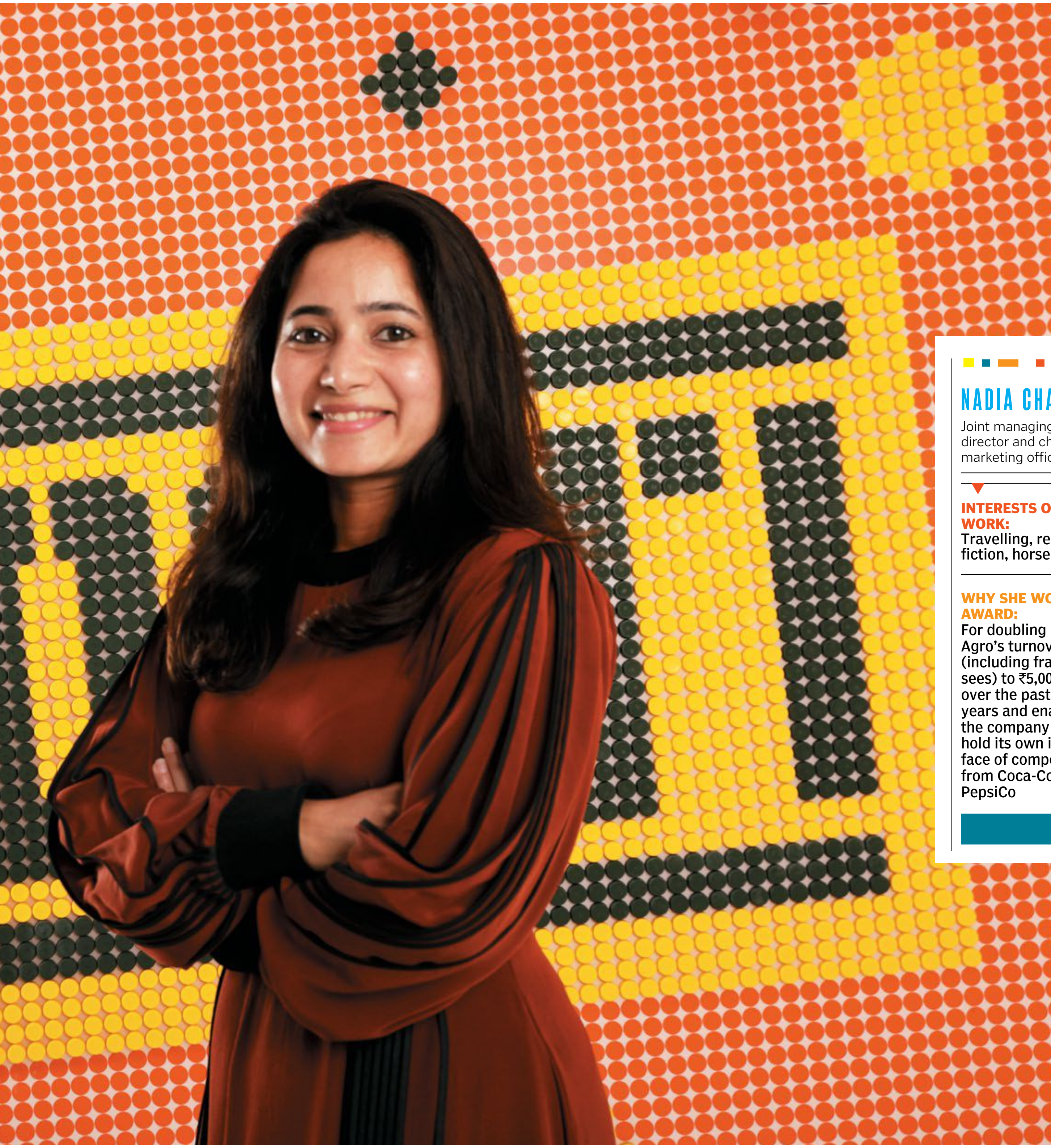
◆ By VARSHA MEGHANI

When Nadia Chauhan joined her family's beverage business in the mid-2000s, cracks were beginning to show. With 95 percent of its revenues coming from Frooti, Parle Agro's dependence on the mango drink was unhealthy. It diversified into new beverages like Grappo Fizz, Saint Juice and packaged *nimbu paani* LMN in the years that followed, but the strategy didn't quite work. "We were still a small company and not necessarily cash-rich to take on the marketing spends that the new categories called for," says the 34-year-old.

Cool, confident and in control, Chauhan didn't set out to change things right away. She says, "I wanted to appreciate where we came from and feel like a part of the system before charting out where we needed to go."

As she dug deeper, Chauhan realised that Parle Agro's sales and distribution (S&D) system hadn't changed much since the company's soft drink days when her father Prakash, now chairman, manufactured and sold Thums Up, Citra, Gold Spot and Maaza—a business his brother Ramesh and he inherited from their father in the mid-1970s. [The Chauhans sold these brands to Coca-Cola in 1993 to tide over difficult times. The brothers then split the business amicably with Ramesh taking charge of bottled water brand Bisleri, and Prakash, the remaining drinks].

"S&D is the heart of any FMCG company. You can do whatever on the marketing front, but the core is S&D," says Chauhan, who is joint managing director and chief marketing officer,



NADIA CHAUHAN

Joint managing director and chief marketing officer

INTERESTS OUTSIDE WORK:
Travelling, reading fiction, horse riding

WHY SHE WON THIS AWARD:
For doubling Parle Agro's turnover (including franchisees) to ₹5,000 crore over the past five years and enabling the company to hold its own in the face of competition from Coca-Cola and PepsiCo

while her older sister Schauna, who oversees manufacturing, is chief executive. "It was clear we had to upgrade our system," she says.

But that's not all. Chauhan had big ambitions. She drew up a vision to make Parle Agro a ₹10,000-crore company by 2022, up from around ₹350 crore in the mid-2000s. [These figures include franchisee revenues; Parle Agro itself raked in ₹2,167 crore in revenue in FY19, up from ₹1,796 crore in FY18 according to data from Venture Intelligence.]

She then focussed the entire organisation towards this singular large vision, recalls Prakash, referring to a time in 2010. "We see a multi-fold increase in the energy, pace and drive within the organisation," he says.

With this renewed enthusiasm, Chauhan and team systematically shuttered the beverage brands that didn't click. Instead, they chose to focus their energies on Frooti, Appy Classic, Appy Fizz and Bailey's drinking water.

MEXY XAVIER

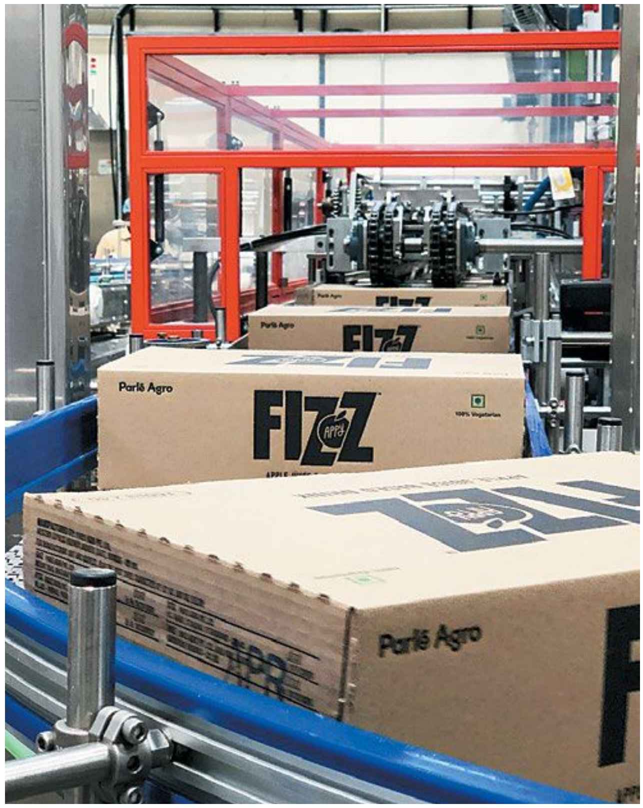
Next up they focussed on building new manufacturing plants and enhancing existing ones, as well as simultaneously evolving Parle Agro's ageing S&D system. "We had to make our foundation strong to achieve our vision. We wanted to be future-ready so we never falter again," explains Chauhan. Today, Parle Agro reaches more than 18 lakh outlets, up from 3 lakh in 2004.

Finally, Chauhan revamped brand Frooti so as to make it appeal to not just children but older consumers as well. In the early years, Parle Agro steered clear of glass packaging for Frooti—the norm at the time—and instead was the first to introduce tetrapaks in the Indian market. "But the tetrapak made the category more kid-oriented than it was," says Chauhan. So once kids grew up, they stopped drinking Frooti. To reverse this, Frooti was re-launched with a new logo, look and feel in 2015 and soon enough, after years of lagging behind Coca-Cola's Maaza and PepsiCo's Slice, Frooti muscled its way to the number two spot. Today it holds a 27 percent market share. While Maaza still leads with 40 percent and Slice lags behind with 11 percent, Chauhan claims that Frooti is number one in several states and will soon overtake the competition.

In the first quarter of this fiscal, Parle Agro hit its ₹5,000 crore target. In a nod to her singular focus, Chauhan says Parle Agro was two months late in achieving the target. "People laughed at us when we would tell them our vision, so to finally achieve it and celebrate it with the team was a feeling unlike any other," she says.

"Nadia has turned Parle Agro from a sleepy organisation to a force to reckon with... that too in an extremely competitive category. It's not easy to do," says an industry insider who didn't want to be named.

Next up is the ₹10,000 crore target, the "levers" for which are in place, says Chauhan. Appy Fizz is one such lever. When Parle Agro launched the drink in 2005—a "huge innovation" from a technology and manufacturing perspective, as nobody had done it before them, points out Chauhan—it was positioned as a premium product. It turned out to be a hit, so much so that Pepsi and Coca-Cola scrambled to respond with their own fizzy fruit beverages, but those didn't take off. Even smaller regional players popped up with copycat drinks, but Appy Fizz remains the undisputed leader in the sparkling fruit drink category with a 99 percent market share. "It's a category Parle Agro created," says Ankur Bisen, senior vice president at management consultancy Technopak Advisors. "The company's strength



The popularity of Appy Fizz has prompted Parle Agro to expand its manufacturing capacities

lies in creating new categories, and then building brands within those categories."

"Appy Fizz is a game changer for us after Frooti," says Chauhan. The brand continues to outperform, growing at 85 percent in FY19, up from 19 percent in FY17. "It's the fastest growing brand in our product portfolio and probably India's fastest growing beverage brand," she says. Appy Fizz's association with popular TV show *Big Boss* as well as brand ambassador Salman Khan has increased its appeal among the masses, prompting Parle Agro to expand its manufacturing capacities, as well as bring down the drink's price point from ₹18 to ₹15. Last year, the company launched a ₹10 SKU (stock keeping unit) to enable deeper rural penetration.

In all, Parle Agro spends almost ₹200 crore a year on marketing, most of which is taken up by Frooti and Appy Fizz. With the latter gaining ground, Frooti now contributes 60-65 percent to Parle Agro's topline. Despite the prolonged monsoon, Frooti is growing at 18 percent, far ahead of the 9-10 percent growth being clocked by the mango drinks category as a whole.

"With two powerful brands in the market, we're confident of achieving our ₹10,000 crore target by 2022, or maybe even sooner," says Chauhan. The company has hired 2,000 new S&D personnel. "It's a constant challenge to keep pace with the growth," she says. "But S&D is what transformed us and we'll continue to invest in it." F

Future Ready

Parle Agro is steadily marching towards its target on the back of Frooti and Appy Fizz's success

	PAST mid 2000s	PRESENT 2019	FUTURE 2022
Turnover*	₹250 cr	₹5000 cr	₹10,000 cr
Distribution reach	3 lakh outlets	18 lakh outlets	35 lakh outlets

* Parle Agro's revenue plus that of its franchisees

SOURCE Company

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OUTSTANDING STARTUP

"We didn't launch the app first and then validate the concept. A product should be relevant."

SUJEET KUMAR, CO-FOUNDER, UDAAN

NISHANT RATNAKAR FOR FORBES INDIA

(From left)
Amod Malviya, Sujeet Kumar and Vaibhav Gupta, the co-founders of Udaan

In The Top Flight

In just two years since the beta launch of its app, Udaan becomes the fastest homegrown startup to snag a billion dollars in valuation

◆ By SAYAN CHAKRABORTY

It was a fairly straightforward plan. Build an empire so big that it intimidates competitors by its sheer size. Build a bulwark so tall that it cannot be breached. But winning battles is no walk in the park.

Vaibhav Gupta, Sujeet Kumar and Amod Malviya had fought similar battles before, albeit as generals to Flipkart founders Sachin Bansal and Binny Bansal, overseeing its transformation from a fledgling startup to an ecommerce powerhouse. They knew the art of moving mountains.

When Kumar and Malviya, who quit Flipkart in mid-2015, visited Gupta—then on a sabbatical—in Seattle in October 2015, the trio realised over multiple conversations, including one on a drive from Las Vegas to Los Angeles in a convertible Mustang, that marshalling troops as generals wasn't their calling. They would rather team up to hunt for the next big idea. "We decided that the clinching factor for us should be big markets," says Gupta.

"Only a few things came up, like commerce, financial technology, electric vehicles. We were more comfortable with (business to business, B2B) commerce and it wasn't surprising," says Kumar. "The years we had spent at Flipkart gave us enough exposure on the structure of the market. We had a good idea about how consumption happens and the available infrastructure."

Back in 2015-16, India wasn't a fertile ground for B2B startups. Venture capital firms weren't stoked either. Incumbents were largely vertical focussed—for instance, Industrybuying, Power2SME and Moglix specialised in industrial products, Bizongo on packaging materials, Shotang on electronics and accessories. Horizontal platforms such as Wydr, Tolexo (a unit of IndiaMart, which recently listed on the bourses) or ShopX were yet to find a firm footing. Also, neighbourhood retailers, their potential customers, weren't at the helm of the smartphone and internet revolution in India.

In such a time, Gupta, Kumar and Malviya, it seemed, were punching above their weight. "We wanted to do everything," says Kumar. For the trio, "everything" went beyond a wide array of categories. "We were clear that it (B2B) cannot be solved independently. That lending, logistics, fulfilment, payment and commerce were integrated problems. That's why we started building all of them from day one," adds Gupta.

The proposition has merit, says Anil Kumar, chief executive at

VAIBHAV GUPTA, SUJEET KUMAR, AMOD MALVIYA
Co-founders, Udaan

WHY THEY WON THIS AWARD:
The scale that the business has achieved in a short span. India's fastest unicorn, valued at $2.7 billion, Udaan's annualised gross sales run rate stands at $2-2.5 billion

RedSeer Consulting. "About 65-70 percent of India's B2B supply chain is unorganised. There is need for predictability on where the product needs to reach, how long it would take, inventory level and how the demand can be increased, but all those elements are missing," says Kumar. "A retailer, distributor, wholesaler or a brand wants to have visibility on the entire supply chain. Efficiency is a massive challenge. Then, by the time a product reaches a retailer from the manufacturers, a lot of the profit pool is being eaten up by intermediaries who aren't adding any value. All such challenges can be effectively addressed by an internet platform."

RedSeer estimates the B2B retail market to grow at a compounded annual rate of 10 percent from about $714 billion in 2019 to $1,262 billion in 2025. Online businesses will account for at least 4.8 percent of the overall pie from 0.24 percent currently.

Back in 2015-16, the trio's visit to several wholesale markets in India—Khetwadi in Mumbai, Chawri Bazaar in Delhi, the automotive and electronics components markets in Aurangabad to name a few, each of which witnesses transactions worth at least ₹10,000 crore annually—hinted at a greenfield opportunity. By February 2016, they had decided that, if anything, their venture had to be a B2B marketplace.

To a buyer, they would provide the largest variety at the lowest cost. A seller would get the largest reach at the lowest cost of distribution. "It is a business that requires largescale operations with a high degree of efficiency. If you don't have scale, you don't have a long term competitive advantage," says Gupta.

Gupta, Kumar and Malviya have been running at a frantic pace ever since with Udaan (flight) to ensure that their maiden stab at entrepreneurship doesn't end up becoming their flight of fancy.

Battling Competition

Startups that compete with Udaan

	Funds raised ($ mln)	Notable investors
NinjaCart	150	Accel Partners, Tiger Global Management
ShopX	53	Fung Strategic Holdings, Nandan Nilekani
ShopKirana	12	Info Edge, Incubate Fund
Jumbotail	23	Heron Rock, Nexus Venture Partners, Kalaari Capital
Moglix	100-120	Tiger Global Management, Sequoia Capital, Accel Partners
Power2SME	77	Accel Partners, Inventus Capital, Kalaari Capital

SOURCE Crunchbase

Udaan lets about 25,000 manufacturers, wholesalers, importers and brands sell their ware to approximately 3 million small and medium businesses across 900 Indian cities, about half a million of them transacting every month. It services about 5 million monthly orders across categories such as fashion, electronics, pharma and food among others. Others such as industrial, construction and hardware will be rolled out soon. It also runs an NBFC, Hiveloop Capital.

The firm currently clocks an annualised gross sales run rate of $2-2.5 billion. Udaan is also the fastest homegrown startup to snag a billion dollars in valuation, in about two years since opening for business through a beta launch of its app in November 2016. In comparison, Flipkart took about six years.

"The validation had happened before (November). We didn't launch the app first and then go about validating the concept. It is important to understand that a product should be relevant to be accepted. Our own hypothesis and learnings from Flipkart were that it was highly unlikely that the first version of the app would be perfect," says Kumar.

It wasn't the case at Udaan either. Initially, the company hit hurdles in payments, product cataloguing and discovery as well as logistics. When the founders went back to the drawing board to find the reason behind each roadblock, more often than not they realised they still had a B2C hangover.

For instance, initially Udaan offered an option to pay with credit cards, debit cards, cash and net banking, as was the case with the likes of Amazon and Flipkart. But it had missed a point. In B2C ecommerce, buyers don't expect a change in price depending on the mode of payment. In B2B trade, however, cash payment entails a lower price than credit. "And in B2B, only two modes of payment work, cash or credit. We never modelled for that," adds Gupta.

Similarly, returns in B2C are fairly straightforward—they happen largely because either the products were damaged or the correct order wasn't delivered. Customers either get a refund or credits that can be used to buy anything on the platform. B2B has more layers, explains Kumar. For instance, here the buyers can also be coaxed to keep the order against some credit or additional discount. "This is the language of trade. They (traders) understand this," he adds.

Udaan is, in fact, all about talking the language of the traders. Here, they have their ears to the ground, says Bejul Somaia, partner at Lightspeed India Partners Advisors, Udaan's first institutional investor. Lightspeed invested $10 million in the firm in October 2016, even before the product was launched, at a pre-money valuation of $30 million.

"They understand their audience and leverage it to build products that enable users to trade the way they want to, rather than forcing buyers and sellers to modify their business practices and conform with a rigid set of rules. Udaan has a very stakeholder-centric approach," says Somaia.

“They understand their audience and use it to build products that enable users to trade the way they want to. Udaan is stakeholder-centric.”

BEJUL SOMAIA, PARTNER, LIGHTSPEED INDIA PARTNERS ADVISORS

Udaan has the reach, scale, financial heft and ambition. While this makes it the leader of the pack, there is also a faint chance that it may occasionally wobble under its own weight. Even a temporary slip can send a chill across many spines. After all, the firm, last valued at about $2.7 billion post money, has roughly $870 million from a clutch of investors riding on it.

“Continuing to manage buyer and seller experience and building supply chain capability that supports a range of horizontal categories at scale is challenging,” says Lightspeed’s Somaia. “On the credit side, they have an advantage because of the proprietary transaction and trade settlement data generated by the commerce marketplace. That said, scaling credit to SMEs (small and medium enterprises) has to be done carefully as this is a segment which has historically been challenging for financial institutions.”

Also, B2B ecommerce is a tricky business. The segment has seen casualties such as Tolexo, Shotang, Wydr and JustBuyLive. It takes money and time to build a business worth its salt, says a founder of a B2B startup. “If you want a retailer to buy from you, not only do you have to give him better price, selection, convenience, but also better terms of credit and simplify his payments. On top of it, you have to wean him away from local relationships he has had with distributors for decades,” he says.

Udaan has the money. It can afford to be patient. The firm has managed to circumvent some of the challenges because of its massive war chest. For instance, for quite some time, Udaan didn’t charge a commission from sellers to drive adoption. This was because, at the outset, wholesalers formed a significant chunk of Udaan’s seller base, who would have desisted from offering the best price to retailers had they been constrained to part with commissions they earned from manufacturers and brands. The scenario is gradually changing with brands and manufacturers, swayed by Udaan’s scale, starting to sell directly on the platform.

Structural challenges apart, Udaan has a clutch of competitors to stave off. Startups such as ShopX, Jumbotail, NinjaCart and ShopKirana in the food and FMCG segment are sniping at its heels. Large-ticket segments such as industrial aren’t going to be a cakewalk either, with incumbents such as Power2SME and Mogilix poised to give a good fight. Bookkeeping apps such as OkCredit and Khata Book, which also aspire to enable commerce and lend, could end up looking a lot like Udaan.

Also in the fray are heavyweights such as Reliance Industries [owner of Network 18, the publisher of Forbes India], Metro AG, Walmart and Amazon. Metro, which clocked ₹6,100 crore in sales in India in FY18, has launched an app for retailers. Walmart India, which clocked sales of ₹3,600 crore in the same period, is expected to ramp up India operations.

Then comes Reliance Industries’ highly anticipated “new commerce”, which, according to its chairman Mukesh Ambani, will be a “user-friendly digital platform designed for inventory management, customer relationship management, financial services and other services”.

Also, unlike yesteryears, marquee investors such as Tiger Global Management and Sequoia Capital, among others, have started taking interest in the B2B segment, which implies that some of Udaan’s smaller rivals may also have access to capital.

Being a full stack service provider and a horizontal marketplace will play to Udaan’s advantage, says Utsav Somani, partner at AngelList India. “It has the economics of scale on its side.”

The trio at Udaan is mindful of the challenges. A lot of cash is being deployed to fortify the company. “If you make the right choices and invest in them, then, when the platform scales, the more durable it becomes and the return on investments is high,” says Gupta.

A humble submission follows the postulation. “It’s not like we have a solution to all the problems. We are still learning.” F

Through Udaan, a buyer like a local kirana store would get the largest variety at the lowest cost

MANSI THAPLIYAL / REUTERS

Waste to Value

Nepra CEO **Sandeep Patel** has built a successful business out of waste in the last eight years, and has managed to integrate and empower waste-pickers in the process

◆ By PRANIT SARDA

In the two years after he set up Nepra Resource Management Pvt Ltd, a dry waste management company, Sandeep Patel approached 70 venture capitalists for funding and got rejected by 68. When he finally got his first round of funding of ₹3 crore in February 2013, three months on, on a Friday morning, a fire broke out at his plant. "The team had been excited about getting their first round of funding and Nepra had ordered new machinery," says Patel, 40. Besides, only 25 percent of the plant was covered, and they planned to use the money to build a shade over the remaining 75 percent. But everything changed when Patel, who had slept at 2 am that day, got a call at 4.30 in the morning. All that he had built so far had been burned to the ground. "We suffered a loss of approximately ₹1.5 crore," he recollects.

Though shaken by the turn of events, he quickly recovered his composure. As soon as he reached the spot, Patel and his team started distributing tasks. They met with the employees and blue-collar workers, seeking their opinion on how to go forward. Everyone, even the daily wage workers, stood by him, willing to continue work and get paid only when Patel had the resources.

Patel's team was back to work on Monday, with waste collection back on track.

It was a tough few months for Patel as he struggled to get the business upbeat again. With no further support coming from VC firms, the promoters started investing their savings. Patel took a loan from his friends and relatives, and he and his family lived off a credit card, keeping expenses to a minimum for the next few months.

Eight years down the line, as he sits in his newly-commissioned plant in Indore, Patel says he has another two plants coming up in Pune and Jamnagar, and plans to expand further pan-India. In just the last one year, Nepra has grown from 180 employees to 450. The company, with an Ebitda margin of 5-7 percent, has been growing at almost 100 percent year-on-year and has been operationally profitable for two years now even as it continues to uplift the weaker sections of society, creating "entrepreneurs" as well as an environmental impact through its segregation and recycling operations.

"The Indore unit is India's first 300 metric tonne (MT) plant," says Patel of the plant spread over

SANDEEP PATEL

CEO of Nepra Resource Management Pvt Ltd

INTERESTS OUTSIDE WORK:
Road trips and reading

WHY HE WON THIS AWARD:
While resolving the larger issue of waste in the environment, Patel has shown not just some of the best growth numbers in the industry, but also integrated waste-pickers

"Anyone who is ideating, creating this plant or collecting waste, comes under the category of a Swachh Bharat entrepreneur."

SANDEEP PATEL, CEO, NEPRA RESOURCE MANAGEMENT PRIVATE LIMITED

AKASHDEEP VERMA FOR FORBES INDIA

approximately three acres that has been designed by Turkish firm Disan, and was built at a cost of ₹30 crore. Nepra has two plants in Ahmedabad, with a total capacity of 100 MT.

While a majority of the machines have been bought from and installed by Disan, three optical sorting machines were bought from German company Tomura. The plant was commissioned in October and Patel is busy fine-tuning machinery and processes.

"Train the trainer is something we are working on," Patel says as he sits down with a team to teach them the processes in the plant. "My co-founders and I are spending so much time in Indore to train just 10 people so that they pass on the skills to another 10. We, thus, are able to train 100 people," he adds, putting in place the processes he has arrived at in his eight-year journey in dry waste management.

One of Nepra's focus areas is to bring women waste-pickers into the formal workforce

AKASHDEEP VERMA FOR FORBES INDIA

Patel, who did his MBA in ecommerce strategy and project management from Leeds Beckett University in London, returned to India in 2002. Fifteen days after landing, he found himself engaged to be married. He had no job in hand and took up a position in an IT company, but knew that ultimately he wanted to be a businessman. "Two months after I got married in 2003, I left the job and started my first business," says Patel.

Between 2003 and 2006, Patel, who had always been interested in retail and in waste, worked in the BPO business, started a travel company and a chemical business. The retail sector was overcrowded, but when he was working as a chemical trader Patel saw the potential in industrial waste. "You either create a niche for yourself or pump in a lot of money," he says.

A portmanteau of his wife's name, Neha, and his niece's name, Pranali, who at the time lived with the Patels, he launched Nepra Environmental Solutions Pvt Ltd in 2006 in his home city, Ahmedabad in Gujarat.

One of his first clients was Larsen & Toubro, who would want them to clean up solar package installations or do other clean-ups. Nepra also partnered with hotels, hospitals and corporate offices to collect dry waste.

It was Patel's interest in other verticals, like organising the sector and scaling it up while generating alternate sources of revenue for Nepra, which led the company to get into the dry waste collection systems. Until then, the sector was driven by *raddiwalas* and *kabadiwalas* who were mostly unorganised.

Nepra Environmental Solutions, an umbrella for 18 online and offline businesses became Nepra Resource Management. It started focusing on two core businesses, waste collection and segregation, aiming at 'zero-waste-to-landfill' by selling the segregated waste to clients across India, including cement kilns for refuse-derived fuel (RDF), plastic recycling units and paper mills. It also has a paper and plastic recycling unit in Ahmedabad.

Nepra launched an initiative, 'Let's Recycle', to create awareness among people for waste segregation. "Before 2014, there wasn't much awareness about waste. So, when we told people about 'Let's Recycle', they understood what we do," says Patel.

To bring clients on board, Nepra had to build trust with companies, provide them with transparent solutions and regular services. "We believe our service is an addiction. If you start getting used to regular waste pick-ups, you will not look at other options," he says. Nepra's clients include industry, hotels, hospitals, households and corporate offices.

In Ahmedabad, Nepra oversees waste management and waste collection activities. A point-to-point waste collection company, it uses two apps—one for garbage collectors and one for consumers. The app used by garbage collectors employs facial recognition for easy login, a colour-coded menu, bigger fonts and an easy-to-use interface; the app used by customers is like an "Uber for waste"

“Nepra dealt with waste, from the former ‘lifting and shifting’ method, to actually trying to resolve it.”

AJAY MANIAR, PARTNER, AAVISHKAAR

with easy tracking of the garbage loading truck, and its arrival details.

While the company has its own system to collect waste in Ahmedabad, in Indore it has tied up with the municipal corporation to get them dry waste every day.

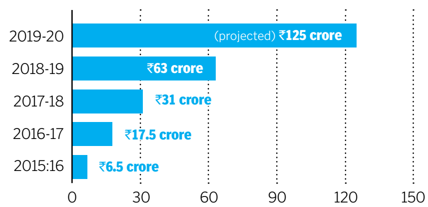
Having worked in the chemicals industry, Patel has no qualms about getting his hands dirty and learning and building solutions from the ground up. “I have worked in an activated carbon business and I used to go home and shower, and the carbon would turn the water black. I have lifted drums while working in my chemicals business, my father for some time had a mining business, so I never had a problem getting my hands dirty,” he says.

It is this approach, his seeing the potential in people, and his passion that has drawn people to the company, from his partners, to the waste pickers the company works with, to investors. When his co-founder Ravi Patel, the son of his father’s friend, went through a tough patch with his business and approached him for a job, he instead made him a partner in his chemical trading business, a partnership that continued into Nepra. “I thought an entrepreneur should remain an entrepreneur,” he says.

The third co-founder, Dhrumin Patel, became a part of Nepra in 2011. Dhrumin, a distant relative of Patel’s, was looking to do something in plastic recycling. Patel told Dhrumin that he was doing a bit of what Dhrumin had in mind, and got him on board.

“I have a very good team, co-founders who complement me. I am more of a business process and reengineering guy. Dhrumin is an eye-for-detail, numbers guy who remembers almost every minute detail. I can thus look at macro and have the comfort of him looking at micro,” says Patel. “Ravi is our behind-the-scenes guy. If we need anything to be done, we know Ravi is the guy,” he adds

Revenues



SOURCE Nepra

Nepra has raised ₹73 crore till date and is backed by venture capital firms Aavishkaar and Asha Impact. It is now in the process of a ₹300 crore fundraise.

“Nepra has been growing rapidly and will continue to grow very rapidly for the foreseeable future given the magnitude of waste generation,” says Ajay Maniar, partner at Aavishkaar, which has backed Nepra from two of its funds. “We have funded Nepra from the current fund and will hopefully continue to back it. We are planning for Nepra to file for an IPO in the next four to five years.” He adds that back in February 2013 they decided to fund Nepra for one simple reason: Nepra promised to deal with waste in a way no one else had before. “Nepra dealt with waste, from the former ‘lifting and shifting’ method to actually trying to resolve it. It (the decision to back Nepra) was after seeing the leadership’s commitment towards the problem and their inclusive approach towards all stakeholders,” says Maniar.

Among the many challenges Patel has faced, dealing with stereotypes tops the list. Patel himself faced the challenge of having to explain his business to people, considering his education. Tracking and retaining qualified talent is another challenge he faces. But as Patel puts it, it is not the education of his employees that he looks at, but their passion towards the common goal.

Vaibhav Kapoor, project manager at Nepra’s Indore plant, is just one of the examples. Kapoor, who first connected with Patel while pursuing a degree in civil engineering, considered Patel as the guide for his thesis on solid waste management.

After his Master’s degree, Kapoor worked with Godrej and PwC before making the move from a cushy corporate job to joining Nepra, because he believed in Patel’s vision for the company. Kapoor says, “[Patel] called me last year and told me how big Nepra has become.” Patel told him about the expansion plans to Indore and called Kapoor to the Ahmedabad office, asking him to join. “He was very keen on getting me on board,” adds Kapoor.

Meanwhile, Nepra continues to keep its waste pickers at the heart of everything it does. The company provides them transparency and immediate payment, and Patel claims that the earnings of waste-pickers have improved by as much as 35 percent. With improved earnings, waste-pickers are able to educate their children, they’re able to pay their dues and don’t take on additional debt. The company also tries to empower women from working class areas, bringing them into a formal workforce.

Nepra also constantly tries to change the way people perceive the waste management system.

Through the process, Patel says he is creating “entrepreneurs”, adding that he considers everyone, from himself to every stakeholder in his waste management business a “Swachh Bharat Entrepreneur”. “A person who is ideating and creating this plant and the person who is collecting waste, all come under the category of Swachh Bharat entrepreneurs. We have made it an acceptable term for a person in the waste segregation business, who wants to be born [into], grow and make money in the business.” F

Forbes INDIA Leadership Awards 2019

SPECIAL JURY AWARD

The Titan Within

Bhaskar Bhat helped transform Titan from just a watchmaker to the second-most valued company in the Tata stable

By POOJA SARKAR

As a man dressed in a cotton shirt and trousers walks into Taj MG Road, Bengaluru, on a November evening, the hotel's staff goes into a tizzy. The manager appears, checking if the unassuming gentleman wants anything in particular, as he makes his way to the Titan showroom in the hotel. The store's manager too seems puzzled by his unannounced arrival. After all, Bhaskar Bhat—the man behind the phenomenal success of multiple Titan brands—has landed up at the Nebula and Taneira outlet after changing his mind at the last moment about where to have this meeting.

As he enters the store, he asks for the sales figures. The store manager gives the numbers. Bhat nods and smiles, knowing that sales have been low this season, and that the store has managed to meet expectations. You could make the mistake of assuming that Bhat is still at his job, but the fact is he retired as managing director (MD) in October.

"It is a different feeling to be freed from a nine-to-five job," says Bhat, 65, as he settles into a chair in one corner of the store. But the free time, he says, "...is at a very, let's say lowest common denominator." Bhat, based in Bengaluru, continues to fly frequently to Mumbai to attend board meetings of 10 Tata Group companies, including Tata Sons, the group's principal holding company; he is also the chairman of Rallis India, a subsidiary of Tata Chemicals. "Now, it is my cumulative experience that needs to be applied, and the contribution is different."

Titan's journey started 35 years ago, in 1984, as a joint venture between Tata Group and Tamil Nadu Industrial Development Corporation. Bhat joined the company in 1983 in the marketing department of the Tata Watch Project.

Since then the company has evolved into a retail giant, branching into jewellery, eyewear, accessories, perfumes, tech wearables, and sarees. "It was in 1994-95 that the idea of Tanishq was mooted. It took time to hammer it into a business model that generates revenues," recalls Bhat. Today, Tanishq is Titan's flagship jewellery brand, with the entire jewellery segment—which now comprises the Zoya, Mia and CaratLane brands—accounting for 84 percent (₹16,030 crore, as of March 2019) of the company's total revenue.

"Bhat has been involved in Titan's journey from the beginning and has helped it become a dominant player in the watch category, with 65 percent market share. More than 80 percent of the company's revenue comes from the jewellery segment. From zero to 80 percent of revenues is a huge transformation," says Abneesh Roy, senior vice president, institutional equities research, Edelweiss Securities.

But despite the success of Tanishq, Titan has continued to explore opportunities in other segments, such as watches. In this category, it has eight brands—from Fastrack, its most widely known, to Favre Leuba, the second-oldest brand of Swiss watches that it acquired in 2016. Recently, Titan also launched online sale of clocks.

"Now it's a natural extension of the watch business, but it happened just before I left. These are initiatives that are taken within the company by empowered teams, and there is a process of assessment and evaluation before they are implemented," he says.

BHASKAR BHAT

Former managing director, Titan

INTERESTS OUTSIDE WORK:
Reading, travelling, trekking, training to stay fit, music

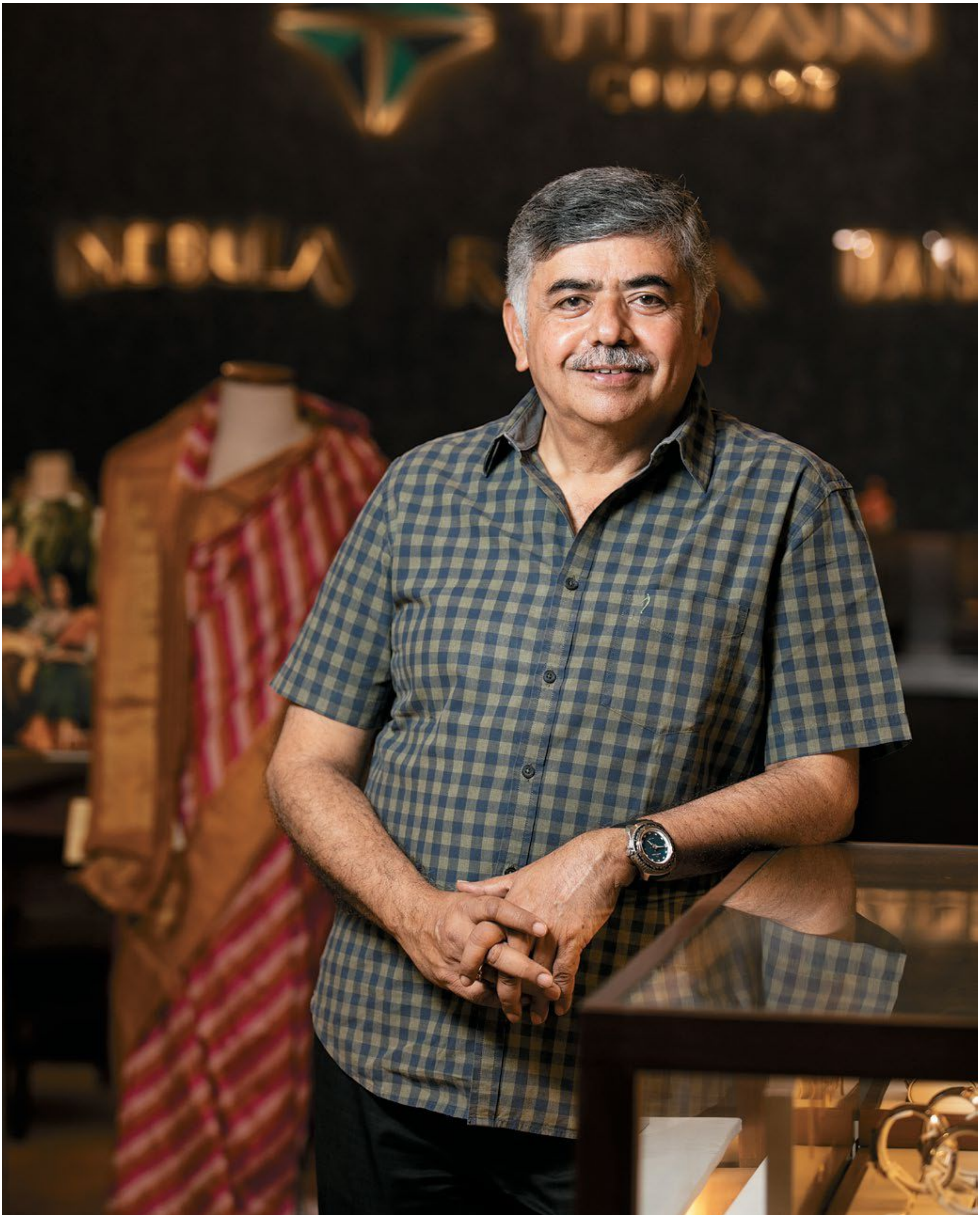
WHY HE WON THIS AWARD:
For growing Titan into one of the top business assets of the Tata Group

There are a few things that Bhat has done differently, thus adding value to Titan, says Avi Mehta, assistant vice president, IIFL Institutional Equities. "Since he took over as MD, he ensured that there is a cultural change within Titan in terms of creating strong leaderships, and building a culture of value that permeates through the entire ecosystem. They have been able to create brands in a largely unorganised sector in the country," says Mehta.

While most Indian companies struggle to pass on the baton and

“There will be more things that will come out of Titan because that is part of Titan’s DNA.”

BHASKAR BHAT, FORMER MANAGING DIRECTOR, TITAN



SELVAPRAKASH LAKSHMANAN FOR FORBES INDIA

"Investors like Bhat's transparent approach. He is open about his success, risks and failures."

ABNEESH ROY OF EDELWEISS SECURITIES

look to hire an outsider to run the business, it was way back in 2002, just after Bhat took charge as MD of Titan, that the management realised that the founders' entrepreneurial mentality has to continue in the company. "How could we keep that spirit alive in the company, when none of us individually had that capability?" says Bhat. Hence, instead of being driven by a single person, Titan became a company that aspired to become bigger through collective effort. "That's how we transformed ourselves."

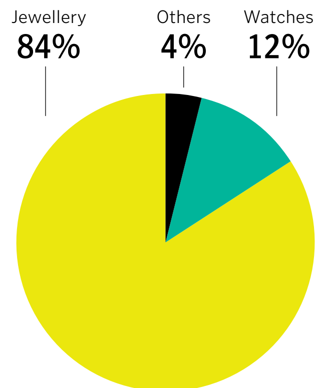
As part of this evolution, independent teams for each vertical were created and given end-to-end support; each vertical had its own CEO, who had profit and loss responsibility for their businesses. In addition, eight years ago each geographical region was allotted similar heads. For instance, the northern region, which has a turnover of ₹5,000 crore, is run like a full-fledged company that the region's head is responsible for.

"The next set of leaders who took over the watches and eyewear verticals has come from those fields, and been exposed to the company's business in those verticals," explains Bhat. "A high level of transparency and trust have led to a strong sense of ownership within the company. We have been able to do this without giving ESOPs," says Bhat. After Bhat retired, CK Venkataraman, the CEO of the jewellery business who has been with the company for over 30 years, took over as MD of the company.

"Investors have liked Bhat's transparent approach. He is always reachable and open about his success, risks and failures," says Roy. With a market capitalisation of about ₹1.03 lakh crore, Titan is today the second-most valued company in the Tata Group, after TCS.

But its position has not stopped it from looking for newer opportunities.

Revenue Share (FY19)



Crown Jewel

Titan is the second most valued company in the Tata stable

- **TCS** ₹8,17,475.77 cr
- **Titan** ₹1,02,938.82 cr
- **Tata Motors** ₹49,258.17 cr
- **Tata Steel** ₹45,475 cr
- **Tata Power** ₹14,984.45 cr
- **Tata Chemicals** ₹16,109.51 cr
- **Tata Communications** ₹10,187.33 cr
- **Tata Global Beverages** ₹18,245.96 cr

Market cap as of November 13

"It's a constant process of many ideas. That is the beauty of the organisation; ideas are always welcome and that is how Taneira happened," says Bhat. Launched in February 2017, Taneira, a range of handmade sarees, is Titan's youngest brand and is available in Bengaluru, Delhi, Hyderabad and Mumbai. In March 2019, it recorded revenues of ₹80.59 crore.

Apart from expecting Taneira to become bigger over the years, Bhat believes that Zoya, Titan's luxury jewellery brand that was launched in 2007, is an opportunity the company could leverage. "We have been exploring opportunities, and yet conscious of the fact that the brand has to create value, not just valuation. It's not like startups," says Bhat.

"What they are doing is staying true to their core—where you have price points that are reasonable as well as competitive—while building a brand that customers can trust in an unorganised category. The company has been built with those ethics," says Mehta.

But what are the things that he could have done differently? "We were at least two years behind in our smart watches and wearables categories... now we are catching up," says Bhat. Even in the eyewear category, he believes they could have used a different scale-up model in the early days. It was retailed through multi-brand dealers for a long time, before getting its own stores. "Those are not business decisions but business tweaks that we could have done. The other thing is, we could have seeded the overseas jewellery market a little earlier; we have been very India-focussed, so it takes time to build overseas markets," says Bhat, distracted by a customer who wants to know more about the sarees.

With one ear on what the sales person is telling the customer, Bhat takes the last question on how the current economic slowdown is affecting Titan. "We have been through these times before; it is the third time we are going through it. Recession and all will happen; for us targets are sacrosanct," he says. The two earlier slowdowns he refers to are the 2008-09 global financial crisis, and the changes in the Companies (Acceptance of Deposits) Rules in 2014 that brought cash deposits from customers under the definition of public deposits; with this, Titan's Golden Harvest and Swarna Nidhi schemes had to be shut down.

Although Bhat is not running the daily show anymore, he is well-placed to say: "There will be more things that will come out of Titan because that is part of Titan's DNA." F

Network 18

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BEST COMPANY-PUBLIC SECTOR

Clean Fuel's Leg Up

Indraprastha Gas has a long growth runway stretching well into the next decade

◆ By SAMAR SRIVASTAVA

Late on a Friday afternoon at a compressed natural gas (CNG) filing station in central Delhi's CGO Complex, cars, light commercial vehicles (LCVs) and three-wheelers make their way to dispensing points along 34 bays. Lines are short and, at an average filling time of 4 minutes, the pump owned and operated by Indraprastha Gas is capable of filling 2,040 vehicles in an hour. An app designed to provide live queue status to customers shows a wait time of 5 minutes.

At least in central Delhi, long queues at CNG pumps are a thing of the past as Indraprastha Gas adds to its network of 515 filling stations at the rate of 50 to 60 outlets a year. In its favour are a mix of government regulations that mandate the use of CNG for public transport and LCVs, falling natural gas prices and a massive planned expansion of India's natural gas pipelines for use by automobiles, households and industries.

Since 2017, automobiles and households have been moved to the top of the priority list for domestic gas, ahead of industries. The man at its centre, ES Ranganathan, managing director of Indraprastha Gas, puts it understatedly: "The government wants to broadbase the use of gas."

Almost on cue, the last year has seen Indraprastha Gas expand the scope of its operations outside of the National Capital Region. It won bids to offer its services in Meerut, Muzaffarnagar and Shamli in Uttar Pradesh, Karnal and Rewari in Haryana, and Ajmer in Rajasthan, giving it ample scope to expand volumes in the years to come.

Where Indraprastha Gas scores above rivals is in its growth rates, capital efficiency (it has zero debt and doesn't plan to change that despite an aggressive investment plan totalling ₹5,000 crore over the next four years) and margins. It's something investors noticed. Over the past 10 years, sales and profits have compounded at 21.6 percent and 15.7 percent respectively. As a result, at 23 times, it has a higher earnings multiple than listed rivals Mahanagar Gas and Gujarat Gas. Its 21 percent return on equity compares favourably with larger Asian rivals—Hong Kong and China Gas Co Ltd and Petronas Gas Bhd. What makes Ranganathan most excited these days is that Indraprastha Gas, which has spent the past two decades laying pipelines in the NCR region, is well positioned to capitalise on the massive growth opportunity ahead.

NETWORK EXPANSION

India's journey towards burning cleaner fuels started through judicial intervention. As pollution levels in Delhi moved up in the late 1990s, the Supreme Court mandated that all public transport vehicles move to CNG. Gail, which had a pipeline bringing gas to Delhi, and Bharat Petroleum were tasked with the job and, along with the Delhi government, Indraprastha Gas was formed. Government shareholding was kept at 50 percent instead of the usual 51 percent to enable faster decision-making.

The next two decades saw the gas network expand in the NCR, Gujarat and Mumbai with a total of 1,424 CNG stations and 30 lakh vehicles running on the green fuel by March 2018, according to the Petroleum Planning and Analysis Cell. Coverage in other parts of the country was planned but in the absence of sufficient gas allocation city gas utilities went slow in expanding CNG networks. Utilities function in geographical areas and, until 2018, 92 such areas had been allocated across the country.

That changed in 2018 when the government announced that it planned to reduce India's dependence on liquid fuels and up the use of natural gas in India's energy basket from 6 percent then to 15 percent by 2022. In September, during a trip to the US, Prime Minister Narendra Modi signed a deal to import 5 million tonnes of liquefied natural gas per annum from oilfields in Texas. Bids were invited from private entities to set up CNG stations and supply piped natural gas (PNG) to households.

Starting April 2018, the Petroleum

ES RANGANATHAN

Managing Director, Indraprastha Gas

INTERESTS OUTSIDE WORK:
Avid golf player

WHY HE WON THIS AWARD:
For expanding the company in a measured manner without taking on debt and maintaining margins

“In Delhi’s Tilak Nagar I can get 20,000 homes and two CNG stations with 25,000 kg of sales. It’ll take 5 years and ₹100 crore to do that in Karnal.”

ES RANGANATHAN, MANAGING DIRECTOR, INDRAPRASTHA GAS

MADHU KAPPARATH

"They have a clear revenue stream and new geographical areas to deploy their earnings."
VIVEKANAND SUBBARAMAN, AMBIT CAPITAL

and Natural Gas Regulatory Board allocated 136 geographical areas to various city gas utilities in two large bidding rounds, taking coverage up from 19.8 percent of the population to 70.4 percent. According to plans submitted by the successful bidders, the number of CNG stations is likely to see a nearly fourfold increase from 1,734 at present to 7,924 by 2028. In addition there is also a target to connect 100 million households to PNG for cooking.

There are already signs of an impressive ecosystem of CNG products building up. The mix of CNG cars at the country's largest carmaker Maruti Suzuki rose to 6 percent of total sales in the year ended March 2018, a 40 percent increase from the previous year. It plans to discontinue diesel cars from April 2020 and replace them with CNG variants. "We've also seen manufacturers launch tractors and diesel generators running on gas," says Amit Garg, director, commercial, Indraprastha Gas.

FIRST-MOVER ADVANTAGE

Among the most significant advantages that Indraprastha Gas has is that its areas of supply are more or less contiguous. This helps it defray infrastructure costs. The areas it operates in are also densely populated, and that means fewer pipelines can provide connections to a large number of people.

"Delhi is so vast that in an area like Tilak Nagar I can get 20,000 households and two CNG stations with 25,000 kg of sales. It will take me five years and ₹100 crore of investment to get similar numbers in Karnal, our new geographical area," says Ranganathan, who adds that the company looks for a minimum 14 percent rate of return while planning new investments.

A key advantage in making new investments is that, at a profit run rate

The Natural Gas Push

- The government plans to increase gas consumption from 6 percent of India's fuel basket to 15 percent by 2022
- In 2018 it allocated 136 new geographical areas for utilities to set up CNG and PNG networks, taking population coverage from 19.8% to 70.4%
- This rollout is expected to take eight years, taking the number of CNG stations to 7,924 from 1,734 at present
- Indraprastha Gas has received licenses for 3 new geographical areas that include Rewari, Karnal, Muzaffarnagar, Shamli and Ajmer, thus expanding the scope of its operations

of ₹1,600 crore a year, Indraprastha Gas can easily meet its investment requirements of ₹1,000 crore annually from internal accruals and still leave money on the table to distribute to shareholders. "It is here that I would like them to be more aggressive. They have a clear revenue stream and new geographical areas to deploy their earnings," says Vivekanand Subbaraman, who tracks oil and gas for Ambit Capital. This is unlike rivals Adani Gas, Gail Gas, and Torrent Gas who also won several geographical areas but will have to take on debt as they roll out their networks.

Apart from financing, a crucial and often underestimated facet of rolling out networks is the time it takes in getting land and approvals to set up CNG pumps as well as approvals to provide PNG in housing societies. Indraprastha Gas has taken two decades to reach its network of 515 pumps and points to this as a competitive advantage even as there are reports that its marketing and infrastructure exclusivity could end. (In 2016, the regulatory board had held that Indraprastha Gas's marketing exclusivity in Delhi had expired; the company challenged the ruling.) The company declined to comment on this, since the matter is sub judice.

Indraprastha recently announced that it plans to tie up with landowners and share the costs of setting up new pumps. In contrast Mahanagar Gas, which supplies to the Mumbai Metropolitan Region, has 223 pumps, and has been unable to open a pump south of Worli in Mumbai.

For now Indraprastha's business split is 75 percent CNG, 8 percent PNG and 18 percent industrial users like factories and restaurants. The Delhi government has helped in keeping prices low by lowering excise duty and value-added tax, resulting in CNG being sold for ₹45.2 per kg in Delhi (the cheapest in the country) or 13 percent cheaper than in neighbouring Noida.

Margins at ₹6.4 per standard cubic metre are among the highest in the industry and could attract regulatory scrutiny. (In the past the courts have held that the Petroleum and Natural Gas Regulatory Board has no role in deciding retail prices.) Ranganathan is conscious of this and says that the company plans to maintain margins at these levels. "We have to look at prices and compare them to the differential with other fuels [diesel] and that differential should be in the 30 percent range," he says. This price difference should see the company grow volumes at 10 to 12 percent for the next three years at least.

One final edge that Indraprastha Gas has is the stakes, 50 percent each, it took in Central UP Gas and Maharasthra Natural Gas, which supply to Kanpur, Bareilly and Pune. These stakes have taken the better part of half a decade to mature but now bring in upwards of ₹100 crore annually as their operations mature. Ranganathan says the company is looking at making acquisitions and they are in active valuation discussions. A successful acquisition would bring in yet another growth lever.

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Forbes INDIA

Enterprise

Grinding It Out

After being relegated to the margins, the maker of Karbonn mobiles is fighting back with a four-pronged attack. Will the gambit pay off?

By RAJIV SINGH

AMIT VERMA

At 52, Ray Kroc was taking the boldest and riskiest bet of his life. After two decades of being a salesman—selling paper cups and milkshake machines—part-time pianist and real estate agent, the plucky American had opened his first McDonald's franchisee outlet at Des Plaines, Illinois, in 1955. The unlikeliest candidate anybody would hedge money on, Kroc had survived the First World War, and had seen his father amass and lose his fortune in speculation and stocks.

Six years later, in 1961, Kroc went on to buy McDonald's. "Achievement must be made," the unflinching entrepreneur wrote in his autobiography *Grinding it Out*, "against the possibility of failure, against the risk of defeat. Where there is no risk, there can be no pride in achievement, and consequently, no happiness."

Cut to India. At 50, Pardeep Jain is doing a Kroc. "He has an inspirational story of never giving up in spite of multiple failures," says the managing director of the Jaina Group, which had hit a high in early 2014 when the maker of the Karbonn mobile cornered a 10 percent market share, making it the third biggest smartphone brand in India.

Five years later, fortune has swung to the other end. Karbonn, along with other homegrown handset players like Micromax, Intex and Lava, has been muscled out by Chinese smartphone players such as Xiaomi, Vivo and Oppo. Jaina Group, which boasted of a revenue of ₹3,456 crore in fiscal 2017, hit a new low of ₹1,243 crore two years later.

"If Kroc can dream big at 52, so can I at 50," says Jain, flashing a small red-yellow book cover with golden arches. *Grinding it Out* not only finds pride of place on Jain's spacious work station at his corporate office in the industrial area of Okhla in Delhi, but also happens to be the Bible for the intrepid entrepreneur who started his journey in 1992 as a sales distributor. It was only a decade later that he launched Karbonn.

Though much has changed since the glory days of Jaina Group, Jain is determined to fight back. The strategy is simple, yet unique. Jain has loaded his armoury with a battery of four brands—Karbonn, Gionee, Sansui and Nakamichi—in a bid to transform the company from a mobile handset maker to an

The journey so far

PRADEEP JAIN started as a distributor...

1992
Distributor of Eagle flasks

1995 to '98
Distributor of sim cards and activation for Airtel; partners with Nokia for distribution

2000 to 2009
Adds Samsung, HTC, Panasonic and Motorola to its distribution kitty

2010
Revenue touches **₹900 crore**; launches Karbonn as feature phone brand

2010 to 2015
Sponsors IPL; sells over 27 million handsets annually for the first four years; launches Karbonn smartphones in 2014; ropes in Virender Sehwag and Gautam Gambhir as brand ambassadors

2016 to 2019
Invasion of Chinese smartphone brands; Karbonn almost wiped out

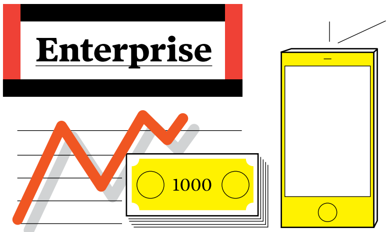
> "A comeback is always stronger than a setback. It will take time but I am ready to grind it out and be back with a bang."
>
> **PARDEEP JAIN,** MANAGING DIRECTOR, JAINA GROUP

electronics consumer durable entity (*see box*). Another related part of the new business strategy is to turn contract manufacturer for big handset brands through a joint venture with DBG Holdings of Hong Kong. The company reportedly has bagged orders from South Korean biggie Samsung for some of its devices.

Jain reckons he has reasons to be optimistic. Although Karbonn is no longer a smartphone brand, as a feature phone it clocks sales of 1 million phones every month. "The brand recall is still very high and it is finding wider acceptance at the bottom of the pyramid of the handset market," says Jain. Karbonn, he points out, is still the fourth largest feature phone player in India. "Market share jumped from 2 percent in the third quarter of last year to 7 percent a year later," he claims, citing Counterpoint Research numbers.

The smartphone space vacated by Karbonn is being filled by Gionee, the Chinese brand whose India rights Jain bought last year. "So there is a Chinese brand to take on Chinese rivals," he says, adding that the brand has a retail reach of over 42,000 outlets across India. "While the urban market is crucial, there is a huge untapped market beyond tier II," he contends.

What Jain is also betting big on is the opportunity that millions of feature phone users provide whenever they upgrade to smartphones. By tying up with Sansui—the Japanese consumer electronics durable label that had been selling in India for three decades with Videocon—Jain is trying to hedge his bets by moving away from phones. Nakamichi, a high-end Japanese electronics player, gives him a play at the premium end of the market. "The four-pronged strategy is well designed to take the group to



Crest and Trough

THE HIGH...

- Revenue of ₹3,456 crore in fiscal 2017
- With 10% market share, Karbonn was the third biggest smartphone brand in early 2014

...THE LOW

- Revenue dipped to ₹1,243 crore in fiscal 2019
- From a high of over 14,000 employees, the headcount now is 1,800

...AND THE COMEBACK BID

Using four brands and diversifying Jaina Group from a mobile player to a consumer durable electronics brand

Karbonn

- Will sell only as a feature phone; brand still sells 1 million phones every month
- Strategy now is to target the bottom of the pyramid of handset market
- Karbonn is still the fourth largest feature phone player in India
- Its market share jumped from 2% in Q3 of last year to 7% in third quarter of 2019
- Plan now is to push brand across 75,000 retail points, especially beyond tier II

Gionee

- Bought the India operations of Chinese smartphone brand last year
- To use Gionee to target other Chinese rivals; rolls out mobile accessories, including smartwatches, to woo millennials
- Brand, operational in India since 2013, has 480 service stations and presence across 42,000 retail outlets

Sansui

- Acquired brand licence of Japanese consumer electronics brand Sansui this year
- Plans to invest ₹1,000 crore to expand Sansui operations
- To have wide presence in categories such as LED televisions, home audio, refrigerators, washing machines, split air-conditioners and small kitchen appliances

Nakamichi

The high-end Japanese consumer electronics brand gives Jaina Group a presence in the premium segment

the next level of growth," he says.

Marketing experts are impressed with the fightback strategy. "Necessity is the mother of invention," says Jessie Paul, founder of Paul Writer, a marketing advisory firm. The smartphone market, she points out, is no longer conducive to Indian players in any segment, and Jaina Group needs to look elsewhere for survival. While Sansui is a great

"As a survival strategy, it is clever and quick-thinking. While Sansui is a great opportunity to take a brand with good recall, Nakamichi gives them a play in the higher end of the market."

JESSIE PAUL, FOUNDER OF PAUL WRITER, MARKETING ADVISORY FIRM

[redacted]

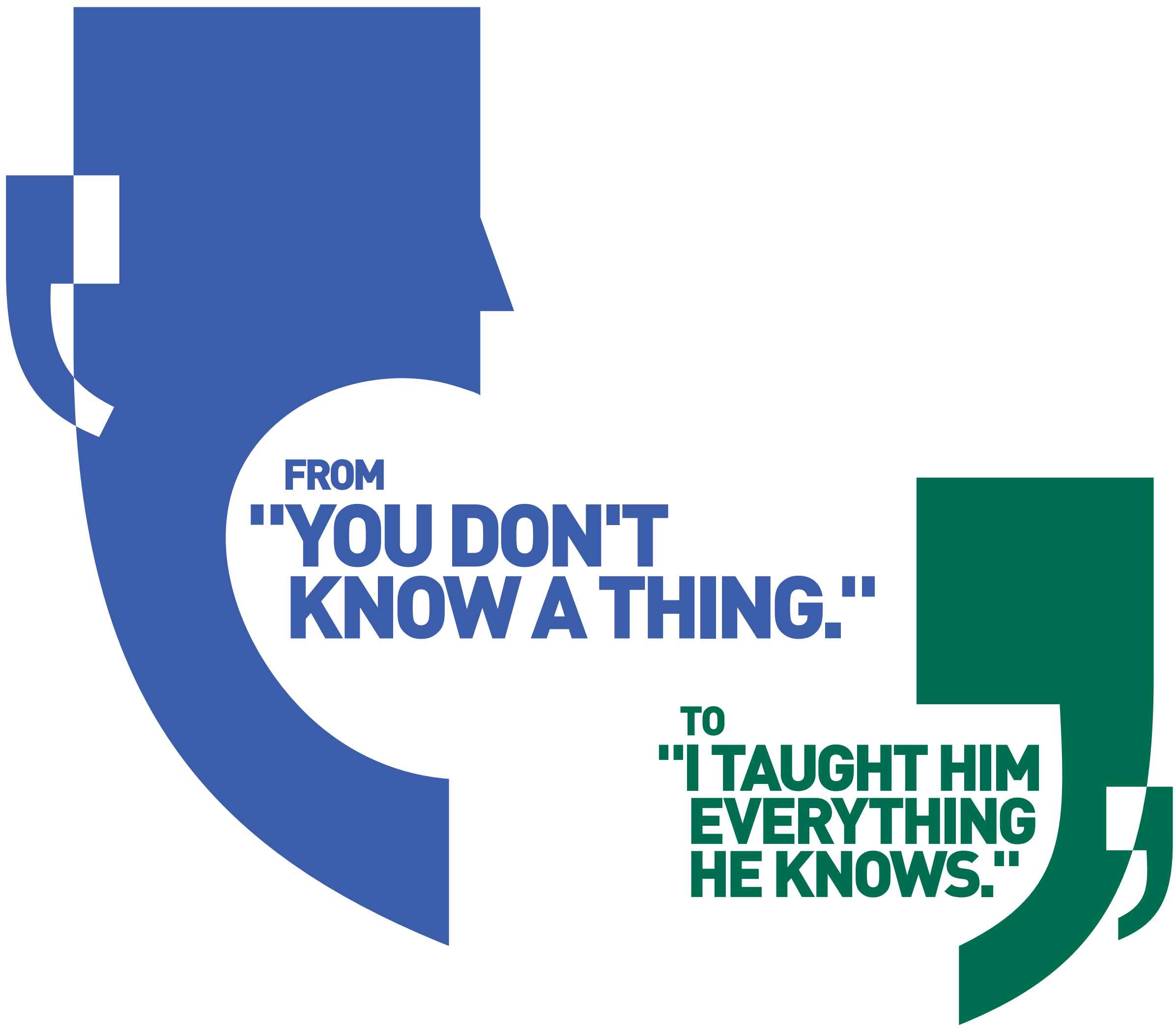
opportunity to take a brand with good recall and leverage their trade network and manufacturing skills, Nakamichi gives Jaina a play in the higher end of the market. "They have identified the weakness of Videocon as an opportunity and are moving in with a range of similar products," she says. As a survival strategy, Paul lets on, it is clever and quick-thinking.

Paul lists out the big opportunity that Jaina is gunning for across the product categories. Take, for instance, the refrigerator market which is dominated by a few brands like LG, Samsung, Videocon, Godrej and Whirlpool.

"If they are able to displace Videocon, then they will immediately be among the top few," she contends. While TV as a category—especially smart TV—is being disrupted by smartphone players like Xiaomi and OnePlus, the opportunity lies in capturing the new, emerging market which is price-sensitive and not brand-conscious. "The Jainas have assumed that their trade networks built from their cellphone business combined with the Sansui brand will be sufficient to win," she adds.

The going, however, might not be a cakewalk. A comeback strategy, avers Deepak Kumar, founder analyst at B&M Nxt, is not easy to thrash out in today's smartphone market, which is literally divided between Samsung and a small set of Chinese players. There was a time when Indian handset players had successfully captured the handset market in the feature phones era. With the advent of smartphones, the game rapidly changed and Indian players were pushed to the brink of extinction, he underlines. "Jaina Group's strategy of distributing select smartphone and consumer electronics brands is good but not enough in today's market dynamics," maintains Kumar. A lot will depend upon how deep and wide the strategy is, he adds.

What would also come into play is the way the new strategy is executed. For example, it would be crucial to see if Jain is looking at just the individual market segments such as the smartphone and the TV, or if he is looking at a wider smart-screen play. Similarly, it would be worth watching if they are looking at consumer electronics such as TVs, fridges, and washing machines as standalone market opportunities or as an integrated internet-of-things (IoT) play, says Kumar. While a strong distribution network could help push piecemeal products to an extent, it is only a well-knit digital home strategy that could make an initial success repeatable and sustainable, he adds. Jain, meanwhile, knows that the fightback won't be easy. But he is not ready to give up. "I am willing to grind it out," he says. Kroc, it seems, is not only inspiring him to struggle but also making him love the grind. F



Forbes INDIA

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The Great Wall of Money

No matter how much Trump bellows, the Sino-American trade war will eventually pass, and Asha Mehta and the smart quants at Acadian Asset Management will cash in on China

By KENNETH RAPOZA

On March 1, 2018, Asha Mehta's firm, Boston's Acadian Asset Management, announced it would be launching a new China strategy, focussed on investing directly in mainland Chinese companies. Her timing could not have been worse. Three weeks later President Trump launched an all-out trade war, vowing to place tariffs on tens of billions of Chinese imports. It was the beginning of a nearly continuous stream of China-bashing from the White House, which—no surprise—has wreaked havoc on Chinese equities. In the 18 months since, MSCI's China Stock Index is down 16 percent, while the S&P 500 has gained 11 percent.

"China has been a hard sell," says Mehta, 41, as she stares out over Boston Harbor from her Franklin Street office, "but you have to ignore the noise. China's local market is becoming a net capital importer. You have continued market liberalisation."

The novel quantitative China-focussed strategy Mehta is charged with leading has grown from $15 million under management, in April 2018, to more than $138 million today. Big investors are pouring money into Acadian for two reasons. First, despite the rhetoric, China's volatile equity market is finally opening up. Until recently, most foreigners could invest only in H-shares of select big companies, which were traded on the Hong Kong Exchange. Now non-Chinese investors can directly buy so-called A-shares. "All the major benchmarks began adding the A-shares to their emerging markets indices last year," Mehta says, "so there will be a wall of money moving in."

The other reason has to do with Mehta's track record. The China-heavy smallcap emerging markets strategy she also leads, with $2.4 billion under management, has returned 10.9 percent on average per year since its inception in 2011, beating its benchmark by 8.6 percent points per year on average. Her new China A-shares strategy is down 5.1 percent amid the current turmoil, but that's only half as bad as her benchmark, which is off 10 percent.

"China represents just 5 percent of global market cap and could rise to 20 percent," Mehta says.

> **"China's local market is becoming a net capital importer. You have continued market liberalisation."**
>
> ASHA MEHTA

"Our clients see this as a strategic opportunity to get ahead of the flow of capital coming to China."

Mehta and her co-manager, Bin Shi, use algorithms to screen some 3,500 stocks listed in Shanghai and Shenzhen for 100 fundamental and technical parameters ranging from price-to-book value and earnings surprises to relative strength and "abnormalities" in corporate accounting.

Their fund currently has 100 holdings, mostly large-and mid-caps. Included among them are red chips like Kweichow Moutai and Wuliangye Yibin, two giant state-owned liquor companies that make grain alcohol known as baijiu. Many seem recession-proof. Kweichow has gained over 90 percent this year. Yibin is up over 150 percent.

Mehta's route to global money management was atypical. She was raised in Gainesville, Florida, by two research physicians, her father from India and her mother the daughter of German and Russian Jewish immigrants.

When Mehta was in grade school, she would sometimes stay with her grandparents in the small desert town of Bhiwani, west of Delhi, where her family was transplanted after India and Pakistan were partitioned in 1947. Her grandparents' three-room house had intermittent electricity and no running water.

DEMETRIUS FREEMAN/BLOOMBERG VIA GETTY IMAGES

Asha Mehta, senior vice president of Acadian Asset Management has followed an atypical route to global money management

Sewage ran through the streets.

"I lived among children begging in the streets, in homes with poor sanitation" she says about her summer visits to India. "I was fascinated by my sameness with them [the children], yet our differences were so big. This intellectual curiosity from childhood fuelled my career in emerging markets."

For college, Mehta headed to Stanford thinking she would pursue medicine, but in 1999 while in rural India on a Unicef-funded internship in public health, her funding fell through.

"[It] got me thinking that if you really want to support development there, it's not going to happen through medicine. It had to happen through financing," she says.

After graduating from Stanford in 2000 with a degree in biology and anthropology, she became an analyst in Goldman Sachs. A few years later she got her MBA from Wharton, landing at Acadian in 2007 as an analyst.

Acadian was founded in 1977 as a research firm by a Putnam Investments alum known for building the world's first international index-matching strategy for State Street before getting into money management in the 1980s. Today the PhD-heavy firm has $94 billion under management.

The firm rejects the idea of a perfectly efficient, perfectly priced market, especially in China, where 80 percent of players are mom-and-pop investors who treat the stock market like it's a Macau casino. "The word for stock market in Mandarin is 'stir fry,'" Mehta says. "There is this notion that it's hot. It can move on things people read on WeChat."

"Some of our peers believe China is too sentiment-driven or idiosyncratic for quant to work," she continues. "But market mispricings exist because of behavioral errors. We can generate alpha by systematically targeting companies that are attractive on fundamentals."

ENTRANCE FEES

"Tariff Man" has plenty of company: The United States has been taxing an array of offbeat imports for more than 200 years:

2019 When President Trump's next tariff round kicks in on December 15, iPhones made in (where else?) China will face a 15 percent levy, meaning even the cheapest iPhone 11 model will run an extra $100—assuming Apple doesn't absorb the cost

1930 The notorious Smoot-Hawley Tariff Act takes aim at childhood itself, whacking toy dolls with a 90 percent import fee.

1890 Before he would rise to the presidency in 1897, Representative William McKinley pushes a tariff bill through Congress that includes a 60 percent tax on imported eyeglasses and lenses. His future veep, the bespectacled Teddy Roosevelt, surely squints in disapproval

1816 The first explicitly protectionist trade measure in US history slaps a 30 percent tariff on foreign-made umbrellas (among much else)—bad news for Americans that September, when a tropical storm batters the former colonies

SOURCE The St. Louis Federal Reserve; US Trade Representative.

LIFE, BY DESIGN

Denmark, long known for its design aesthetics, is using its expertise to integrate sustainability into everyday life

By **RATHINA SANKARI**

PHOTOGRAPHS: SHUTTERSTOCK

RATHINA SANKARI

(Left) The Design-museum Danmark in Copenhagen; (above) a torpedo factory in Holmen that has been converted into a residential neighbour-hood

I looked at the pièce de résistance: Juicy, blood red pieces of beet glazed in plum vinegar, laid on a bed of gammel knas cheese spread on a piece of rye bread, peppered with buckwheat and sorrel. It looked like a piece of art. I was having lunch at Selma in Copenhagen, the restaurant bestowed with the Bib Gourmand award this year by Michelin. My meal for the day was the smørrebrød, an open-faced sandwich that the Danes have for lunch. But this wasn't the traditional sandwich with toppings like herring or pork belly; this was a vegetarian take and, unlike the regular ones, the slice of dense rye bread was toasted. Using sustainable products like fresh vegetables from local suppliers, chef Magnus Pettersson has been creating new avatars of the regular smørrebrød in his kitchen at Selma. It was a simple meal with emphasis on good quality.

Pettersson's efforts in the kitchen and in sustainable practices are a contemporary addition to the Danish design scene—it cuts across textile, food, furniture, industrial design, fashion, architecture and more—which has been part and parcel of Danish lives since the age of industrialisation. Iconic designers and architects, such as Hans Wegner, Arne Jacobsen and Kaare Klint are just a few of the many visionaries with creative and innovative minds who were instrumental in shaping the Danish design industry. But today, the Danes are using their design expertise to seamlessly integrate sustainability into every aspect of their lives.

"The good chair is a task one is never completely done with," goes a quote by Hans Wegner. The chair, a piece of furniture with four legs and a seat, I assumed was the simplest of all. But at the Designmuseum Danmark in Copenhagen it was a revelation when I got to understand not just the science and complexity of chair designing, but also the many ways in which exemplary Danish designs have touched the lives of Danes.

"We usually say Danish design is about evolution, not revolution. By this we mean that Danish design stands on a long tradition of improving international and historical furniture. Instead of erasing history, it builds on previous prototypes," says Anne-Louis Sommer, museum director and adjunct professor at University of Southern Denmark. "The so-called Klint-school had a big influence on what we call Danish design today. The idea was to take something good and make it better. Refining pre-existing furniture types, always with an eye for functionality and human needs."

The social democratic movement in Denmark, with equal rights and a strong welfare system, was a major influence on Klint's work. His

18+

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(Clockwise from left) Manfred's, a restaurant on Jaegersborggade, is committed to sustainability, natural wines and high-quality ingredients; items from a glass-blowing workshop located at Reffen, an organic street food market in Copenhagen; about 45 percent of Copenhagen residents cycle to work

focus on functionality and users paved the way for the future of Danish design. Sommer swears by the 1930's Klint furniture in her office that she continues to use every day.

"Danish aesthetics since the modern times are much simpler, and not as labour-intensive," says award winning ceramist Inge Vincents, the maker of beautiful yet simple vases, mugs and bowls of translucent porcelain. "Craftsmen in the olden days were very well paid and you could work on ornamental pieces and they wouldn't be that expensive. That's not possible today. If I spend two weeks decorating a pot and I must pay rent and everything, nobody would be able to afford that pot. So Danish aesthetics are quite simple. It balances functionalism and beauty."

Vincents' studio is located on Jaegersborggade, a gentrified street in the Nørrebro neighbourhood of Copenhagen. Her kiln is powered by wind energy and is thus sustainable. About 10 years ago, Jaegersborggade used to be a dodgy street that was avoided by locals and dominated by drug peddlers. But today it is a multicultural residential area with artisan shops and restaurants.

Denmark has consistently been ranked as one of the happiest countries in the world. The local term for it is 'hygge', which describes a feeling of contentment, warmth and cosiness in the perfect ambience, probably with candles, a fireplace and blankets. Dinner at a restaurant with a loved one, catching up with friends, curling up with a book and coffee, are all examples of hygge. Design contributes indirectly to this feeling of wellbeing because of the way in which it is integrated into regular lives.

Meik Wiking, CEO of the Happiness Research Institute, writes in his book *The Little book of Hygge*: "Danes are aware of the decoupling of wealth and wellbeing. After our basic needs are met, more money doesn't lead to more happiness."

Denmark's welfare model is designed around the wellbeing of its citizens. Their working hours are restricted to 37 and a half hours a week, contributing towards a better work-life balance. While they pay high taxes, they receive social security, free education, universal health care and a universal pension.

Good food, coffee and confectionary are other factors attributed to hygge. "Cakes are part of Danish culture and hygge gets better with cake and coffee. Here we serve coffee by the pot, and you cannot share it," says Marianne Stagetorn Kolos, owner of the 149-year-old ever-busy confectionary La Glace in Copenhagen. "The idea is for you to sit, relax and enjoy."

"Design plays a major role in our lives. We invest time and money to set up cosy homes. Everything is thought through—the lamp in the corner, the rugs, the pillows on the couch. It's a big thing for us," says Ditte Nytofte, my host in Copenhagen. "We save money to buy good quality things, like the hand-painted porcelain products of Royal Copenhagen, which was founded in 1775. Second-hand products are also sold and bought by Danes through the DBA app."

The significance of design finds reflection even in the country's transport and travel infrastructure. For instance, in Copenhagen, where 45 percent

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(From left): Energy plant CopenHill, which filters out pollutants before spewing gas and houses a ski slope, hiking trails and the world's tallest climbing wall; Cirkelbroen Bridge, a pedestrian-only space

of residents cycle to school and work—parents ferry their children in cargo bikes—the city's infrastructure includes cycle tracks that are clearly segregated by curbs. The Cycling Embassy of Denmark also works with cities across the world to design cycle-friendly spaces and develop cycling infrastructure, reducing congestion and pollution.

Sustainability is a big thing in Denmark, and customers today insist on sustainable products," says Rikke Ullersted, an industrial designer from Aarhus, which was 2017's European Capital of Culture. Co-founder of Upcycling Forum, Ullersted reuses scrap materials like wood, leather, glass from various industries to design furniture, interiors and glassware. "We are including recycling in the chain of design," she adds.

The concept of recycling and repurposing extends well beyond products and encompass entire spaces for living and recreation. Take, for example, the transformed industrial peninsula of Refshaleøen, where I spot a chimney puffing out white smoke. This is the iconic, decade-in-the-making waste-to-energy plant called CopenHill, which was recently opened to the public. Built by the Bjarke-Ingels Group, a global network of architects, designers, urbanists, landscape professionals, interior and product designers, researchers and inventors, the plant is capable of converting 440,000 tonnes of waste into clean energy in a year. Pollutants and particles are filtered out before the gas is released from its chimney. The power plant's roof houses an artificial ski slope, hiking trails and the world's tallest climbing wall.

"DANISH AESTHETICS SINCE THE MODERN TIMES ARE MUCH SIMPLER, AND NOT AS LABOUR-INTENSIVE. IT BALANCES BEAUTY AND FUNCTIONALISM."

INGE VINCENTS, ceramist

The Danes have managed to integrate urban planning, innovation and sustainability with their social fabric, as is demonstrated by Holmen, a former naval base, where a torpedo boat factory has been converted into a residential area. A single home in this project has a living area, kitchen and dining space on the lower floor, and a bedroom on the upper floor. With internal docking stations for boats, boat slips and parking spaces, it was an uber cool structure to live in.

Denmark's approach to design is evident in everyday architecture, such as the Cirkelbroen Bridge, a pedestrian bridge spanning the southern mouth of Christianshavn Canal, and designed by Olafur Eliasson. With five circular platforms and wire masts that resemble a ship's rigging, it is meant for people to pause and reflect.

As I walk towards Tivoli Gardens, the world's second-oldest operational amusement park that opened in 1843, and the inspiration for Walt Disney's Disneyland, I wonder how seriously the Danes must take their fun moments. No surprise then that the world's oldest operational amusement park—called Dyrehavsbakken, it opened in 1583—is also in Denmark, in nearby Klampenborg. My hygge moments with Denmark continue. F

• THE WRITER WAS IN DENMARK ON THE INVITATION OF WONDERFUL COPENHAGEN

WHAT LIES BENEATH

The underground Turkish cities of Kaymakli and Derinkuyu present a glimpse of subterranean life that has lasted for millennia

By **NEETA LAL**

▲ Derinkuyu, one of the largest excavated underground cities in Turkey, has eight levels

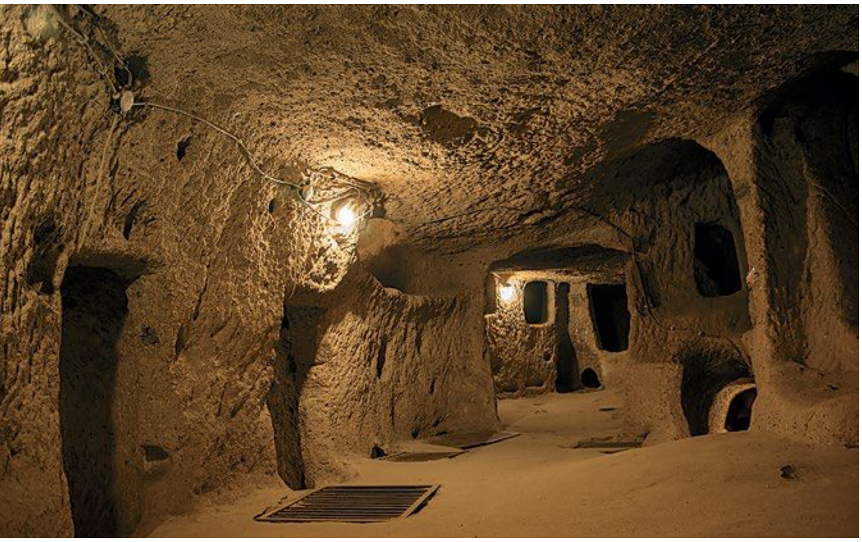
Underground spaces make for exhilarating journeys, with the thrill of descending into the womb of the earth while experiencing a fascinating new subculture. What's not to love? From the Great Stalactite inside Ireland's Doolin Cave, and the Western Walls Tunnel in Jerusalem to the 13th century Wieliczka Salt Mine in Poland featuring an entire chapel made of salt, I've had my fair share of adrenaline-spiking subterranean sojourns.

However, never had I experienced an entire underground city. Cappadocia, one of Turkey's most intriguing cities, has a moonlike landscape, honeycombed with ridged valleys, volcanic cones called 'fairy chimneys' and craggy hills awash in hues of ochre and vermillion. Countless hidden chapels are carved into the rocks, embellished with hand-painted frescoes. Twisty tunnels, monasteries and settlements sprawl over thousands of kilometres.

Covering much of Central Anatolia, Cappadocia was strategically located on the original Silk Route, playing host to people from ancient civilisations like the Hattis, the Hittites, Phrygians, Persians, Romans, Byzantines, Seljuks and Ottomans. To protect their citizens against marauding invaders and religious persecutors, the rulers of the city built a network of cave-cities, interconnected by hundreds of tunnels.

The provenance of the twin cities of Kaymakli and Derinkuyu—both are on the Unesco World Heritage List since 1985—is interesting. The underground cities kept expanding organically over centuries, as armies marched overhead in search of captives and plunder. News of villages being invaded would spread like wildfire, sending the residents of these cities scurrying through the tunnels only to surface in another town far away. Though never intended for permanent dwelling, or even long stays, these cave dwellings could withstand attacks and provide support to large numbers of people and their domestic animals for extended periods of time.

The underground city of Kaymakli (below) has eight floors but only four are open to visitors; The 10th-century Pancarlik Church (bottom), housed inside a group of rock cones, in Cappadocia



PHOTOGRAPHS: SHUTTERSTOCK

“Over 400 settlements were built within layers of sandstone in Cappadocia over an estimated 80,000 sq km of the Central Anatolian caldera,” says local guide Nizam Adsiz. “Overall, Cappadocia hosts 36 underground cities, including Tatlarin, Ozkonak, Mazi and Ozluce. Of these Kaymakli [the widest] and Derinkuyu [the deepest] are the most famous.”

Expecting dark and damp innards, I’m pleasantly surprised at Kaymakli to find the underground city’s rough, white walls well-illuminated with halogen bulbs. Its floors are sloping, with undulating surfaces, occasionally riddled with craters, which makes walking on them a tad difficult. Bending and twisting, and mindful of sharp projections from the low ceilings of the caves, we move one step at a time, trying not to collide with other visitors. It is a real maze, and if it weren’t for the signposts marking directions, it would be easy to get lost in the labyrinths.

It is a deeply immersive experience. For this is a unique ecosystem, with hundreds of intricate tunnels overlapping each other, connecting a phalanx of chambers, caverns and corridors. On the first floor there’s a stable, and living areas hollowed out of the stone. On the third floor are the settlement’s most important areas—the cellars, winery and kitchen.

Adsiz explains that visitors are allowed on only four of Kaymakli’s eight floors since the city was opened to the public in 1964. “Each floor had different functions, ranging from storage areas and stables to cooking quarters and churches,” he elaborates, as we examine stepped pits, and inclined corridors linked to family rooms and communal spaces. The meticulously planned city also has wells, chimneys for air circulation, niches for oil lamps, storages and water tanks.

Though clambering and crawling along tiny passageways can initially be fun, it gets claustrophobic after a while. The aisles are narrow, allowing only one person to pass at a time. The space crunch occasionally struck fear in my heart that I might get trapped there forever. Or that a roof might cave in! However, a sudden twist and a turn, and the irrational fears dissipate as airless passages give way to an air- and light-filled chamber.

About 45 minutes after entering the underground city, we’re disgorged through the same route we’d taken to enter it. Outside, we chin-wag with a few villagers living around Kaymakli who tell us they have built their houses around the tunnels to use them as cellars and stables.

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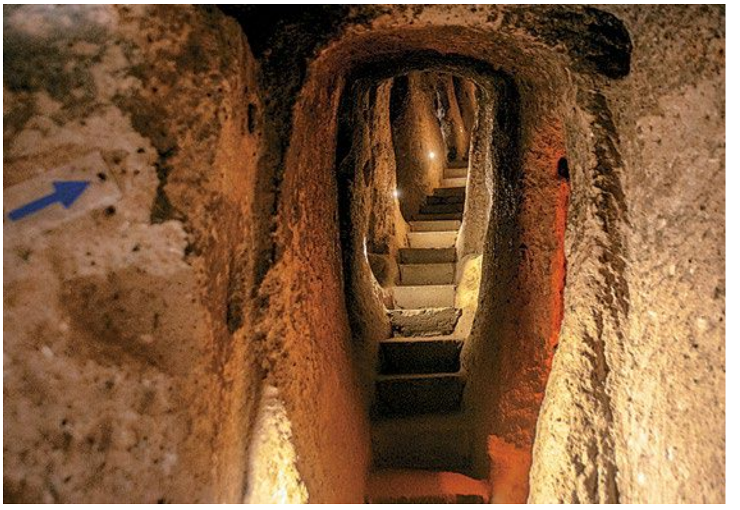

Derinkuyu is connected to Kaymakli by an 8-km tunnel

The next day we visit Derinkuyu in southern Cappadocia. Located in a town by the same name, it was built between the 6th and 9th centuries. "It was opened to visitors in 1965 and once accommodated as many as 50,000 residents," Adsiz explains.

The complex bears a remarkable resemblance to Kaymakli, to which it is connected by an 8-km tunnel. A capacious bathhouse greets us on the ground floor, complete with a set of private rooms. Next to it is the kitchen, a small prison and a section for cattle. On the second floor is a large room with a barrel-vaulted ceiling, which was used as a missionary school, along with classrooms. Also on the upper levels are a stable, a wine press and a storage vault. Massive millstones recessed into the walls were apparently used as security doors and rolled into place to keep out invaders.

As we progress down the tunnels, I hear echoing exclamations from a crowd in the distance. As we reach them, I soon see the reason for their surprise: The group is viewing some of the incredible 15,000 ventilation ducts that provide fresh air deep within the 85 mt-deep city.

One of the largest excavated underground cities in Turkey, Derinkuyu has eight levels, although only five are on view. (There are still many unexcavated floors.) Sprawling over 2.5 sq km, it was inhabited until the late 1930s, the guide explains, with 600 doors leading to it hidden in the courtyards of dwellings on ground surface. These doors allowed villagers to escape in the eventuality of an attack. "It was the malleable volcanic rock of these underground cities, moist and soft to the touch, which made the ancient people realise that they could chisel out a home here," Adsiz adds. Many of Derinkuyu's walls and ceilings carry small engravings made by its residents as long as 3,500 years ago. As our tour concludes, we wind our way up a spiral staircase and come into the open.

For those who wish to continue their experience of the underground cities, there are many on-site cave hotels at both Kaymakli and Derinkuyu that are inspired by the two cities. However, as the number of tourists increase—local authorities say Cappadocia attracted 440,686 visitors in the first quarter of 2019 alone, a six-year high—environmentalists have raised concerns about construction activities. Potential damage from earthquakes and other environmental factors such as wind and water erosion have further aggravated these worries.

However, the cities also serve a useful purpose. The constant underground temperature of about 13º Celsius also makes these caves an ideal storage space for thousands of tonnes of fruit and vegetables: Apples, cabbage and cauliflower stay fresh for up to four weeks, citric fruits, pears and potatoes for months. This has encouraged producers to use them as warehouses. "We can save on transport, waste management and warehousing, and reduce the pressure on above-ground storage spaces by stocking up here," says Iqbal Gureli, a local fruit producer.

This is no new phenomenon. Caverns and hollows have been used as dwellings and food storage spaces since the Paleolithic age, millions of years ago. Underground cities have existed in Portland (Shanghai Tunnels), the Czech Republic (Pilsen), in France (near Poitiers) and Spain (Granada). Experts too highlight the advantages of underground living and storage arrangements. For instance, Nikolai Bobylev, associate professor at Saint Petersburg State University, in an essay for the university's in-house magazine, wrote: "Underground spaces are less susceptible to external influences, and their impact on the external environment is less than above-ground facilities. Further, deep underground structures suffer significantly less damage during earthquakes than above-ground structures."

Indeed in a world where different forms of sustainable living solutions are being explored, perhaps it is time to give these prehistoric options more thought than simply using them as tourist attractions. F

THE UNDERGROUND CITIES HAVE MANY ON-SITE CAVE HOTELS. THE CONSTANT TEMPERATURE OF ABOUT 13° CELSIUS ALSO MAKES THE CAVES AN IDEAL STORAGE SPACE FOR TONNES OF FRUIT AND VEGETABLES

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THE HEART OF THE BUBBLE

Moët & Chandon's latest 'money-can't-buy-experience' is a luxurious chateau that evokes the daily life of the great families of Champagne in the 19th and 20th centuries

By **MONICA BATHIJA**

It is early evening, the last day of harvest in the vineyards. As we go up a row of vines, picking grapes that are at the perfect ripeness for the champagne that Moët & Chandon plans to use them for, someone yells out, "Panier!" One of the two people assigned to be basket carriers comes over to pick up the basket full of grapes and replaces it with an empty one so that the grape picker can continue. It's the exact procedure followed during harvest except that in our case it is rounded off with a glass of champagne that is sitting ready on ice.

Expectedly, champagne flows freely when you are a guest at the Chateau de Saran located near Epernay, in the Champagne region of France. Moët & Chandon is one of the biggest champagne houses in the world—reportedly one bottle of Moët & Chandon champagne is opened every second around the globe and its old cellars in Epernay, 28 km of them spread over several levels, are testament to the number of bottles of champagne the House makes. Each batch is marked in a special code by the wine makers, all the bottles housed and aged in cave-like niches in the cellars where time stands still, where the conditions, light and temperature have been the same—at 10-12°C—since 1743.

At the chateau, the heart of the Moët & Chandon empire, time stands still in other ways. Situated at the end of a long, winding driveway and surrounded by woods and almost an acre of Chardonnay vines, the château stands on lands originally acquired in 1801 where Jean-Remy Moët, grandson of the House's founder, built a hunting lodge that later became the family residence. Now, after a five-year renovation, in time for the brand's 150th

The Chateau de Saran near Epernay, located in France's Champagne region

CHATEAU, BREAKFAST ROOM: COURTESY MOET & CHANDON anniversary celebrations of the Maison's signature brut champagne Moët Imperial, the château has been redone for the 21st century, while continuing to evoke its 200-year-old history and heritage.

"I wanted to capture the spirit of Saran in the lounges, dining rooms and living rooms of the château, by evoking the daily life of the great families of Champagne in the 19th and 20th centuries," says Yves de Marseille, art historian and specialist in set design for historical films, who worked on the chateau's interiors.

While the 11 rooms spread over three floors pay homage to the people, centuries and countries that have been a part of the success of Moët & Chandon, the lounges and dining rooms bring alive an era of luxury and the house's 'art de la fete', or the art of celebration. In the living room for instance, a Versailles-style parquet and ochre-toned rugs come together with family portraits and a baby piano, a family heirloom, making it a luxurious yet homely room, and the heart of the chateau.

"This château is a journey through Moët & Chandon's history, the opportunity to our guests to discover the fantastic Maison épopée," says Stephane Baschiera, CEO, Moët & Chandon. As in a private home, each suite is designed in a different style "paying tribute to a dazzling epoch, a conquered territory or the spirit of a brilliant personality, each having marked the memoire of the Maison", he adds. The 'Impériale Suite', for instance, he adds, is an ode to Napoleon I, staged in homage to the patronage of France's imperial family that gave its title to Moët Impérial, the champagne born on the centennial of Napoleon I's birth. While, the 'Chinese Suite' pays tribute to the vast country that first welcomed Moët & Chandon in 1843. The 'Roaring Twenties Suite' echoes the vibrancy of a jazzy Paris, an age of festive celebration, he adds. As an aside, the first bottle of Moët & Chandon reaching Indian shores was way back in 1839 in Kolkata.

Over the past half a century, the chateau has played host to princes and princesses, the British Queen, ambassadors, ministers and a number of personalities from the world of cinema, style and tennis, as well as clients. And when it opened its doors earlier this year, it hosted the who's who of the world, including Roger Federer, actors Kate Moss and Uma Thurman among others, all of whom were brought in by the Orient Express to dine at the table of LVMH Moët Hennessey CEO and Chairman Bernard Arnault, the richest man in France.

On this day, at the candle-lit dinner table, under a chandelier shaped like a vine, chef Marco Fadiga is explaining how to make the most of the sauteed duck liver, lime froth and cucumber paired with the Moët & Chandon Imperial champagne. "Try it without the cucumber and then with the cucumber, it brings out the freshness of the champagne," he says before walking back to the kitchen to send out the next course that includes spring pea ravioli and a mimolette cheese ice-cream, both paired with a Moët & Chandon Rose Imperial.

MONICA BATHIJA

(Top) The breakfast room at the Chateau de Saran has a homely vibe; (below) The chateau is surrounded by an acre of Chardonnay vines

Breakfast the next morning, in a brightly-lit room around a huge mahogany table laid out with fine porcelain and silver cutlery, is also a reminder that this is a private residence and not a hotel, the chateau aiming to provide the ultimate in luxury—an experience that no amount of money can buy you.

"Luxury is becoming more and more about experiences, and Moët & Chandon has always been all about crafting experiences," says Baschiera, adding that Moët & Chandon has always been at the forefront of the 'money can't buy experiences'. "For example, since 1992 when we first partnered with the Golden Globes, we offered to our most important clients and friends of the House the exclusive possibility to join us at the Globes walking the red carpet among Hollywood's stars, and attending one of the most important award ceremonies in the world of cinema. True money can't buy experience!"

The chateau is the latest in the line. You have to be friends or family of the House to be invited to come and stay. "The Château de Saran is a family residence, not a hotel, so you cannot pay to come and stay at Saran," says Baschiera. F

(THE WRITER TRAVELLED TO EPERNAY, FRANCE, AT THE INVITATION OF MOËT & CHANDON)

ON THE FAST TRACK

By joining hands with industry leaders and the top rung of sportspersons, Odisha is laying the foundation for future champions

By **TARUKA SRIVASTAVA**

To promote sporting talent in the state, the Odisha government is in the process of setting up 10 High Performance Centres (HPC) for sports training, which Chief Minister Naveen Patnaik announced in November last year. What makes these centres unique is the fact that the government has signed memorandums of understanding (MoUs) with eminent sportspersons and industrialists to set them up, with the end goal of promoting sports and producing world-class players.

The Naval Tata Hockey Academy was inaugurated this August

The athletics HPC will be set up in partnership with Reliance Foundation; football and swimming with the JSW Group and All India Football Federation; badminton with the Dalmia Bharat Group and India's chief national badminton coach Pullela Gopichand; weightlifting with the Ahluwalia Group and former cricketer Anil Kumble's sports management firm Tenvic Sports; shooting with the Aditya Birla Group and Gagan Narang Sports Promotion Foundation; a sports science centre with Olympian shooter Abhinav Bindra and Rungta

Mines; and hockey with Tata Steel and Tata Trusts.

While explaining the collaborations, Vishal K Dev, secretary sports, Government of Odisha, says, "The government wanted to establish the best sports facilities for nurturing the next generation of medal winners and sports achievers for the state and the country. We were sure from the beginning that we want to do it in the right manner and not delay things. And with that view, the best set of experts from the sports fraternity were roped in as part of these MoUs to operate the HPCs."

Under the various training programmes, athletes will be accommodated at state-run hostels, primarily at the Kalinga Stadium in Bhubaneshwar, but also in Cuttack, Puri, Sundargarh, Rourkela, Balangir and Dhenkanal. Athletes under other state-sponsored schemes (such as the U-16 Indian Arrows football team) will also train for free at these centres.

R Vineel Krishna, director, Odisha Sports, says: "The corporates were able to put their weight behind our endeavour as part of their CSR spending and commitment to develop sports. This paved the way for good partnerships for setting up of the HPCs." For example, he adds, the weightlifting HPC already has 12 girls and nine boys training under Iranian-British coach Kazem Punjavi. "The state set up a weightlifting HPC because Odisha has been performing well in weightlifting, and we have good potential to create medal-winning international lifters."

Another example of an HPC in India is the Inspire Institute of Sport in Vijaynagar, Karnataka. The facility is privately funded by the JSW Group.

The Abhinav Bindra Targeting Performance (ABTP) centre at Bhubaneshwar's Kalinga Stadium started functioning in February 2019, and so far has had the Indian hockey team, Indian U-16 football team, and the Indian rugby team utilising the facilities. The centre aims to train athletes for Olympic and Paralympic sports in the field of performance, injury management, recovery and rehabilitation with the use of cutting-edge sports science methods. Of the five ABTP centres at Pune, New Delhi, Mohali, Bengaluru and Bhubaneswar, the one in Bhubaneswar boasts the latest technology when compared to any other similar sports science centre in the country.

"The ABTP centre brings global best practices, in the form of sports science and technology, to athletes," says Bindra, founder of ABTP, and the only Indian to win an Olympic individual gold. "Our seamless methods provide our athletes with a unique assessment-training-assessment process, where an athlete would not only feel the results, but also have the precise data that tracks improvements throughout the training period. Using real-time bio-feedback on our systems, we can correct counter-productive tendencies, and

A sports science centre by Olympian shooter Abhinav Bindra and Rungta Mines aims to train athletes for Olympic and Paralympic sports

MEXY XAVIER

KAUSHIK ROY / THE INDIA TODAY GROUP VIA GETTY IMAGES

▲ Olympian Gagan Narang's foundation Gun for Glory, in collaboration with the Aditya Birla Group and the Odisha government, will set up an HPC that will have India's biggest 10-m shooting range

promote safer, efficient, and stronger movement of the entire body. Our systems can also be used with sport-specific equipment, creating ideal conditions for an athlete to train in."

The Naval Tata Hockey Academy (NTHA) is another one of the HPCs, inaugurated this August, as part of the MoU between the state government and Tata Trusts. Located at the Kalinga Stadium, it aims to be the apex hockey training academy not just in Odisha, but also in India. Though preference would be given to the best hockey talent in the state, the best players from across the country will also be groomed into future national and international players.

Furthermore, in December NTHA will be starting its grass-roots programmes in Sambhalpur and Sundargarh districts, which have a rich hockey culture and a history of producing talented hockey players, such as Dilip Tirkey, Ignace Tirkey, and Roshan Minz among others. Young players from the communities in these regions will be trained and provided with career opportunities as trainers and coordinators at these centres. The Netherlands-based Bovelander Hockey Academy will provide technical assistance in conducting the training of coaches at the hockey sports hostels in Rourkela and Sundergarh, and also facilitate structured coaching through manuals.

According to Rajeev Seth, project director of NTHA, "Odisha is already known globally as the 'cradle of hockey'. In addition to the training, players will be supported in the completion of their education, and will be skilled for career opportunities in sports, thus ensuring a holistic development. Access to the ABTP centre will provide the best sports medicine support to improve the performance of the players." Seth added that the vision is to provide best-in-class training on artificial turf from an early age to enable players to compete at par with their international counterparts. "We are further focussed on the development of high performance hockey coaches, and aim to increase the number of Odisha players in the national team representing India at international events."

The Odisha government has approved the design of the HPC for badminton, for which Dalmia Cements Bharat Limited has committed its CSR funds, and will be supporting the Pullela Gopichand Badminton Foundation (PGBF) in setting it up. According to Gopichand, Rajiv Gandhi Khel Ratna awardee and founder of PBGF, the centre will be one of the most modern facilities in the country where they hope to produce world-class champions, as well as showcase the centre's architectural beauty and infrastructure. The academy is expected to be functional by next year.

Olympic bronze medallist Gagan Narang's foundation Gun for Glory, in collaboration with the Aditya Birla Group and the Odisha government, will set up an HPC that will have India's biggest 10-m shooting range, with 100 lanes, along with 80 lanes each for 50-m and 25-m shooting. At present, the Dr Karni Singh Shooting Range in Delhi has the biggest 10-m range, with 80 lanes. Gun for Glory has also launched the Odisha Talent Adoption Programme for students in Bhubaneswar.

"This programme will be run with the objective of spotting children between the ages of 11 and 15, who are naturally adaptable for the sport of shooting," says Narang. "It will be conducted initially in the city of Bhubaneswar, and, in the first phase, will cover more than 4,000 students from various schools. Our idea is to create a strong pedigree of shooters. The selected students will undergo various tests which will screen them for their reaction time, balance and kinaesthetic awareness and their physiological and stress endurance levels." F

LEXUS LC 500H

By **BERTRAND D'SOUZA**

Remember the LFA, that absolutely nutter supercar that Lexus wowed the world with? Fast forward almost a decade, and the Lexus presents the LFA's spiritual successor, the LC 500h, which it intends to bring to India in 2020. Lexus is known for making exemplary cars that are soft, luxurious and pandering. But when they do step out of their standard operating range, they come out with cars that are nothing short of magnificent. The LC sits in that space.

TECH SPECS

TYPE
3.51-multi-stage petrol hybrid

MAX POWER
359 PS (total system)

MAX TORQUE
348Nm@4,900 rpm

PRICE
₹3 Crore

\+ Sensational powertrain, sizzling dynamics, visual appeal

\- 10-speed gearbox, price in India

The design theme of seduction and technology is definitely winning. There was a time when I thought the spindle nose grille was gross. But on the LC 500h, it focusses the entire car around that front end in a spellbinding visual. It has the stance of a grand tourer, with the long hood, low-slung bodywork, sharp distinct creases, large low-profile tyred wheels, the coupe-like silhouette and the short overhangs. This is a car that would distinctly stand out in a field of other sports cars.

The LC 500h is a petrol hybrid and combines a 3.5-litre V6 engine with two electric motors. So, when you hit the starter button, all you get is some graphical boot video on the instrument console and the infotainment screen. There is no sound of an engine firing up, no V6 engine reaching for its 7,200 rpm redline. Where is the drama? The LC 500h even starts off in electric mode, and if you gently roll off from a stationary position, the petrol motor wouldn't make an appearance until you mashed the throttle pedal to the floor. Then, of course, you hear the exhaust baffles letting off; it's a promising sound but it just does not stay on long enough.

Transmission serving the LC 500h has to be one of the most complicated ones to ever grace a car. In essence, it is a hybrid system that is a combination of a 4-speed automatic transmission embedded within a CVT, lending the driver 10 selectable gears. This provides the efficiency of a CVT with the rubber-band effect being dispelled by the automatic transmission. It also helps Lexus meet critical emission and efficiency regulations in various markets. Ten ratios, though, is quite a bit to sift through.

Performance from the LC 500h is as electric as it comes, with four pre-set driving modes and a customisable mode. Best leave it in Sport+ mode, which quickens throttle response, stiffens the suspension, adds some weight to the steering and opens up the pipes. And it is quick, rapidly racking up triple-digit speeds. The LC 500h is impressively nimble too, in a seamless manner. It has a precision and quickness that is just a shade south of manic and frenzied. And that is perhaps what I found most endearing about it: It's a car that you could drive as easily and comfortably as a Camry, but turn that drive selector knob and you've got instant nirvana!

The LC 500h makes a compelling case for itself as a grand tourer; certainly don't approach it as a sports car. Lexus India's only challenge would be getting the price to an acceptable level without losing the plot. F

Courtesy: Overdrive

ON LEADERSHIP

SHUTTERSTOCK

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The greatest leader is not necessarily the one who does the greatest things. He is the one that gets the people to do the greatest things.

—RONALD REAGAN

I've learnt that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.

—MAYA ANGELOU

REUTERS

A leader takes people where they want to go. A great leader takes people where they don't necessarily want to go, but ought to be.

—ROSALYNN CARTER

One leader, one people, signifies one master and millions of slaves.

—ALBERT CAMUS

A throne is only a bench covered with velvet.

—NAPOLEON BONAPARTE

Before you are a leader, success is all about growing yourself. When you become a leader, success is all about growing others.

—JACK WELCH

It is better to have a lion at the head of an army of sheep, than a sheep at the head of an army of lions.

—DANIEL DEFOE

When the best leader's work is done the people say, 'We did it ourselves'.

—LAO TZU

You need a commitment which is long term and a commitment to leadership because that's the only way you build excellence.

—AZIM PREMJI

To handle yourself, use your head; to handle others, use your heart.

—ELEANOR ROOSEVELT

If your actions inspire others to dream more, learn more, do more and become more, you are a leader.

—JOHN QUINCY ADAMS

Do not follow where the path may lead. Go instead where there is no path and leave a trail.

—RALPH WALDO EMERSON

RUBEN SPRICH / REUTERS

Leadership is hard to define and good leadership even harder. But if you can get people to follow you to the ends of the earth, you are a great leader.

—INDRA NOOYI

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