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SHAPOORJI PALLONJI GROUP: TO HELL & BACK

MODI'S POLITICAL CAPITAL

WHY GLOBAL INDICES UNDERMINE INDIA STORY

L&T'S TECH AVATAR

How India's largest engineering company is setting aside the baggage of construction to reinvent as a tech-enabled firm.


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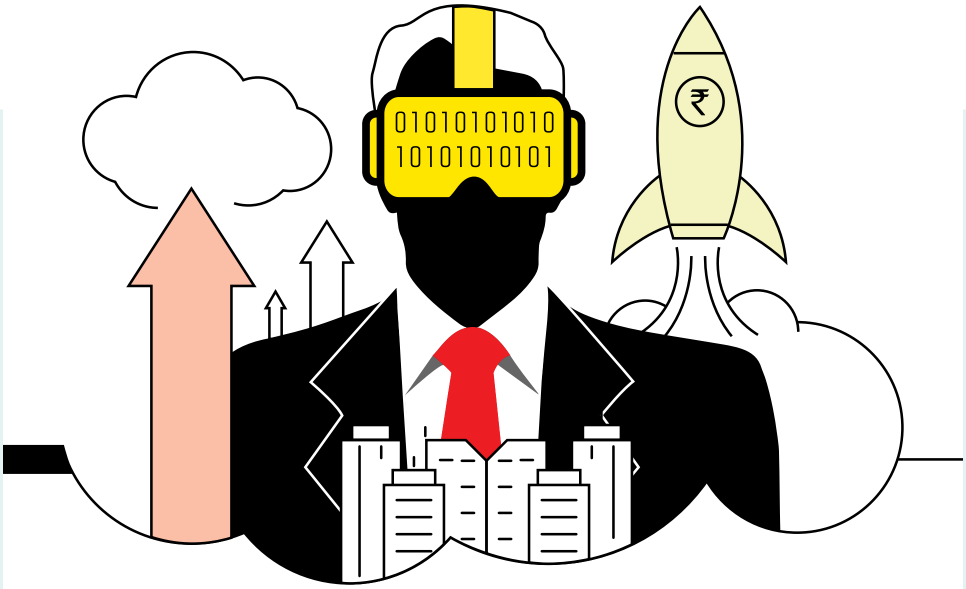
Features



THIS ISSUE CONTAINS SOME PAGES UNDER THE FORTUNE INDIA EXCHANGE BANNER WHICH ARE IN THE NATURE OF ADVERTORIAL FEATURES — AD INITIATIVES. NO *FORTUNE INDIA* JOURNALIST WAS ASSOCIATED WITH THE CONTENT IN THESE PAGES.

COVER ILLUSTRATION BY **RAJAT BARAN**

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Editor: Rajeev Dubey

L&T: A Lesson In Managing Complexity & Evolution

L&T is a brick and mortar firm of a size and expanse across businesses like no other in India. Its half a million plus workers execute some of the country's most complex construction and engineering projects.

These include the Mumbai-Ahmedabad bullet train project, India's first undersea coastal road in Mumbai and the first-ever 3D-printed government building in Bengaluru. The company is also constructing the world's first experimental fusion reactor in France jointly with 33 countries. It has delivered 67 frontline warships, submarines, components and engineering systems for all of India's Space Missions, including Chandrayan. Reinventing an organisation of that complexity and scale in a tech avatar is a benchmark for other firms struggling with the onslaught of technology, data and artificial intelligence.

L&T's shift in focus from largely run-of-the-mill infra creation such as toll roads, hotels and real estate projects, plant construction EPC to hi-tech engineering and technology projects has been in the works since 2014-15. But it has come into its own in the past seven years since the current chairman and MD S.N. Subrahmanyan began leading the initiative.

At any given point, L&T is executing 800-1,000 such projects. At the command centre in L&T's Mumbai headquarters, Subrahmanyan is able to track the real-time progress of each of those through AI cameras via Internet of Things (IoT) and all the data being fed by devices and machines such as heavy-lifting cranes, road rollers and earth-moving machines at project sites. It can go down to as granular an information as an unknown person entering a project site to whether a hired crane has been fully utilised on a project site. "In a way, we became an IT company doing construction," Subrahamanyan tells *Fortune India*'s P.B. Jayakumar and Nevin John who write this issue's cover story.

How does real-time data help improve productivity and optimise resources, machines and equipment? L&T deployed tools such as predictive analytics, Robotic Process Automation, AI-driven decision-making etc to execute Indian Army's order for 100 K-9 Vajra Howitzer guns, a next-generation gun that can replace old Bofors guns. If it took 100 hours to make the first hull, it took only one-third the time for L&T to make the 20th gun. In 2023, an entire refinery was pre-fabricated at its yards in India and was shipped to erect in West Asia. Read about all that on page 20.

Also, read in the issue: Ashutosh Kumar on PM Narendra Modi's political capital in the run-up to general elections; Nevin John's account of how Shapoorji Pallonji group tackled the devastating double-loss and ballooning debt to pull back from the brink. And, last but not the least, Rajiv Ranjan Singh details how global equity indices undermine the India stock market story.

The special issue in this edition is India's Future-ready Workplaces, an annual study by Fortune India and CIEL HR of organisations that are deploying innovative employee-engagement initiatives at the intersection of HR and strategy that are designed to keep their firms ready for the future. The package also captures how firms are dealing with the challenges of working with multi-generational workforce; ESG & sustainability at workplace.

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Vijay
Govindarajan

The Conversation

VIJAY GOVINDARAJAN, THE COXE DISTINGUISHED PROFESSOR, TUCK SCHOOL OF BUSINESS, DARTMOUTH COLLEGE

BUSINESS STRATEGY AS A CONCEPT HAS SEEN SIGNIFICANT EVOLUTION OVER THE PAST SEVERAL DECADES, MOVING FROM TRADITIONAL MODELS OF PRODUCT-BASED ADVANTAGES TO MORE INNOVATIVE APPROACHES THAT BLEND PHYSICAL AND DIGITAL ASSETS TO SOLVE CUSTOMER PROBLEMS. THIS SHIFT UNDERSCORES THE ESSENCE OF WHAT VIJAY GOVINDARAJAN, THE COXE DISTINGUISHED PROFESSOR AT TUCK SCHOOL OF BUSINESS AT DARTMOUTH COLLEGE AND A FACULTY PARTNER IN THE SILICON VALLEY INCUBATOR MACH 49, CALLS THE "FUSION STRATEGY", A BLEND OF PHYSICAL AND DIGITAL REALMS TO GENERATE ECONOMIC VALUE THROUGH DATA AND INSIGHTS. INTERVIEW BY V. KESHAVDEV

THIS EDITED Q&A HAS BEEN CONDENSED FOR SPACE AND CLARITY.

"Once a firm grows to a certain size, it becomes too complex to manage. In contrast, there is no limit to data scale."

THE FUSION STRATEGY

The concept of strategy and strategic planning has evolved over the past several decades. Is the fusion strategy strictly better than traditional business strategies, or are there scenarios where traditional strategies still hold the upper hand?

Mike Porter in the late 1970s introduced the concept of competitive strategy. His concept is product-based. Porter advocated low cost or differentiation as two ways to compete. If you are in the automobile industry, you can either make a car cheaper (Hyundai) or make it better (Mercedes Benz). Even today, it is important for companies to focus on product-based advantages. If you are Mahindra & Mahindra, it is important that you make the tractor more reliable, higher quality, better design, and lower costs. These are product-based strategies. But what we are arguing in our book Fusion Strategy (*Fusion Strategy: How Real-Time Data and AI Will Power the Industrial Future*, co-authored with Venkat Venkatramanis) that there is another, perhaps more significant way, to create economic value: marry steel and silicon, physical and digital, to develop insights and solve customer problems.

There is a limit to how much you can improve the reliability of machines. There is a limit to economies of scale based on production volumes. In fact, there could be diseconomies of scale. Once a firm grows to a certain size, it becomes too complex to manage. In contrast, there is no limit to data scale. That is why fusion strategy presents an exciting frontier of new economic value. If you want evidence, see the value Tesla has created in the auto industry. Tesla is a data and AI company that makes cars. Its market cap is bigger than the next 12 automakers combined. Tesla's competitive advantage is based on fusion strategy [1] and is not explained by Mike Porter's product-based strategies.

Does the fusion strategy apply equally effectively across industries, or are there sectors where it might not be as impactful? Based on its principles, can we predict the next major industry disruptor in the next five years?

Fusion strategy applies to every company in every sector. However, some industries will be faster to adopt compared to others. For instance, the auto industry is an early adopter. [2] Any industry that produces things that move will be early adopters. This includes automobiles, two-wheelers, commercial vehicles, and agricultural tractors. It is easier to instrument a car with sensors and observe how the customer drives the car. Any industry that supplies products directly to end consumers will be early adopters. Sectors that will be late adopters would be those which supply "intermediate" products that go into finished products (such as companies supplying steel, cement, etc to other companies).

How can CEOs recognise from the outset that fusion strategies are primarily network-centric, in contrast to the traditional firm-centric approach of strategic thinking?

Consider John Deere. Its equipment is only 10% of the farmer's cost. The other input costs of the farmer include seeds, fertiliser, herbicides, and so on. If John Deere wants to improve farmer's yields, the company must form an ecosystem with fertiliser and seed companies. This is inevitable. Also, industrial companies may have to partner with digital start-ups. All of this means a network-centric approach. The industrial company must ask: What customer problem it wants to solve in the year 2030? That will force them to take an ecosystem approach.

BETWEEN THE LINES

(1) Fusion is described through five strands, including the integration of physical and digital domains, human-machine collaboration, digital infusion into traditional disciplines, connecting physical and virtual worlds, and company interconnections across ecosystems.

DIGITAL INDIA

In India, industrials prefer buying digital assets as adjacencies to "widen" their business ambit, and not really creating an ecosystem to "fortify" their core businesses. Besides, creating ecosystems with partners outside the immediate supply chain needs a collaborative mindset from the CEO. How many CEOs would be really thinking out of the box or are in that "zone"?

This calls for a totally different mindset, from "me" company to "we" company. Historically, companies thought of vertical integration as a way to own and diversify. What we need is virtual integration. Forward-thinking CEOs understand the importance of ecosystem approach.

One of the interesting things I find in Indian culture is that we believe in co-existence. For centuries, diverse people with different economic backgrounds and religious beliefs have co-existed in the same neighbourhood. That is not the case in the West. In New York City, for example, the rich live in one part and the poor live separately away from the rich and do not co-mingle. Therefore, partnering in an ecosystem might be more natural in the East than in the West.

How might India's decade-long digitalisation drive, indicative of Industry 4.0's global spread as seen in South Korea and Germany, position the country to transition from being the world's back-office to an advanced manufacturing powerhouse, with digital technology serving as the catalyst?

India has three advantages to make fusion strategy [3] the vision for India@100. First, the world needs factories. Given the strained U.S.-China relations, the world needs another country to manufacture products at scale. That is India's opportunity. However, we cannot manufacture products using the 20th century industrial-era principles. Products must be made with digital at the core. This is where India can shine. Second, India has made investments in digital infrastructure: digital identity (Aadhaar), digital storage (Digi Ledger), and digital payments (UPI). Finally, India has plenty of digital talent.

But UPI, Aaadhar, and DigiLedger are all non-profit government-owned public networks which are now being used as diplomatic "tools" to empower India's geo-political ambitions. We are yet to see a genuine digital product at scale being created by Indian companies. It's still Big Tech calling the shots. So, can India really make the big leap in digital products?
It is not necessary for India to create a digital product such as a foundation AI model to win in fusion strategy. Sure, Open AI, Google, and other digital giants are developing large language models. What India needs is AI talent to build applications on top of these large language models. That kind of digital talent is abundant in India. That is enough to win in fusion strategy.

DATA: TOO LITTLE OR TOO MUCH?

Can having too much data be a disadvantage for a company trying to implement a fusion strategy?
Many companies have too much data. They drown in data lakes. This is not about Big Data. Competitive advantage will not be based on the volume of data. What companies need is Smart Data, not Big Data. Smart data is value-adding data. Smart data is about tracking how your product is used by consumers.

> "Competitive advantage will not be based on the volume of data. What companies need is Smart Data, not Big Data."

(2) The automotive industry is a leading example of fusion, showing how data and digital technologies are revolutionising traditional manufacturing and operations

(3) Fusion involves combining physical product creation with digital data analysis, leveraging AI to interpret vast datasets for strategic decision-making. The emphasis shifts from physical assets to real-time insights and digital capabilities as primary sources of competitive advantage.

In an increasingly privacy conscious era, consent-driven data is the key to forming the right data but if consent is not given how can companies build on data that is not holistic or complete?
In the consumer sector (music, travel, etc), individuals gave permission to digital giants to collect data — knowingly or unknowingly. We quickly checked the box "I Agree" so that we could access the app. That will not happen in the industrial sector. Consider the M&M tractor. Once M&M sells the tractor, it belongs to the farmer. The company no longer owns the tractor. M&M must embed sensors in the tractor to collect product-in-use data. The farmer will allow M&M to put sensors on the tractors under three conditions. First, the company must have the farmer's trust. Second, M&M must invest to protect the integrity of the data. Third, the company should provide the customer with valuable insights based on analysing the data.

Can you elaborate with examples the point made on how the combination of AI and real-time data will lead to a new generation of strategies that will turbocharge their products, strategies, and customer relationships?
Take the case of John Deere. Historically, Deere built its competitive advantage through faster, stronger, and bigger machines. There is a limit to how much Deere can improve its tractors and make them faster, bigger, and stronger through R&D led investments. Today, Deere is combining its equipment with data and AI to create new pockets of value. Deere's See & Spray is an example of a smart industrial product. See & Spray revo-

"The innovation is not in industrial machinery. It entails merging digital, industrial domains with data and AI."

lutionises herbicide use, moving from blanket spraying to targeted spot spraying. Its self-propelled sprayer uses a large carbon-fiber boom lined with 36 cameras, scanning at incredible speeds.

Powered by 10 vision processing units (VPUs) handling 4 gigabytes of data per second, this system utilises deep learning to distinguish crops from weeds. Once a weed is identified, a command is sent to turn on and off a nozzle to spray and kill it even as the sprayer moves through the field at up to 15 miles per hour. While the initial versions detected only green weeds in bare fields, the newer version detected weeds of any color standing next to crops. The result: customer profits are boosted while reducing the use of herbicides by 60%.

This innovation is not in industrial machinery but entails merging the digital and industrial domains with data and AI. 4

(4) Fusion strategy encourages companies to rethink traditional expansion methods, focusing on software architecture, data-driven insights, and ecosystem interconnectivity.

Would pure digital platforms such as Uber, Netflix, or Airbnb want to shift away from asset-light to asset-heavy strategies 5, despite data insights? In that context, should traditional industries really feel threatened?

(5) Digital technologies are transforming traditional, asset-heavy industries by integrating with digital tools and data analytics. But the fusion strategy is not limited to specific sectors but is applicable across various industries, significantly impacting traditional engineering disciplines.

It is not clear why Uber would want to own its fleet of cars. Or, for that matter, why Swiggy or Zomato would want to own restaurants. By having data hooks on other people's cars (in the case of Uber) and other people's restaurants (in the case of Swiggy and Zomato), these digital players have built viable business models. It is true Netflix and Amazon own physical assets. Netflix has invested in creating content, both movies and TV shows. For that matter, Amazon bought MGM Studios. MGM's catalogues include over 4,000 films (including *James Bond*, *Rocky*, and *The Pink Panther* franchises) and more than 17,000 TV shows. Thus, both Netflix and Amazon have become "physical assets" heavy. Why did they do this? Because content creators like Disney will not license their content to Netflix or Amazon Prime. That is why they had to buy or build studios to develop their own content. That is not the case for Uber since car owners will come on to the Uber platform to make money from their under-utilised assets. There is no need for Uber to own its fleet of cars.

Considering the context of fusion strategy, how does the situation where California criticised GM's autonomous driving business for "misrepresenting" the safety of its technology, particularly when the business has faced $8 billion in losses despite significant investment in AI, what are the challenges and strategic considerations for companies pursuing innovative fusion strategies in emerging technologies?

We've only solved 80% of the challenges in self-driving technology. It has taken us almost 25 years to get to that 80%. It will probably take another 25 years to solve the remaining 20% of the challenge since the last 20% is a tough nut to crack. I do not foresee 100% self-driving cars (without steering wheel and without a driver) for the next few decades. However, fusion strategy does not require fully self-driving capability. Tesla today has autopilot but does not have a full self-driving option. Yet, Tesla is able to observe how the customer is driving the car every day. Tesla has installed sensors that enable the company to observe product in use data. That is the key to unlocking value with fusion. ■

THE BRIEF

BUSINESS. DISTILLED.

NBFCs

The Rise Of Micro Credit NBFCs

Non-bank micro credit lenders have widened their lead over banks with 39% market share.

BY V. KESHAVDEV

ILLUSTRATION BY **AMIT SHARMA**

With banks focusing all their attention on retail credit, given the rising credit deposit ratio, it's the non-bank finance companies (NBFCs) that have widened their lead over banks in the microfinance segment. After first overtaking banks in terms of market share in FY23, the winning streak for 91 NBFC MFIs has continued well into the year with their share rising to a loan outstanding of ₹1.56 lakh crore, accounting for 39.1% of the overall industry portfolio. Banks (13) now have the second-largest share in micro-credit with a total loan outstanding of ₹1.34 lakh crore.

According to the Microfinance Industry Network (MFIN), an industry association and also an RBI-recognised self-regulatory organisation, the gross microfinance loan portfolio stood at ₹3,99,442 crore as of December 2023, serving 7.4 crore unique borrowers with 14.6 crore loan accounts. In fact, microfinance loan disbursals during Q3FY24 increased to ₹78,584 crore, compared with ₹77,877 crore in corresponding quarter last fiscal. The number of loans disbursed, though, fell during the quarter to 1.66 crore, against 1.89 crore a year-ago.

The industry has been able to put the worst behind, says Alok Misra, CEO and director, MFIN. "Microfinance operations added more than 1 crore unique clients over the last financial year to its fold even as portfolio delinquency has reached pre-Covid levels, which indicates improving health of the microfinance portfolio," mentions Misra.

Interestingly, the portfolio that was traditionally skewed towards east and northeast has slipped to the second position at 31.06%, while south India has emerged as the largest contributor at 31.14% with Telangana and Andhra Pradesh driving growth, even as West Bengal has seen a slowdown.

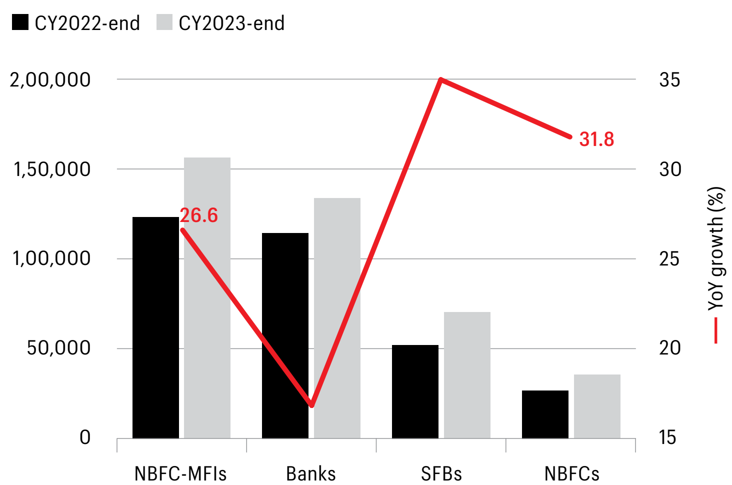
Over the past 12 months, active loan accounts increased 15.9% from 12.6 crore as of December 2022. In terms of regional distribution of gross loan portfolio, east & northeast and south account for 62% of the total portfolio. Bihar remains the largest state by portfolio outstanding followed by Tamil Nadu and Uttar Pradesh. As of December 2023, NBFC-MFIs, on an aggregated basis, have a network of 19,712 branches with 1,75,806 employees. Average loan amount disbursed per account in Q3 was ₹45,705, 8.2% higher in comparison to the same quarter of the previous fiscal. However, to fund the growth, NBFC-MFIs saw a rise in debt mobilisation, over 57% higher, at ₹21,847 crore, even as equity grew nearly 38% to ₹31,825 crore during the same period.

The MFI sector has witnessed various headwinds, including the

No Longer Micro

Microfinance NBFCs have taken a decisive lead over banks in terms of aggregate lending.

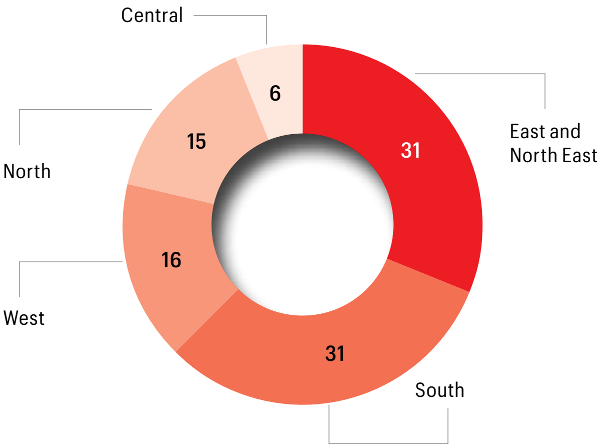
Portfolio outstanding of microfinance industry (₹ crore)



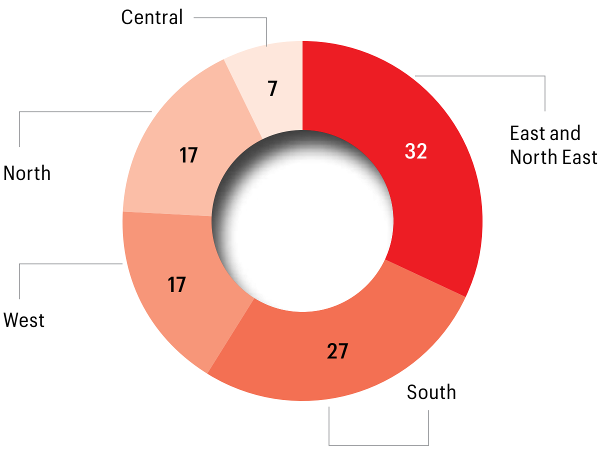
Home Is Where The East Is

Of the overall 7.4 crore unique borrowers, East and North-East continue to have the largest share of portfolio.

Regional distribution of portfolio (%)



Regional distribution of unique borrowers (%)



SOURCE: RBI

pandemic, since FY10, but overcame the challenges by growing at 16x over FY10 to FY22 in terms of gross loan portfolio. According to a report by ICICI Securities, there is ample scope for MFI loans to expand compared to other retail loans such as credit cards, housing and auto. While MFI loans have grown at a CAGR of 29% over FY15-22, in contrast, credit cards have grown at a CAGR of 25% followed by housing at 14% and auto loan at 7% during the same period. With an increase in the eligibility criteria of annual income of households, the customer base is likely to increase substantially, mentions the report. As per Crisil Research, underpenetrated states such as Uttar Pradesh, Gujarat, Uttarakhand and Manipur are seen driving future growth along with some traction in moderately penetrated states of Rajasthan, Maharashtra and Madhya Pradesh.

Approximately 47% of the country's GDP is contributed by rural areas, yet they only receive about 10% of overall credit distribution, highlighting a significant market potential for microfinance institutions focusing on rural regions. The Reserve Bank of India recently increased the income threshold for households to qualify for microloans up to ₹3 lakh annually, up from the previous limits of ₹1.25 lakh in rural areas and ₹2 lakh in urban areas. MFIN estimates this adjustment will benefit around 70% of rural households, facilitating greater market penetration for MFIs and the opportunity to explore newer markets.

The growth in ticket size is also visible with the industry wide average loan amount nearly doubling from ₹23,000 in FY18 to ₹45,705 in FY24 (December 2023), a growth rate of 98.72%. This growth in the average loan size is anticipated to partially support the expansion of microfinance institutions' loan portfolios.

The growth in loan ticket size has doubled from ₹23,000 in FY18 to ₹45,705 in FY24 (December 2023), a growth rate of 98.72%

The improvement in the growth in AUM has been underscored by a reduction in stressed assets (gross non-performing assets or NPAs and restructured assets), which fell to 6% in December 2022 from a high of 13% in September 2021, to around 3% in FY23. NBFCs have addressed the challenges in their portfolios through a combination of write-offs and asset sales to asset reconstruction companies (ARCs). This approach, combined with the lower incidence of new defaults in recent loans, has effectively reduced their levels of stressed assets.

Following the removal of the 10% interest rate cap by the central bank, NBFC-MFIs have seen their net interest margins (NIMs) rise around 140-150 basis points. Given that most non-banks have a fixed-rate book and with funding costs at their peak, margins are expected to stay robust in the 10.5-11% range. Not surprising that profitability, measured by the return on managed assets, is projected to surpass 3% in FY24, up from 1.5-2.0% in FY23 and about 1% in FY21 and FY22. ■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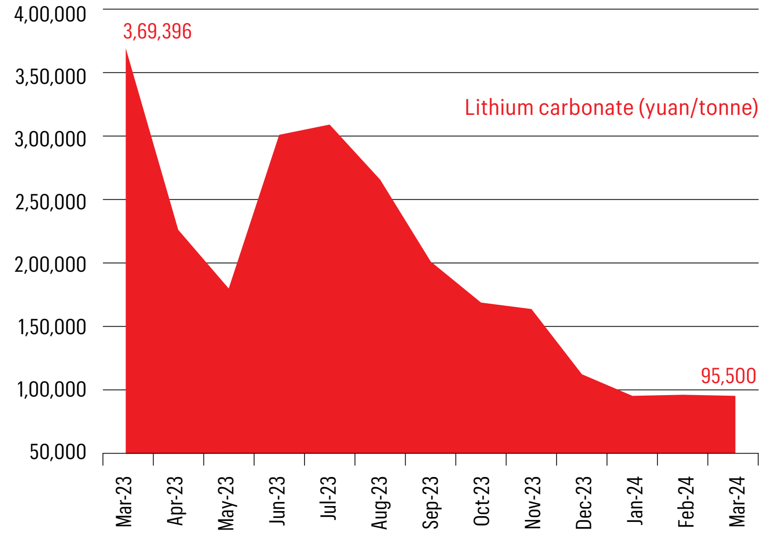
LITHIUM

On A Weak Charge

IN JANUARY 2024, the price of lithium carbonate plummeted to about 95,500 Chinese yuan per tonne ($13,446), marking a three-year nadir. This represents an 80% decrease from the previous year, driven by a combination of slowing demand, overproduction, and increased mining activities. Such a significant drop in lithium prices will lead to reduced costs for electric vehicle manufacturers and lower expenses for producers of green technologies. For instance, prices of lithium-ion battery packs dropped by 14% to a record low of $139/kWh last year against $151/kWh in 2022.

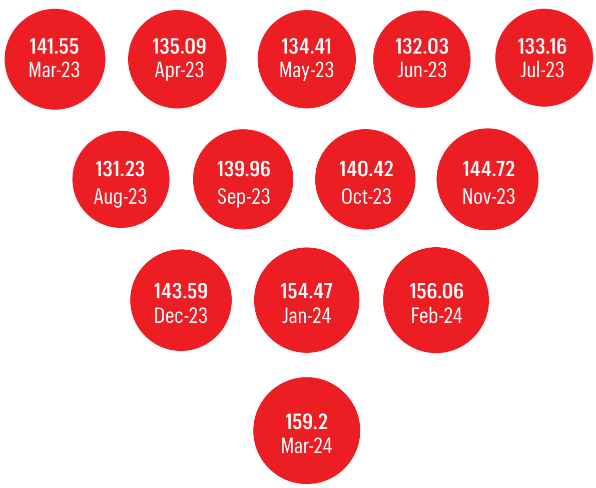


RUBBER

Feeling The Stretch

Since the onset of 2024, rubber prices have risen around 2.88%. Futures soared beyond 160 USD cents per kilogram, reaching their peak since June 2022. This surge is largely attributed to ongoing supply concerns, exacerbated by adverse weather conditions in Asia's key production regions. Rubber is essential for manufacturing tyres and various industrial products. The rising cost of rubber contributes to higher expenses for products made from this material, thereby squeezing the profit margins of related industries, including tyremakers.

Rubber (USD cents/kg)



TEA

Losing The Flavour

The year 2023 saw a concerning dip in tea price realisation trends compared with 2022. A World Bank report from 2023 highlighted an 11% decline in auction tea prices from the fourth quarter of 2022 to the first quarter of 2023. The downturn is linked to reduced demand in Central Asia, partly due to the conflict in Ukraine. Since the start of 2024, tea prices have fallen by 33.65%. An oversupply in global markets has triggered a steep decline in international tea prices, heavily impacting Indian exports.

Tea (USD/kg)

SOURCE: CMIE, BLOOMBERG, TRADING ECONOMICS; FAO

—***By Shivani Sharma***

COSMIC BIRLA GROUP PORTFOLIO BEARS THE HALLMARK OF EXCELLENCE AND INNOVATION

A distinguished and prominent name in the eastern business community, Cosmic Birla Group represents innovation, growth and an unwavering commitment to excellence. Their rich history spanning 5 decades, diverse portfolio and visionary mission make them a leader in engineering and manufacturing. They pledge to shape a better and more sustainable future.

ADITYA VIKRAM BIRLA
Chairman & Managing Director, Cosmic Birla Group

The Cosmic Birla Group was founded with a dedicated focus on delivering cutting-edge engineering solutions and components. Over the years, the group has not only evolved into a diversified entity with an unwavering commitment to innovation, excellence and sustainability, but also elevates living standards and create lasting legacies, embodying a futuristic approach that goes beyond industry norms.

Led by Aditya Vikram Birla, the Chairman-cum-Managing Director, the Group's journey is marked by pioneering solutions, strategic expansion, and a vision striving for a better tomorrow. The group has been steadfastly leaving an indelible mark on the landscape of engineering excellence.

The Cosmic Birla Group traces its roots to a founding story deeply entrenched with a commitment to innovation in industrial products and machineries. The group's manufacturing project in Singur, West Bengal, stands as a testament to their core values of pioneering solutions that encourages exceptional developments, which positively impact industries and communities alike. At the helm of the Cosmic Birla Group, Aditya Vikram Birla, provides visionary leadership with his strategic guidance leading the group to new heights, making it a distinguished entity specialising in cold rolled forming and engineering.

STRATEGIC EXPANSION

Cosmic CRF LTD a BSE Listed Entity, is the group's flagship entity, offering a diverse range of products. The group's strategic expansion includes sister companies such as AVB Entech, Comet Technocom, Prilika Enterprise, and Asansol Steel. Additionally, Cosmic EV Ltd and Cosmic Utkal Rail Ltd., reflecting the group's commitment to growth and diversification across various sectors.

PRODUCT PORTFOLIO

The Cosmic Birla Group's product portfolio spans cold rolled formed sections, engineering items, and products in sectors like electrical transmission, defence, real estate, and more. The group's impact on wagon producers and its significant contribution to engineering and manufacturing underscore its influence on the sector.

MILESTONES ACHIEVED

Cosmic CRF achieved a significant milestone by getting listed on the Bombay Stock Exchange in June 2023. The group is also recognised as an approved vendor by the esteemed Research Designs and Standards Organisation (RDSO), highlighting its commitment to quality and industry standards.

The group will soon become one of the biggest cold rolled formed products manufacturer in the world following their recent acquisition of N.S. Engineering Projects Pvt Ltd., through the NCLT.

TEAM POWER

Acknowledging the importance of a skilled and dedicated team, Aditya Vikram Birla emphasises the team of highly-skilled professionals is committed to providing customers with exceptional service and support. This team plays a crucial role in the group's ability to deliver superior products and services.

BONDING WITH CUSTOMERS

The success of the group is intricately tied to the relationships built with customers. The commitment to fostering these relationships is reflected in the values of open communication, transparency, and collaboration, an approach that goes beyond business transactions, creating a foundation for enduring partnerships.

PRIDE IN REPUTATION

Taking great pride in the group's reputation for delivering superior products and services, Aditya Vikram Birla exudes confidence that customers will be completely satisfied with the level of quality and professionalism brought to every project. This pride is a testament to the group's unwavering commitment to excellence and customer satisfaction.

Aditya Vikram Birla was recently invited to the "India Conference at Harvard 2024" at Harvard Business School for a fire side chat on "Transforming a Legacy Business into an Innovative Powerhouse" and it was moderated by Sanjay Aggarwal, Partner, Finhive LLC.

GOING GREEN

Cosmic EV, a sister company, contributes to sustainable practices by providing electric vehicles that are environmentally friendly. This initiative aligns with the group's commitment to a greener future and showcases its forward-thinking approach.

The Group has visionary leadership and plans to expand to new horizons in the coming days and truly become a powerhouse from the east. ■

L&T'S TECH AVATAR

How India's largest engineering company is shedding the baggage of construction to reinvent as a tech-enabled firm.

BY P.B. JAYAKUMAR AND NEVIN JOHN

WHEN THE LARGE WALL-MOUNTED digital screen switches on at the command centre of Larsen and Toubro (L&T), chairman and managing director S.N. Subrahmanyan takes a break from his reading and glances through data from one corner to the other. The screen is connected to around 14,000 devices and machines such as heavy-lifting cranes, road rollers, earth-moving machines and AI cameras through Internet of Things (IoT) for real-time updates from project sites of the engineering and construction giant.

The command centre, next to the CMD's cabin on the second floor of the Landmark building at Andheri East in Mumbai, gives him a complete perspective and granular view of L&T's on-ground activities. If an unknown person enters the project site, everyone, from the project in-charge

PHOTOGRAPH BY **NARENDRA BISHT**

"In a way, we became an IT company doing construction."

S.N. Subrahmanyan
CMD

to Subrahmanyan, is alerted. If somebody moves around without a helmet on site, an alert is issued. Again, they will know, if a crane hired for a project is not fully utilised.

Subrahmanyan, who took over from A.M. Naik as chairman last year, has been driving the transition at L&T. Since the scope of improving margins is limited in the flagship engineering and construction (E&C) business — thanks to L1 or tender-based nature of business, escalating input costs, complex machines and construction equipment — L&T aimed to improve margins with higher efficiency through an asset-light model and better utilisation of machines and manpower, besides ensuring workers' safety.

If Naik built the construction vertical and founded new businesses, including IT and financial services, Subrahmanyan is consolidating core businesses and finding opportunities in emerging ones by using cash flow from the construction business, pivoting the firm into a technology led engineering and services conglomerate.

Chief digital officer Mahesh A. Chikodi shares an example of how digitisation is changing the company. L&T's construction division was facing challenges in efficiently extracting accurate insights from the company's rapidly growing structured and unstructured internal data assets. Manually reviewing extensive documentation such as complex contracts to identify important clauses was becoming a tedious job for contract teams. L&T Cognitive Services leveraged Natural Language Processing (NLP) and Generative AI-based on Azure OpenAI to solve these challenges. Azure OpenAI identified crucial clauses in contracts, pulled out technical deliverable details from emails and reports, and contextualised insights from across projects. "Now, executives don't have to go through huge data manually to get the insights," says Chikodi. About 14,000 connected devices are being monitored through Asset Insight Solutions across construction sites through AI and IoT, helping reduce downtime of equipment and leading to higher operational efficiencies.

The results are showing in the numbers as well. The infrastructure segment saw a 19.4% YoY growth in revenues to ₹87,823 crore in FY23. In the energy vertical, revenues were up 5.2% and operating margins were higher at 9.1% (from 7.8% in FY22). In the hydrocarbon business, where large predictive analytics, robotic process automation and AI-driven decision-making are being implemented, operating margins grew from 8.7% to 9.9%. Similarly, operating margin improved to 6.5% from 3.9% in the power business. In case of defence engineering, margins have been around 20% for the last two years.

The services business comprising LTI Mindtree, LT Technology Services and L&T Financial Services has a global market. The IT and technology services business contributed 22% to the group's revenue and 36% to profit in FY23. Subrahmanyan believes services can potentially be among the top three in revenue and market capitalisation in India. "Why can't L&T own an IT company like TCS for the Tatas?" he muses.

L&T Group has seen a 42.1% growth in profit and 53.8% in revenue since FY18. The company's orderbook is expected to touch ₹5 lakh crore — of which 41% will be from international markets (mainly West Asia and parts of Africa). Because of the sheer size and scale, E&C will continue as a large piece in L&T, with

Though L&T might evolve further, it will not deviate much from the platforms already created for growth."

A.M. Naik
chairman emeritus

A.M. NAIK's TRANSFORMATIONAL PLANS

Successfully averted hostile acquisition attempts by two large corporate houses.

Created L&T Employees Trust, the single-largest shareholder with 14% stake (as of March 31, 2023).

Focused on infrastructure of national importance and marquee monumental projects.

Forayed into shipbuilding and defence with huge facilities created at Hazira and Surat; Coimbatore and Hazira transformed into hubs for defence and aerospace.

Forayed and globalised core sectors, including energy, hydrocarbon and heavy engineering; entered emerging segments such as power, water and the smart world.

Identified IT and L&T Finance as two major growth areas.

Launched Lakshya 2021, a five-year action plan.

S.N. SUBRAHMANYAN's STRATEGIC MOVES

Introduction of digitisation and next-generation technologies in infrastructure businesses.

Incubation of next-generation digital platform-based businesses and engineering education.

Focus on margin improvement and bigger play in IT & services such as data centres, manufacturing and financial services.

Focus on upcoming hydrogen and green business opportunities.

Sellingoff/ restructuring non-core businesses to follow an asset-light model.

Reducing PPP exposure by concessions divestment.

Move to reach Lakshya 2026 targets before deadline.

IT services not far behind.

Meanwhile, L&T searches for new businesses. It recently decided to enter fabless semiconductor manufacturing, data centre construction, e-commerce and other digital businesses, and electrolyser manufacturing. Analysts see it as the Tata model of finding opportunities in areas, including SuperApp, 5G, medical equipment manufacturing and precision engineering. L&T's services-focused transition also has some parallels with Reliance Industries, which derisked the traditional petroleum business with the launch of consumer businesses such as retail and telecom.

What's On Plate

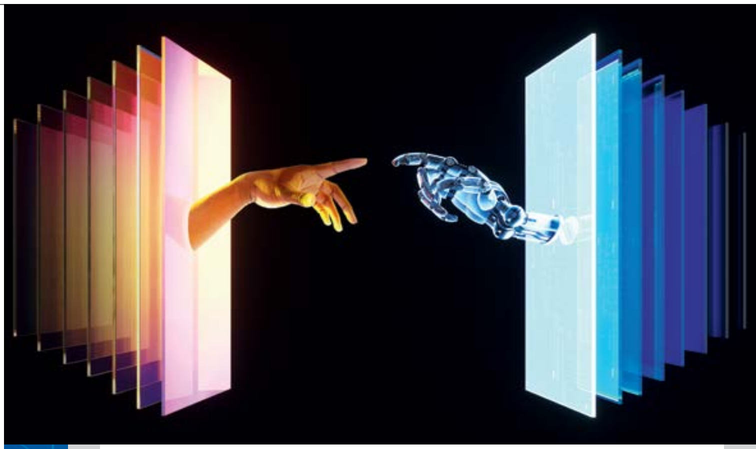
Sipping a cold coffee, 81-year-old Naik smiles in fulfilment. The aesthetically furnished conference hall in his home, High Trees, in Pali Hill in Bandra has two flags in different sizes and numbers — the National Flag and the flag of L&T.

"Though L&T might evolve further, it will not deviate much from the platforms already created for growth," Naik tells *Fortune India*. L&T's business will mainly be in three buckets — EPC & projects, (mainly construction and energy), manufacturing (heavy and precision engineering such as defence including shipbuilding), and the services sector, which includes LTI Mindtree, L&T Information Technology (LTTS) and financial services. It will continue to exit non-core businesses. These may include construction equipment, EPC power and transmission, boilers and generator JVs and industrial valves or rubber processing machinery.

Subrahmanyan agrees with Naik that L&T will not change after divestments, and that the verticalisation is complete. As of December 2023, 42% of L&T's revenue comes from global markets.

If earlier L&T was into run-of-the-mill infra creation which came its way such as toll roads, hotels and real estate projects, plant construction EPC and the like, the focus is now on hi-tech engineering and technology projects. For

PHOTOGRAPH BY **SANJAY RAWAT**



example, when most companies got into metro construction, L&T shifted its focus to the next level — on bagging most of the work for India's first bullet train project and India's first coastal road built under the sea. The change is visible across all its construction, hi-tech and heavy engineering projects. Last year, L&T built the country's first 3D-printed government building, a post office at Ulsoor in Bengaluru for less than ₹25 lakh in 43 days. If it requires six-eight months and 30-40 labourers to construct such a facility conventionally, the 3D-printed building needed only five labourers and the concrete mix was of superior quality.

The company also bagged orders for making 100 K-9 Vajra guns, the Indian Army's new self-propelled howitzer jointly developed by L&T and South Korean defence manufacturer Hanwha Defence that can replace old Bofors guns. Manufacturing was done with industry 4.0 standards and automation such as predictive analytics, Robotic Process Automation and AI-driven decision-making. If it took 100 hours to make the first hull, it took only one-third the time for L&T to make the 20th gun.

In March 2022, L&T set a record by constructing a 7-storey, Flight Control System (FCS) Integration Facility for the Defence Research and Development Organisation (DRDO) in Bengaluru in just 45 days using Integrated Hybrid Modular Construction Technology. Similarly, an entire refinery was pre-fabricated in its yards in India and was shipped to West Asia. According to L&T sources, the biggest technology achievement for the company so far has been its selection for the International Thermo-nuclear Experimental Reactor (ITER) coming up in France, an experiment to make energy from nuclear fusion. It is a collaboration of seven member entities — China, the EU, India, Japan, South Korea, Russia and the U.S.A. L&T Heavy Engineering was entrusted to make Cryostat, a 30 meter stainless steel high-vacuum pressure chamber, to keep very high temperatures in the ITER fusion reactor core. It is the largest in the world and the single-largest component of the ITER machine. By March 2022, L&T engineers had completed the Top Lid, the most complex and final assembly of Cryostat at the project site in Cadarache in France. The fusion reactor, set to take off in a few years, will help generate new form of energy.

Subrahmanyan is readying for the future by foraying into new energy forms such as green hydrogen. The company is investing in next-generation engineering, which will transform L&T into a new hi-tech engineering and construction multinational, says Subrahmanyan.

Leveraging IT

In among his earliest moves, Subrahmanyan digitised the infra business — in material supply chain, workmen management, recruitment, quality management, predictive maintenance, safety apps for workers, material pilferages, and project progress. "Construction was the area where I grew up

KEY ACTIONS SINCE 2017

L&T Infotech and Mindtree merged to form LTIMindtree, one of India's leading IT firms.

Financial services companies L&T Finance, L&T Infra Credit and L&T Mutual Fund Trustee merged with L&T Finance Holdings to give more scale and focus on retail lending.

Less-profitable businesses such as minerals, metals and material handling restructured for growth.

Exit from industrial electrification and small sub-stations.

Focus on hydrocarbon, power transmission, water etc in West Asia.

Tie-ups with IOC and ReNew to set up green hydrogen projects.

FUTURE BUSINESSES

L&T Next: Focus on artificial intelligence (AI), Internet of Things (IoT), virtual reality (VR), augmented reality (AR), geospatial enterprises, and cyber security.

L&T Sufin: E-commerce platform of engineering goods and services for SMEs and MSMEs.

L&T Edutech: Courses on basics of engineering by L&T experts; 3,50,000 enrolled till date.

Cloudfiniti: Technology solutions through data centres and Cloud infrastructure.

Semiconductors: Chip design through subsidiary at an investment of ₹830 crore.

Green hydrogen: France's McPhy Energy roped in for manufacturing electrolysers.

PHOTOGRAPH BY GETTY IMAGES

and when I look back, I could implement one of the largest digital programmes anywhere in this space in the world," he says. L&T employs over 5 lakh, including 2 lakh engineers and 3.6 lakh contract workers, of which 60,000 engineers work for the flagship company, which executes 800-1,000 projects at a time on an average.

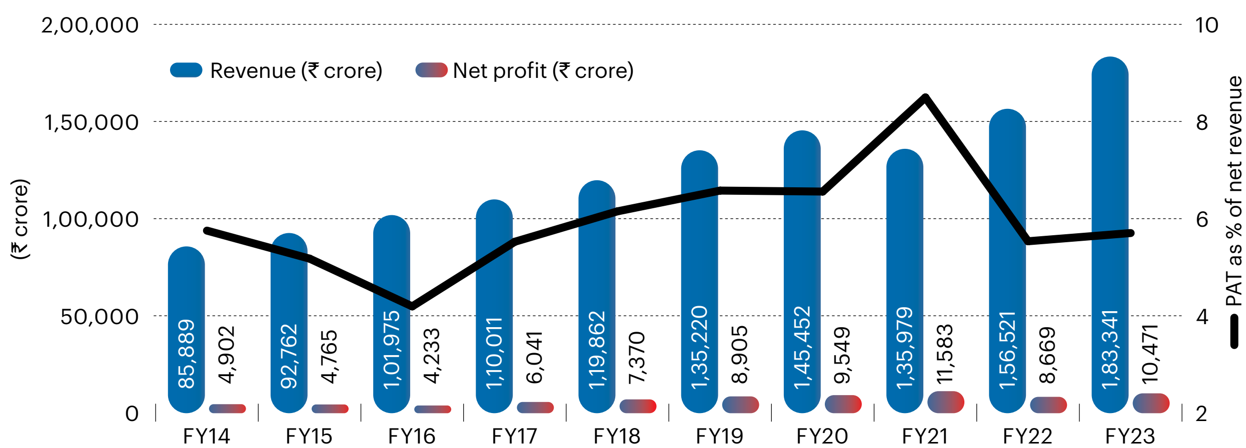
With a click of the mouse, Subrahmanyan explains the progress of each of these projects on the ground and how real-time data is useful to improve productivity and optimise and manage resources, machines and equipment at each project site. "In a way, we became an IT company doing construction," he says.

For L&T, the great hope lies in IT and technology services. In traditional E&C business, the scope for margin improvement is limited, maximum 1-2%. The reason is huge expenses on materials and complex and expensive machines and construction equipment. "You can't charge a client more than 20% of the profits for the equipment you buy. Without equipment you won't get the job," explains Subrahmanyan.

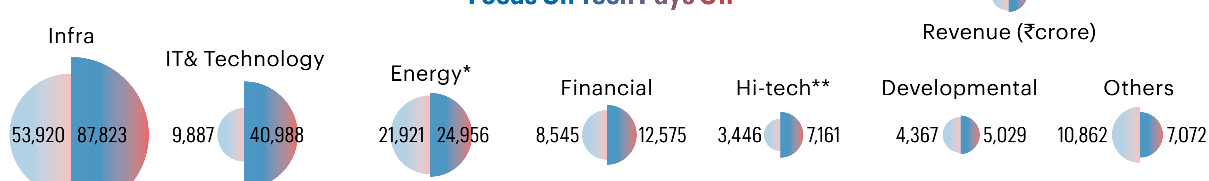
L&T believes IT and technology will be a major profit centre in the future. In Q32024, out of the ₹39,305 crore net revenue for total projects in infra, energy and hi-tech manufacturing, EBITDA margin was only 7.6%. As against this, EBITDA was 20.7% in IT & technology services, 25% in financial services and 16.2% in developmental projects out of net revenues worth ₹15,823 crore.

L&T had forayed into IT in 1996 with L&T Information Technology to retain talented software engineers. It became L&T Infotech in FY02 and was rebranded as LTI in 2017, which clocked $2.1 billion in revenue in FY22. The company works in BFSI, manufacturing and energy sectors and employs over 45,000 people. In 2019, L&T acquired 61% stake in Bangalore-based Mindtree in a hostile takeover. The firm has strength in areas such as media and communication, CPG, retail and manufacturing, with revenues worth $1.4 billion in FY22. Both have now been merged to create LTIMindtree, an over $4.3 billion IT technology services company, the fifth-largest IT firm by market cap and sixth largest in terms of revenue in India. "The merger will help derive synergies worth 200 basis points within four-five years, which

Then And Now



Focus On Tech Pays Off



*INCLUDED POWER, DIVESTED E&A AND HYDROCARBON BUSINESS; ** INCLUDED ONLY HEAVY ENGINEERING; BUSINESSES UNDER ENERGY, HI-TECH AND OTHER SEGMENTS ARE NOT COMPARABLE; SOURCE: COMPANY will have an EBITDA of 18-20%," says Debashish Chatterjee, CEO and MD, LTIMindtree. For the first three quarters of FY24, IT & technology services posted revenues worth ₹33,230 crore, 9% higher over the previous year. Of this, ₹26,320 crore came from LTIMindtree.

However, L&T's engineering research and development (ER&D) capability face around the globe is LTTS, which generated ₹8,223 crore in revenues in FY23. It is the largest in that space in India and within the top 10 globally. The ER&D services company focuses on high-growth sectors such as EVs, semiconductors and AI-related technologies.

"We are hiring engineers, mainly to cater to the EV engineering opportunity," says Amit Chadha, CEO, LTTS. Chadha recalls the time when he wanted to acquire a 5G-focused firm and identified three candidates — two in the U.S. and the third, L&T's Smart World & Communication (SWC) business. He approached Subrahmanyan, who, within a week, agreed to sell SWC to LTTS for ₹800 crore. The company is now foraying into fabless semiconductor chip design and will establish a subsidiary with an investment of ₹830 crore, says R. Shankar Raman, chief financial officer, L&T. However, there are no plans to merge LTIMindtree and LTTS since both operate in different domains, adds Subrahmanyan.

A New Financial Play

L&T Finance Holding (LTFH) shifted its focus to retail lending to improve margins and return on equity. Retail now constitutes 91.4%% of its ₹81,780 crore loan book as of December 2023. LTFH reported revenues worth ₹9,510 crore in 9MFY24. The company reported a 41% YoY growth in rural financing and a 52% increase in consolidated PAT in FY23. "Our portfolio was majorly wholesale with a small portion contributed by retail. By the end of this year, Retail will be more than 90%," says Subrahmanyan.

The group is eyeing a select retail lending strategy with digital-led financing in farm equipment, homes, and consumer loans. The aim is to get to a 25% CAGR in retail by 2026. As part of the transition, LTFH sold off its mutual fund business to HSBC Asset Management (India) for $425 million in 2021 and the wealth management business worth over ₹24,000 crore to IIFL Wealth in 2019. It is currently in the process of merging some of its subsidiaries such as L&T Finance and Infra Credit with itself.

With that kind of momentum in profits from IT and financial services, Subrahmanyan hopes to increase group profits. "By 2025 or 2026, 50% of the profits may come from the services side from the current 35%, and the remaining 50% may come from the E&C side," he says.

Transitioning Era

L&T's early momentum was provided by Naik though. He had joined L&T in 1965 and rose through the ranks to become the CEO in 1999 and led many battles from the front before passing on the baton to Subrahmanyan in September 2023. In the last two decades of his career, L&T witnessed exponential growth — revenues rose from ₹5,000 crore in FY99 to ₹1.83 lakh crore in FY23, while market cap went up from around ₹4,000 crore to ₹3.74 lakh crore.

Other than the reputation of creating a huge engineering business, Naik is credited with warding off two hostile takeover attempts by Reliance Industries and the Aditya Birla Group in the early 2000s. It led to the formation of the L&T Employees Trust, now owns 14% of the firm, and by being the single-largest shareholder has ring-fenced L&T against takeover attempts to a great extent. The engineering major also created millionaires out of employees — a single share worth ₹33 around 20 years ago is ₹3,670 (as of March 26).

When Subrahmanyan, a civil engineer specialised in construction, took over the responsibilities of MD and CEO in July 2017, L&T was operating in over 80 businesses through 21 companies, with revenues over ₹1 lakh crore. The management regrouped them into 10-12 verticals by FY16

PRESSURE POINTS

Attempted hostile takeovers by Reliance and Adiyta Birla Group.

Unsuccessful joint ventures with Mitsubishi for boilers and turbines for fossil fuel power generation.

Thin margins in infrastructure, the largest revenue contributor to the group.

Geographical representation on the group's international business (mainly confined to energy orders in West Asia and parts of Africa).

L&T's mega projects: The Mumbai High North Process Gas Compressor Modules (hydrocarbon) project.

Mumbai Trans Harbour Link, dubbed India's longest sea bridge.

with the concept of ICs or independently operated companies. Consolidated revenues grew from ₹1.19 lakh crore in FY18 to ₹1.83 lakh crore in FY23 despite the pandemic blues, while net profit rose to ₹10,471 crore from ₹7,370 crore. While L&T's order-book of ₹4.70 lakh crore (as of December 31, 2023) is the highest in its history, market capitalisation stood at around ₹5.04 lakh crore (as on March 26, 2024).

The change, however, had begun years ago. L&T initiated a heavy infra and construction focus in 2006, boosting revenues and profits by 20 times and 45 times, respectively. Currently, 68% of the ₹4.70 lakh crore order-book comes from infrastructure and 24% from the energy vertical. Hi-tech manufacturing and other businesses contribute 8%.

In infra business, average global margins are just 1-2%, though L&T manages to garner 5-6%, says Subrahmanyan, better known as SNS in the corporate world. Overall group profits are also meagre — PAT as a percentage of net revenue from operations was just 7.10% at the group level in FY23 and 7.8% in FY22. The last 10-year CAGR in net sales and net profit was 9.42% and 7.2%, respectively, extremely low for a company now approaching nearly ₹2 lakh crore per year in turnover. Many of the huge facilities created to tap the power sector, aerospace, defence and shipbuilding remain underutilised due to lack of orders, though orders started coming in the last two-three years due to government initiatives such as Make in India.

L&T launched Lakshya 2026 in April 2022, with plans to double turnover to ₹2.7 lakh crore and generate an order inflow of ₹3.4 lakh crore by 2026 — a CAGR of 15% and 14%, respectively. While the first still has some way to go (FY23 revenues were ₹1.83 lakh crore), the second has already been achieved. "I am not going to speculate but may end up between ₹2 lakh crore and ₹2.15 lakh crore this fiscal. Lakshya 2026 targets ₹2.7 lakh crore in revenue. It is achievable and could even exceed that," says Subrahmanyan.

Analysts see it as a positive. "L&T is well-placed to benefit in the long run with strong tender prospects, better order conversion in the domestic market, significant traction in hydrocarbon and renewable energy orders from international markets such as Saudi Arabia and expected uptick in private capex in the domestic market," say Amit Anwani and Nilesh Soni, analysts with Prabhudas Lilladher. They estimate revenues worth ₹2.19 lakh crore in FY24, ₹2.43 lakh crore in FY25 and ₹2.68 lakh crore in FY26.

Another target is return on equity (RoE) of over 18% by FY26 (from RoE of 10% in FY21 and 11% in FY22). To enhance margins, the company has decided to improve efficiency in every department, says Shankar Raman. Similar projects such as in buildings and factories, water or EPC are now being grouped. Vertical heads have been asked to go cash-focused rather than focusing on timelines, or the historical trend of availing funds from group headquarters.

Subrahmanyan has been with L&T for 40 years and knows the DNA of the company. He is now tasked with re-inventing L&T into an IT and technology driven futuristic company. "We are building the company of the future," he says.

Infra Push & Issues

During the infra boom in FY12, the L&T leadership brainstormed to leverage the construction frenzy, especially in

Major Divestments

Year	What has been sold	Buyer	Deal amount
2016	**Kattupally Port**	Adani Ports & SEZ	NA
	50% stake in JV port with Tata Steel at Dhamra	Adani Ports & SEZ	NA
2018	**Electrical & automation (E&A) vertical**	Schneider Electric	**₹14,000** crore
2019	**Wealth management business (₹24,000 crore in assets)**	IIFL Wealth	NA
2020	**Marine autmation business (Servowatch Systems in the U.K.)**	Rolls-Royce	NA
2021	**99MW run of the river hydroelectric power plant in Uttarakhand**	Renew Power	**₹985** crore
2022	**Mutual fund business**	HSBC Asset Management (India)	**$425** million
	51% stake in L&T Infrastructure Development Projects (L&T IDPL)	Infrastructure fund managed by Edelweiss Alternatives	NA
2024	**L&T Infrastructure Engineering (LTIEL)**	Subsidiary of Assystem SA of France	NA

power and transportation. It aggressively bid and won many big-ticket EPC concession projects such as ports, roads, Hyderabad metro and Nabha power. But once that frenzy receded, L&T, like most others, was left cash-strapped. Debt rose from ₹3,359 crore in FY03 to ₹18,339 crore in FY23.

The management reckoned such run-of-the-mill long-term construction play would continue to suck liquidity and strain balance sheets. It built the Kattupalli port and shipyard between 2007 and 2011. Following India's civil nuclear agreement (123 agreements) with the U.S., L&T set up a big nuclear forging facility at Hazira in 2012. Once the thermal power sector started booming, it formed two joint ventures with Mitsubishi Hitachi Power Systems (MHPS) to manufacture supercritical boilers and turbines, besides starting its 1,400MW supercritical power plant at Nabha. Huge facilities were created at Hazira, Surat and Coimbatore to tap defence manufacturing opportunities.

According to sources, overall, around ₹25,000 crore was invested in just five years anticipating big-ticket orders, but a big flow of orders remained elusive. If the return on capital employed (RoCE) for L&T was nearly 30% in 2007-09, it fell to 12% once those huge infra projects got operationalised. "We are known for our EPC capabilities and that is why marquee global investors come to us. They look at short-term exits with good margins. In a long-term infra play, only pension funds or companies such as LIC can afford to stay invested that long and wait for 20–30 years to get their returns," says Shankar Raman.

By the time Subrahmanyan took over, L&T's margins had fallen to less than 10%, mainly due to bleeding hydrocarbon projects in West Asia, loss-making nuclear forging shops, boiler turbine units and shipyards. It prompted the company to change its course. In 2016, the management launched a five-year plan, Lakshya 2021, for 'profitable growth', releasing locked capital, turning around struggling assets, better-working capital management in core assets, optimising costs and shedding non-core assets.

Re-inventing The Giant

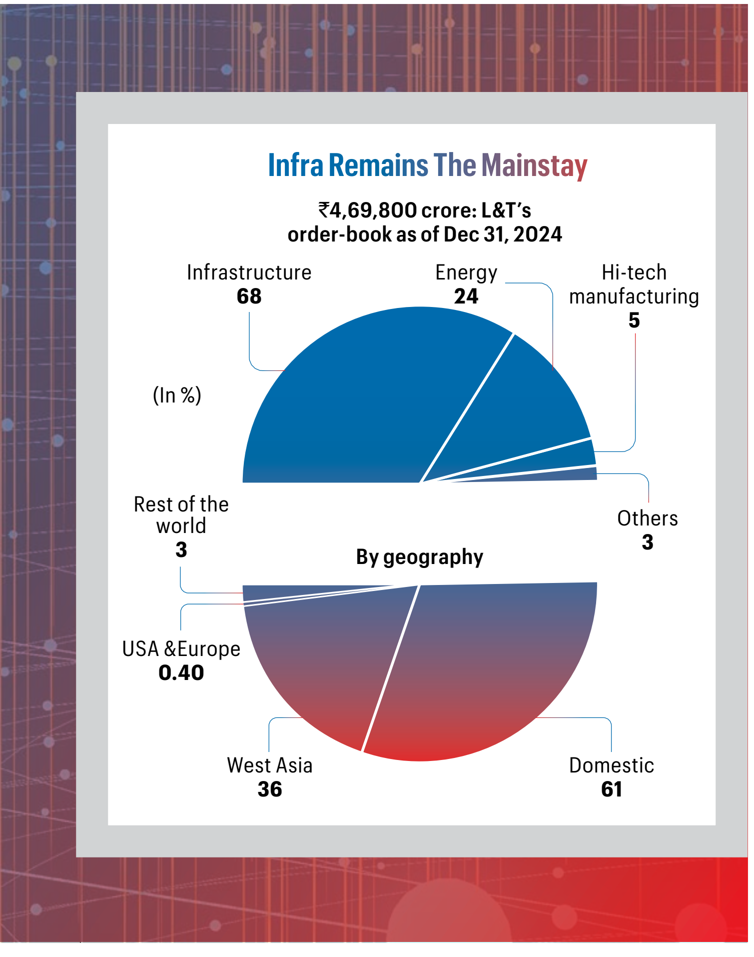
Before Subrahmanyan took over, L&T hived off the Kattupalli port in Tamil Nadu and its 50% stake in the JV port with Tata Steel at Dhamra to Adani Ports & SEZ in FY16. In the last five years, it divested some of its main non-core assets, including the electrical & automation vertical to Schneider Electric for ₹14,000 crore in 2018. Two years later, it sold its small marine automation business — Servowatch Systems in the U.K. — to Rolls-Royce for an undisclosed amount. The 99MW hydroelectric plant in Uttaranchal, meanwhile, was sold to Renew Power for ₹985 crore in 2021.

L&T divested its roads concessions business and sold the entire 51% stake in L&T Infrastructure Development Projects (L&T IDPL) to an infrastructure fund managed by Edelweiss Alternatives. L&T Infrastructure Engineering (LTIEL), a provider of standalone engineering consultancy services for the infrastructure sector, was recently divested to a subsidiary of Assystem SA of France.

More are on the cards, reveals Subrahmanyan. The company is trying to sell its construction equipment business and is taking a serious look at the future of the EPC power business. It is also in talks with Mitsubishi on the fate of its bleeding joint ventures for boilers and generators. In the power transmission business, L&T has stopped taking up projects in industrial electrification and small sub-stations. The company may also scout for buyers in non-core assets such as industrial valves or rubber processing machinery.

International business will also undergo a sea change, says Subrahmanyan. If earlier L&T was trying to tap the West Asian markets, the focus is now restricted to hydrocarbon, power transmission and water businesses. Currently, 36% of international orders are from West Asia, 0.4% from the U.S. and Europe and 3% from the rest of the world. All that is set to change.

L&T has also reworked its group composition, straight jacketing businesses with lean and focussed verticals under seven segments — infrastructure, energy, hi-tech manufacturing, IT & technology services (IT&TS), financial services, development projects and 'other' businesses, including realty, industrial valves, construction equipment, mining machinery and rubber processing machinery. "All these efforts are bringing in a reasonable amount of focus. Focus brings objectives and that brings results," says Subrahmanyan.



Though Naik has retired from executive positions, his passionate association with L&T continues. He is chairman of the L&T Employees Trust, the single-largest shareholder. Naik also continues to mentor top executive talent.

More For Future

L&T is moving fast into new business areas and technologies. Revenue from new and emerging businesses was ₹8,178 crore in FY23. It has already set up a 2MW data centre in Panvel and a 20MW centre in Kanchipuram. On March 1, L&T commissioned its first indigenously manufactured electrolyser at the green hydrogen plant at its heavy engineering complex in Hazira. Defence is another area where L&T is showing its prowess in platform technologies.

The company has teamed up with IOC and ReNew to set up green hydrogen projects. It has also tied up with French technology company McPhy Energy to make electrolysers for splitting hydrogen. "Green hydrogen, ammonia plants and related EPC can be a big area for us in future," says Subrahmanyan. "In green hydrogen, L&T and its partners will invest over $4 billion in the next three to five years," adds Naik.

New start-ups are also being incubated. After internally digitising the assets of the E&C business, Subrahmanyan incubated a strategic futuristic business unit named L&T Next, with a focus on Artificial Intelligence (AI), Internet of Things (IoT), Virtual Reality (VR), Augmented Reality (AR), geospatial enterprises, and cyber security. It is currently housed under LTI-Mindtree and has generated over $150 million in revenues in a year. Two diversifications have also been initiated, into e-commerce and edutech.

L&T Edutech has been launched to teach youngsters the basics of engineering. "Already 3,50,000 students have enrolled, but the revenue will take some time to come," says Subrahmanyan. The second start-up is an e-commerce platform, L&T SuFin, a foray into retailing of engineering goods, from safety shoes to cables and wires. The company generated gross merchandise value worth ₹1,000 crore in FY23 and is expected to cross ₹1,800 crore in FY24. Another is the formation of Cloudfiniti, offering technology solutions through data centres and Cloud infrastructure.

While he jokes that defence and aerospace will be "perennial start-up for us for many years", Subrahmanyan sees big business from the sector. Heavy engineering, aerospace, water and hi-tech manufacturing are other areas where L&T will leverage further in the future.

Subrahmanyan's plate is full. He visits project sites at least once a week. While he speaks, the Embraer 650 is refuelling for another flight. Subrahmanyan says he is a 'boring CEO' of a 'boring company' which has nothing else to say except large projects. For now, the 'boring CEO' is also trying moves powered by technology to brand L&T in the hearts of youngsters. ■

SHAPOORJI PALLONJI GROUP: TO HELL & BACK

HOW SHAPOOR MISTRY IS RESTRUCTURING SHAPOORJI PALLONJI GROUP TO IMPROVE OPERATIONAL EFFICIENCY AND REPAY DEBT.

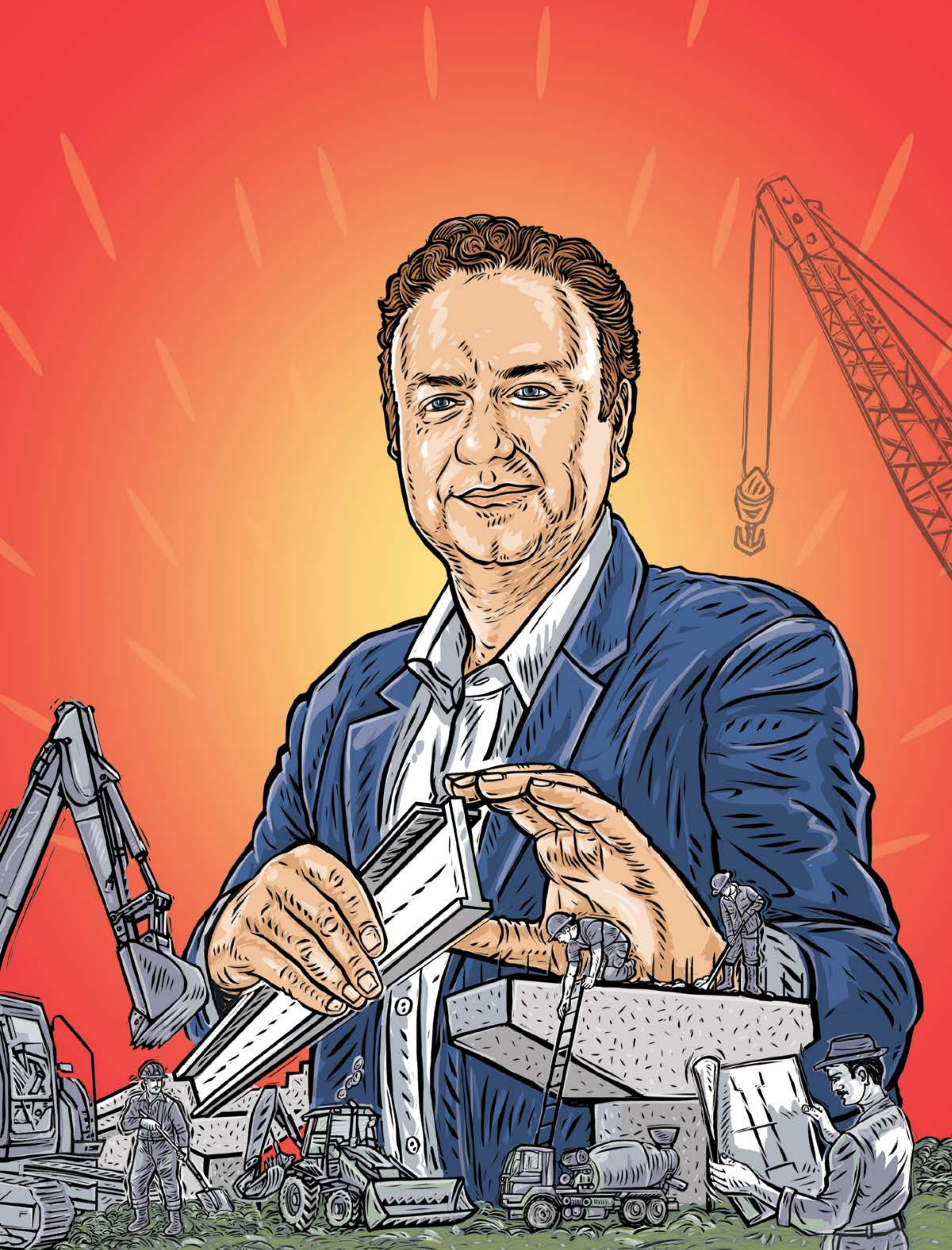
BY NEVIN JOHN

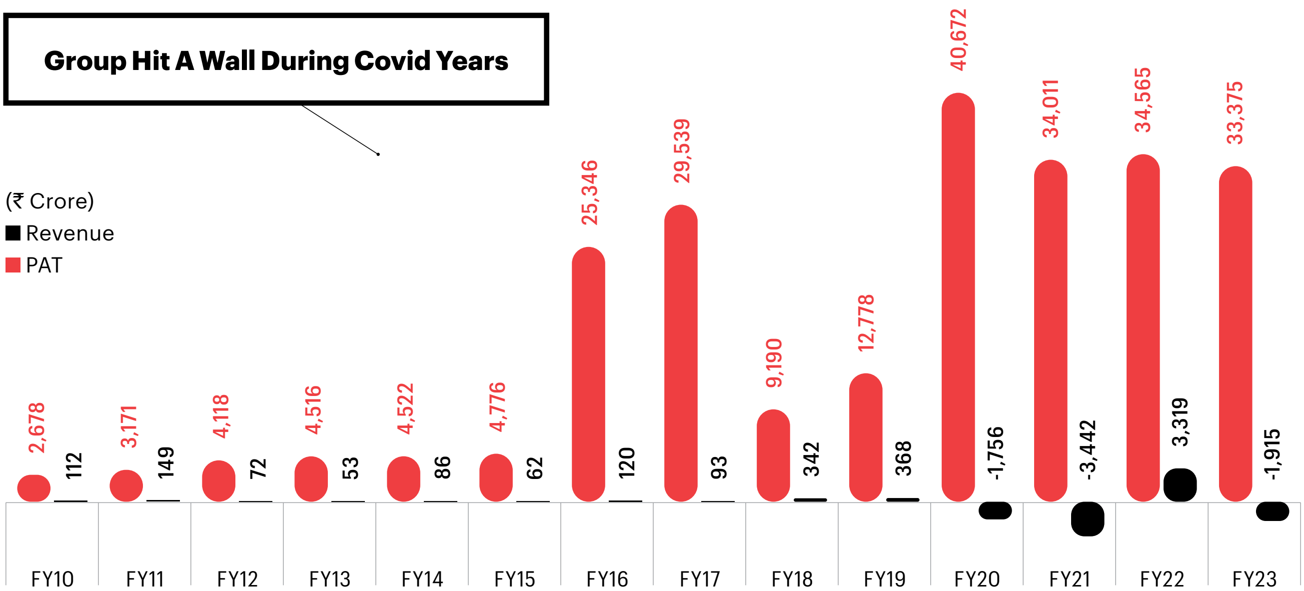
THE MISTRY FAMILY has learnt from adversities that their pains contract as much as they stay together. In 2022, the family faced a double loss: 54-year-old Cyrus Mistry died in a road accident in September 2022, three months after his father Pallonji Mistry passed away at 93. The offices formerly occupied by Pallonji and Cyrus Mistry in group headquarters at Minoo Desai Marg in Colaba, South Mumbai, have been left vacant as a mark of respect. Cyrus, along with elder brother Shapoor, was in the midst of unbundling the 158-year-old Shapoorji Pallonji (SP) group to improve operational performance and re-engineer financials to lower debt, which touched ₹45,000 crore in March 2020, mainly due to high-cost construction projects and working capital shortage during Covid 19 pandemic. The family raised funds by pledging the family jewel—its 18.37%

Peak & Trough ₹ Crore

Peak Revenue (FY20)	Lowest Revenue (in last five years) (FY19)	Peak Profit (FY22)	Peak Loss (FY21)	Peak Debt (FY20)	Lowest Debt (June 2023)
40,672	12,778	3,319	3,442	45,000	20,700

ILLUSTRATION BY **RAJAT BARAN**





SOURCE: CAPITALINE

stake in Tata Sons—to raise ₹26,000 crore. The stake is equally divided between Sterling Investment Corp. Pvt. Ltd. and Cyrus Investment Pvt. Ltd. (both holding companies are equally owned by families of Shapoor and Cyrus). Mistrys want to get the shares released within next three years by using cash flow from group companies. The intrinsic value of the stake would be over 10 times the loan as Tata Sons' promoter holding in top 15 Tata companies such as TCS, Tata Motors, Tata Steel and Titan was worth ₹16.3 lakh crore in first week of March.

If raising funds has been tough, restructuring the group is proving to be even more challenging. In the new structure, the group will have three main lines of business—construction and infrastructure (Shapoorji Pallonji & Company Pvt. Ltd. and Afcons), real estate (SP Real Estate) and energy (SP Energy, which is involved in development and operation & maintenance of Floating Production Storage and Offloading, or FPSO, vessels). FPSOs are floating vessels used by oil & gas industry for production and processing of hydrocarbons in offshore blocks. After the restructuring, the present holding company, Shapoorji Pallonji & Company Pvt. Ltd. (SPCPL), will focus on engineering, construction, EPC and water & environmental solutions. Infrastructure construction giant Afcons will be its associate firm. SP Real estate and SP Energy will move out of SPCPL and operate as separate entities. Will this be enough to get the group going?

Shapoor made group companies, which are privately held, accountable for paying debt from their cash flows

Debt Detail

Debt reduction had already started under Cyrus Mistry after he rejoined SP Group on removal from chairmanship of Tata Group in 2016. Cyrus did not take up any official role but supported Shapoor in formulating a strategy for debt reduction and making group companies, which are privately held, accountable for paying debt from their cash flows. Since allocation of funds to businesses was made from the common pool of holding

Blueprint For Comeback

UNBUNDLING

- Spin off real estate and energy businesses from holding company SPCPL. There will be three businesses—engineering and construction (SPCPL) and its subsidiary Afcons Infrastructure; real estate (SP Real Estate); FPSO and power (SP Energy)
- Empower businesses with separate leadership teams to improve accountability and take care of cash flows and debt
- Rope in private equity investors in companies
- Explore opportunities in capital markets for sale of shares to the public

GROWTH STRATEGY

- Leverage core engineering capabilities in India and emerging markets
- Sustainable growth with focus on three pillars—Construction & infrastructure, real estate and energy
- Focus on luxury as well affordable housing in real estate
- Grow business of operation and maintenance of FPSO (Floating Production Storage and Offloading)
- Launch innovative offerings in green energy

Debt Roadmap

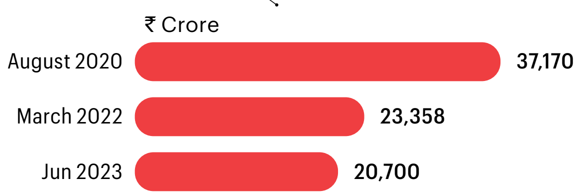
- Offload stakes in road and port assets

ASSETS SOLD TILL DATE

- Eureka Forbes sold to Advent International for ₹ **2,600 cr**
- Jammu Udhampur Highway to NIIF for ₹ **2,100 cr** enterprise value
- Bhola Power Plant to Actis for ₹ **2,000 cr** enterprise value
- Solar assets to KKR for enterprise value of ₹ **1,500 cr**
- Sterling & Wilson Solar stake to RIL for ₹ **1,250 cr**
- LNG terminal to HP for ₹ **400 cr**
- Dharamtar Port to JSW for ₹ **260 cr**

Debt Bet Pays Off

Reduction led by asset monetisation and fund infusion by promoters



Plus, Mistry family's 18.37% stake in Tata Sons pledged to raise around ₹26,000 cr

SOURCE: COMPANY

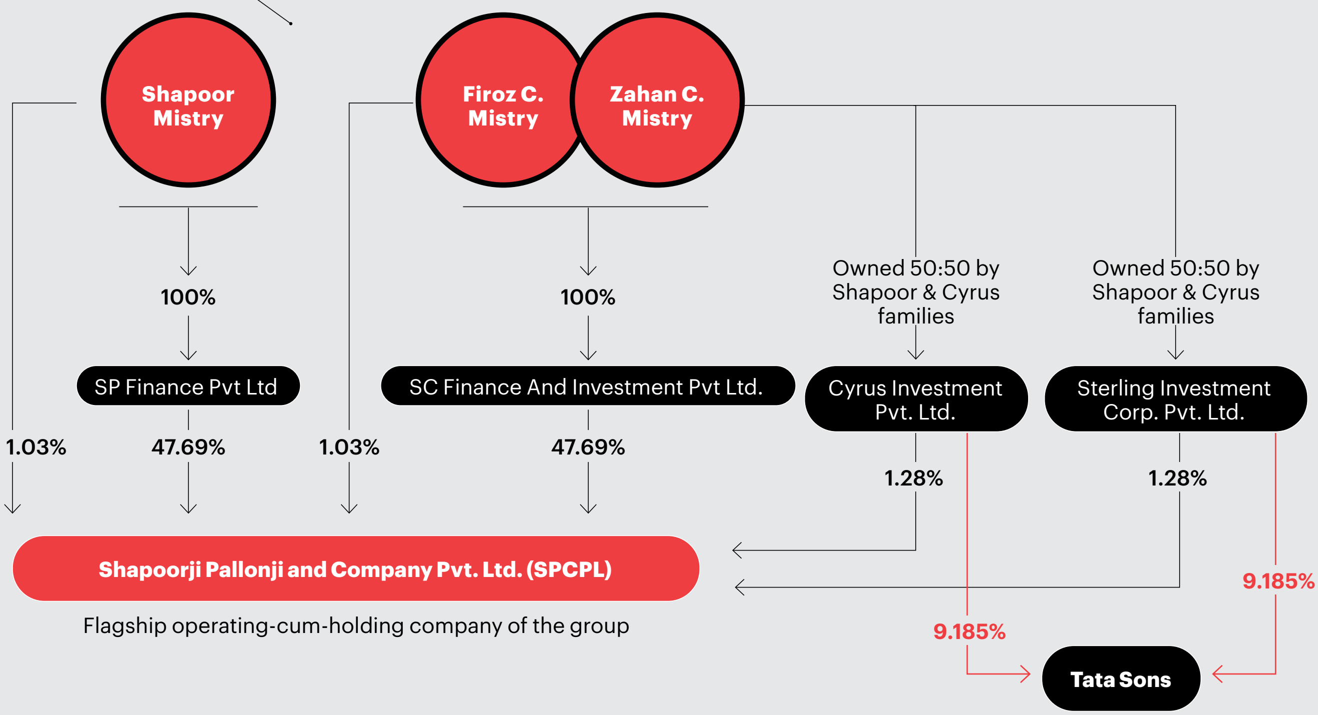
company SPCPL, the businesses were not directly accountable for their debt; this is the main reason for restructuring.

The Mistry brothers, who were close to each other and lived in the palatial family home, Sterling Bay, on the shores of Arabian Sea at South Mumbai's Walkeshwar, had a shared view of the direction they wanted to steer the group towards. One plan involved becoming aggressive in areas where they had core capabilities. Before Covid, the group had witnessed significant growth in project revenues, underlining the need for expansion through debt. "The group witnessed strong and consistent growth between 2016 and 2021—over 20% CAGR in revenue. It grew across sectors. The growth was funded with internal cash flows, promoter funds and debt," says a source close to the group.

The group has been grappling with paying

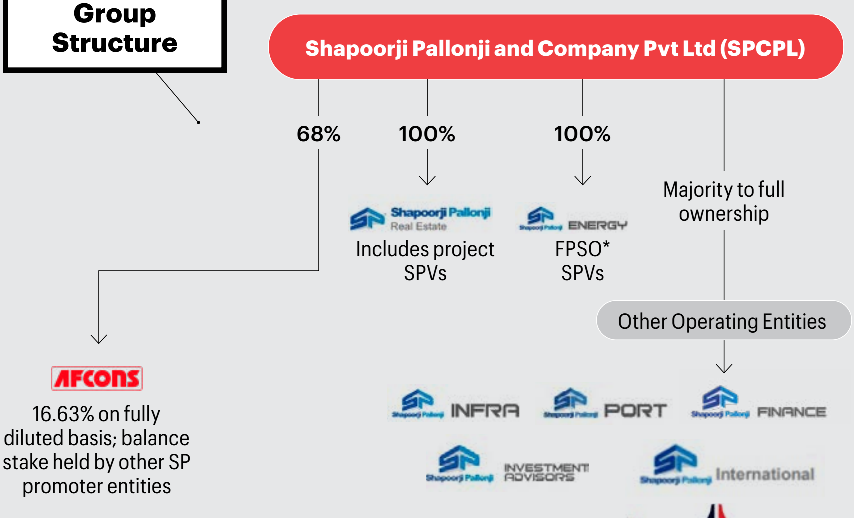
Group Ownership

SP Group is owned by Shapoor and Cyrus on a 50:50 basis



Group Structure

Flagship operating-cum-holding company of the group



*FPSO-Floating Production Storage and Offloading

$4.5
BILLION group revenue

$11.5
BILLION order book

18.37%
stake of Mistry family in Tata Sons pledged to raise around ₹26,000 crore

36,000
employees worldwide

The Key Mistrys At The Helm

Shapoor Mistry (59),
Chairman

Bachelor of Arts in Business Administration & Economics, Richmond University, London (U.K.); 35 years experience in the group

Pallon Mistry (31),
Shapoor's son

Master of Science in Strategic Marketing, Imperial College, London (U.K.); seven years of experience

Firoz Mistry (27),
Cyrus' son

Bachelor's in Neuroscience, Yale University, New Haven, Connecticut (U.S.); One year and three months experience

Zahan Mistry (25),
Cyrus' son

Bachelor of Science in Construction Management, Westminster University (U.K.); one year and three months experience

Shocks To The Family

Ouster of Cyrus Mistry from chairmanship of Tata Group in **2016**

In 2020, Tata Sons moved an urgent application before Supreme Court seeking to block direct or indirect pledge of its shares owned by SP Group companies

Supreme Court upheld Tata group's decision to remove Cyrus Mistry as executive chairman in **2021**

Demise of Pallonji Mistry in June **2022**

Death of Cyrus Mistry in a car accident in September **2022**

Iconic infra built by Mistrys as EPC player

▲ The Cricket Club Of India (1937)

▲ Tata Institute Of Fundamental Research (1962)

► Old RBI Building (1944, in pic); New RBI Building (1980)

▲ Qasr Al Alam Palace, Oman, 1975

off debt ever since. “The Mistry family has been giving special attention to reducing debt post IL&FS (crisis) in 2018. Deleveraging was their strategic priority. However, the debt increased to record levels in FY20 due to high cost of construction projects. Everything went haywire during Covid. Group revenues hit rock-bottom but working capital did not fall, triggering losses and debt escalation,” says an executive in the know.

Group debt was ₹37,170 crore at the end of August 2020. It had to opt for the One-Time Resolution (OTR) plan offered by Reserve Bank of India in September 2020. However, the parent firm exited the OTR plan by paying ₹12,450 crore to lenders by March-end 2022. “SPCPL has been India’s largest and possibly the first OTR to get fully repaid within one year of implementation. The accelerated repayment to lenders was enabled by the Mistry family infusing over ₹5,100 crore into the company,” the group said while announcing the exit. “SP Group did not demand any haircut from banks,” says another source close to the Mistry family.

The accelerated repayment to lenders was enabled by the Mistry family infusing over ₹5,100 crore into the company

However, its debt challenges are not over yet. The debt was ₹20,700 crore in August 2023. In December last year, CARE Ratings downgraded SPCPL long-term loans from “BBB+” to “BBB” due to delay in securing working capital limits. As a result, turnaround in operations for FY24 is expected to be slower vis-à-vis what was envisaged earlier, it said. While SPCPL got the sanction for working capital limits, documentation remained pending due

DLF IT Park, Gurugram, (2009)

Kartavya Path (2022)

Chenab Railway Bridge, J&K (2024), world's highest single-arch railway bridge

Bharat Mandapam – International Exhibition-Cum-Convention Centre (2023)

Atal Tunnel (2020)

East-West Metro, Kolkata (2024): Consists of India's first underwater Metro tunnels, India's deepest metro station and country's deepest metro ventilation-cum-evacuation shaft

to talks between working capital and term lenders about sharing of securities. This is now expected this quarter, says the agency.

SP Group is at present focusing on improving operational performance and increasing cash flow, says a Mumbai-based banker.

How It Reached Here

The Mistrys, a Parsi family which landed from Iran in first few ships that anchored at Sanjan on Gujarat coast in 17th century, were "industrious people and ingenious in trade," as Gerald Aungier, Governor of Bombay, noted in historical records. The Mistrys started a construction business in Mumbai but got fame when Pallonji Mistry Sr. (grandfather of Pallonji Mistry) constructed a water reservoir at Malabar Hill, which brought piped water to the city in 1879.

There's been no looking back since, with the Mistrys building some of India's iconic structures, including RBI headquarters, Oberoi Towers in Mumbai and the Sultan of Oman's ceremonial palace, Qasr Al Alam, in Muscat. This is apart from Lilavati Hospital, NCPA, Mandovi bridge in Goa and Vallarpadam rail bridge in Kochi. They also expanded in the Gulf and Africa with projects like the Seat of Government and Presidency in Ghana, DAMAC Park Towers in Dubai, Sabah Al Salem University in Kuwait, National Assembly Building Complex in Gambia and Lusaka City Decongestion Project in Zambia. Recent projects in India include Atal Tunnel in Himachal Pradesh, Chenab railway bridge, convention centre Bharat Mandapam where the G20 summit was held last year and redevelopment of Rajpath (renamed Kartavya Path) in New Delhi. The group also recently completed construction of BAPS Temple in Abu Dhabi, the first traditional Hindu stone temple in the UAE.

The group was present in six business segments (before restructuring)—

real estate, engineering & construction, infrastructure, energy, water and financial services—with order book of $11.5 billion. It has 36,000 employees. However, finances are not in the best of shape. When it had ₹45,000 crore debt in FY20, the net loss was ₹1,756 crore on a revenue of ₹40,672 crore. The parent company, SPCPL, posted a consolidated loss of ₹1,915 crore in FY23, compared with its highest ever profit of ₹3,319 crore in FY22, thanks to sale of assets. The revenue was ₹33,375 crore vis-à-vis ₹34,565 crore in previous year.

On a standalone basis, SPCPL's turnover was ₹7,203 crore in FY23 as against ₹6,464 crore in previous year. The standalone loss last financial year was ₹679 crore compared to a profit of ₹1,715 crore in FY22. The holding company has been single-mindedly focused on reducing its debt-equity ratio, which has fallen from 5.74 in FY21 to 0.57 in FY23 because of debt reduction to ₹3,580 crore in July 2023 from ₹15,500 crore in March 2022.

Afcons, the group's flagship firm, posted ₹11,270 crore revenue in FY22, as against ₹9,521 crore in previous year. The company, which derives 32% revenue from overseas, has an order book of ₹33,000 crore. Taming debt is the key priority when financials improve. Meanwhile, it will continue selling assets.

S

Shrunk To Survive

The Mistrys have sold several assets to stay afloat. In 2021, Advent International bought a majority stake in Eureka Forbes Ltd., the consumer durables flagship, for ₹4,400 crore. The proceeds were utilised to pay off SPCPL's OTR dues and Eureka Forbes' ₹300 crore debt. The proceeds from sale of Sterling Wilson Renewable Energy Ltd. to Reliance Industries were also primarily used to reduce the OTR debt.

In 2022, the group divested its entire stake in SP Jammu Udhampur Highway Ltd.'s 64.5-km four-lane road to Indian sovereign wealth fund National Investment and Infrastructure Fund at an enterprise value of ₹2,100 crore. Then, Actis bought 49% stake in the group's 220-MW combined cycle gas turbine power plant in Bhola region of Bangladesh for an enterprise value of ₹2,000 crore. Before these deals, in 2020, SP Infra sold five solar-energy assets to KKR for ₹1,554 crore.

In December last year, CARE Ratings downgraded SPCPL long-term loans from "BBB+" to "BBB" due to delay in securing working capital limits

The group has announced the sale of its brownfield Gopalpur port to Adani Ports and SEZ Ltd. at an enterprise value of ₹3,350 crore. In another deal, JSW Infrastructure has signed an agreement to buy more than 50% stake in PNP Maritime Services (PNP Port) for ₹270 crore. It has a capacity of five million tonnes per annum (MTPA) with potential for expansion to 19 MTPA. PNP Port operates multi-purpose jetties at Shahbaj, Raigad.

T

The Crown Jewel

However, the biggest arsenal used by the Mistrys has been their 18.37% stake in Tata Sons. In early 2023, the promoters pledged their 9.185% stake in Cyrus Investment Pvt. Ltd. to lenders, including foreign banks and overseas hedge and credit funds. This was the second bulk pledge. Earlier, they had pledged the same stake that they were holding in Sterling Investment Corp. Pvt. Ltd.

The history of how the Mistrys got to own such a big stake in Tata Group is decades old. Nearly 100 years ago, the Mistrys had bought a Parsi investor's firm, FE Dinshaw Ltd, which had lent over ₹2 crore to the Tata group for rescuing Tisco (now Tata Steel) and Tata Hydro (now Tata Power). The owner of the firm was a lawyer-turned-businessman Framroze Edulji Dinshaw. As Tatas failed to repay, the outstanding amount got converted into long-term payments of one-eighth share in Tata Sons' commissions. Dinshaw had transferred the rights to the commissions to FE Dinshaw Ltd. In 1928, Shapoorji Pallonji Mistry (Cyrus Mistry's grandfather) bought a portion of shares in FE Dinshaw. It took another two-three decades for the Mistrys to get a majority stake in FE Dinshaw and equity ownership in Tata Sons. By 1978, Mistrys had taken the entire stake in FE Dinshaw, and changed the company's name to Cyrus Investments. The Mistrys got a board seat in 90s and Pallonji became the first director of Tata Sons. The bond between the two Parsi families further strengthened when Ratan Tata's half-brother Noel married Aloo, daughter of Pallonji, soon after. Pallonji Mistry divided the private wealth between his two sons. Cyrus Mistry legally disassociated himself from SP Group in 2011 when he joined Tata group as vice chairman. Later, he became chairman

SP E&C - Projects Under Way

- **Grand Memorial** to Dr Babasaheb Ambedkar at Indu Mills Compound in Mumbai
- Construction of terminal building and associated works for **Leh Airport**
- **Residential buildings/ towers and townships,** along with trunk infrastructure and utilities, for Navy at Karwar (Karnataka)
- New integrated terminal building for **Guwahati International Airport**
- New **passenger terminal building,** other ancillary buildings, for Land Ports Authority of India at Petrapole (West Bengal)

AFCONS - Projects Under Way

- **At 132m, highest cable-stayed bridge** for any road project in the country on Mumbai-Pune Expressway Missing Link Project
- **Tema-Mpakadan Railway project,** Ghana: Largest railway project in Ghana, including the country's longest railway bridge over Lake Volta.
- Greater **Male Connectivity Project,** Maldives: A 6.7-km sea bridge will connect capital Male with Villingili, Gulhifalhu and Thilafushi islands.
- **UP Water Supply Project,** India: Implementation of rural water supply projects comprising tube wells, overhead tanks, distribution pipe networks, individual house connections, etc.

In construction & infrastructure, the group will leverage India's economic potential

when Ratan Tata retired in 2012.

The stake became one of the contentious issues in the legal battle between Tata group and Mistrys as Tatas opposed its pledging saying failure to get them released would lead to transfer of ownership. Mistrys announced their intent to sell the stake. Finally, both reached a settlement—the shares are movable property and carry with them an intrinsic right of the shareholder to mortgage or pledge them for securing a loan.

U

Unbundling & The Way Forward

The road to get the shares released passes through massive restructuring that the group is undertaking. When other corporate houses in the country were diversifying into new businesses—like Reliance Industries in telecom, Tata in aviation and Adani in solar energy—the Mistry brothers chose to remain focused on core capabilities and expand into adjacent businesses. Their core business, construction and infrastructure, bid aggressively for government projects and reported 20% revenue growth year after year. "The DNA and core competence of the SP Group are its engineering capability and project delivery. Going forward, it will focus on sustainable growth in all its businesses. It will particularly focus on three pillars of growth—construction & infrastructure, real estate and energy," says a source close to the group.

In construction & infrastructure, it will leverage India's economic potential. "The group will continue its participation in delivering complex engineering projects, be it institutional buildings for government or factories for the private sector. Additionally, it will grow overseas, especially in emerging, geographies. In real estate, it will leverage the brand and wave of urbanisation in India to grow across the spectrum from luxury residences to affordable houses," he adds. SP Real Estate, an integrated developer, is present in over 10 cities and has developed around 16 mn. sq. ft. residential and commercial real estate projects. It has delivered 18,200 homes so far. It is currently executing over 25 mn. sq. ft. projects. The realty arm has around 144 mn. sq. ft. of pan-India development potential with 430 acres land bank, say sources. It estimates $24 billion revenue potential over next decade. The company is engaged in one of the largest integrated redevelopments in Mumbai's Kandivali over 55 acres. It is executing one of Asia's largest affordable housing projects—around 20,000 units—in Kolkata.

In energy, the group is among the top five FPSO players globally. It built its largest FPSO at a cost of ₹2,500 crore, which was delivered to ONGC recently. It has a processing capacity of about 60,000 bpd of liquid and three MMSCMD of gas. It is a 70-30 joint venture between SP Energy and Malaysia's Bumi Armada group. "SP Energy will grow integrated operation and maintenance business, both onshore and offshore," says another source.

Since debt plays an important role in capital structure, the group has decided to focus on the "quality" of debt so that it is backed by adequate operating cash flow and collateral. Overall, the group restructuring exercise, which is in final stages, will help it attract marquee investors in some of its businesses. They also want to explore opportunities in the capital market for some businesses, say insiders.

The Mistry family has ample challenges that it will have to take on together. It's now up to Shapoor Mistry and the next generation to steady the ship. F

Modi's Political Capital

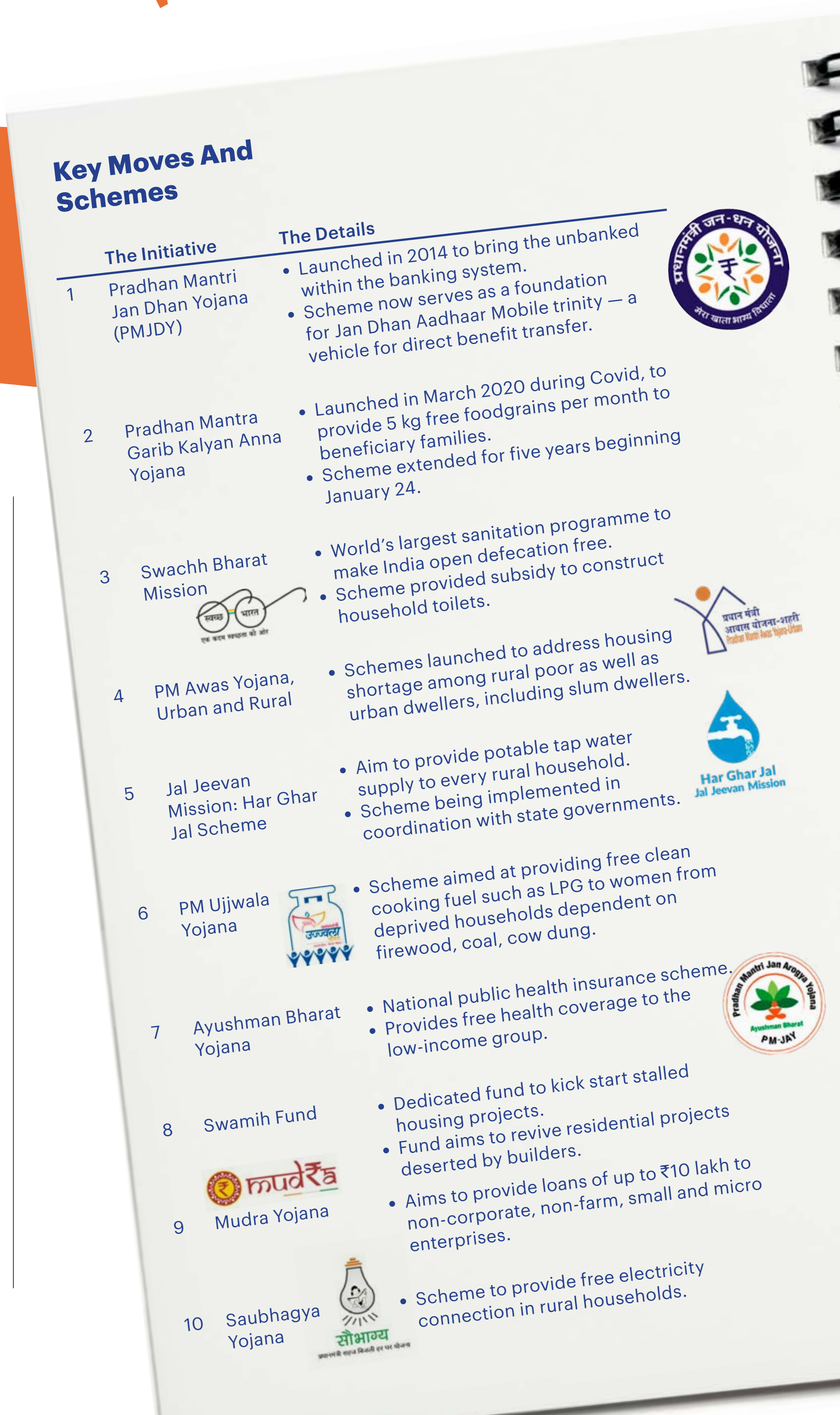
CARING FOR THE MARGINAL SECTIONS AND EFFECTIVE EXECUTION OF WELFARE SCHEMES HAVE BEEN THE HALLMARK OF NDA'S 10-YEAR RULE.

BY ASHUTOSH KUMAR

PHOTOGRAPH BY **NARENDRA BISHT**

GUDIYA DEVI HAS BEEN LIVING IN PATNA for more than a decade. In the late 2000s, she migrated along with her parents when she was just a kid, as they set out from their ancestral village in Masaurhi, about 50 km from Patna, in search of livelihood. To make ends meet, Gudiya's father worked as a rickshaw puller, doubling as a menial labour, while her mother worked as a domestic help to supplement the household income. The family of five, including Gudiya's younger sister and brother, used to stay in a rented one-room accommodation in the Shiv Puri locality of Patna, serving the households of predominantly retired government servants. Soon, Gudiya, too, started accompanying her mother, and in no time, was working independently.

In 2018, she was married to Praveen, a migrant himself from Jahanabad district, deft at making traditional snacks, including *samosas* and *gol gappas*, who earned his livelihood selling his delicacies on a cart in the neighbouring Boring Road locality, one of the key commercial hubs of the city. After marriage, the couple applied for housing subsidy under the Pradhan Mantri Awas Yojana, Rural (PMAY) — the scheme of the Ministry of Rural Affairs and state governments for financial



Key Moves And Schemes

	The Initiative	The Details
1	Pradhan Mantri Jan Dhan Yojana (PMJDY)	• Launched in 2014 to bring the unbanked within the banking system. • Scheme now serves as a foundation for Jan Dhan Aadhaar Mobile trinity — a vehicle for direct benefit transfer.
2	Pradhan Mantra Garib Kalyan Anna Yojana	• Launched in March 2020 during Covid, to provide 5 kg free foodgrains per month to beneficiary families. • Scheme extended for five years beginning January 24.
3	Swachh Bharat Mission	• World's largest sanitation programme to make India open defecation free. • Scheme provided subsidy to construct household toilets.
4	PM Awas Yojana, Urban and Rural	• Schemes launched to address housing shortage among rural poor as well as urban dwellers, including slum dwellers.
5	Jal Jeevan Mission: Har Ghar Jal Scheme	• Aim to provide potable tap water supply to every rural household. • Scheme being implemented in coordination with state governments.
6	PM Ujjwala Yojana	• Scheme aimed at providing free clean cooking fuel such as LPG to women from deprived households dependent on firewood, coal, cow dung.
7	Ayushman Bharat Yojana	• National public health insurance scheme. • Provides free health coverage to the low-income group.
8	Swamih Fund	• Dedicated fund to kick start stalled housing projects. • Fund aims to revive residential projects deserted by builders.
9	Mudra Yojana	• Aims to provide loans of up to ₹10 lakh to non-corporate, non-farm, small and micro enterprises.
10	Saubhagya Yojana	• Scheme to provide free electricity connection in rural households.

Has The Middle Class Been Left Behind?

Inflation	• Prices of agriculture commodities such as onion, tomatoes, lemon, and edible oils have seen erratic spikes. • Medicine, healthcare, and energy prices have gone through the roof.
Fuel prices	• No respite on petrol, diesel, LPG, and piped natural gas prices despite benign crude prices for relatively a large part of the last 10 years.
Interest rates	• Home and education loans hovering over 9% and 8.5-12%, respectively.
Income tax	• Income tax exemption limit/slabs remain unchanged over a decade. • Tax slabs/exemptions haven't kept pace with rising inflation. • Concessional income tax regime devoid of exemptions runs the risk of thwarting savings culture.
LTCG on equity	• Budget 2018 imposed 10% LTCG on gains of over ₹1 lakh. • Move tantamount to double taxation since Securities Transaction Tax (STT) is already paid.
Demonetisation	• 2016 currency swap decision. • Harrowing experience for most. • A big question mark still remains on the decision since almost the entire money came back into the banking system.

Downside Risks

- Farm protests.
- Electoral bond issue in Supreme court.

- Review petition on the Adani-Hindenburg matter in SC.

- Chandigarh mayoral election faux pas.
- U.P. police paper leak.

- Cong's caste census promise.
- MSP promise by Congress.

"In the last 10 years, the journey has been from a lost decade to tech-ade."

Anurag Singh Thakur
I&B minister

assistance for construction of *pucca* houses to the homeless living in dilapidated houses. Praveen and Gudiya now have a *pucca* house of their own in Jehanabad district of Bihar. The dwelling is part of 2.57 crore houses that have been built under PMAY (Rural) till date, according to data from the Ministry of Rural Development. The Jan Dhan account opened post 2014 came in handy for them as the subsidy for construction of the house was transferred to the account directly.

Praveen now works as a cook in a doctor's clinic in Patna and lives in a rented accommodation, while Gudiya plans to kick-off a tiffin supply start-up of her own. From migrant labourers who moved in search of menial jobs to some stability, and a house that they can call home, the couple's life has undergone a sea change in the last 10 years. The couple has started saving for their two daughters under the Sukanya Samriddhi Yojana — a savings scheme targeted at the girl child bearing interest rate of 8.20% (January-March 2024) launched by Prime Minister Narendra Modi in January 2015.

Pradhan Mantri Jan Dhan Yojana

* cr; ** ₹ cr

Bank Type	Beneficiaries (Rural and semi urban branches)*	Beneficiaries (Urban, metro branches)*	Female beneficiaries (Rural + Urban)*	Total*	Deposits in accounts**
Public Sector Banks	25.38	15.08	22.26	40.46	**1,71,428.34**
Regional Rural Banks	8.31	1.36	5.6	9.67	**42,507.98**
Private Sector Banks	0.74	0.81	0.83	1.55	**6,398.53**
Rural Cooperative Banks	0.19	0	0.1	0.19	**0.01**
Grand Total	**34.62**	**17.25**	**28.79**	**51.87**	**2,20,334.86**

The story of Praveen and Gudiya is not an isolated development, but a microcosm of how life changes when government policies are effectively transferred and implemented on the ground. Their story finds resonance across Central government schemes in which beneficiaries have had similar life-changing experiences — be it Pradhan Mantri Gareeb Kalyan Anna Yojana, which promises to provide free food grain to over 80 crore people for the next five years; Ayushman Bharat Yojana, the free healthcare scheme for the poor; Ujjwala Yojana, aimed at providing free LPG to women from deprived households dependent on firewood, coal, cow dung, or Har Ghar Jal (Jal Jeevan Mission), the potable drinking water scheme for every household.

Schemes And More

Gudiya Devi does not mince words when asked who she will vote for in the upcoming Lok Sabha elections. "*Jo itna kiya hai, vote usi ko denge* (Will vote for the one who has done so much for us)," she says. Her response underlines the fact that the Bharatiya Janata Party's (BJP's) and especially Modi's political capital lies in continued efforts towards empowering marginal sections, inclusivity and effective implementation of the schemes on ground via tools such as digitisation. And the constituency is really colossal.

Take for example the Jan Dhan Yojana — the financial inclusion scheme for banking the unbanked — which Modi kicked off immediately after taking over as Prime Minister in 2014. Finance ministry data shows

PHOTOGRAPH BY GETTY IMAGES

PM Awas Yojana

Cumulative Construction (Housing Units) Urban

11.86 cr Sanctioned

11.40 cr Grounded

8.03 lakh Completed

Financial Progress* (Cumulative)

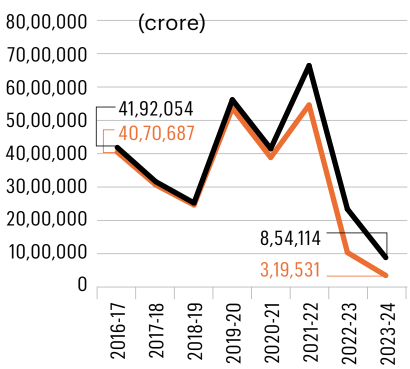
₹ crore

Committed	1,99,643
Released	1,56,412
Expenditure	1,48,178
UC* Received	1,47,892

* utilisation certificate

PM Awas Yojana (Rural)

— Target — Completed



a total of 51.87 crore accounts have been opened under the scheme till date having a balance of ₹2.20 lakh crore. If two and a half crore units have come up under the PMAY (Rural), 8 lakh houses have been supported under the PMAY (Urban), which focuses on the urban poor and the slum dwellers, at a cost of ₹1.48 lakh crore, according to data from the Ministry of Housing and Urban Poverty Alleviation. The government has already announced an extension of the Pradhan Mantri Gareeb Kalyan Anna Yojana, under which eligible households will continue to get 5 kg additional food grains over and above the Food Security Act allocation. The scheme, with an outlay of ₹11.8 lakh crore, will remain active till December 2028. Under the Jal Jeevan Mission, potable water has been provided to 11.2 crore households since the launch of the mission in August 2019.

In September last year, the Union Cabinet approved the extension of the Ujjwala Yojana for release of 75 lakh LPG connections over three years from 2023-24 to 2025-26, taking the total number of beneficiaries to 10.35 crore.

PM Modi's clarion call for 400-plus seats in the upcoming Lok Sabha election has its foundation in the implementation of such pro-poor and pro-masses schemes, and party leaders are now vocal about it. "In 2014, we were among the fragile five economies of the world. There were corruption cases and many other challenges being faced by a lot of people. Delivery was a big challenge. In the last 10 years, the journey has been from a lost decade to tech-ade. From UPA to UPI, a lot has changed. The leadership mindset and trust has changed," says Anurag Singh Thakur, I&B minister.

"The government has delivered on the ground. Around 120 million toilets have been made for women and the poor. Potable tap connection has been provided to 130 million people, 600 million are getting Ayushman Bharat — health coverage of up to ₹5 lakh. Apart from that, more than 800 million are going to get free food grains for the next five years. It is PM Modi's guarantee. On one hand, the poor and marginalised are being helped. On the other hand, we have moved from the fragile five to the fifth-largest economy in the world," adds Thakur.

Opposition On A Sticky Wicket?

In addition to the above factors, the Opposition, especially the Congress, is yet to find its feet amid the flailing INDIA alliance with Bihar chief minister Nitish Kumar pulling the

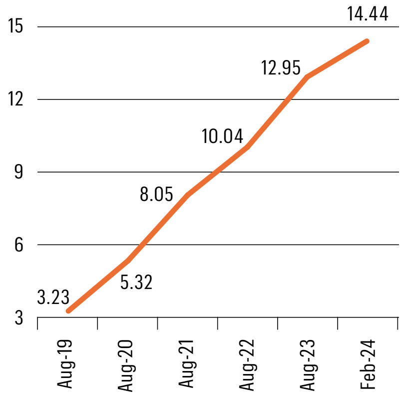
"Since the last 10 years, the Modi government has only given *jumla* to the youth. It won't happen anymore"

Pawan Khera
Congress leader

Har Ghar Jal
Jal Jeevan Mission

Jal Jeevan Mission

No. of connections (In cr)



The Progress

19,26,71,543
Total no. of households

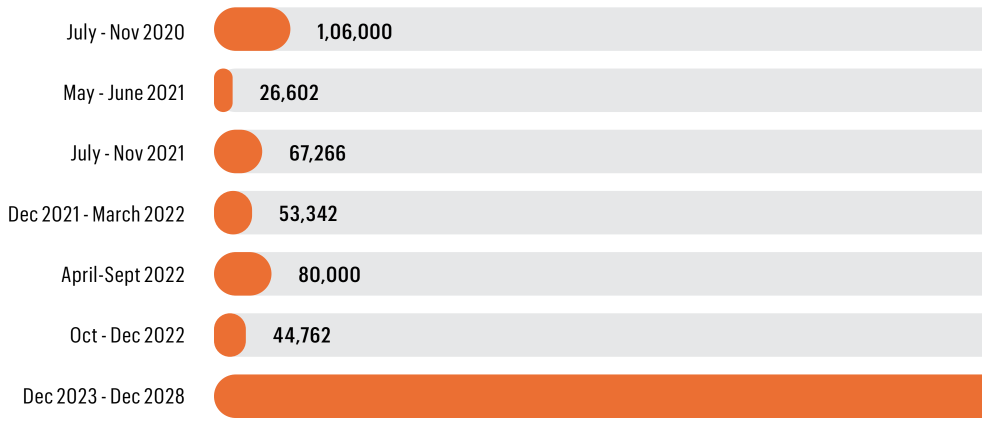
3,23,62,838
Households with tap water connections as on Aug 15, 2019

11,21,31,377
Households provided with tap water connection since launch of the mission in August 2019

14,44,94,215
Households with tap water connections as on date

Foodgrain scheme

Outlay (₹ cr)



rug, and West Bengal chief minister Mamata Banerjee distancing herself from any alliance with Rahul Gandhi at the helm. The arrest of Delhi chief minister Arvind Kejriwal, once an anti-corruption crusader, on charges of corruption in Delhi liquor policy by ED does not bode well for the INDIA alliance either. The Congress Party had finalised a seat-sharing formula with AAP in New Delhi before Kejriwal's arrest and will continue with the alliance, while communicating to the electorate that the arrest is akin to witch hunting by Centre. The Congress has also finalised seat-sharing pacts with Samajwadi Party in UP and MP. It may be noted that Rahul Gandhi's Rahul Gandhi's Bharat Jodo Nyaya Yatra is pulling the crowds. Also the party, especially Gandhi, seems to have carefully shifted gears from hyper-ventilating on caste census to offering the party's game plan on solutions to issues such as unemployment.

At the Bharat Jodo Nyaya Yatra in Rajasthan, Rahul Gandhi announced five major promises to the youth, including 30 lakh jobs. "If the Congress is voted to power, it will create 30 lakh government jobs. We will ensure guaranteed apprenticeship of all degree and diploma holders with a stipend of ₹1 lakh per year," said Gandhi. The announcement also includes a "guaranteed first job" for which the party will bring out legislation — right to apprenticeship — if voted to power, in which every degree or diploma holder below the age of 24 will get paid internship in government or private sector. The other promises include freedom from paper leak, social security for gig workers and a ₹5,000 crore national fund to encourage start-ups. The youth focus seems to be a recognition on part of the Congress party that Mandal Politics does not fit the political vocabulary of new-age voters.

"This is a historic announcement targeted at the youth. This will change the destiny of the country as everything depends on the future of the youth. Since the last 10 years, the Modi government has only given *jumla* to the youth. It won't happen anymore. Youth now has no patience," says Pawan Khera, Congress leader.

Observers, however, are of the view that Congress promises lack credibility as of now and run the risk of ringing hollow with the electorate. "People have deep faith in PM Modi. They believe he will deliver what he promises... From lip service of yesteryears, there is actual delivery now. People doubt Con-

	Foodgrain distributed (lakh metric tonne)	Number of beneficiaries (cr)
	321	80
	76	80
	204	80
	115.03	74
	120	80
	80	50
11,80,000	NA	81.35

gress's capability to fulfil the promises it makes," says Vinay K. Srivastava, associate professor, Institute of Technology and Science, Ghaziabad. Gandhi promised ₹6,000 per month under the Minimum Income Guarantee Scheme to the poor in the 2019 manifesto, but people did not buy it. Christened as Nyuntam Aay Yojana (Nyay), the poll agenda aimed at 50 million fell flat as the scheme failed to garner any support for the Congress party, whose total seat tally in the Lok Sabha remained flat. That said, the Congress party is pursuing the agenda of jobs, price rise and farm issue. The party has promised a legal guarantee to MSP if voted to power, adds Srivastava.

The Middle Class Conundrum

Harping on jobs and price rise, the Congress party seems to be trying to attract the middle class — a constituency which has gained virtually nothing in the last 10 years of Modi rule, apart from the nationalistic gratification on the back of occasional Chinese and Pakistan bashing, and the cultural fulfilment of having a Grand Ram Mandir in Ayodhya. First and foremost, the income tax exemption limit and slabs have remained unchanged for about 10 years. Instead, the government came out with a concessional tax regime without exemption benefits with zero tax on annual income up to ₹7 lakh.

"Exemptions and deductions to individual taxpayers was an incentive to create a social security network for oneself. In a country of the size and scale of India, the government cannot provide social security to all. Therefore tax savings schemes were created to encourage people," says Ved Jain, past president, Institute of Chartered Accountants of India.

"Now, in order to increase the purchasing power in the hands of the taxpayer, the government is saying we will not push them to invest in tax savings schemes. The option is with them. But we will not impose tax on income up to ₹7 lakh. It looks attractive. But the problem is a challenge to social security and savings in the long run. Imagine, if one did not have a mediclaim, what would have happened in a situation like Covid," adds Jain.

Petrol, diesel, LPG, PNG and CNG prices, too, have gone through the roof. On the face of it, the narrative is that the middle class is willing to pay higher fuel prices in the process of nation building. The reality of it will be known only on the day of the counting.

Yet another bane for the middle class is the imposition of 10% Long-term Capital Gains (LTCG) tax on capital gains over ₹1 lakh in sale of equity or equity mutual funds in Budget 2018. This is tantamount to double taxation as Securities Transaction Tax (STT) is already charged.

While both sides prepare for the big fight ahead, it is evidently clear that it is a long road for the Congress party, but for the BJP, too, the downside risks are many — political ramification of the electoral bond matter in Supreme Court, review petition in the Adani-Hindenburg matter and and disenchantment of the rural youth with the Agniveer scheme. With the polling all set to commence from April 19, the ball is now in the people's court.

PHOTOGRAPH BY **GETTY IMAGES**

Contract Manufacturing: Pharma's New Growth Pill

Domestic contract development and manufacturing organisations are raking it in, thanks to India's emergence as a pharma R&D hub and China's supply chain issues.

BY P.B. JAYAKUMAR

PHOTOGRAPH BY **NARENDRA BISHT**

AURIGENE PHARMACEUTICAL SERVICES, a subsidiary of Dr Reddy's Laboratories, has lined up big expansion in biologics over next three years. As a start, it is developing a facility for making therapeutic proteins, antibodies and viral vectors (tools to deliver genetic material into cells) at Genome Valley, a biotech park in Hyderabad, to enter contract development and manufacturing of biotech drugs. "It will be operational in first half of 2024. We will provide integrated services right from clinical research to commercial manufacturing for small and large molecules," says Akhil Ravi, CEO, Aurigene Pharmaceutical Services. If Aurigene is set to start as a complete CDMO (contract development and manufacturing organisation), another Hyderabad-based CDMO, Aragen Life Sciences, has bigger plans. It will invest ₹2,000 crore in its Mallapur, Telangana, facility for drug discovery, development and manufacturing for global life sciences industry, says director & CEO Manni Kantipudi.

Large established players are also keen to expand their CDMO business. At Kona in Kakinada district of Andhra Pradesh, Divi's Laboratories is building a factory over 500 acres. Divi's is one of the largest active pharmaceutical ingredient (API), custom synthesis and intermediates suppliers to global generic makers and innovator multinationals. It reported ₹7,974 crore revenues in FY23 of which 70% came from U.S. and Europe. The new unit will come up by FY25 with Divi's spending ₹1,200-1,500 crore in first phase, says managing director Murali K. Divi.

Another CDMO player, Laurus Labs, is in the middle of a ₹990 crore expansion. Laurus had started as a contract researcher and manufacturer of APIs before specialising in antiretrovirals, APIs, intermediates and formulations. Now, 60% revenue comes from U.S. and European customers. Revenues grew at a compound annual growth rate (CAGR) of 27% in last five years from ₹2,292 crore in FY19 to ₹6,041 crore in FY23. Another CDMO major, Jubilant Pharmova, is expanding in North America—it is spending $370 million in Spokane and Montreal to double sterile injectables capacity over next five years.

These are not all. The list of fast-growing CDMOs working for global MNCs includes Sai Life Sciences, Piramal Pharma Solutions and Supriya Life Sciences as well. The industry is also seeing emergence of contract specialists working for the domestic industry. New Delhi-based Akums Drugs and Pharmaceuticals, which grew sales at a CAGR of 18.7% from FY19 to FY23 (to ₹3,656.6 crore), makes 12.5% of India's domestic formulations under contract.

The $42 billion domestic pharmaceutical industry has 3,000 companies with 10,500 manufacturing units. Of them, at least 100 are becoming CDMO specialists, an emerging segment that includes API manufacturing and contract research and development. Some are developing biotech drug capabilities too. India's ability to develop drugs at one-fourth the cost in the West and largest number of US Food and Drug Administration-approved plants outside U.S. is helping companies bag 5-10 year deals from Big Pharma, say experts.

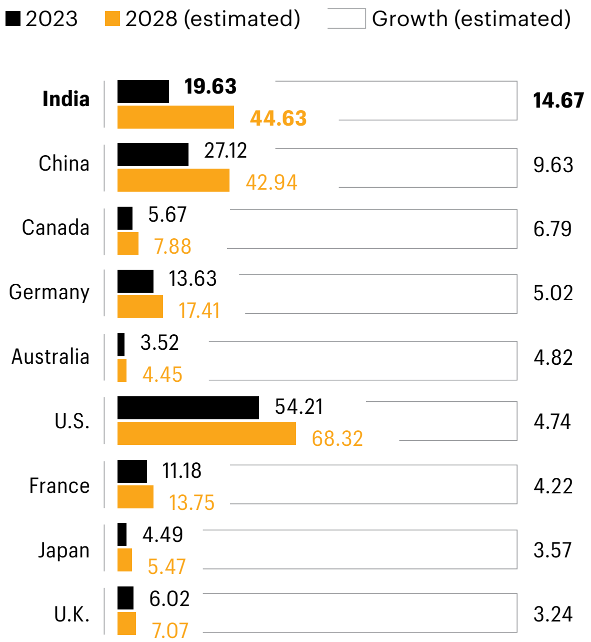
Global CDMO market was valued at $224.6 billion in 2023. Various industry estimates say Indian CDMO market is expected to grow at a CAGR of 14.67% from $19.63 billion in 2023 to $44.63 billion by 2029 by tapping API and contract research opportunities from many new molecules going off-patent in coming years. Global CDMO growth is

"Our CDMO business is delivering healthy growth with robust order inflows for differentiated offerings and innovation-related work."

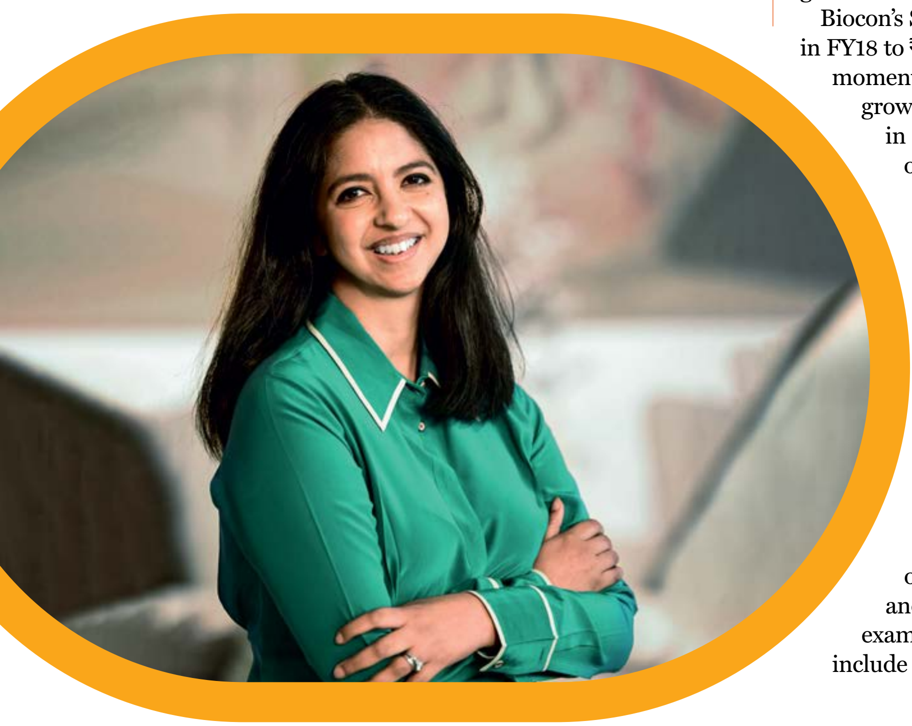
Nandini Piramal
Chairperson, Piramal Pharma

Emerging Opportunity

(CDMO market size, $billion)



SOURCE: MORDOR INTELLIGENCE, INDUSTRY ESTIMATES



projected at 6-7% over next five-six years. Let's delve into opportunities that will help government in this 'Make in India and Export' initiative.

Covid/China Factor

One of the biggest growth triggers for players such as Divi's Lab was Covid. Supply of key vaccine raw materials took Divi's revenues from ₹6,861 crore in FY21 to ₹8,991 crore in FY22. Vaccine makers such as Serum Institute, Biological E and Bharat Biotech became poster boys of India's vaccine capabilities, helping them get more exposure and acceptance globally. "Our CDMO business was zero a couple of years ago. Now, there is revenue visibility of ₹200 crore over two-three years, with two contracts signed and discussions on with a couple of European companies," says Saloni Satish Wagh, director, Supriya Life Science, which specialises in APIs for anaesthetics, anti-diabetes and anti-depression drugs. It reported ₹460 crore revenue in FY23.

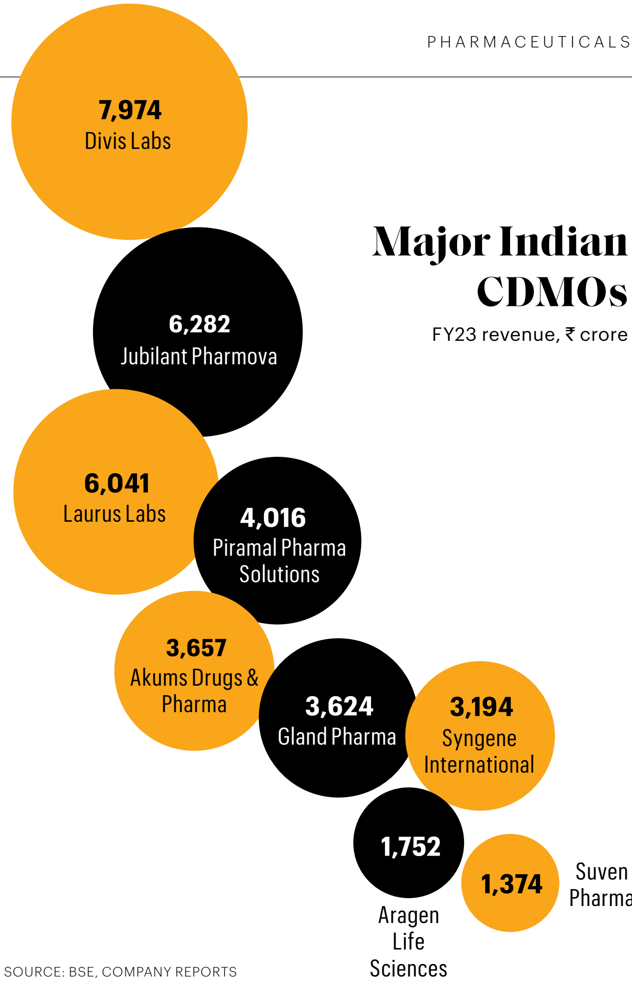
The momentum is continuing. Integrated established player Piramal Pharma got over 40% more orders in H1FY24 compared to H1FY23. "During the quarter we received our first integrated antibody-drug conjugate order involving monoclonal antibodies," says Nandini Piramal, chairperson, Piramal Pharma. "We continue to build on our improved performance in FY24 with 14% YoY revenue growth in Q3 along with a significant improvement in EBITDA margin. Our CDMO business is delivering healthy growth with robust order inflows, especially for differentiated offerings and innovation related work," she says. Piramal's CDMO business grew 7% to ₹4,016 crore in FY23.

Biocon's Syngene, which grew revenue from ₹1,485 crore in FY18 to ₹3,264 crore in FY23, says business is gaining momentum after Covid. "All business divisions delivered growth through the year (FY23), triggering investment in additional laboratory capacity and new facilities at our campuses in Bangalore and Hyderabad, as well as creating over 1,000 new jobs." says Jonathan Hunt, managing director and chief executive officer, Syngene International.

Even established formulation companies having long relationship with global innovators are developing API and CDMO units. It is a small pie of their business though. India's largest pharmaceutical company, Sun Pharma, which offers contract research and manufacturing services, got 5% of its ₹43,300 crore sales from API and other pharmaceutical solutions in FY23. Cipla, once one of the largest suppliers of APIs to global firms, got 4% of its ₹22,753 crore business (FY23) from API and pharmaceutical technology solutions. Other examples of formulators floating CDMO subsidiaries include Syngene and Aurigene. "Globally, only a handful

Major Indian CDMOs

FY23 revenue, ₹ crore



SOURCE: BSE, COMPANY REPORTS

of organisations possess the complete set of skills and tools at scale necessary to take a scientific idea all the way from early research to patient trials. We took the decision some years ago to forward integrate, first into development services and then into manufacturing," says Jonathan Hunt of Syngene International.

Thanks to these mega plans, India is set to beat China and become a major player in the global CDMO market, projected to grow from $238.47 billion in 2024 to $330.36 billion by 2028. U.S. is projected to go from $54.21 billion in 2023 to $68.32 billion by 2028 by growing at a CAGR of 4.74%. The next biggest is China, worth $27.12 billion in 2023, and poised to grow at 9.63% CAGR to $42.94 billion by 2028.

Catching Up With China

India's rise is expected to come at the cost of China, which got a foothold in the CDMO market thanks to its robust API or bulk drug supply chain, huge facilities and drug development capabilities. Liberal government funding and 25-30% cheaper labour also made it a favourite contract manufacturing destination.

However, the Chinese faced problems after Trump administration imposed trade sanctions and Covid disrupted drug supply chains. '"Most multinational pharma players were heavily reliant on China for making drugs on contract. They started de-risking by including Indian suppliers," says a veteran industry analyst. Another major advantage for India was its large population of English-speaking professionals.

'Supply chain diversification (from Europe, U.S. and China), increase in strategic and PE investments in world-class infrastructure, availability of skilled talent and management attention have led to a positive outlook for the CDMO space," says Akhil Ravi of Aurigene Pharmaceutical Services. He says digitisation of manufacturing, systems to ensure end-to-end connectivity and automation of track and trace solutions have made global pharmaceutical and biotech companies choose India as a hub for R&D and manufacturing.

Policy Push

The boom has not come about in a vacuum. Experts say until India joined the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights in 2005, Big Pharma was sceptical about transferring valuable intellectual property rights to Indian drug manufacturers despite many Indian companies matching Chinese capabilities.

Funding, too, was an issue. That is changing as government has come out with several schemes to promote 'Make in India.' Prime among them is Production Linked Incentive (PLI) Scheme for pharmaceuticals, launched in 2021 with an initial outlay of ₹15,000 crore over six years. It's expected to attract investments of ₹17,425 crore. Also, PLI Scheme for bulk drugs, with an outlay of ₹6,940 crore, will boost production of 41 critical bulk drugs. Many companies started building bulk drug parks in India after government allowed 100% FDI in the sector. Cumulative FDI equity inflow in drugs and pharmaceuticals industry was $21.46 billion between April 2000 and March 2023, according to an IBEF report.

"Schemes like PLI and bulk drug parks can reduce dependence on China by 25-30% in four-five years," says Deepak Jotwani, assistant vice president and sector head, Corporate Ratings, ICRA. India imports about ₹35,000 crore worth of bulk drugs, about 35% of its requirement, in a year. Self-reliance in bulk drugs is crucial for building CDMO capabilities.

Consolidation On Cards

Fast growth means CDMOs are finding it easy to get backing of PE funds and professional managers. Prime among them are former Ranbaxy CEO D.S. Brar-led Aragen and Ajay Piramal-led Piramal Pharma. Sources say in May 2021, Goldman Sachs acquired about 33% in Aragen for ₹2,400 crore, valuing the company at $1 billion. Aragen's previous investors included Chrys Capital and Sequoia Capital. Piramal's pharma business, which grew from ₹1,537 crore in FY11 (after sale of formulations division to Abbott) to ₹5,419 crore in FY20, sold a 20% stake to US-based Carlyle for ₹3,700 crore in May 2020. Piramal invested in CDMOs Hemmo Pharmaceuticals ($106 million), Yapan Bio and Allergan (JV).

But the biggest deal in India's CDMO market happened in

December 2022 when PE firm Advent International acquired Hyderabad-based Suven Pharmaceuticals, which was demerged from its parent entity Suven Life Sciences in 2020, for over ₹9,500 crore. Venkateswarlu Jasti and family-promoted Suven Pharma had become one of the leaders in the CDMO space with high growth (20% CAGR over last four years) and profitability (43% EBITDA margins). Advent merged Suven with its Cohance Lifesciences to create a new identity for its CDMO and API platforms. Sources also point at several small and medium deals for adding complex therapies, next-generation biological capabilities and manufacturing plants. A few months ago, half a dozen global funds were in talks to acquire Hyderabad-based Sai Life Sciences, another major privately held pure-play CDMO business, say news reports. TPG Capital already holds nearly 43.3% in the company.

Bio-Focus And Strategic Deals

Of late, Indian companies have also been either acquiring or partnering with other companies to add capabilities, especially in biotech manufacturing. Early January, Cipla partnered with biopharmaceutical CDMO Kemwell Biopharma and Manipal Group to start a joint venture in U.S. to develop novel cell therapy products. Cipla and Kemwell Biopharma already have a JV in U.S., Aspergen, which was formed in 2022 to develop biosimilars for global markets. The JV is developing two projects. "Kemwell has built a world-class facility in Bangalore and made India an emerging hub for cell therapy development and manufacturing," says Anurag Bagaria, chairman and CEO, Kemwell.

In December, Syngene International acquired a multimodal biologics manufacturing facility from Stelis Biopharma for ₹617 crore to add 20,000 litres of biologics drug substance capacity and a high speed, commercial scale, fill-finish unit. Syngene has also acquired 17 acres to expand operations in Genome Valley, Hyderabad.

Nandini Piramal says Piramal Pharma Solutions continues to see good demand in niche areas. "New capabilities and capacity expansion at Riverview (U.S.), peptide facility at Turbhe in Maharashtra and Ahmedabad are witnessing healthy demand," she says. The integrated global CDMO has four facilities in U.S., two in Europe and nine in India and offers end-to-end development and manufacturing solutions. It supplies to over 100 countries.

Aurigene is spending $40 million to build a unit for therapeutic proteins, antibodies and viral vectors. Aragen is setting up a $30 million facility in Bangalore. Aurobindo's CuraTeQ Biologics is entering contract manufacturing operations for biologicals and building a ₹300 crore facility. Its Auro Vaccines is already working with global vaccine developers.

'Supply chain diversification, increase in strategic and PE investments have led to a positive outlook for CDMO space."

Akhil Ravi
CEO, Aurigene Pharmaceutical Services

Sources say while India has made impressive strides, it has a long way to go as it lacks capabilities and an ecosystem in large molecules or biotech drug development. It takes at least three-five years for big pharma players for evaluation of facilities, work culture and manufacturing systems before they award a major contract to companies in India.

While these are temporary hiccups, India is likely to surge ahead in CDMO space on the back of massive investments and entry of professional agencies.

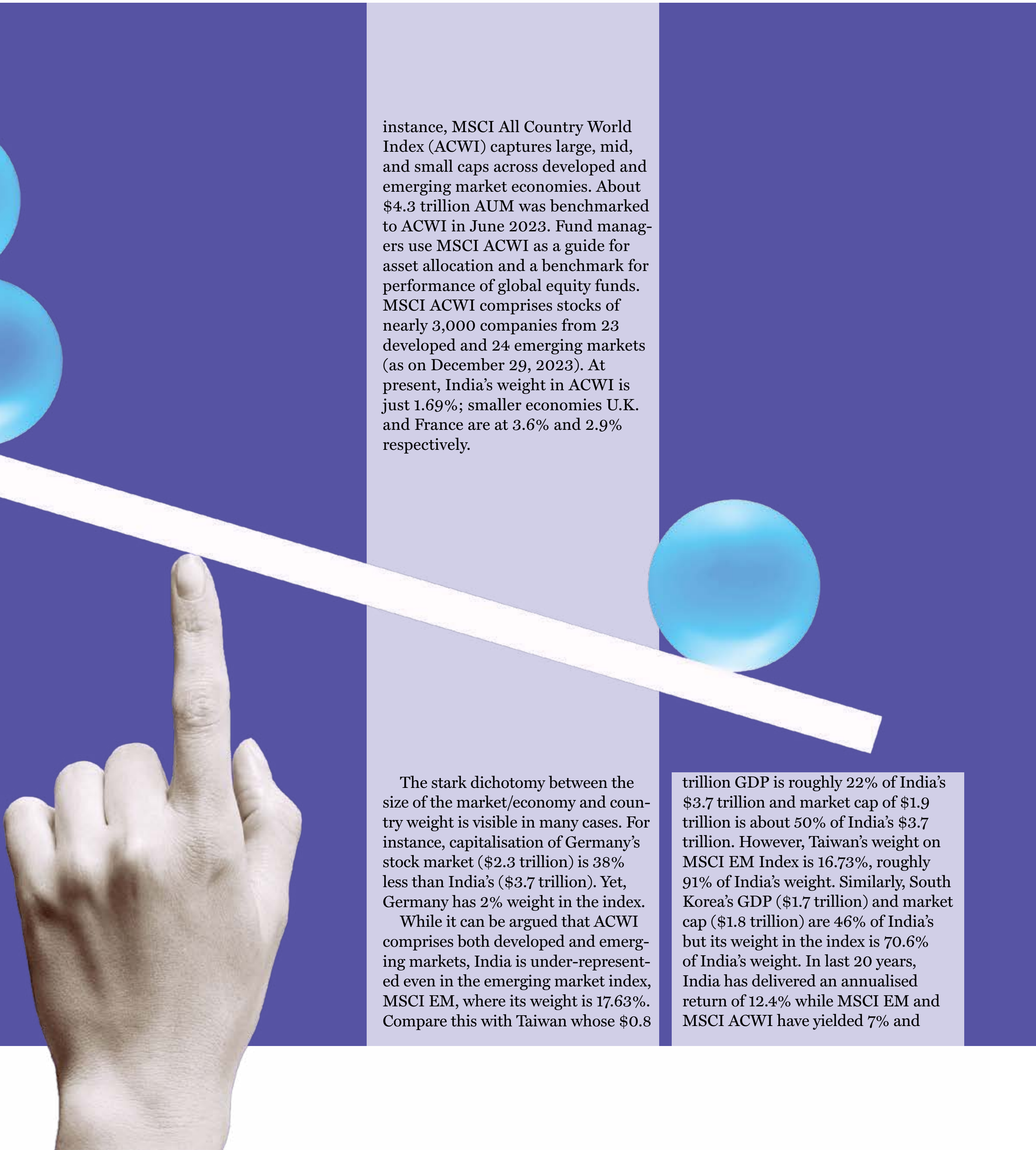
Off-balance: How Global Equity Indices Undermine India Story

MSCI METHODOLOGY MAKES INDIA UNDERWEIGHT IN GLOBAL INDICES. AS A RESULT, INVESTORS FAIL TO CAPITALISE ON INDIAN EQUITIES.

BY RAJIV RANJAN SINGH

INDIAN EQUITY MARKET, the fourth largest in the world, contributes 3.6% to global market cap, while Indian economy is the fifth largest and contributes 4% to global gross domestic product (GDP). Indian stock indices have also outperformed global indices over last few decades. However, Indian equities are getting less than their fair share of funds allocated by index-based funds and exchange-traded funds (ETFs) globally. Reason is under-representation or low weight on Morgan Stanley Capital Index (MSCI) indices to which about $14.9 trillion assets under management (AUM) are benchmarked. For

PHOTOGRAPH BY **GETTY IMAGES**



instance, MSCI All Country World Index (ACWI) captures large, mid, and small caps across developed and emerging market economies. About $4.3 trillion AUM was benchmarked to ACWI in June 2023. Fund managers use MSCI ACWI as a guide for asset allocation and a benchmark for performance of global equity funds. MSCI ACWI comprises stocks of nearly 3,000 companies from 23 developed and 24 emerging markets (as on December 29, 2023). At present, India's weight in ACWI is just 1.69%; smaller economies U.K. and France are at 3.6% and 2.9% respectively.

The stark dichotomy between the size of the market/economy and country weight is visible in many cases. For instance, capitalisation of Germany's stock market ($2.3 trillion) is 38% less than India's ($3.7 trillion). Yet, Germany has 2% weight in the index.

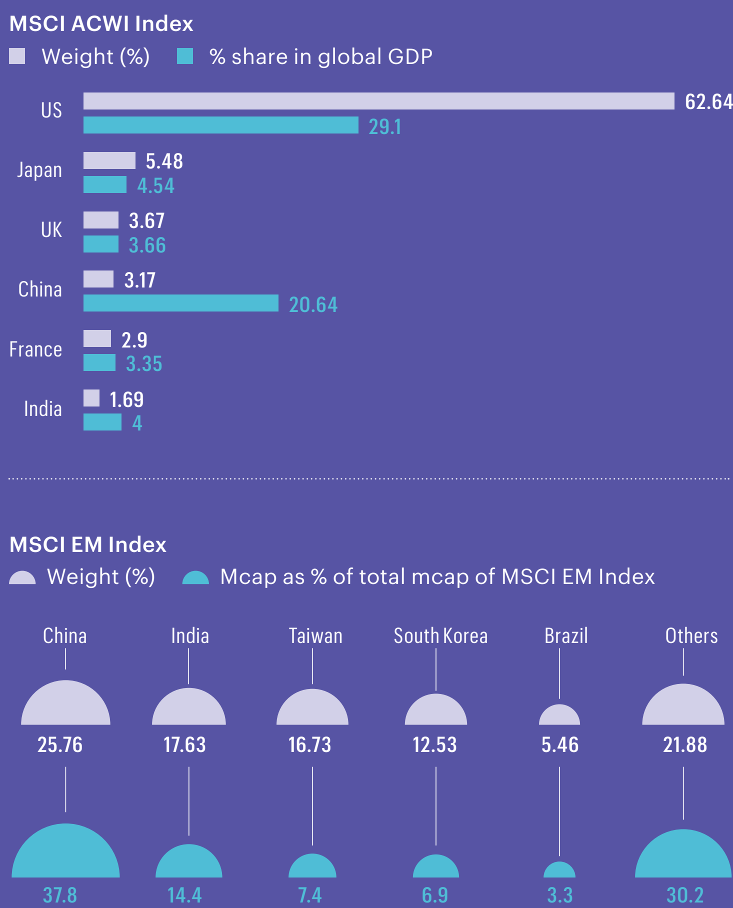
While it can be argued that ACWI comprises both developed and emerging markets, India is under-represented even in the emerging market index, MSCI EM, where its weight is 17.63%. Compare this with Taiwan whose $0.8 trillion GDP is roughly 22% of India's $3.7 trillion and market cap of $1.9 trillion is about 50% of India's $3.7 trillion. However, Taiwan's weight on MSCI EM Index is 16.73%, roughly 91% of India's weight. Similarly, South Korea's GDP ($1.7 trillion) and market cap ($1.8 trillion) are 46% of India's but its weight in the index is 70.6% of India's weight. In last 20 years, India has delivered an annualised return of 12.4% while MSCI EM and MSCI ACWI have yielded 7% and

7.8%, respectively. France, Germany and U.K. have given 6.6%, 6.8% and 4.8% returns, respectively. Emerging market peers Taiwan and Korea have returned 9.2% and 6.7%, respectively, during the period.

MSCI India is also much more diversified. Top three sectors contribute 50.8% to MSCI India compared to 60-70% for other emerging market countries, providing global investors a well-diversified investment option.

This begs the question: Why does India lag at 10th position in MSCI ACWI despite being a far larger economy than many developed peers and why is it under-represented on MSCI EM Index despite offering a more diversified stock market than emerging market peers? More important, how is it losing out due to under-representation in MSCI EM as well as MSCI ACWI?

India Gets Lower Weight Compared To GDP



SOURCE: CLIENT ASSOCIATES, FORTUNE RESEARCH

I

Why Index Service Providers Matter

Global index service providers like MSCI, FTSE and S&P have built benchmark indices that are tracked by passive funds around the globe. Each decimal point change in weight of a nation in MSCI indices triggers huge fund flows.

Passive investment products (ETFs and index funds) have become popular in India too. At February-end, total AUM of Indian mutual fund industry was ₹55.7 lakh crore, of which ₹8.83 lakh crore was in ETFs and index funds. Nuvama Alternative & Quantitative Research says nearly 16% of India equity AUM ($483 billion) is passive (India has nearly 260 passive equity schemes).

A big chunk of funds now rely on index providers like MSCI as higher regulatory vigil and reduced scope for innovation has reduced the space for alpha creation by active funds. Passive investing has four advantages—automated selection & allocation, low intervention of human intellect, reasonable servicing costs and scalability, says Enam AMC.

About $75-80 billion allocated for global and emerging markets is linked to Indian equities through MSCI indices, says Sharvan Goel, head, Passive, Arbitrage and Quant Strategies, UTI AMC. "With 17.63% weight in MSCI EM Index, a 0.1% increase leads to $400-500 million flows into Indian stock markets," says Goel.

Index providers such as MSCI set rules deciding which securities to include, how to manage the index and how to add or remove securities. Thus, they play a pivotal role in growth of passive funds, says Goel.

O

Overview Of MSCI

MSCI has three flagship indices—MSCI World Index, MSCI EM Index and MSCI ACWI. MSCI World Index, launched in 1986, is one of the most

followed global stock indices and tracks large and mid-cap companies in 23 developed markets. MSCI EM was introduced in 1988 for investors looking to diversify. It is one of the first emerging market equity benchmarks and captures large and mid-cap segments in 28 emerging markets. The most striking change in MSCI EM has been the colossal rise of China's weight from 0.8% in 1998 to 25.76%. Its allocation peaked at 40% in 2020. Three Indian companies, Reliance Industries, ICICI Bank and Infosys, are part of Top 10 companies in the index with weights of 1.34%, 0.91% and 0.87%, respectively.

MSCI ACWI was launched in 1990 by combining constituents of MSCI World and MSCI EM indices. It captures large and mid-cap companies across 23 developed and 24 emerging markets. With 2,948 constituents, it covers approximately 85% investable equities globally. Share of emerging markets in MSCI ACWI has reached 12% (24 EM countries) from less than 1% (10 EM countries) at inception, says Rohit Sarin, co-founder, Client Associates.

Developed markets and China are top five in MSCI ACWI with U.S. accounting for the lion's share of 62.6%, up from 52% in 2015. Japan's allocation reduced from 8% to 5.4% during the period. Post inclusion of China's A-shares, it has remained in top five and is currently at 4th place (3.1%), while U.K. and France occupy 3rd and 5th spots, respectively. India, with 1.69% allocation, has the 10th largest allocation in MSCI ACWI.

I

India's Three-Decade Journey

When India was first included in MSCI EM and MSCI ACWI in 1993, its initial weights were 8.50% and 0.6%, respectively. While India's share has more than doubled in MSCI EM and almost tripled in MSCI ACWI since then, the increase does not correspond to the growth of its economy and equity market relative to the rest of the world. In 1993, India was the 15th largest economy in the world; it is now 5th. In terms of market capitalisation, it is fourth, larger than three of the top developed countries in ACWI.

Abhilash Pagaria, head, Nuvama Alternative & Quantitative Research, says until 2019, India's weight in MSCI EM was around 8%; it later soared to an impressive 18.2%. "A more accurate perspective emerges when we focus on rise of India's share in MSCI EM index where number of Indian stocks surged from 84 at 2019-end to 136 today," he says.

The reasons for the bump are obvious. India is among the few large economies with a positive real rate as inflation is below short-term interest rates. High-frequency economic indicators such as credit growth, GST collections, services/manufacturing PMIs, UPI transactions, e-way bills, air traffic, capacity utilisation, electricity/industrial production indicate sustained recovery in domestic economic activity. The macro profile is strong due to benign external debt and moderate inflationary expectations. Superior risk-adjusted returns in the past and healthy GDP and earnings growth outlook in near to medium term warrant a much higher representation of Indian equity market in MSCI ACWI and MSCI EM indices, says a report by Client Associates.

Emerging markets get a lower allocation in ACWI due to lower share of free-float compared to developed markets

R

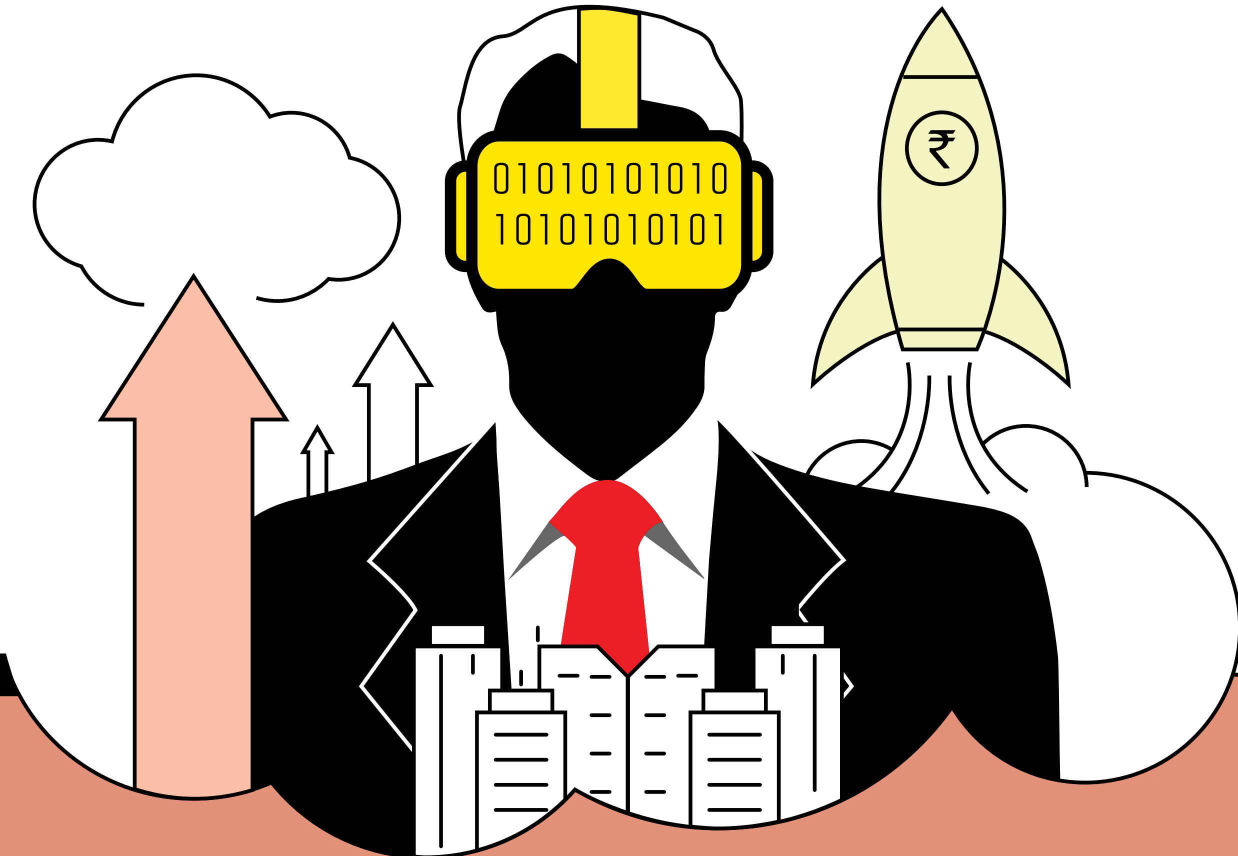
Reasons For Under Allocation To India

India's sub-optimal allocation in MSCI ACWI is part of a larger issue that results in overall lower representation of emerging markets. As MSCI indices are weighted on the basis of free-float market cap, emerging markets get a lower allocation in ACWI due to lower share of free-float compared to developed markets. Lower free float implies that promoters hold bulk of the shares, restricting supply in the open market. India mandates that promoters should not hold more than 75% stake in listed companies.

But lower free float may have put India in an unenviable position. The free float factor in MSCI methodology for index construction is disadvantageous for companies that grow without diluting shareholding, says Sarin from Client Associates.

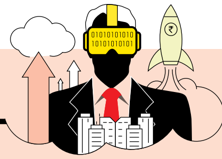
This is also counterintuitive from a bottom-up investment approach that would perhaps see less dilution of promoter shareholding as an indication of capital efficiency of a company and its ability to support growth without external capital. "MSCI's free-float factor weighting in index construction is certainly a key drag for relative under-allocation in emerging markets in general, and India in particular," adds Sarin. This could risk global portfolios being under-allocated to Indian equities and deprive investors of larger opportunities that India has to offer. This may be just the opportune time for MSCI to re-look at its methodology and let global investors enjoy a bigger share of India's growth story.

FORTUNE INDIA



Future-ready Workplaces

ILLUSTRATION BY **AMIT SHARMA**



LEAD ESSAY

HR's Mega Makeover

With disruptions and transformations becoming a way of life in business, human resources has transitioned to a hardcore business role.

By **AJITA SHASHIDHAR**

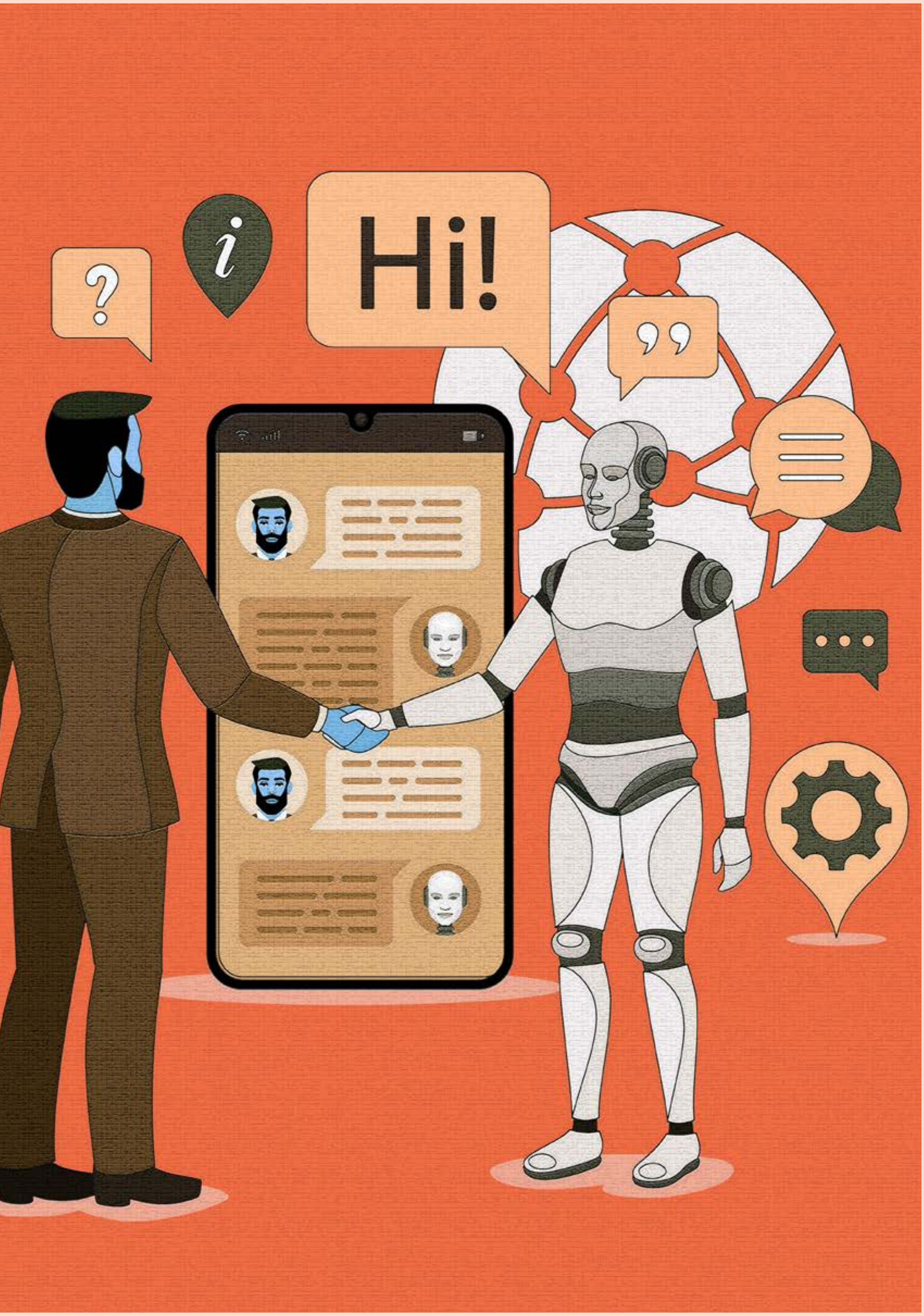
RAJKAMAL VEMPATI, chief human resources officer (CHRO), Axis Bank, says this is perhaps the best time to be a human resources (HR) professional. Her eureka moment came when people practices became a strategic theme at the bank's board meetings a few years ago. "Four strategic themes are being discussed at board level today—people, risk, business and execution. There is an understanding that if you look at growth, profitability and sustainability, HR manages sustainability. Large, regulated organisations are focused on getting the right people to ensure long-term sustainability," says Vempati.

The role of an HR manager is no longer limited to hiring/onboarding or launching employee engagement initiatives. In a world where change and uncertainty are constant and disruptions frequent, getting the right talent and, more importantly, nurturing and retaining them has become vital. The HR manager is bombarded with questions such as how she is scaling up talent pool and working on change management.

"The most important factor that determines if a company can meet goals is its people strategy. Tackling the complex skill gap issue, driving innovation and leading from front are core tenets of HR today. To stay ahead of the curve, organisations must listen and grab opportunities, for which they need a future-ready workforce," says Ruzbeh Irani, president (group human resources), Mahindra Group.

"My goal is to enhance talent density, which is the quality of people in the organisation. It is to do with the kind of product we are going to build, because tomorrow, if that product is not cutting-edge, we will feel it as an organisation," says Arun Kumar Singh, CHRO, Meesho.

HR has also become a more complex function than before considering the challenge of managing a



multi-generational workforce where Gen-Zs and millennials have to co-exist with Gen-Xers and baby boomers and each of them has a distinct mindset. The challenge is to get them to work seamlessly. For instance, Gen-Zs and millennials, who will comprise more than 50% workforce over next decade, have short attention spans. How can organisations keep their interest levels high?

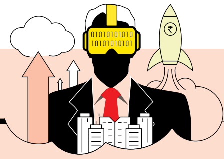
Such challenges mean the CHRO can no longer limit herself to classical HR tenets. "Is the candidate abreast with generative AI? Does she have strong business acumen? These are some of the questions that organisations are asking while searching for CHROs. The new breed of CHROs has to be part of a continuous learning process in order to remain relevant," says Aditya Mishra, MD, CIEL HR.

"When we conduct our monthly HR meetings, the first presentation is always on the company's business. We review that first so that the team understands the business. We talk about HR only after that because an HR programme in isolation has no meaning. It has to be relevant for the business," says Rishikesh Raval, president, group human resources, Zydus.

Hiring And Retaining Talent

One major change over the years has been that the employer no longer has the final say in choosing or rejecting a candidate. Gen-Zs and millennials are ob-

PHOTOGRAPH BY **GETTY IMAGES**



sessed about purpose and often don't have qualms about rejecting an offer if they feel the organisation's purpose and values are not strong enough. Employers have to go the extra mile to attract such talent.

India's leading infrastructure major, L&T, has increased trainee retention up to 63% after a period of five years from joining, through a programme called 'Grace' (get ready for an awesome career in engineering). "Millennials and Gen-Zs are aligned to purpose. We go to campuses and talk about our purpose—'make things that make India grow.' We are builders for the nation. We talk to them about projects such as Atal Setu and airport and metro projects. We select candidates at the end of the third year and make them join our learning portal. We keep sending information about L&T and keep them engaged through activities," says C. Jayakumar, CHRO L&T.

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Bulk of attrition happens two-three years after joining as this is the time the employee is looking to go for a master's degree. L&T has been trying to reduce this by partnering with tech and business schools for offering post-graduate courses. The company has even partnered with institutions for designing courses aligned with its business. "If someone wants to become a specialist in construction technology, we have a tie-up with IIT-Delhi, IIT-Chennai, NIT-Trichy and NIT-Surathkal for masters in construction technology management. The philosophy is to get them in, train them and ensure they get education. If a person stays with the organisation for five-six years, attrition is controlled."

Similarly, Axis Bank has partnered with business schools and launched specialised programmes on java and artificial intelligence which students can opt for as electives. "The idea is to get them contextualised with our business before we hire them," says Vempati.

The hiring process has evolved too. It's not about getting a candidate with spectacular academic qualifications; it is more to do with whether he/she fits into the organisation's culture and purpose. Companies have not only put in place a host of parameters for hiring, they are also investing in training their hiring managers. "It is critical to acquire talent with future-fit skills to help us achieve our goals in a rapidly evolving external environment. With this in mind, we build capabilities of our hiring teams for better understanding of business through talent acquisition business academy sessions on future-ready skills. This helps the talent acquisition team play an advisory role and truly partner with business in finding the right talent," says Nagina Singh, people lead, Mondelez India.

A lot of AI tools assess a candidate on parameters such as skills

Companies are even doing away with interviews. Validity of interviews at the bank is just 27%, says Vempati of Axis Bank. "We have a profiler, we do a cognitive test and then hire. It is about context, culture and assimilation. Asking questions like where you see yourself after five years doesn't make sense because the world is going to change by then. Through interviews, people were trying to hire their clones. There can be no impact on productivity if you hire clones of yourself."

Anjali Raghuvanshi, chief people officer, Randstad India, agrees. "A lot of AI tools assess a candidate on parameters such as skills. Organisations don't want to waste time talking to candidates about all that. Hiring managers are more interested in finding out if a candidate fits into the culture of the organisation and adds to its culture and values."

Multi-Gen Workforce

Gen-Zs and millennials comprise 30% of global workforce. In India, it is close to 50% in many organisations. From offering flexible work options to re-working performance management systems and revisiting training modules, companies are going all out to retain this segment. One of the things being done is reverse mentorship. "Most senior management employees in their fifties aren't conversant with new technologies. A number of organisations are getting new-age workforce to mentor seniors," says CIEL's Mishra. The Mahindra Group, for instance, has multiple leadership forums and roundtables which bring senior leaders and younger workforce on a platform, the objective being to break silos and create an inclusive environment that drives synergies.

Also, the new-gen workforce doesn't have the patience to wait for years for their dream role. That is why most firms are fast-tracking performance management timelines. "Earlier, a person would handle a ₹2,000 crore project closer to retirement. Now, even a young

NEW-AGE TENETS

- People management is directly linked with growth and profitability
- Hiring no longer linked to academic credentials; candidate has to fit into organisation's culture
- Employers no longer have the upper hand, they often get rejected by the candidate if the latter doesn't find a purpose fit
- Technology, robotics and artificial intelligence play an important role in day-to-day HR operations
- In an era of multi-generation workforce, organisations ensure that they woo Gen-Zs and millennials with flexible policies such as hybrid working, open offices and casual dress code
- Employers are investing in reverse mentoring to make sure that baby boomers and Gen-X employees gel seamlessly with new-age workforce
- Performance management systems are focusing on fast-track growth
- Sustainability and ESG are part of organisations' business models; diversity is no longer good-to-have, it is a must-have

graduate engineer can handle a ₹2,000 crore project," says L&T's Jayakumar.

Axis Bank has shortened promotion eligibility period from two-and-half years to 16 months. Similarly, Raval of Zydus says promotions today are completely on merit, and age has no role to play. The company runs leadership programmes such as Prism which are not for senior leaders alone. "Around 80% members who are part of this are below 35. When we look at promotions for leadership roles, we also look at younger employees."

Companies are tweaking their training modules too. Thanks to technology, a lot of them have been able to democratise learning and training. Most have partnered with the likes of Coursera and Upgrad. Internal training modules have also become shorter keeping in mind the attention span of the younger generation.

Embracing AI and Tech

The one thing CHROs of India Inc. can't stop talking about is how generative AI and technology has started playing a huge role in not just hiring and onboarding talent but also day-to-day operations.

Mondelez India has a technology-enabled onboarding programme to help joiners experience the culture first-hand. "It includes a virtual reality experience that gives a tour of all our sites in India. Mondelez in India is perhaps the first entity to launch a metaverse onboarding experience that has been subsequently launched in other markets," says Singh. The chocolate manufacturer also has an integrated people services app, which is a digitised query resolution interface for its shop floor employees. Singh claims 20% increase in efficiency through these digitisation initiatives.

Most organisations are using AI to screen resumes too. The machine tells them whether a candidate fits into the role or not. It can measure a candidate's functional as well as culture fit. "If we are interviewing a person, a screen co-pilot captures the minutes of the discussion. It presents a summary of the interview and, accordingly, I give feedback. The co-pilot can also suggest questions that can be asked on the lines of what the interviewee is talking," says Meesho's Singh.

Technology has made HR operations more efficient, says Jayakumar of L&T. "Earlier, even to get a staff count, we had to collect staff data from all the units and consolidate. It was time-consuming. By the time we got the data, new people would have joined, while some would have quit. Today, I have a single system providing single source of information. We have staff data and HR analytics at our fingertips," he says. L&T has a shared service centre which handles all standardised HR activities of all the business of L&T. "We have 12-13 lakh resumes in our talent data bank," he says.

Even chatbots for day-to-day HR operations are a given in most organisations today. Raghuvanshi of Randstad agrees that technology has made HR more efficient but says it can't completely replace human touch. "Technology can confuse employees if not thought through. The tools need human assistance to perform better in servicing people."

The transition from a back-end function to a business role has made HR glamorous. The day-one of hiring on leading business school campuses has as many takers for HR roles as marketing, finance or operations. India Inc. doesn't have too many HR professionals in CEO roles but they are definitely getting there. ■

PHOTOGRAPH BY **PADMINI B**

MULTI-GEN WORKFORCE

Managing Inter-Generational Workforce

Employers are using reverse mentoring, open communication and customised skilling to realise the benefits of a generationally diverse workforce.

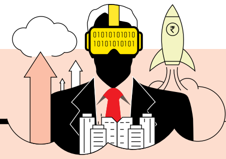
By **ARNIKA THAKUR**

AS PART OF a recent leadership development programme in London, Deepti Sagar, Deloitte's chief people and experience officer for India, Sri Lanka, Mauritius and Bangladesh, had an opportunity to interview Gen Z associates about their personal and professional lives. She has two key takeaways: first, Gen Zs are more open to asking questions and demanding what they want, and second, they are more purpose-driven. "Gen Zs, millennials and even Gen Xers are similar. They want to excel in what they do. But Gen Zs are not scared of voicing their opinion. They work hard but want to know what they're working for. If we build a culture where we're allowed to question constructively, brainstorm and ideate, and find a common purpose, we will see rigour across the organisation," she tells *Fortune India*.

Managing aspirations of younger workers and creating an inclusive workplace for generationally diverse employees is the key to success for organisations in India where nearly 66% of the population is below 35. Leaders in human resources (HR) departments of companies agree that while different generations working together brings multiple benefits such as varied talent pipelines, knowledge sharing across generations and diverse perspectives, it comes with unique challenges. "Their needs and aspirations differ. Gen Z is just entering the workforce and seeks development op-

THE CHALLENGE

- Gen Z seeks development opportunities and work-life balance.
- Millennials are focused on accelerated career growth and finding purpose.
- Gen X brings extensive experience but expects flexibility as it juggles responsibilities of family.



portunities and work-life balance. Millennials are often focused on accelerated career growth and finding purpose. Gen X brings extensive experience but expects flexibility as it juggles responsibilities such as family," says Anupam Kaura, chief human resources officer, Kotak Mahindra Bank.

To bridge the gap between employees from different age cohorts, large employers are using concepts such as reverse mentoring, where younger employees mentor seniors in areas like new technologies and digital trends, and customised skilling. They are also focusing on collaboration and communication. India's largest software services exporter Tata Consultancy Services (TCS), for example, has iConnect, a collaborative tool which helps employees reach out to senior mentors for career guidance; In FY 2023, the company recorded 29,000 iConnect sessions.

"Two-way knowledge sharing facilitates understanding between generations. Younger mentors gain confidence, perspective and people skills while the mentees stay abreast of rapidly evolving domains," says Kotak Mahindra's Kaura. At the Mumbai-based private sector lender, Gen Z employees (under 30) account for 34.4% workforce, millennials (aged 30-45) comprise 19.5% while Gen Xers (45 and above) are at 17.2%. The company has more than 1,00,000 full-time employees.

Millennials see long work hours as a red flag while Gen Zs don't want multiple roles without fair pay

Understanding Differences

Understanding differences between generations is important for organisations. Companies say some needs and goals of different generations are similar across sectors owing to factors such as Gen Zs' and millennials' comfort with technology and Gen Xers' long experience. According to Sitaram Kandi, CHRO of Tata Motors, where roughly half the workforce is Gen Zs and millennials and the other half is Gen Xers, Gen Z workers are characterised by tech-savviness, desire for meaningful and challenging work and drive for rapid career development. "Millennials prioritise work-life balance, flexibility and purpose-driven careers. Gen Xers value stability, experience and opportunities to leverage expertise to mentor younger colleagues and contribute to organisational growth," he says.

According to data shared by LinkedIn, in a job opportunity, normalising of long working hours is the biggest concern for 56% millennials, 52% Gen Xers and 47% Gen Z workers. Meanwhile, 50% Gen Z professionals view donning multiple roles for the same compensation as the biggest red flag in a job opportunity. In terms of upskilling, too, different age groups show varied needs and learning styles. LinkedIn data shows that Gen Zs are most interested in learning programming languages, data science, cloud computing, data analysis, etc, whereas millennials are keen on data science, leadership/management, programming languages and project management skills. Gen Xers are focused on leadership/management, data science, personal effectiveness and project management.

"You can find different patterns within same generation. Post 2008 crisis, some became insecure and kept rotating jobs, while some became risk-averse."

Vinay Razdan,
CHRO, HDFC Bank

"Gen Zs and millennials are challenging conventional norms to rewrite workplace dynamics in India. Millennials see long work hours as a red flag while Gen Zs don't want to do multiple roles without fair pay. As both cohorts express optimism about career growth and learning opportunities, Gen X Indians are looking forward to boosting confidence within current roles," says Ruchee Anand, senior director, talent and learning solutions, LinkedIn India.

However, it is also important for organisations to not stereotype employees based on age, say experts. According to Prabir Jha, HR strategist and founder and CEO of Prabir Jha People Advisory, who has managed HR operations of companies like Reliance Industries, Tata Motors, Cipla and Dr Reddy's, it is a fallacy to believe that

“Gen Zs are more open to asking questions and demanding what they want. They are more purpose-driven.”

Deepti Sagar, chief people and experience officer for India, Sri Lanka, Mauritius and Bangladesh, Deloitte

all Gen Zs or millennials are identical. “It is an overly simplified model to interpret everything on the basis of which generation an employee belongs to. For example, Gen Zs in a smaller, nondescript town are not necessarily the same as Gen Zs in Mumbai or New York. Everyone’s operating reality is different. They may be different from the older generation in their surroundings but not all Gen Zs are philandering with opportunities. There are many who want stability as they have not inherited wealth or secure life,” says Jha.

Besides personal and social circumstances, how employees react to market forces and economic conditions during the course of their career and how these have shaped their worldview can differ within the same generation. Vinay Razdan, CHRO, HDFC Bank, shares the example of management students who graduated during the 2008 financial crisis and found it hard to get a job. “Some have become insecure and keep getting their pay packages up through rotational job churn while some have become so risk-averse that they hold on to what they have and stay within the same organisation. You can find different patterns within the same generation of people depending on the kind of experiences they go through,” he says. At HDFC Bank, 70% workforce is millennials with a bulk of them at junior management level, while 15% is Gen Zs, mostly at entry-level grades; baby boomers are less than 1%. Overall, the company employed 1,73,222 at the end of FY23.

Customising Skilling

Companies are boosting their learning and development programmes to keep the workforce updated with latest technologies and retain talent. According to LinkedIn’s latest Workplace Learning report, 48% hiring managers in India are providing career progression opportunities to employees; 38% believe helping employees build skills is key to retaining top talent.

Companies are also accelerating learning initiatives. HDFC Bank, for example, launched two programmes for different sets of employees in FY23. Its new Crucible program, for instance, is aimed at building leadership skills among mid-level managers, whereas its Aspiring Leaders programme is designed for helping senior individual contributors transition into people manager roles. In FY23, India’s largest private sector lender spent ₹14.5 crore on learning and development, according to its annual report.

While learning initiatives are important, how they are delivered is crucial too. Kotak Mahindra, for example, says its tool allows employees to choose their learning journey based on specific skills, roles and experiences. “Gen Z benefits from comprehensive training on core banking fundamentals and digital skills. Millennials have access to leadership grooming and specialised certifications. Gen X employees are offered courses on adapting to technological disruption. However, there’s no one-size-fits-all approach. Kotak bridges these gaps through peer learning, mentorship circles and by embracing a growth mindset at all levels,” says Kaura. ■

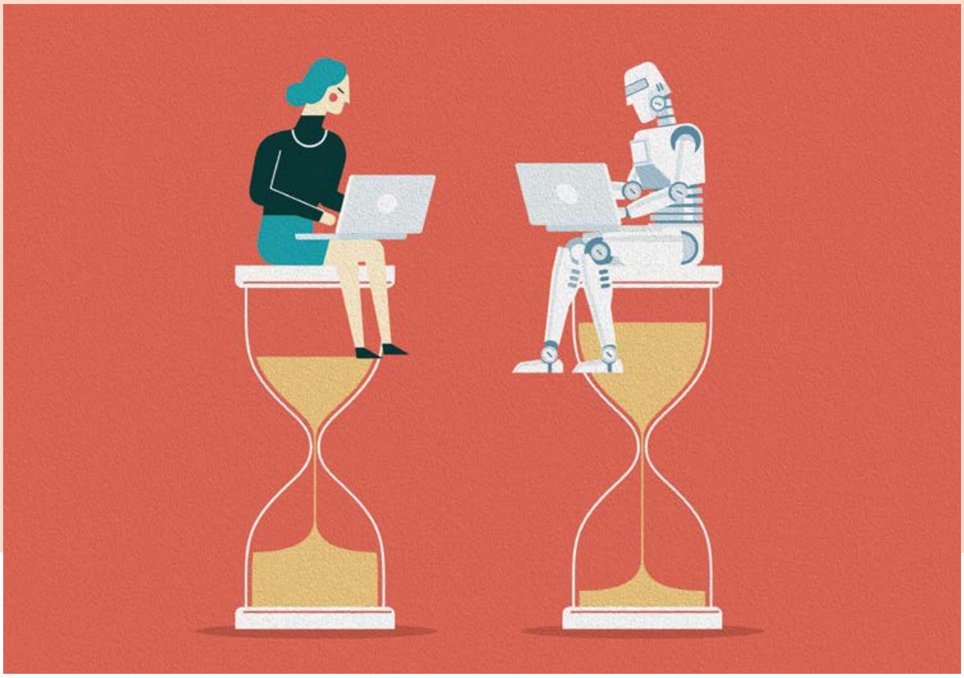
WHAT FIRMS ARE DOING

- **Looking at ways to benefit from varied talent pipelines, knowledge sharing across generations and diverse perspectives.**
- **Using reverse mentoring, where younger employees mentor seniors in areas like new technologies and digital trends.**
- **Collaborative tools which help employees reach out to senior mentors for career guidance.**

Reimagining HR With AI

Human resources departments across companies are increasingly using artificial intelligence to be employee friendly and improve efficiency at work.

By **RUKMINI RAO**



HUMAN RESOURCES departments of organisations are the first brush of an employee with their firm. The efficiency and quality of HR practitioners go a long way in determining how employees perceive their employers. With more and more companies increasingly dealing with technological onslaught like never before and firms becoming multi-generational in workforce composition, HR departments are rapidly evolving as well. Moreover, as companies experiment with Generative AI tools, HR becomes a testbed for such applications.

While the role of HR ranges from recruitment, employee engagement , compensation and benefits to retention, exits and compliance of labour laws, the primary job of hiring is where one can see significant penetration of AI.

IT and ITES firms, among the largest employers in the services sector, are deploying in-house AI tools in some of these processes. Infosys, India's second-largest IT services firm uses AI assistance across the board, from recruitment to employee support. "AI helps in screening of candidate profiles and dynamic mapping of panelists. Facial recognition through AI helps reduce impersonation risks. Looking at employee experience, AI Assistants help in interpreting policy documents to address queries and personalise interactions based on individual needs," says Shaji Mathew, group head, human resource development, Infosys. The company also uses voice recognition-powered helpdesks for employees to directly connect with concerned people on queries.

At Wipro, the company is building use cases in deployment of AI and Gen

PHOTOGRAPH BY **GETTY IMAGES**

AI, which can also be showcased to clients. The use of AI has seen the turnaround time for background verification of candidates reduce drastically, from 11 days to 48 hours, and the aim is to bring it to less than an hour, says Saurabh Govil, chief human resources officer, Wipro. Another use case is being built around internal opportunities that pop up for an employee based on his/her strengths once a project is complete. "As we speak we have some 50 odd use cases, with around 2.1 lakh employees using them, with 97% accuracy and adoption. It's about bettering employee experience," says Govil.

As Covid changed work ways, companies were forced to take the virtual route, from candidate interviews to onboarding, as work from home became a norm. However, according to industry experts, employee information was forged in many cases, and impersonation became commonplace. Such instances have reduced with AI currently playing an important role in candidate screening and fraud detection. With hybrid working models emerging as strong choices for companies, multi-city virtual collaboration is here to stay, feel experts. And hence, needless to say, HR departments have to engage more efficiently.

At Zoho, the SaaS company which has CEO Sridhar Vembu operating out of Tenkasi, a small town in Tamil Nadu, in-house developed AI stack 'Zia' has artificial intelligence integrated in its HR offerings such as Zoho People — its HR platform — and Zoho recruit, the talent acquisition platform. Tools and features that enhance productivity, including chatbots to help with screening applicants, interview scheduling and clarifying organisational policies are already being used, says Praval Singh, vice president, marketing and customer experience, Zoho Corp. "We have also developed an AI-based document-processing technology called IDP (Intelligent Document Processing), which allows users to extract information from various documents, facilitating quicker processing when there is a plethora of data," he adds.

It is not just big companies that are looking to deploy AI for in-house HR functions, even large talent-acquisition firms are using AI and Gen AI tools to get the right candidate fit. AI tools help in quicker analysis of resumes, identification of right qualifications for a job, and allow recruiters to focus on quality candidates. Foundit (formerly Monster APAC & ME), a talent platform and a part of Quess Corp, uses AI to discover candidates and provide personalised results tailored to the specific needs of organisations, says CEO Sekhar Garisa. The tools also help streamline interviews through automated scheduling, which helps in saving time. "We utilise AI-driven tools by providing access to an advanced folder management system where a recruiter can sort and file your shortlists, update the hiring status and share candidate profiles in a couple of clicks," he adds.

Once an employee's life cycle begins in a company, the HR departments become nodal touch points for queries related to employment, grievance redressal, feedback or any other employee facilitation. For all these, Gen AI-based chatbots are seeing an increased adoption. At Flipkart, where AI/ML is integrated in every step, particularly by the HR department, the move has helped in optimising decision-making and improved operational efficiency, along with enhancing the overall employee experience, says Prajakta Kanaglekar, vice president, supply chain, tech and CX HR leader at Flipkart. "AI-driven solutions such as Gen AI have transformed feedback processes, providing concise, actionable summaries tailored to individual needs. The adoption of these tools has led to time saving during feedback reviews as well," adds Kanaglekar. Wipro's Gen AI chat, WiNow, assists employees in getting things done instantaneously, like asking the chatbot to fetch payslips, apply for leave etc.

TOP USES OF AI IN HR FUNCTION

- **Candidate screening at the resume level.**
- **Facial recognition for fraud/impersonation detection.**
- **Interactive employee interfaces such as such as chatbots.**
- **Gen AI-based assistance to employees for leaves; internal facilities connect.**
- **Feedback processes to help derive better insights for improvements.**

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While AI certainly helps in streamlining processes, CHROs stress on the need to keep them bias free. With Gen AI thriving and developing on the data it is fed, the big challenge is to tune the technology to keep biases out. "Importantly, our emphasis lies on ethically implementing AI with well-defined guidelines to ensure compliance with standards and preservation of privacy," says Mathew. However, AI can never replace the empathy and personal touch that human interaction brings, especially in a function like human resources. "HR teams will continue to play a critical role, while technology will become more human-centred, drive human agenda and improve the quality of work," sums up Govil.

India Inc. Sprints Towards The Green Line

PHOTOGRAPHS BY GETTY IMAGES

Sustainability takes centre stage as businesses combine economic and ESG goals.

By **URVASHI MISHRA**

MOVING BEYOND mere green washing in public to concrete action in private, India Inc. is stepping up its game on commitment to sustainability, with companies spotting the opportunity in being early adopters of sustainable development.

Nearly two decades ago, even before the 2% CSR mandate by the government (companies are required to spend a minimum of 2% of their net profit over the preceding three years as CSR), ITC Hotels was one of the first to embrace 'sustainable luxury'. "At that point, we wanted to rebrand ourselves. In those days, it was a myth that luxury and sustainability cannot go hand in hand. We believed in the triple bottomline concept, and that is how the philosophy of the company came about," says H.C. Vinayaka, vice president, technical, EHS & sustainability, ITC.

The result: ITC's 12 'net-zero carbon' and two 'net-zero water' hotels, a global first. In fact, the company has surpassed the U.N. 2030 sectoral targets for the third year in a row while recycling more than 99% of solid waste, and has successfully mitigated single-use plastic at nearly 150 touch-points, leading to a reduction of 2.5 lakh kgs of plastic waste annually!

India Inc. is increasingly embracing the view that sustainability and staying ahead of the curve makes businesses future-fit. A 2023 report by Deloitte shows 84% of business leaders agree global economic growth can be achieved while also reaching climate change goals, and 75% say their organisations have increased sustainability investments over the past year, indicating a likely groundswell of action within the industry.

Hyundai Motor India Ltd. (HMIL), present in the country for the last 27 years, has targeted being carbon neutral by 2045. That is more aggressive than India's goal to achieve carbon neutrality by 2070.

"We don't want to be considered only as a manufacturing giant but also as someone who is innovating in sustainability and governance. Our focus is towards sustainability and developing the new ecosystem for the future generation, and it's percolating from the top down," says Puneet Anand, associate vice president and vertical head, corporate affairs, HMIL.

With fresh investments worth ₹32,000 crore over 10 years beginning 2023 aligned with future technology, sustainability and corporate activities, Hyundai boasts of the greenest automobile factory in the country. The use of renewable energy (RE) in the factory in Chennai is close to 64% and the goal is to attain RE 100% benchmark by 2025, assisted by the installation of a 10MW solar power plant in the factory nearly three years ago. Furthermore, the Chennai plant is currently 80% water neutral and aims to be 100% by 2028.

"We have six ponds dug in our factory and they have the capacity to hold 3,50,000 tonnes of water. Even without rain and supply from the municipal corporation, we can sustain our operations for 120 days. Around 95% of the rainwater is fed back into our plant," explains Anand.

Through sustainable

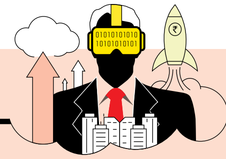
84%

Business leaders agree global economic growth can be achieved along with climate change goals

75%

Say their organisations have increased sustainability investments over the past year

SOURCE: DELOITTE



operations, HMIL has saved 19,200 tonnes of oil equivalent energy, which has led to a reduction in its CO2 emission by 1,02,060 tonnes. The company aims to reduce it by 1,61,940 tonnes in the next five years.

The world is on a countdown with the climate clock ticking fast. According to the World Economic Forum's Global Risks Report 2024, 1.5 degrees will be breached in less than six years and eight months, which means climate change is one of the greatest risks for the next decade.

"Sustainability has to be the centre of corporate strategy, be it decarbonisation, mobility, manufacturing process or green infrastructure. It is a case for survival and an existential crisis," says Sanjiv Puri, chairman and MD, ITC, at a recent CII event.

The Green Credit Programme, unveiled at COP28 by Prime Minister Narendra Modi aims to incentivise environmentally friendly actions by the industry, individuals, village councils, and city authorities, which is expected to become an important tool in the fight against climate change.

FMCG giant Marico recently announced its Jalgaon facility has been certified water neutral with independent verification by DNV Business Assurance India. The facility has generated more than two times its water capacity in FY23, compared to its total consumption. The total water credited is more than the total water debited, showing positive water balance status.

With a goal to achieve net-zero emissions across its manufacturing facilities by 2040, Marico's energy footprint in India includes 67% sourcing from solar, wind and biomass. The Perundurai facility has been certified as carbon neutral since FY20 and operates on 100% RE. It utilises smart energy installations to optimise operational efficiency.

"We have always viewed our business operations through the lens of sustainability, even before it became the norm in corporate India. There has been a growing awareness within the business ecosystem about the need for greater accountability as well as commitment beyond just maximising profits," says Amit Bhasin, chief legal officer and group general counsel & secretary, CSR committee, Marico.

The avant-gardist of the industry, the Tata Group has never shied away from its responsibilities, be it towards the environment or people. Its auto arm, Tata Motors, the first in India to mainstream EVs for personal mobility, is as enthused about its sustainability goals. It is committed to achieve net-zero greenhouse gas emissions for its passenger and commercial vehicle businesses by 2040 and 2045, respectively. Tata Motors also plans to source 100% RE in operations by 2030 with a keen eye on interim science-based targets, ensuring a sustainable and low-carbon future.

"Sustainability is when you take ownership far beyond compliance. There is no conversation in Tata Motors where I don't see an opportunity in renewable energy. When we began the journey, we thought we would lose money but when we did the math, we saw huge opportunities in India. The opportunity for wind and solar is a business positive proposition," says Jyotin Kutty Sastabhavan, vice president and chief sustainability officer, Tata Motors.

Business Case

For most businesses, immediate needs and profit numbers tend to overshadow sustainability concerns. Ultimately it all boils down to — does it make financial sense to be sustainable? It is a quotidian belief that adopting sustainable practices leads to higher costs.

For ITC hotels, the challenge was to convert the already built hotels from the 1970s and 1980s. Every hotel is situated in a different state and in a diverse country such as India, regulations also vary significantly. Around 2010, from materials and equipment to infrastructure and logistics, hotels across the nation were modified to be more energy efficient.

"It will cost you money. But if you invest in this now, you are going to get a return on your investment in some years. That is the whole idea," says Vinayaka.

Another approach is to look at sustainability like a portfolio, suggests Sastabhavan. For a large group, some aspects will make money, while some may be slightly expensive or cost neutral. "Overall, all of these put together will make you money," he adds.

There is compelling evidence indicating

Businesses driven by purpose grew 175% from 2008 to 2020 globally, against 70% for brands with low levels of purpose, according to research firm Kantar.

that adopting a sense of purpose can significantly contribute to a company's growth, while also positioning it as a sustainable business with forward-thinking strategies. A study by Kantar found businesses driven by purpose grew 175% from 2008 to 2020 globally, compared with 70% for brands with low levels of purpose.

"Some companies are far ahead. Some are joining the conversation relatively later. Some are grappling and some are still in the old world," says Sastabhavan.

"If I don't invest money in sustainable practices now, do you think we will be able to get access to any resources in the future? This is for the longevity of my business," adds Anand.

Hyundai has invented a new technique, dry wash service, in its workshops, which uses an organic solvent to wash a vehicle rather than water. Over the last five years, the company has saved more than 650 million litres of water through this initiative. Most factories have also replaced incandescent lamps into LED lights in a bid to conserve electricity. All of these combined, along with the utilisation of RE in plants, help save costs.

There is also a growing awareness among businesses to look beyond just maximising profits. "The fact that consumers have also shifted their preferences towards more sustainable products and services reinforces the imperative for businesses to integrate sustainability into their operations," says Bhasin.

Government Push

At the core of India's vision to become a $26 trillion economy by 2048 lies the government's strategy to chart the path for a sustainable business environment. The Centre has introduced various regulations and initiatives such as Panchamrit, the five-fold strategy to fight climate change, and a target to achieve net-zero emissions by 2070.

However, in a multi-party democracy such as India, this does not seem enough. Industry leaders face the challenge of state regulations in contrast to Central policies. Operating in different states comes with its own set of problems.

Despite the India opportunity being huge for Pernod Ricard, the French spirits company, the Indian arm has a tough time operating in different states due to the federal structure. "The process in which alcohol is configured in India is not that efficient because of varying state excise and regulations. You end up having a footprint which is very diverse and complex. We've got 24 plants and it becomes very difficult at times," says Gagandeep Sethi, head of sustainability and responsibility, Pernod Ricard.

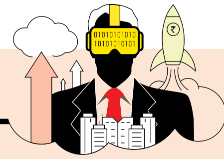
Even in terms of logistics, Pernod is unable to decrease its carbon footprint as India is still nascent in terms of EV adoption from a commercial vehicle standpoint. "We are looking at CNG where we can explore short hauls in cities such as Delhi and other places, but it's very small," he adds.

On the packaging front, the company aims to remove 500 million pieces of permanent mono-cartons annually from its Indian Made Foreign Liquor (IMFL) brand portfolio. With this initiative, the spirits giant hopes to reduce packaging emissions equivalent to 30,000 tonnes by 2030.

But unless government policies are aligned with every department in every state, India's sustainability vision may stay compromised. "Sustainability is not about glossy pictures or anecdotal stories. It's about frameworks, about numbers that are embedded and based on science," sums up Sastabhavan.

WHO'S DOING WHAT

- **ITC:** 12 'net-zero carbon', two 'net-zero water' hotels; mitigated single-use plastic at 150 touch-points, reducing 2.5 lakh kg of plastic waste annually.
- **Tata Group:** Targeting net-zero emissions for its passenger and commercial vehicles businesses by 2040 and 2045, respectively.
- **Hyundai Motor India:** Greenest automobile factory in India; has lined up ₹32,000 crore investment over 10 years beginning 2023 for sustainability.
- **Marico:** Water-neutral certification for its Jalgaon facility; net-zero emissions across its manufacturing facilities by 2040; 67% sourcing from solar, wind and biomass.
- **Pernod Ricard:** Aims to remove 500 million pieces of permanent mono-cartons annually from its Indian Made Foreign Liquor portfolio; to reduce packaging emissions equivalent to 30,000 tonnes by 2030.



AXIS BANK

Axis HR Playbook: Banking On Inclusivity

Ensuring inclusion, diversity and career progression is how the country's third-largest private bank is harnessing its talent pool.

By **V. KESHAVDEV**

#1

IN A COMPETITIVE landscape, the country's third-largest lender Axis Bank led by Amitabh Chaudhry has been acing the charts with standalone profit compounding at 47% ever since the 57-year-old took on the top job from Shikha Sharma in 2019. The performance of the former CEO of HDFC Standard Life Insurance Company fetched him in 2021 a three-year extension till 2024. Given the bank's strong performance thus far (9MFY24 profit up 16% to ₹17,732 crore and consolidated return on equity or RoE expanding 82 bps to 18.86%), it's quite likely that an encore is in the offing for Chaudhry. Interestingly, the last fiscal marked a milestone in the bank's

Rajkamal Vempati, president and HR head, with Axis Bank employees.

journey following the successful merger of Citibank's consumer businesses which Axis had acquired for $1.6 billion (₹11,603 crore) in 2022, giving it access to Citi's 2.4 million customers and ₹39,900 crore of deposits.

While Chaudhry got what he wanted — an immediate bump-up in the bank's market share with a 150-bps hike in low-cost deposits from 44.50% to 46% and a significant expansion in credit card market share from 11.4% to 16.2% — managing the expectations of anxious 3,200 Citi staffers was no less a deal, considering that they were moving into a powerhouse of 1 lakh-plus employees.

Reflecting on the remarkably "silent" integration of Citi's retail business, Rajkamal Vempati, president and head of human resources, says, "It was quieter than anticipated, with lower attrition rates. Despite the differences in corporate culture, we managed to find common ground as, at the end of the day, we're all humans."

Ensuring the smooth transition, however, did involve extensive communication efforts — speaking with employees, addressing their concerns, and facilitating their integration into the bank's culture. "When the time came to extend offers, the acceptance rate was overwhelming at 97%, the highest across the Citi network. We conveyed a message of similarity and inclusion. Our approach

PHOTOGRAPH BY **PADMINI B**

The bank has hired equal rights activist, Harish Iyer, as head of diversity, equity, and inclusion.

was to integrate, not segregate — avoiding a 'bank within a bank' situation. We provided clear paths and roles within Axis for 70% of the transitioning staff," explains Vempati.

The incoming Citi employees were familiarised with Axis Bank's developmental programmes, reinforcing a sense of belonging. "We made sure they felt at home by granting them access to all our organisational programmes," says Vempati. "Many were surprised by our adoption of flexible work arrangements, something they had not experienced at Citi. This, along with our efforts in diversity and inclusion, positioned Axis as a more progressive workplace than they had initially imagined."

The successful transition of Citi's retail business, spread across 34 branches in metropolitan areas, is in some sense a testament of Axis Bank's HR culture that complements its three-vector strategy of Growth, Profitability and Sustainability (GPS).

Walking The Talk

If change is a constant, the pandemic only hastened the process. But for Axis Bank it was the perfect storm to reinforce the bank's sails.

As the world grappled with Covid, Axis Bank saw an opportunity not just to adapt, but pioneer as well. "Covid struck with the leadership change. One of the things we're doing differently is thinking about how to sustain human performance," says Vempati. The agility was manifested in the bank's rapid transition to remote work, a shift made practically overnight.

At the forefront of this transformation was the launch of GIG-A-Opportunities, a programme designed to embrace the gig economy and offer roles ranging from digital banking to audit and credit policy. "We received 56,000-60,000 (applications). The big insight was if you're not part of a changing thinking, you will lose talent," says Vempati. The shift to incorporate gig workers and remote roles did not impede productivity. "Productivity numbers are high. Performance ratings are rising organically. It's the third year running, and I'll be doing the fourth. Why do I need to stop something that's working?" says Vempati.

Beyond gig, the bank has also been proactive in fostering an inclusive culture, widening the definition beyond women empowerment, given that today's generation is more inclusive, talk more about diversity and seek equitable practices. "If we say we believe in women empowerment, the reaction would be 'what are they talking about in 2024?' They might not even apply in such companies. Hence, sustainability needs to be omnipresent as people are seeking purpose. They are seeking alignment with their own values," explains Vempati.

The bank indeed walks the talk as is evident in the hiring of equal rights activist, Harish Iyer, as head of diversity, equity, and inclusion (DEI). "Our diversity percentage is 25%, and we are looking at 30% by 2027... We changed the policies on dress code. If you identify yourself as a man for the day, you have to dress accordingly. If you identify yourself as a woman, dress accordingly," says Vempati.

Interestingly, the bank's approach to diversity and inclusion took a unique

WHAT WORKED

- **GIG-A-Opportunities, a programme designed to offer roles, from digital banking to audit and credit policy, to gig workers.**
- **Employing transgenders in consumer-facing businesses.**
- **Axis Women in Motion, a programme that encourages young women to "stay in motion" through interactions with the bank's women leaders.**
- **The HouseWorkIsWork initiative, designed to provide women who have taken career breaks, a platform to utilise their skills in various roles within the bank.**

> **“We reach out to 800 campuses annually. The approach allows us to tap into the fresh, innovative potential from a wider geographic pool.”**
>
> **Rajkamal Vempati**

turn under the guidance of Iyer, focusing not just on internal policies but also on how diversity is integrated into customer experience. This shift towards a customer-centric view of diversity acknowledges the needs and backgrounds of the bank’s clientele, aiming to create an inclusive environment for all, including traditionally marginalised groups such as the transgender community. “We realised the community’s inclusion percentage is very limited. So, we got the transgender community on the consumer side,” says Vempati.

Another initiative, Axis Women in Motion, represents an effort to inspire and support women’s education and career aspirations. The bank reaches out to campuses, engaging directly with 25,000-35,000 people annually. The programme’s core mission is not direct employment but to present relatable role models and encourage young women to “stay in motion”, emphasising the importance of momentum in personal and professional growth led through interactions with the bank’s women leaders. Similarly, the bank’s HouseWorkIsWork initiative, launched in 2022, represents a significant step towards recognising and leveraging the potential of women who have taken career breaks and are looking to re-enter the professional world. The programme is designed to provide such women a platform to utilise their skills in various roles within the bank. “The underlying goal is to instill confidence in these women, affirming that their time away from the professional space does not diminish their employability or the value they can bring to the workplace,” says Vempati. There’s also a strategic push towards empowering women in sales and lending roles in the context of Axis Bank’s expansion through its Bharat Bank initiative, focused on deepening the bank’s reach in rural areas.

Talent Scouting

To curb attrition, which is on the rise, 34.8% in FY23 against 19.1% in FY21, the bank is looking at alternatives to retain and promote talent. “The internal mobility of employees is often perceived as more difficult compared to the external job market. It is 80 times harder to get a job inside than externally,” says Vempati. The bank has laid down the concept of an “internal talent marketplace”, a system where every available job within the organisation is posted internally, allowing employees to apply and move across roles more fluidly than traditional promotion processes might permit. The initiative increases the probability of promotions for talented employees. “Last year, 10-12% of overall annual promotions came through this process,” reveals Vempati.

The platform is also part of the bank’s broader strategy to harness artificial intelligence (AI) for HR and talent management processes. “We’ve transitioned from predictive AI to cognitive AI. However, it’s crucial that we remain focused on the business rationale behind employing these technologies. The goal is to streamline operations, akin to creating a ‘silent HR’ system,” says Vempati.

The bank also recognises the intricate balance between offering flexibility and guiding employees through their career paths. “We believe flexibility breeds opportunity, but we understand that choices can overwhelm. It’s essential, hence, to act as talent scouts, actively engaging and guiding employees through their potential career paths, especially after they’ve spent 16 months in a role, recognising their need for growth and change,” says Vempati.

Instead of solely focusing on the traditional approach of cyclically hiring from the same industry, the bank has broadened its recruitment strategy to include visits to educational institutions. The expansion has significantly increased its outreach in Tier-II and III campuses across the country. “We’ve expanded our recruitment efforts, reaching out to 800 campuses annually. The approach allows us to tap into the fresh, innovative potential from a wider geographic pool,” explains Vempati.

The efforts are bearing fruit in terms of productivity. Axis Bank, with a significantly lower employee base, has made its mark with business per employee of ₹19.5 crore in FY23, against ₹19.7 crore for HDFC Bank whose staff strength, post-merger, stood at 173,000 in FY23.

Through initiatives such as GIG-A-Opportunities and a holistic approach to diversity and inclusion, the bank is not just navigating the challenges of the present but also shaping a future-ready tomorrow. Vempati though candidly admits, “While one can never be sure of how future ready an organisation can indeed be, at Axis Bank the journey is about sustaining culture and being human.”

HAPPIEST MINDS

Happiest Minds: Focus On Youth, Wellness Pays Off

IT services firm uses technology to hire/retain staff and make communication a two way street.

By **RUKMINI RAO**

Sachin Khurana, senior vice president & chief people officer, Happiest Minds

#2

IN LATE 2011, IT industry veteran Ashok Soota announced a new technology services company, Happiest Minds, his second venture after Mindtree. His vision was to build a digital native company which would clock $100 million revenue in five years and give top priority to employee wellness. A decade later, Happiest Minds came out with an initial public offering. As of December 2023, it had grown to 5,246 employees, with 28% of them being women. But more interestingly, workforce is 84.5% millennials and over 10.3% Gen Zs. After listing in October 2021, it laid out Vision 2031 with a goal of becoming a billion dollar company. Operating revenues were $146.1 million in first nine months of FY24.

PHOTOGRAPH BY **SELVAPRAKASH LAKSHMANAN**

Sachin Khurana, senior vice president & chief people officer, says people-centricity at the company has evolved in phases. With nearly 95% employees in their 30s and 40s, understanding the mindset of younger demographics such as millennials and GenZ has become a must, he says. "The most important factor for them is environment. How open is the space? Does it have restrictions? Or how hierarchical the company is, as they don't like hierarchy at all?," he says.

Being a digital company, Happiest Minds has embedded technology into processes, including predictive analytics to screen candidates for hiring. It also uses AI tools for screening resumes and video tools for interviewing Tier-II city-based candidates, apart from digital onboarding platforms. Also, campus recruitment is 100% digital. "We work closely with our Gen AI services business to create use cases in people functions such as verification of candidates," says Khurana.

> **"We work closely with our Gen AI services business to create use cases in people functions such as verification of candidates"**
>
> **Sachin Khurana**

Covid made IT services firms focus on mental well-being of employees. Happiest Minds employees undergo mindfulness training, which involves mental activities to lower stress, improve interpersonal relationships, increase productivity and improve work-life balance. Also, there is greater focus on listening to employees. For instance, it has a portal where employees can post questions to executive board or functional heads; even anonymous questions are answered. "It has become so insightful that we are becoming proactive in communication in some cases," says Khurana. Similarly, on Yammer/ Viva Engage, an integrated social communication tool, employees can ask questions, provide feedback and hold town halls with senior leadership. Instances of sexual harassment or discrimination can be reported directly to the chief people officer.

Since roughly 46% new campus hires are women, the Diversity & Inclusion (D&A) Council is critical for implementing D&I policies and programmes. As part of the company's progressive agenda, each business unit works to achieve its D&I targets through hiring drives. The talent acquisition team is mandated to consider diversity even while hiring leaders. That is why Happiest Minds had 100% record of women joining back after maternity in previous year. It has improved its referral system by announcing an additional 5% fee to the referrer if a woman joins the team. HappiZest, a wellness team, runs a month-long campaign especially for women.

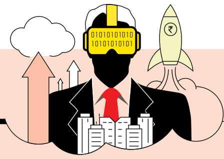
In order to support career growth of employees, the company has been encouraging multi-skilling and cross-skilling along with personal development plans; nearly 70% employees have participated in these initiatives. Last year, Happiest Minds launched its I3 (Ignite, Inspire, Innovate) Program for nurturing future leadership. The programme has targeted initiatives such as Shift Program for business analysts, Lead Program for department managers, Global Leadership program for CXO and senior leaders and Architect Program to cover all critical positions under succession planning within next three years. The mentorship programme is playing a role in grooming the next line of leaders as part of the goal of having at least 60% leadership from within the company. Top six presidents directly mentor five people under them.

In an industry where people are the biggest cost as well as assets, employee satisfaction, reflecting its voluntary attrition rate, can decide a company's future. Smaller firms which are increasing their footprint, will have to adopt a different strategy for retaining talent, says Sachin Khurana. The company's attrition, which peaked at 22.7 % in FY22, has stabilised around 14% in last two quarters (Q2 and Q3 of FY24).

"We have drastically increased communication with locations such as Madurai, Coimbatore, Pune and Bhubaneswar. Our leadership not just visits but works out of those locations for a few days." As Happiest Minds has clocked 10.8% growth in nine months of the fiscal, it is confident of not just retaining its best talent but also attract younger and better talent to the company. ■

WHAT WORKED

- **Use of technology in processes, including predictive analytics for screening candidates for hiring and AI tools for screening resumes**
- **Mindfulness training, which involves mental activities to lower stress, improve relationships, increase productivity and improve work-life balance.**
- **Listening to employees is an important part of the company's culture. It has a portal where employees can post questions to executive board or functional heads; even anonymous questions are answered.**
- **Since roughly 46% new campus hires are women, Diversity & Inclusion Council implements D&I policies and programmes for greater women participation.**



#3

LARSEN & TOUBRO

L&T: Grooming Leaders From The 'Bottom'

The engineering and construction major focuses on retaining talent with programmes and courses, grooms them to take on leadership roles early on.

By **P.B. JAYAKUMAR**

LARSEN AND TOUBRO (L&T), India's leading engineering, technology and construction behemoth, which has over 5 lakh employees, works on 800-1,000 projects at any given point in time — from constructing refineries and pipelines to marquee infrastructure projects in the country and abroad. And to add to the gigantic workforce, around 3,500 civil, mechanical and electrical engineers are recruited from IITs and NITs and other reputed govternment/private colleges every year.

So, how complex is it for the human resources (HR) department to recruit, train and maintain such a large number?

Sitting on the 5th floor of AM Naik Centre, L&T's three-year-old corporate office at Powai in Mumbai, C. Jayakumar, executive vice president and head, corporate human resources, replies, "It is manageable because of our group structure and the concept of Independent Companies (ICs)." Each of the main verticals, at least 8-10 of them, functions with its own CEO, CFO, HRO, budget and five-year growth plan. "My job is to mainly coordinate with them seamlessly to meet HR needs across functions," says Jayakumar, a veteran with L&T for over two-and-a-half decades.

The group's evolution over the years, mainly on the back of large-scale digitisation since 2016 aided by modern tools such as virtual reality, artificial intelligence, machine learning, natural language processing, chatbots, etc, has helped the HR department address various challenges. "In the past it took at least two-three days to assess staff count data. Now the dashboard helps us assess the workforce real-time, at any project, any location," says Jayakumar. L&T has a data bank of jobseekers —12-13 lakh — and AI helps in assessing the best-suited talent.

Graduate engineer traniees tend to leave their jobs after two-three years to pursue MBAs, the primary reason why L&T's retention rate after a period of five years from joining is around 63% currently, up from 50-55% a few years ago. To retain quality talent, the company has in place a seven-step development programme to groom leadership from the bottom. To help graduate engineers pursue their MBAs, tie-ups are in place with leading institutions, including IIM Ahmedabad and SPJIMR. Over 120 diploma holders are sponsored for graduate engineering programme

WHAT WORKED

- **The concept of Independent Companies. Each of the main verticals functions with its own CEO, CFO, HRO, budget and five-year growth plan.**
- **A seven-step programme to groom leadership from the bottom; tie-ups with IIM-A and SPJIMR to help graduate engineers pursue MBAs.**
- **Large-scale digitisation aided by modern tools such as VR, AI, ML, NLP and chatbots.**

"In the past it took two-three days to assess staff count data. Now the dashboard helps us assess the workforce real-time."

C. Jayakumar

C. Jayakumar, executive vice president and head, corporate HR, with L&T employees at AM Naik Centre in Mumbai.

with reputed engineering colleges and around 170 engineers are also sponsored for MBA program with IIM-A, SP Jain, KREA University etc.

The group operates training centres for various businesses, such as the safety institute, the construction skills institute, the tunnel boring academy, the railways academy etc at L&T hubs, including Surat, Hazira, Vadodara, Chennai and Kanchipuram. Thousands of youth are also trained in professional courses every year, including plumbing, electrical etc.

Pursuing an MTech in construction engineering and management is also an option for graduate engineers at L&T. Those with executive positions have to clear a nine-month-long module developed in collaboration with McKinsey to rise up the ladder. Best talent is sent abroad for training at reputed institutions, including Harvard, London Business School and the likes to equip them to take up leadership roles. Chairman emeritus A.M. Naik and CMD S.N. Subrahmanyan directly train around 24-25 future leaders for at least eight-nine months. Almost all of L&T's current top leadership has come up through internal talent hunt and training, says Jayakumar.

Since L&T has numerous projects in remote locations, attracting as well as retaining talent is a challenge,especially in new and emerging business areas such as semiconductors, green hydrogen or renewable energy. "Those rare top talent come at a premium and most have one or two offers. But reverse brain drain is happening and many experienced expats are coming back to work in India," says Jayakumar.

Whenever L&T takes up projects in remote locations, the HR and administration ensure quality housing for the family, education and other amenities. Even the welfare of contract labourers, including health, safety and insurance coverage, is taken care of at all project locations. "Most of our employees love to stay at our guest houses rather than in hotels", says Jayakumar.

L&T's attrition has come down to 10% or less from 13%-plus earlier due to various engagement and retention initiatives, claims Jayakumar. The group's 'Winspire' programme promotes gender equality and inclusion. Women currently constitute 8.5% of its workforce, and the aim is to increase it to 12-13% in the next two years.. "Women operate fleets of heavy machinery as well," says Jayakumar.

With L&T evolving into a more digital and tech-driven firm, its HR practices and manpower management are also migrating to the next level.

PHOTOGRAPH BY **NISHIKANT GAMRE**

#4

ZYDUS LIFESCIENCES

Zydus Bets On Data To Map Employee Growth

Does away with bell curve for assessment, uses hard numbers for annual appraisals, makes promotions more objective.

By **JOE C. MATHEW**

SIX YEARS AGO, the human resources (HR) department of pharmaceutical major Zydus Lifesciences Ltd. faced a peculiar problem. Several senior managers and leaders started complaining about the bell curve system to rate performance. They said the system, which compulsorily rates a certain percentage of employees in each division as outstanding, good, poor, etc, in a pre-determined format was making it difficult to record true performance of managerial staff. The HR department held multiple discussions and brainstorming sessions with the leadership team and introduced Zydus Scorecard. “We decided we will not evaluate managerial group on forced bell curve as their job is not repetitive. We evolved, interacted and understood the problem. We made the process more robust in terms of its relevance to the business,” says Rishikesh Raval, CHRO, Zydus.

The new system has two components—Zy Score, an enterprise level score, and My Score, individual KPI (key performance indicator). “Together, these are 1,000 marks. Of these, 500 are for Zy Score, which evaluates success in critical areas such as regulatory/legal compliance, innovation, customer service, productivity (manpower cost to business turnover ratio), financial performance, etc. Regulatory compliance and innovation have highest weights of 100 each, says Raval.

Future Ready

The ‘Zy Score-My Score’ system shows how HR processes are aligned with business goals. Almost 2,000 people in managerial positions are now assessed by this enterprise level score card. Overall staff strength is 26,000-plus.

“If you look at these parameters, they are numerical, quantifiable. There is no subjectivity. The more senior you are, the higher is your weight on Zy-Score. More weight is given to My-Score the lower you go because individual

performance matters more at junior level. This also nourishes collaboration,” says Raval.

Zydus has also put in place other mechanisms to minimise bias and arbitrariness in HR decisions. For instance, two years ago, it created councils for hiring talent and promoting staff. These comprise various functional heads to ensure that cross-functional abilities are considered for hiring and promotions. The company has also set up technical assessment centres to ensure that promotions are carried out on the basis of independent

"HR programmes in isolation have no meaning. HR has to be relevant for the business"

Rishikesh Raval, CHRO, Zydus Lifesciences

Rishikesh Raval at Zydus corporate park in Ahmedabad

assessments. "Now, if a person is recommended for promotion by the manager, that person takes a functional competency test at the technical assessment centre and an interview by a panel of cross-functional heads. His reporting head is not on the panel. It is a purely data-driven decision," says Raval.

Technology Use

Leveraging technology to make HR function more efficient, HR heads can now access all HR indices on an internal e-dashboard where headcount, attrition, employee cost are available in real time. An AI-driven bot answers frequently asked questions. The company has also created an innovation forum where its 1,500 scientists can present their ideas before leadership.

HR also works with business unit heads to identify leadership pipeline, groom talent through learning and development programmes and align talent management with business needs. "Our target is to ensure that at least 50-60% managerial roles are filled from within," says Raval.

As part of its internal training plans, the company has introduced a virtual learning module system which employees can access on mobile phones. The company also has a dedicated six-month programme for women employees. Business and growth is central to HR practices, says Raval. "When HR conducts monthly review meeting with all HR heads as well as the US HR director, the first presentation covers the company's business. We review that first because HR programmes in isolation have no meaning. HR has to be relevant for the business," he says. ■

WHAT WORKED

- **Doing away with bell curve for senior managers, making appraisals relevant to the business.**
- **Aligning HR processes with business goals.**
- **Councils for hiring talent and promoting staff.**
- **A virtual learning module system which employees can access on mobile phones.**

PHOTOGRAPH BY **SANJAY RAWAT**

SWIGGY

Swiggy's Mantra: Wellness & Wealth

#5

Moonlighting policy, gender parity and ESOPs are the key to the food delivery player becoming a sought-after employer.

By **URVASHI MISHRA**

"**MAKING** an enduring company was far harder and more important than making a great product," Steve Jobs, one of the world's greatest entrepreneurs told his biographer Walter Isaacson. If you want to gauge how successful a company is, you need to look at three things—customer satisfaction, cash flow and employee engagement. The last is the cherry that most leaders forget to place on the cake.

But not Swiggy. In 2014, Sriharsha Majety, Nandan Reddy and Rahul Jaimini joined hands to conceptualise the idea of delivering food at people's doorsteps. Little did they know that 10 years later they would employ more than 5,000 people in 500 cities. Swiggsters, as they are fondly called within the organisation, are the core of the food delivery platform

PHOTOGRAPH BY **SANJAY RAWAT**

whose leadership believes their people's health and happiness is a key indicator of the organisation's performance.

Innovative Approach

In post-pandemic world, the concept of office has evolved. Swiggy, too, has tweaked its human resources policy in accordance with its employee-first ethos. In November 2021, it introduced a 'Future of Work Policy,' which is a flexible model for all employees based on nature of work. The policy is structured under three mandates. Mandate 1 allows employees to work from office two-three days a week. This is mostly for partner-facing or field-based roles. Mandate 2 pertains to employees spending 10-12 days per quarter in office; focus is on corporate team, technology team and business personnel in core operations. Mandate 3 is for employees regularly attending office due to field duties. "We started thinking about future of work. We started talking to people, surveyed more than 1,500 employees to understand their preferences and came back with a work-stream," says HR Head Girish Menon.

Another programme, Built Around You, focuses on physical, mental, financial and legal wellness. Benefits range from unlimited online consultation sessions with experts (doctors, dieticians, counsellors, psychologists, financial/law experts) to customised digital and onsite wellness programmes

"We started thinking about future of work. We started talking to people, surveyed more than 1,500 employees to understand their preferences."

Girish Menon,
Head, HR

for employees and their families.

Another focus is closing the gender gap. Swiggy has a gender-neutral policy that provides substantial paid leave for primary and secondary caregivers when they become parents. The company offers up to ₹20,000 for prenatal care and helps employees celebrate their entry into parenthood with a 'Child Welcome Gift' of ₹10,000.

Swiggsters can also create wealth through an ESOP (employee stock ownership plan) programme. "We believe employees should partake in our growth journey," says Menon.

Interestingly, while the world is debating the pros and cons of moonlighting, Swiggy is supporting employees who want to do projects outside work. "Over last two years, we observed that some of our employees were getting opportunities to render gig services, leveraging their professional skills outside work. Some discovered new hobbies during the lockdown and have been keen to pursue them because they have extra time now due to remote work. So, we came up with an industry-first moonlighting policy," says Yamini Koganti, AVP, Swiggy. The policy allows employees to pick up interesting projects outside work.

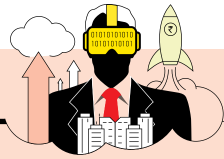
The Setbacks

In the run-up to initial public offer (IPO), the food delivery behemoth, backed by global tech investors Prosus and Softbank, reduced workforce by 6% in January. This was a direct result of pressure to become profitable. Swiggy has largely achieved stability in its food delivery business but continues to burn cash due to rapidly expanding grocery service Instamart. Last May, Swiggy's cofounder and group chief executive, Majety, announced the company's core food delivery business had achieved profitability in March. He also acknowledged the company had made inordinate investments in Instamart with "the peak of our investments (into Instamart) behind us."

Although Swiggy's approach has been employee-first and Swiggsters are well-supported to put their best foot forward, the pressure of the IPO might get to the business. The real challenge for Swiggy will be talent retention in such a case. Whether the cherry remains on the cake or not is yet to be seen.

WHAT WORKED

- **Moonlighting policy to help employees work outside the company.**
- **Flexible work from home policy based on nature of role.**
- **Wealth creation opportunities via ESOPs.**
- **Support, including financial, to new parents.**



CGI INDIA

Skilling, Reskilling At CGI India's Core

#6

The IT and business consulting services firm is investing in learning and development, and fostering a culture of innovation, growth and inclusion.

By **ARNIKA THAKUR**

A MANDATORY artificial intelligence (AI) community of practice, introduced in January this year, awaits all CGI India employees. For the 48-year-old C14.3 billion IT and business consulting services firm, this is critical to ensure every employee understands and speaks the same language when it comes to AI, says Sarika Pradhan, vice president, human resources, Asia-Pacific. CGI designs strategies for responsible use of AI as one of its services.

In addition to the AI programme, the company has in place about 10 communities of practice. CoP refers to a group of people who share a common concern, a set of problems, or an interest in a topic. These bring together practitioners and subject matter experts from emerging practices and are designed to build on the company's internal expertise, aimed at supporting challenging delivery scenarios. The company, which provides services, including business consulting, IT outsourcing and management, enterprise resource planning, cybersecurity and digitisation to clients across sectors such as banking, insurance, oil and gas, manufacturing, retail, transportation and health, also offers leadership master-classes for skill enhancement of employees. All employees are required to undertake 40 hours of learning every year.

"The talent pool is limited in the market and there are lots of companies vying for the same talent. We have built CoPs to attain industry expertise which helps us in support-

WHAT WORKED

- Around 10 communities of practice (CoPs), which bring together practitioners and subject matter experts from emerging practices.
- Leadership master-classes for employees.
- The ICE (innovate, collaborate and evolve) programme, which evaluates and supports employee ideas.
- Women leadership programme — R.I.S.E., focused on promoting high-performing women employees to leadership roles.

"We have built CoPs to attain industry expertise which helps us in supporting proof of concepts, request for proposals and proof of value."

Sarika Pradhan
vice president, HR, Asia-Pacific, CGI India

ing proofs of concepts, request for proposals and proof of value. We also focus on portfolio offerings, industry connects, ecosystem development, people and competency, innovation and artefacts," says Pradhan. Additionally, CGI India, which posted a 11.1% YoY rise in total revenue in FY23, also runs an ICE (innovate, collaborate and evolve) programme. It evaluates and supports employee ideas, which are brought to the company's innovation council, comprising of executive leaders and technology experts to recognise and fund innovative ideas. Employees are encouraged to submit ideas and vote on the proposals of others. Selected projects are invited to pitch their ideas to CGI experts and winning projects are funded.

"HR's function has become very important in all that we do, more so in the IT sector, where it's all about talent, how well you can retain talent, how you are skilling and upskilling employees," says Pradhan, who leads the HR function for CGI's India, Philippines, and Malaysia operations which collectively employ over 20,000 people.

CGI is working on building resilience by focusing on mental health and wellness via initiatives such as the Oxygen Portal, an interactive platform where employees can access a services, including wellness-related webinars and articles.

The company, which employs 50% women at the junior level, says it has put in place a women leadership programme — R.I.S.E., focused on promoting high-performing women employees to leadership roles. According to Pradhan, 25% of women employees in the programme have moved up in their career path so far. Currently, 36.5% of CGI's employees are women, 22% are in senior leadership roles. The company aims to increase the share of women across functions and levels by 5% every year.

The company is also working to make its policies contemporary and future-ready. HR policies governing maternity, paternity and adoption leaves are evolving keeping in mind the needs of the younger generation of employees, as well as evolving regulation. In learning and development, too, CGI is customising its offerings. "We have different channels of learning — master-classes, VILT (virtual instructor-led training) and self learning," says Pradhan.

For senior leadership roles, CGI has in place a succession planning process and ensures there are two-three candidates ready for such roles to avoid having a vacuum in the organisation. "We believe in grooming talent from within. If I take the example of the APAC SBU (strategic business unit), six of our seven SBU heads are internally groomed," she says, adding, the company has multiple partnerships with academia, including Ivy League institutions, for certifications and courses that help senior leaders move forward in their career.

Sarika Pradhan (third from right) with employees at the company's Bengaluru office.

PHOTOGRAPH BY **SELVAPRAKASH LAKSHMANAN**

E. Balaji, CHRO, TVS SCS, with employees at the company's Chennai office.

#7

TVS SUPPLY CHAIN SOLUTIONS

Learning Boosts Staff Engagement at TVS Supply Chain

E-learning module, leadership development programmes help company keep employee satisfaction high.

By **NEVIN JOHN**

IN EARLY 2014 when TVS Supply Chain Solutions (TVS SCS) was building its international network through acquisitions, E. Balaji was brought in as the chief human resources officer (CHRO) to integrate the entities that the company wanted to take over in North America, Europe and SouthEast Asia. In the next eight years, TVS Supply Chain acquired 20 firms.

The TVS management wanted the acquisitions not to upset work cultures of acquired entities while using their potential to ramp up logistics and warehousing play outside the automobile sector. Balaji had to address the fear factor by ensuring job security and offering a mix of financial and non-financial incentives. Constant engagement with employees helped build trust. TVS SCS now has 6,000 employees in 25 countries outside India.

The logistics and warehousing company weathered a number of HR challenges, but Balaji's tough time came during the pandemic. Unlike companies in other sectors, 95% of TVS SCS' workforce was on the ground since transportation of medicines and FMCG products became the need of the hour. Balaji had the tough task of motivating the team. The company offered insurance, financial and medical help and counselling to employees and their families.

Though global trade picked up post-pandemic amid geopolitical conflicts, Balaji remains a busy man. His focus is now on hiring tech talent as TVS SCS scales up its operations globally. "Technology is changing every day. TVS SCS is more a technology company than a logistics and warehousing player. We want the manpower to be highly skilled in advanced technologies," he says.

TVS SCS organises online training programmes for executives as well as other employees to identify their potential. The e-learning platform, Leadership Exploration and Discovery (LEAD), gives insights to executives into managing people/teams and the business. Curated by MIT Sloan School of Management in partnership with Skillsoft (a global e-learning provider), the platform offers micro-learning modules such as podcasts, videos, books, book summaries and audiobooks for executives.

The company also provides e-learning content to employees through the Learning Management System (LMS), which gives details on safety, warehousing and other technical functions. In the last two years since its launch, around 7,000 employees have been trained using LMS.

"LMS allows employees to learn at their pace and refer to training material at will. It opened up opportunities to offer role and skill-based training in an easy-to-scale manner," says Balaji. LMS offers an array of courses, including compliance training to help uphold regulatory standards. "In FY24, employees spanning 18 countries actively engaged with the platform, accessing more than 300 modules of content," he adds.

> **"TVS SCS is more a tech firm than a logistics player. We want the manpower to be skilled in advanced technologies."**
>
> **E. Balaji**

WHAT WORKED

- **The Leadership Exploration and Discovery Platform which gives executives insights into managing teams and the business.**
- **The Learning Management System, which provides details on safety, warehousing and technical functions for employees.**

On the learning front, TVS SCS follows a three-pronged approach — functional and soft skill training through LMS; in-person training for core functions; and employee education via external certifications/training programmes.

"We have implemented several leadership development programmes in the past such as the Blue Leap Leadership programme in partnership with Ross School of Business at the University of Michigan, Talent 2 Value with McKinsey and LEAD in partnership with Skillsoft. The focus of these programmes is to enhance the capability of leaders within the organisation, spark innovative ideas and approaches, encouraging leaders to think beyond their domains," says Balaji.

He considers innovation to be the cornerstone for the success of businesses across sectors. TVS SCS has developed a Centre of Excellence with a team of 300 to develop in-house technologies for transportation, warehousing and other supply chain requirements using AI and ML.

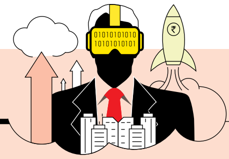
For performance assessment, TVS SCS has a performance management framework called BOLD, an acronym for Business results, Operational Excellence and Leadership Development. Each theme represents a category of goals that the organisation seeks to achieve.

The company has implemented the Human Capital Management (HCM) platform globally for its 18,000 employees across 26 countries. It does away with paperwork and administrative tasks done by HR and leaders, allowing them to focus on strategic initiatives and employee engagement.

The company also initiates people engagement surveys every year to gain insight into employees' perspectives. The survey topic spans across company policies, practices, management, culture, communication, learning and operational performance. This year, the survey witnessed the highest participation of 93% of employees globally.

TVS SCS, which got listed in August 2023, is looking at the current technology transition as an opportunity to improve operational performance. No wonder, the CHRO is in a rush to get the right talent to cash in on the opportunity.

PHOTOGRAPH BY **R. CHANDRU**



KPMG INDIA

AI, Mental Health Drive KPMG's People Agenda

Consultancy installs chatbots to answer queries and nudge staff to finish pending work, fosters inclusive work culture.

By **ASHUTOSH KUMAR**

#8

AI-BASED CHATBOTS to automate HR processes, plan to provide cover for mental health, recognising social and financial well-being as an important aspect of work life while remaining committed to diversity make KPMG India stand out from the crowd.

One of the key initiatives this year has been an AI-based chatbot to answer policy and other queries of employees and nudge them to complete upcoming training and other compliances. "The project is close to my heart," says Sunit Sinha, partner and head of People, Performance and Culture, KPMG in India. The pilot was done with 500 employees. The initiative will cover 22,000 employees in FY25.

"There are queries on insurance, etc. But many times people want self-service on the go. While chatbots have existed for a while, we are trying to make them more intelligent. They should be able to nudge and guide on things such as mandatory training or risk process coming up or completion of digital certification, which today happens through mails" says Sinha. The company is enabling the bot through Microsoft Teams on which employees work so that there is no need for a separate app. "Our vision is to scale it up as a virtual assistant. So, it is part HR support and part secretarial support," says Sinha. "For an average analyst, aged 23 or 24, the bot brings ease of working, which should be so high that employees focus on work. Technology is allowing that empowerment," says Sinha, adding that the company has almost halved the number of HR apps in last three years. "We brought down the number of HR applications from 47 to 21," he says.

KPMG is also deploying AI in its unique offerings to clients. One such initiative is Kaleidoscope, a client innovation and experience centre in its Mumbai office.

"While chatbots have existed for a while, we are trying to make them more intelligent."

Sunit Sinha,
partner and head of People, Performance and Culture, KPMG in India

WHAT WORKED

- Plan to scale up chatbot and turn it into a virtual assistant
- Mental health cover for employees in the works
- High primacy to diversity. Target is 50:50 gender mix

The company is planning one more centre in Bangalore. "We have to find practical solutions for clients. At Kaleidoscope, we innovate with clients. A lot of it is co-created with clients in an immersive environment," says Sinha.

The company is also planning to provide mental health cover to employees. "Pandemic prompted organisations to take well-being seriously. We're trying to embed that in our practices. One of the things we're exploring is covering mental health," says Sinha. "There's a little bit of hesitancy in India. Employees don't want to declare they have a mental health issue. We involved the entire firm, recognising well-being as an important aspect of work life; we should not restricted it to physical and mental but also cover social and financial health," he adds.

With women comprising 42% of workforce at present., KPMG accords high primacy to diversity. The target mix is 50:50. The diversity consciousness transcends to third gender too; it sponsored a pride festival in Mumbai last year.

Redefining Luxury

FOUR SEASONS HOTEL MUMBAI

NITESH GANDHI
GM, Four Seasons Hotel, Mumbai

Towering above Mumbai's upscale commercial hub, Four Seasons Mumbai combines chic modern style with an intimate, boutique atmosphere and panoramic sea views. The hotel's newly appointed General Manager Nitesh Gandhi is a seasoned hotelier who is tasked with overseeing the Hotel's transformative journey in its 16th year. "We're proud to be the preferred hotel for global c-suite executives and board members, owing to the iconic stature of the property. Fuelling the physical transformation is our continued focus on enhancing the positioning of the hotel as Mumbai's leading luxury hotel, supported by a team of talented and passionate hoteliers who make each guest feel welcomed and special. Last year, we opened Modernist, an exclusive members' only club on the 33rd floor, which was followed by the reopening of AER, the city's most iconic rooftop bar, as a yacht club in the sky," he tells us. Executive Chef Jude Fernando and Beverage Manager Alexandre Renoue imbue the excellent F&B programme with fresh vision.

"The renovated rooms at Four Seasons Hotel Mumbai are a sanctuary of luxury and sophistication for the discerning traveller," points out Gandhi. Heritage meets modernity, as saree-inspired geometric borders and peacock-print wallpaper elegantly juxtapose deep colours, and state-of-the-art amenities such as Lutron electricals offer convenient control over lighting and room ambiance.

For the coming months, Gandhi cues us to the grandeur of the lobby and the opening of a spectacular Lobby Lounge, bursting with the promise of exceptional experiences. In addition, Four Seasons Residences Mumbai are all set to redefine residential luxury in the heart of Mumbai, and in the country.

Gandhi believes that true luxury is a dedicated focus on how people want to be treated, grounded in the genuine care you experience during your stay and defined by an abundance of humanity and generosity. "At Four Seasons Mumbai, this starts with our passionate team, welcoming you to be the centre of our world – and always with a distinctly human touch," he concludes. ■

BUSINESS TRAVELLER PACKAGE

Travelling for business to the Maximum City? Four Seasons Hotel Mumbai includes everything needed for a seamless experience tailored specifically for the discerning traveller. This curated package goes above and beyond to cater to a traveller's every need, ensuring that staying at this luxury hotel is not only productive but also indulgent and revitalizing.

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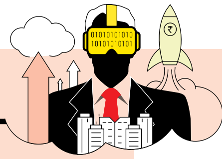
Book: 91 (22) 6982 8000



ACT FIBERNET

ACT Builds Up Talent Pool For Growth

#9

Employees undergo training to fill skill gap to navigate the future.

By **ANUP JAYARAM**

WHAT WORKED

- **Talent Review Planning Process, where the leadership team spends seven days to go through the talent pool.**
- **IDEAFEST platform helps employees test ideas and promotes innovation.**

ATRIA CONVERGENCE Technologies (ACT Fibernet), with 7,500 employees, is among India's largest optic fiber-focused, wired broadband service provider with 2.14 million subscribers. Unlike Reliance Jio (8.33 million) and Bharti Airtel (6.12 million), which have fixed broadband subscribers nationally, ACT Fibernet offers services largely in south India, focusing on Karnataka, Andhra Pradesh, Telangana, Tamil Nadu and Delhi, with speeds ranging from 50 mbps to 1 gbps. It recently expanded to Ahmedabad and Jaipur.

ACT Fibernet is keeping employees connected and engaged through various means. One example is the social collaboration platform, Workplaces by Facebook, which makes it possible for the company to pass on any message to employees, no matter where they are.

To manage and retain talent, it has a Talent Review Planning Process where the leadership team (comprising 30-35 people) spends seven days to go through the entire talent pool in the organisation. "A lot of effort goes into understanding the talent capability and the potential of the team," says Shefali Mohapatra, chief people officer, ACT Fibernet. The thinking is that the enterprise's focus should shift from the present to the future.

"A lot of effort goes into understanding the talent capability and the potential of the team."

Shefali Mohapatra, chief people officer, ACT Fibernet

The other area ACT Fibernet has focused on is building a talent pool within the enterprise. Employees undergo 7.5 days of learning and development, which involves training them on gap areas. This helps build skills that they will need to navigate the future and is critical to their growth. The whole idea is to grow people from within the talent pool for larger roles in future. That has led to higher retention of people within the company.

ACT Fibernet believes employees will climb mountains if they find purpose in what they do. Internal communication is very important and provides employees the opportunity to connect with senior management. Future-proofing also means developing the ability to adapt to changes. Hence, innovation is a big focus area. IDEAFEST, a platform for employees across functions to test out ideas and promote innovation, encourages them to develop their ideas on product innovation, process innovation and service innovation. The platform is open to all employees.

Another area that gets attention is performance. It involves goal-setting at the beginning of the fiscal followed by a mid-year review and an annual review. For this, each group of employees sets goals and achievements.

ACT Fibernet also works on sustainability in partnership with ESG experts. Among the key focus areas in ESG are e-waste disposal and minimal usage of cable. F

#10

VEDANTA LTD.

Vedanta Swears By Women Power

India's first all-women rescue team, flexibility in work hours and focus on employee mental well-being help company stand out as a future workplace.

By **NEVIN JOHN**

PRIYA AGARWAL HEBBAR, daughter of industrialist Anil Agarwal, holds a rare distinction when it comes to women leadership. The board of the company she heads as chairperson, Hindustan Zinc (HZL), a subsidiary of Vedanta Ltd., has more women than men—five women versus four men. "Our dedication to gender diversity is not rhetoric," she says.

HZL has another feather in its cap. It is the first mining company in India to have an all-women mine rescue team. "The team has seven women officers who underwent extensive training for tackling emergencies. The training was in accordance with international standards, with officers displaying determination and indomitable spirit," says Hebbar.

In 2019, when law permitted women to go underground, HZL became the first company in the country to have underground women mining engineers. Gender diversity in Vedanta Ltd. is 14%; it's targeting 20% by 2030. Hebbar, who holds a bachelor's degree

"We team up fresh B-School recruits with Vedanta veterans for driving innovation."

Priya Agarwal Hebbar, head, people practices, Vedanta Group

in Psychology and Business Management from University of Warwick in the U.K., steers people's practices across Vedanta group. She is also on board of Vedanta Ltd.

"We believe in creating an environment where women employees feel supported and empowered throughout their professional and personal journeys," she says. Vedanta recently introduced a new parenthood policy under which women are allowed a sabbatical of up to 12 months; the organisation has promised job security to those who wish to take a break after birth of their child. Under the policy, those choosing to work immediately after maternity leave can work from home or avail of flexible working hours. The policy also ensures career assurance during maternity leave and additional support for career growth. Vedanta has also introduced a one-day monthly 'No Questions Asked' work-from-home to ensure physical and mental health of women employees.

The company's recruitment strategy helps create a diverse and inclusive workforce, ensuring that every individual has access to equal opportunity, says Hebbar. For instance, Vedanta has an Inclusion Policy for LGBTQIA+ community that includes support for gender affirmation surgery with 30 days leave and financial assistance of ₹2 lakh.

One of Vedanta's core strengths is its multigenerational workforce, says Hebbar. It strengthens employee-management bond, she adds. Vedanta recruits over 1,500 freshers every year. "We team up fresh B-School recruits with Vedanta veterans for driving innovation. We also introduce capable young talent into our decision-making bodies early in their careers," she adds.

Vedanta management prefers selecting leaders from within the group. For instance, it has a Vice-Chairman Internal Growth Workshop Programme aimed at identifying hidden talent. The company also has CEO's monthly townhall with all employees and business partners. Over 18 townhalls were conducted, with more than 3,000 virtual attendees, last year. Its platform, Gurukul, is a digitally driven feedback-centric learning and development initiative, a platform for internal leaders and external experts to share expertise. It is a digital repository of knowledge sessions and emerging ideas. V-Desire is an initiative to capture ground-level insights and ideas. Under this, employees self-nominate for roles or propose ideas/problems. The company also runs Moonshot Project, the central hub for capturing impactful ideas from all businesses and domains.

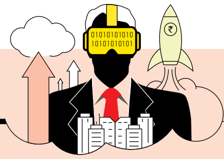
For physical well-being of employees, the company has initiated flexible work arrangements and set up fitness facilities. It also provides assistance for personal challenges as part of mental and emotional well-being initiatives.

On sustainability, Vedanta aims to be a net zero carbon business by 2050, besides net water positive by 2030. The group is providing skill training to 2.5 million families. It plans to plant seven million trees by 2030. It has reused/recycled nearly 20% hazardous waste generated since FY20. By 2030, the company's entire light motor vehicle fleet will run on renewable fuels. ■

WHAT WORKED

- **Inclusion policy for LGBTQIA+ community that includes support for gender affirmation surgery with 30 days leave and financial assistance of ₹2 lakh.**
- **Hindustan Zinc board has more women than men. First mining company in India with an all-women rescue team.**
- **Women are allowed a sabbatical of up to 12 months; job security to those who wish to take a break after birth of their child.**
- **One-day monthly 'No Questions Asked' 'work from home' to ensure health of women employees.**

PHOTOGRAPH BY **NARENDRA BISHT**



METHODOLOGY

How We Did It

FORTUNE INDIA and CIEL HR — a leading HR solutions company — worked together to identify the 'Future-ready Workplaces' in India Inc. for 2024. We identified six aspects that separate the men from the boys.

These dimensions were developed after discussions with industry leaders and in-house experts and insights of CIEL HR. Based on the six dimensions, we asked in-depth questions in the form of surveys and one-on-one interviews. Companies from BFSI & fintech, IT services and GCC, manufacturing, infrastructure and mobility solutions, science & engineering and consumer products & services, among others, were invited to participate in the survey.

Each dimension was given weightage as below:

Culture and Performance Focus: 20% each; Innovation, Resilience, Nurturing and Sustainable Drive: 15% each.

Once the responses were in, the evaluation of the company's HR practices was conducted according to the six cohorts encompassing multiple parameters within its scope.

Culture/Performance

Organisational culture in HR refers to the set of values, beliefs, and behaviours that characterise how individuals within a company interact with each other, clients and stakeholders. Organisations with strong HR practices use these principles across processes. The actions and interactions of employees, reflecting cultural norms are the behaviours we see consistently across the organisation. A positive and strong organisational culture can contribute to a more productive and fulfilling work environment. Key elements of organisational culture were identified in:

- **Leadership style:** The approach and behaviours of leaders within the organisation, setting the tone for the entire workforce. The priorities they set and the style they exhibit in dealing with difficult situations reflects the culture.
- **Recruitment:** The competencies they assess, the behaviours they look for and the approach they take throughout their recruitment process reflect the organisation's culture.
- **Employee engagement:** The extent to which employees feel connected to the organisation, its mission, and their roles.
- **Learning and development:** The emphasis on continuous learning and skill development as part of the organisational culture.
- **Innovation:** The organisation's approach to creativity, risk-taking, and adaptation to change.

Innovation Hubs/Resilience

Entails proactive integration of creative solutions and cutting edge technologies to elevate various facets of human resource management. It involves:

- **Technology integration:** Adopting advanced tools to streamline HR processes, improve communication.
- **Strategic talent management:** Developing inventive strategies for attracting, retaining, and nurturing talent.
- **Employee engagement initiatives:** Introducing creative programmes that enhance job satisfaction.

Career planning involves aligning individual goals with organisational needs, providing skill development opportunities and integrating it with performance management. HR facilitates succession planning, career planning, mentorship, and work-life balance to engage

PHOTOGRAPH BY GETTY IMAGES

employees and support their professional growth within the organisation.

• **Learning & development:** Learning and Development is vital for firms as it enhances employee performance, facilitates adaptation to change, reduces turnover, fosters innovation, supports succession planning, boosts employee engagement, improves morale, and attracts top talent.

Nurturing

"Nurturing" in the context of HR practices refers to supportive efforts undertaken by the organisation to foster growth, development and well-being of its employees. It encompasses a range of initiatives and policies aimed at creating a positive and conducive work environment that helps individuals thrive both professionally and personally. The concept of nurturing involves:

• **Mentorship and coaching:** Establishing mentorship programmes or coaching initiatives that connect experienced employees with those who are newer or seeking guidance, promoting knowledge transfer and personal growth.

• **Work-life balance:** Implementing policies and practices that support a healthy work-life balance, acknowledging the importance of personal time and well-being.

• **Communication and feedback:** Encouraging open and transparent communication, providing constructive feedback, and creating a culture that values employee input and suggestions.

• **Health and wellness programmes:** Implementing wellness initiatives, health programmes and benefits that contribute to employees' physical and mental well-being.

• **Supportive leadership:** Fostering a leadership style that is supportive, empathetic, and responsive to the needs of employees; creating an environment where individuals feel valued.

Sustainable Drive

Corporate social responsibility (CSR) is now a common parlance. It involves companies taking responsibility for their impact on society, both environmentally and socially. CSR involves going beyond compliance with laws and regulations and engaging in actions that benefit the community, the environment and the company's stakeholders. HR teams either lead the CSR practice or play an important role in conceptualising the policy and executing it in order to make the organisation sustainable over a long time.

Social impact

• **Community engagement**: Companies engage in activities that contribute to the well-being and development of communities in which they operate. These can include philanthropy, community development projects, and support for local initiatives.

• **Environmental impact:** Implementing sustainable practices to minimise the environmental impact of business operations such as initiatives to reduce carbon footprint, waste reduction, and the use of eco-friendly technologies.

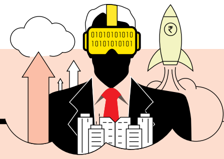
• **Conservation:** Supporting environmental conservation efforts, including initiatives to protect biodiversity, natural resources, and ecosystems.

Ethical business practices

• **Ethical sourcing**: Ensuring that the supply chain adheres to ethical standards, including fair labour practices, human rights and anti-corruption measures.

• **Transparency:** Main-

Companies are adopting advanced tools to streamline HR processes.



Future-ready Workplaces

1

AXIS BANK
GIG-A-Opportunities programme for gig workers, from digital banking to audit, credit policies; Axis Women in Motion, a programme that encourages women to stay relevant via interactions with the bank's women leaders.

2

HAPPIEST MINDS TECHNOLOGIES
Mindfulness training to improve productivity and improve work-life balance; portal where employees can post questions to executive board or functional heads.

3

LARSEN & TOUBRO
Independent Companies that have their own CEOs, CFOs, HROs, budgets and five-year growth plans; seven-step programme to groom leadership from the bottom; large-scale digitisation drive with the help of AI, chatbots.

4

ZYDUS LIFESCIENCES
Doing away with bell curve for senior managers; councils for hiring talent and promoting staff; open talent movement between verticals.

8

KPMG INDIA
AI-based chatbot to answer employee queries and provide them a timely nudge on training, other compliances; "Learning for a Lifetime" programme, which has helped skill, reskill 21,000 employees.

9

ACT FIBERNET
IDEAFEST, a platform for employees across functions and levels to test out ideas, and promote innovation; goal-setting at the beginning of the fiscal followed by a mid-year review and annual review.

10

VEDANTA
"Leadership from Within" programme to identify talent based on background, performance and potential; Gurukul, a digitally driven feedback-centric learning and development initiative.

11

VOLTBEK HOME APPLIANCES
Quarterly town hall meetings; project-specific cross-functional teams for specialised initiatives; focus on employee development, growth and mentorship.

15

DENTSU INDIA
Collaborative "get togethers" where employees are divided into client units and tasked with brainstorming ideas, solutions; Thinking Room, a dedicated space to brainstorm and collaborate on ideas, fostering innovation.

16

EXIDE INDUSTRIES
Academies including Exide Sales Academy, Exide Manufacturing Academy, Exide Coaching Academy; goal-setting workshops to help executives analyse cross-function linkages.

17

BLUESMART MOBILITY
Maternity and adoption leaves, additional work-from-home benefit for returning mothers; salary advance policy for financial support to employees; tie-up with National Skills Development Corporation to train and skill women in driving EVs.

18

RELIANCE BP MOBILITY
Action Learning Projects to identify talent; flexi working policy that allows employees to choose work hours; CEO town hall to promote transparency and camaraderie.

23

PAYNEARBY
Nurturing talent with small cohorts of top talent that take up challenging projects; appraisals every six months to recalibrate goals; Skip Meetings with directors to help staff interact directly.

24

WUERTH ELEKTRONIK INDIA
Cross-functional collaborations; internal talent identification and development to aid employee growth.

25

PRODAPT SOLUTIONS
Training and certification programme for Robotic Process Automation to enhance employee skills; Lakshya, an annual event to discuss future plans; Confluence, a monthly platform for recognising employee contributions.

26

SICK INDIA
Action plans based on employees' skills; succession planning and focus on career development for high performers; quarterly awards and employee-recognition programmes.

A Fortune India-CIEL HR study of Future-ready Workplaces

(According to rank)

5

SWIGGY
Moonlighting policy to help employees work outside the company; financial support for new parents; employee stock options for employees.

6

CGI INDIA
Around 10 communities of practice (CoPs) to bring together practitioners and subject matter experts; The ICE (innovate, collaborate and evolve) programme to evaluate and support employee ideas; career carnival for employees.

7

TVS SUPPLY CHAIN
"Grow Your Own Timber" approach for talent development; focus on hiring from Tier-II colleges; nurturing talent internally (75% of talent is homegrown).

12

BRIGADE ENTERPRISES
B3 Recruitment process — identification for cultural fit, technical and psychometric tests and background verification; Brigade Broadcast group from executive chairman's office for communication with staff.

13

THE FEDERAL BANK
Federal Academy of Career Excellence providing leadership practices, research support; learning-integrated on-the-job training programme models.

14

PAYPAL INDIA
Quarterly all-hands meetings, timely surveys and feedback via workday; initiatives such as "Date with PayPal" and "Ideathon" to engage and promote a positive culture; AI-powered employee virtual assistant chatbot.

19

ZEN TECHNOLOGIES
Promotion system based on accountability and on-time project completion; weekly training and learning sessions for managers; feedback through one-on-one meetings.

20

NIPPON PAINTS
"Let's Chat With President" initiative to help employees communicate with top bosses; physical centres to train painters; architects and young designer awards to facilitate growth.

21

SPANDANA SPHOORTY FINANCIAL
Continuous Performance Management systems to evaluate employees; regular town hall meetings, team briefings, and open-door policy.

22

ETRADE MARKETING
Feedback Fridays — monthly one-on-one check-ins with team members; role-specific screening assessments to ensure fitment of candidates.

27

AO SMITH
Psychometric evaluations for sales people; multi-level leadership involvement in day-to-day operations.

28

REFLECTIONS INFO SYSTEMS
Innovation Hubs for collaboration, idea generation, and development of prototypes; Career Development Framework based on capabilities of employees.

29

UNIPART GROUP
Monthly management workshop to discuss roadmaps; employee referral, skill matrix development; regular employee surveys; focus on hiring talent from Tier-I colleges.

30

JAIN UNIVERSITY
Employee fitment and performance mapping; identification and mentoring programmes; feedback sessions and discussions; 24/7 staff support; alternative work options.

taining transparency in business operations and communications, including disclosure of environmental and social performance.

Stakeholder engagement

- **Customer relations:** Building positive relationships with customers through ethical marketing, fair pricing and quality products or services.
- **Investor relations:** Communicating CSR efforts to investors and stakeholders, commitment to long-term sustainability.
- **Charitable giving:** Contributing to charitable causes and firms through financial donations.
- **Employee volunteering:** Encouraging and supporting employees in participating in volunteer activities and community service. F

INFOGRAPHIC

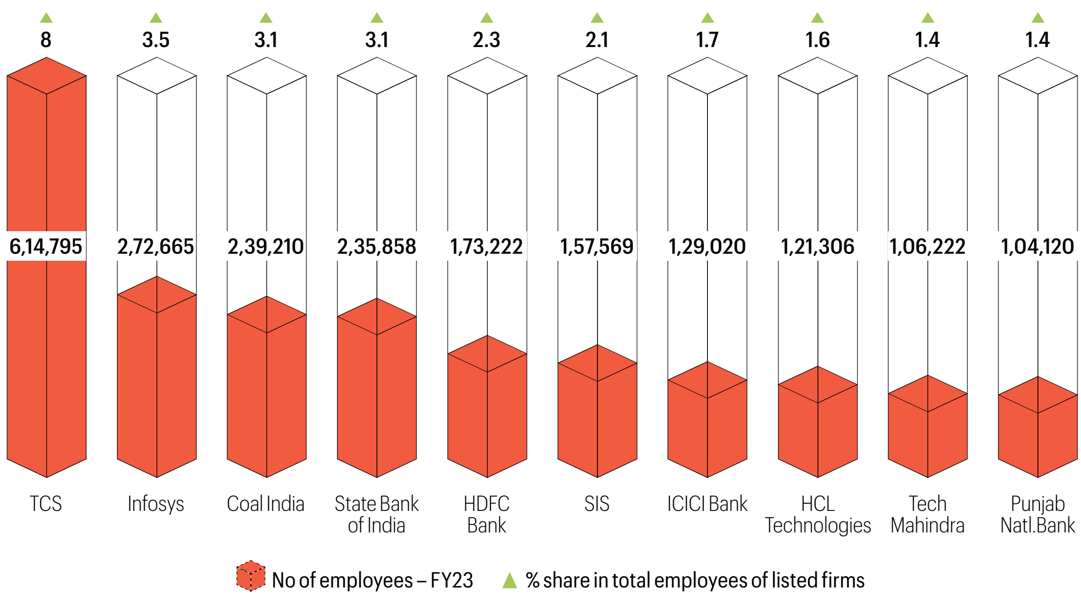
What Employers Do To Stay On Top

IT companies and banks feature among largest employers in the country. Here's the lowdown on what India Inc.'s big boys are doing to keep employees engaged.

By **SHIVANI SHARMA**

IT Giants Take Top Two Slots In Staff Strength...

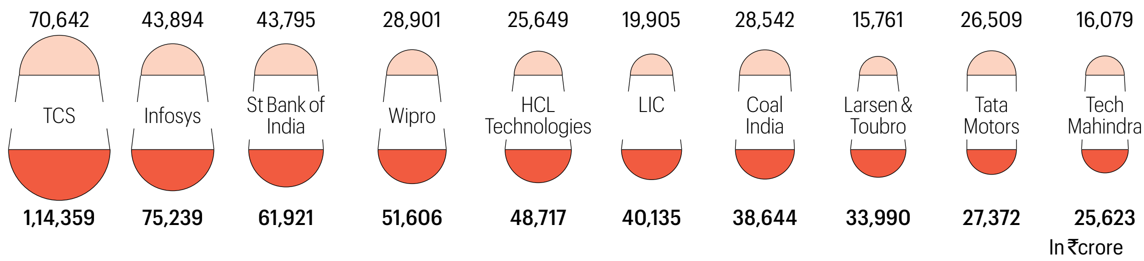
Top 10 account for 28% of total India Inc. employees



GRAPHIC BY **AMIT SHARMA**

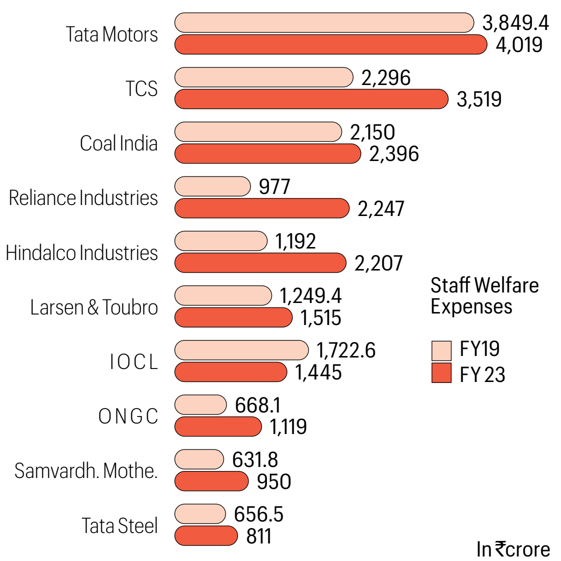
They Also Dominate Salary Charts

Top 10 payers report 70% rise in salary bill since FY19



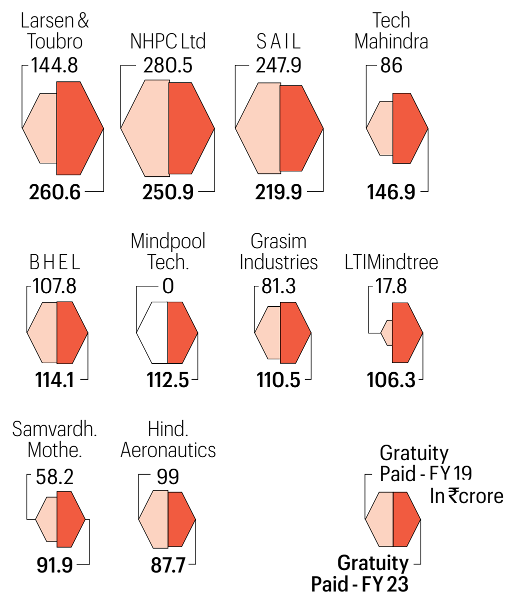
Tata Group Companies Lead In Staff Welfare

Expenses On Staff Welfare By Listed Firms Rise 31%



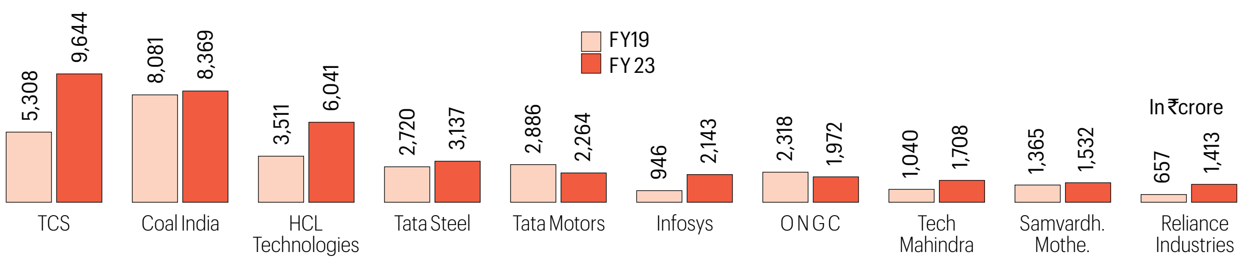
Infrastructure Players Lead In Gratuity Expenditure

Aggregate gratuity payments rise 22% from FY19



TCS Leads In Providing For Life After Work

Funds like pension, EPF are future security for employees. These contributions have risen 28% in last five years



Breaking Barriers At India Inc.

Fortune India's MPW winners have set the stage for the future.

▲ **POWER-PACKED**
Chief Guest Smriti Irani, union minister for women and child development and union minister of minority affairs, and Guest of Honour Marcella Wartenbergh, CEO of Spanish fashion group AWWG with the winners of the Fortune India's Most Powerful Women In Business Awards in Mumbai.

IT WAS AN OCCASION to meet the women leaders making a difference with their leadership in India Inc. Top leaders responsible for business growth across sectors, including women leaders of Indian origin in positions of power globally, graced Fortune India's Most Powerful Women (MPW) In Business Awards at the Jio World Convention Centre in Mumbai on March 15, an occasion to celebrate the leaders who made a mark in business and economy in the previous year.

Addressing the winners, chief guest, Smriti Irani, union minister for women and child development and union minister of minority affairs said corporate India is not stepping up to empower women even though the government has provided a framework. A few months ago, *Fortune India* and SPJIMR began work on a whitepaper backed by the Ministry of Women & Child Development, CII, Bill & Melinda Gates Foundation and Karmanya Counsel to identify and recommend 'ACTIONABLE SOLUTIONS' to enhance women leadership in corporate India.

"What has come out of this whitepaper is that women know companies now have a legislative framework of giving 26 weeks of maternity leave but are scared to use it because they look upon it as an opportunity for the company to offload them," says Irani. "There has been, for too long, a presumption that SMEs don't know better and that is why women don't have enhanced opportunity with regard to career advancements in such companies. The problem is that the top of the pyramid is equally unjust. Until such time we keep looking only at the bottom of the pyramid and think the top is sorted out, we will be doing great injustice to women," she adds.

The MPW event started off with panel discussions. The first discussion was on Corporate India's Unconscious Bias. Marcella Wartenbergh, CEO of Spanish fashion group AWWG that includes brands such as Pepe Jeans London, Hackett, Faconnable who was also the Guest of Honour at the

MPW Awards ceremony, says she applies the rule of equal CVs of men and women to ensure diversity in her organisation. "Then we see who comes out of that. We need to make a bigger effort right from scratch. It's not about men or women, but women also need to believe they can do it." She also spoke on policy changes, saying reporting and mandates are good, but expertise in the team is important. "We need to have balance, so leaders not seeking equality will not survive. Men love to work with women and women with men. Any manager not supporting diversity will not survive in the next five years," she adds.

Daisy Chittilapilly, president, Cisco India and SAARC, says men have to be part of the programme design. "Intentionality is a big part of it. Don't make the pipeline excuse." Pavitra Shankar, MD, Brigade Group, says people need to see that women are bringing value to the table, which is important. "In terms of unconscious biases, some may be exposed in their family. The conversation should be about men being allies of women, not against them," says Shankar.

BEYOND BIASES From right: Vivek Pandit, senior partner, Mckinsey & Company; Ritu Arora, CEO and chief investment officer, Asia-Pacific, Allianz Investment Management; Pavitra Shankar, MD, Brigade Group; Marcella Wartenbergh, CEO, AWWG; Daisy Chittilapilly, president, Cisco India and SAARC, and Ajita Shashidhar, editor-at-large, *Fortune India*, during the panel discussion on Corporate India's Unconscious Bias.

WOMEN ON TOP From right: Guneet Monga Kapoor, producer and CEO, Sikhya Entertainment; Akshali Shah, board member and executive director, Parag Milk Foods; Ghazal Alagh, co-founder, Mamaearth; Vinati Saraf, MD & CEO, Vinati Organics, and Rukmini Rao, consulting editor, *Fortune India* during the panel discussion on Women Entrepreneurship Uninhibited.

Ritu Arora, CEO and chief investment officer, Asia-Pacific, Allianz Investment Management, says when she joined the company, she was surprised to know 80% of the team was women in her company. "I asked the previous male manager, how he nurtured women-dominated leaders. He said he didn't think it was men vs women but a neutral issue. The moment there are conflicts about men vs women, conflicts start."

The second discussion was on Women Entrepreneurship Uninhibited. "This is the best time that India is seeing entrepreneurship, especially women entrepreneurship, where the ecosystem and government are working together to ensure that more women take up entrepreneurship and enjoy greater participation across fields. We have not seen a better time than this ever before," says Ghazal Alagh, co-founder, Mamaearth.

Vinati Saraf, MD & CEO, Vinati Organics, expects in the next 10

TALKING POINTS Chief Guest Smriti Irani, union minister for women and child development and union minister of minority affairs in conversation with Fortune India editor-in-chief Rajeev Dubey.

> *"Until such time we keep looking only at the bottom of the pyramid and think the top is sorted out, we will be doing great injustice to women."*
>
> **Smriti Irani**

WISE WORDS Guest of Honour and CEO of Spanish fashion group AWWG, Marcella Wartenbergh, at the event.

years, women will not require women-specific recognition because they will constitute 50% of the workforce as well. Concurring with other panellists, Akshali Shah, board member and executive director, Parag Milk Foods says this is the best time for women entrepreneurship.

Colleen D'Souza, HR head, Mercedes Benz India

Meanwhile, Guneet Monga Kapoor, producer and CEO, Sikhya Entertainment says, "We are not each other's competition, we are each other's companion."

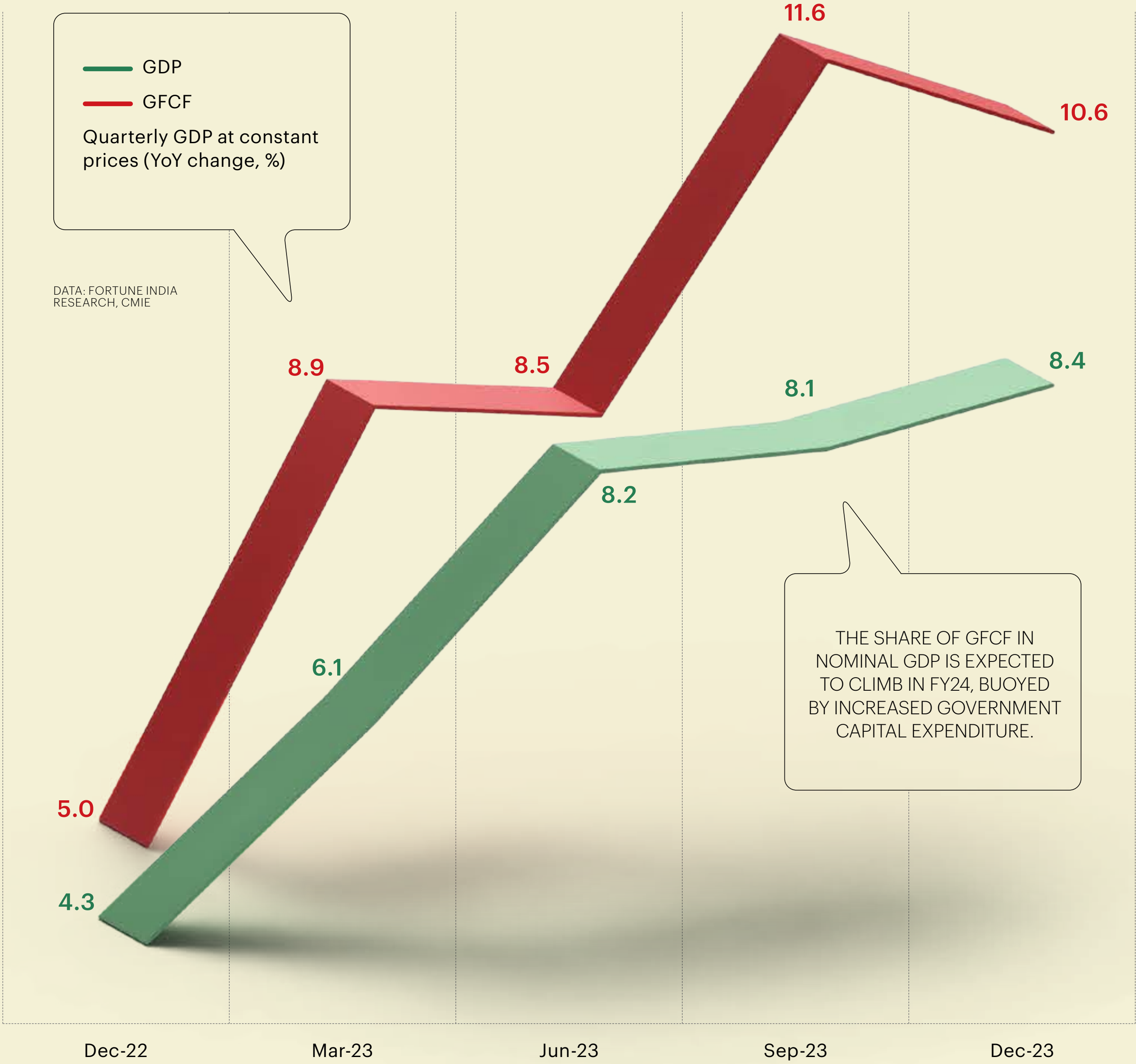
Addressing the audience, Guest of Honour Marcella Wartenbergh, says, "It is not necessary that you cannot get success or recognition if you don't go through a journey, but it is important to go through those roads and need to recognise them and be happy."

"If you want to win a marathon, you need to train for the marathon. Running a marathon without sweat is not possible," says Wartenbergh, while sharing her success journey.

Speaking at the Fortune India MPW event, the CEO of the Spanish fashion group Pepe Jeans says leaders need to believe in change because it is not possible to progress without change. Citing an example of Blackberry and iPhone, Wartenbergh says Blackberry was the boss during her childhood, but it failed to evolve like iPhone and died.

Colleen D'Souza, HR head at Mercedes Benz India, says, "in the corporate realm, breaking barriers is not a one-time event. It's an ongoing commitment to dismantle systemic obstacles that hinder the full realisation of diverse talent."

The event culminated with the Most Powerful Women in Business Awards being bestowed on the winners by Chief Guest, Smriti Irani. The Fortune India MPW awards were sponsored by Mercedes Benz, Air-India Express and Amrut Distilleries. F



IT'S STILL HEAVY LIFTING BY THE EXCHEQUER!

IN THE DECEMBER 2023 QUARTER, gross fixed capital formation (GFCF) emerged as the fastest-growing segment of GDP, marking a significant uptick in investment demand within the economy. Recording a robust 10.6% growth, GFCF notched double-digit expansion for the second straight quarter, surpassing the previous eight quarters' average growth of 7.4%. This surge in investments played a pivotal role in driving GDP growth during the quarter, as evidenced by the jump in the economy's investment rate. The investment rate, or the proportion of GFCF in GDP, leaped to 32.4% in the December quarter, up from 31.8% in the same quarter the previous year. Looking ahead, the share of GFCF in nominal GDP is anticipated to climb to 31.3% in FY24, up from 30.7% in FY23, buoyed by increased government capital expenditure. But what is glaring is the absence of private sector spending — **V. Keshavdev**

GRAPHIC BY **VIKAS VERMA**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APRIL 2024

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NEWS, EVENTS, PROMOTIONS + IDEAS

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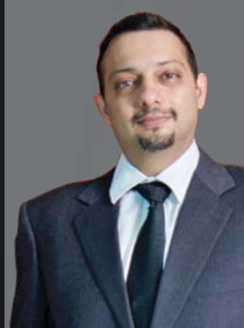
AKASH AGARWAL
DIRECTOR, SISCO RESEARCH LABORATORIES PVT. LTD



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