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**AUTO EXPO**  
**FUTURE STOCK**  
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A BATTLE ROYALE  
LOOMS AS **AMAZON**  
BOUNDS IN

CAN  
FLIPKART  
STOP  
HIM?



**Amit Agarwal**  
Country Manager,  
Amazon India

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# From the Managing Editor

There are few businessmen around in India who have taken what were essentially start-up gigs to stratospheric levels in the last three decades: Brijmohan Lal Munjal in bikes, N. R. Narayana Murthy in software services, Subhash Chandra in broadcast media, Aditya Puri in banking, Sunil Mittal in telecom, Anil Agrawal in commodities, and Kishore Biyani in retail. If you lower the bar a little in terms of wealth created, you have the likes of Harsh Mariwala in consumer goods, the now-fallen Jignesh Shah in financial markets, Kiran Mazumdar-Shaw in biotech, and, in recent years, Rahul Bhatia in aviation and Rahul Sharma in phones. (If you move the time slider back a little, you would have the king of them all, Dhirubhai Ambani, but he's not alive.) The common thread running through their stories is that all of them kept their enterprises at the top of the game as the market for their wares boomed. That may seem a truism in hindsight, but think about this: there were other better-resourced competitors in each of their markets but these gents, and lady, came up tops.

That is the essence of entrepreneurship. There's always someone out there who's hungry for the next big thing. If he or she is stupid enough to take the risk and a bunch of things like team, market timing, early benign customers, and luck come together right, some succeed wildly. Especially in markets that come into being

almost overnight. Even if the odds are near impossible – one in hundreds of thousands, if not millions, makes it big – I think the underdog has the advantage in this game. As, too, Sachin Bansal and Binny Bansal, the co-founders of Flipkart, India's top online retailer by revenues. (The Chandigarh boys are not brothers; Sachin is the son of a grains trader and a homemaker, Binny of a bank manager and government employee.) In the exploding market of e-commerce – India's crossed \$10 billion in such business – luck has been with Sachin and Binny so far. They had the distributed computing basics to write code that helped Flipkart scale, the early entrant's luck, and a remarkable ability to

learn along the way. But all their chuptzah will be challenged in the years ahead as they prepare to battle it out with Amazon, started nearly two decades ago by another underdog, Jeff Bezos, and with sales that are nearly half of India's federal revenues. Read from page 56 the story of Amazon's entry into India and how Flipkart is ready for the fight with its elbows stuck out. Associate Editor Sunny Sen and Assistant Editor Taslima Khan put together the two-story package.

Chronicling business and economy in these times is serious work but there are fun stories to be done, too. Just as we have interesting stories this issue of Gond art edging towards the mainstream (page 126), the Auto Expo (page 50), and the Bollywood Bhatt's hit formula (page 86), there are a few deep-dive stories that will set you thinking. On page 76, Special Correspondent Sarika Malhotra writes of Bihar's surging excise revenues on the back of a five-fold jump in liquor consumption in the state over six years. Liquor has always been a source of easy revenues for governments but comes with social costs, and Bihar is not any different. Senior Editor N. Madhavan writes about a deeply troubling year for the truck and bus makers in India and how the business, with strong linkages with the rest of the manufacturing economy, may be stuck in the mud for a while (page 102). As sobering is fellow Senior Editor Anand Adhikari's story (page 92) on how difficult it is for the banking system to get rid of its burgeoning non-performing assets. The RBI has taken the stance that lenders need to exit bad loans even it means taking a haircut, but as it turns out choices are not easy in an economy with little visibility of a turnaround. If food inflation continues to ease (page 16) in the coming months, that could change.



*Josey Puliyenthurathel*  
 josey.john@intoday.com  
 @joseyjohn

<http://www.businesstoday.in>

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● Editorial Office: India Today Mediaplex, FC 8, Sector 16/A, Film City, Noida-201301; Tel: 0120-4807100; Fax: 0120-4807150 ● Advertising Office (Gurgaon): AF-42, Enkay Centre, Ground Floor, VN Commercial Complex, Udyog Vihar, Phase 5, Gurgaon-122001; Tel: 0124-4948400; Fax: 0124-4030999; Mumbai: 1201, 12th Floor, Tower 2 A, One Indiabulls Centre (Jupiter Mills), S.B. Marg, Lower Parel (West), Mumbai-400013; Tel: 022-66063355; Fax: 022-66063226; Chennai: 5th Floor, Main Building No. 443, Guna Complex, Anna Salai, Teynampet, Chennai-600018; Tel: 044-28478525; Fax: 044-2436942; Bangalore: 202-204 Richmond Towers, 2nd Floor, 12, Richmond Road, Bangalore-560025; Tel: 080-22212448, 080-30334006; Fax: 080-22218335; Kolkata: 52, J.L. Road, 4th floor, Kolkata-700071; Tel: 033-22825398, 033-22827726, 033-22821922; Fax: 033-22827254; Hyderabad: 6-3-885/7/8, Raj Bhawan Road, Somajiguda, Hyderabad-500082; Tel: 040-23401657, 040-23400479; Ahmedabad: 2nd Floor, 2C, Surya Rath Building, Behind White House, Panchwati, Off: C.G. Road, Ahmedabad-380006; Tel: 079-6560393, 079-6560929; Fax: 079-6565293; Kochi: Karakatt Road, Kochi-682016; Tel: 0484-2377057, 0484-2377058; Fax: 0484-370962 ● Subscriptions: For assistance contact Customer Care, India Today Group, A-61, Sector-57, Noida (U.P.) - 201301; Tel: 0120-2479900 from Delhi & Faridabad; 0120-2479900 (Monday-Friday, 10 am-6 pm) from Rest of India; Toll free no: 1800 1800 100 (from BSNL/MTNL lines); Fax: 0120-4078080; E-mail: [wecare@intoday.com](mailto:wecare@intoday.com)

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## Great Strategy

The feature on Maruti (*God Is in the Detail*, February 2) was worth reading. Despite cut-throat competition from other automobile giants such as Volkswagen, Ford, and Toyota, and the current downturn in the auto market, Maruti has succeeded at the Herculean task of winning back the 40 per cent plus marketshare it earlier had. Maruti's strategy of focusing on

villages, on network, resale value, re-purchase (through true value), and cheaper parts, is laudable. With an affordable price tag, the re-born Alto has also picked up sales. Though Maruti's contribution in the four-wheel segment is high, its management should not rest on its laurels. It should concentrate more on exports.

**Akhilesh Kumar Sah, Faizabad**

## AAP Conundrum

The spectacular win of the AAP in the Delhi assembly election has brought it into national and even global focus (*Free Speech Haven*, February 2). The massive support it received has also prompted the party to go national and think of fielding around 400 candidates in the coming Lok Sabha elections. So setting out its policies on all fronts such as economics, foreign affairs, health, education and agriculture, has become imperative. But the recent dharna on the streets by AAP Chief Minister Arvind Kejriwal against the Central government has

raised many a question. Is it the right kind of action for a new party aiming at national significance? Time will tell.

**Jacob Sahayam, Thiruvananthapuram**

## India's "Head"

This refers to your story on the debate over Article 370 of the Constitution which grants special status to Jammu & Kashmir (*Article of Contention*, January 5). State Chief Minister Omar Abdullah's remark "...we are at one corner of the country. So neither are we a market nor at a logistic advantage" is, however, incorrect. In fact, Kashmir is the "head" of our nation, geographically. It is high time the government reviews some of the major hurdles impeding investment – such as the provision that debars non-residents from buying property in the state – so that Kashmir attracts both talent and business from outside its borders.

**V.N. Ramaswamy, Hyderabad**

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**Bill Gates predicts there will be no poor country in the world by 2035.**

Either the poor country will have a new definition or it will be missing from map.

- **Nik Azri**

**RBI to withdraw all pre-2005 currency notes.**

It is a very good step to reduce fake currency.

- **Prakash Das**

**Starbucks opens two more stores in Bangalore.**

But how much it will cost for a small cup of coffee or tea? - **Praveen Jha**

**Real estate prices are still high despite weak demand: India Ratings.**

Definitely, the real estate prices are crashing soon. So for new investors, it will be a long-term profit.

- **Siddhesh Vijay Patil**

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[businesstoday.in/amazon-india](http://businesstoday.in/amazon-india)

[businesstoday.in/flipkart-amazon](http://businesstoday.in/flipkart-amazon)

### Fading Attraction

Doing business in India is losing its charm for foreign investors, finds Ernst & Young's third India Attractiveness Survey.

[businesstoday.in/bizattraction-survey](http://businesstoday.in/bizattraction-survey)

### Cautious Consumers

Consumer sentiment is tepid and likely to dampen retail sales in 2014.

[businesstoday.in/retail2014](http://businesstoday.in/retail2014)

### Sound Performance

Assessing a range of recently launched portable speakers.

[businesstoday.in/portable-speakers](http://businesstoday.in/portable-speakers)

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### Assessing Skill Developers

Skill development is a buzzword today, but how effective are those working in this field? A host of assessment agencies have sprung up to find out, says Shamni Pande.

[businesstoday.in/skiller-ratings](http://businesstoday.in/skiller-ratings)

### No Rejoicing Yet

Inflation numbers may be down for December, but many concerns remain, says Manu Kaushik.

[businesstoday.in/inflation-dec](http://businesstoday.in/inflation-dec)

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**Date with Davos:** Emerging-market economies will feel some impact from the US Federal Reserve's winding down of its stimulus but India is better prepared than last year to deal with it, Finance Minister P. Chidambaram (second from left) said during a panel discussion at the World Economic Forum in Davos, Switzerland. Other panelists at the discussion were Nikesh Arora, Chief Business Officer at Google Inc.; Sunil Bharti Mittal, Chairman of Bharti Airtel; Jeremy Bennett, CEO for Europe, Middle East and Africa at Nomura Holdings Inc.; and *New York Times* columnist Thomas Friedman.

## Corporate

Domestic airlines have slashed fares by as much as 50 per cent on advance bookings as peak travel season draws to a close. SpiceJet was the first off the blocks, with IndiGo, GoAir, Air India announcing similar fares in quick succession. The discounted tickets are valid until April 15.

Ranbaxy Laboratories suffered a fresh setback as the US Food and Drug Administration banned drug imports from the company's Toansa factory citing manufacturing violations. Last year, the company pleaded guilty to felony charges relating to manufacture and distribution of adulterated drugs made at two factories and agreed to pay \$500 million to settle charges.

The richest 85 individuals hold wealth equivalent to that owned by the bottom half of the world's population, according to a report titled 'Working For the Few' by international development organisation Oxfam. Since the late 1970s, tax rates for the richest have fallen in 29 of the 30 countries for which data are available.

Tata Motors has launched its first indigenously developed petrol engine Revotron for passenger vehicles. The company, which commands 9-10 per cent market share in the diesel segment, aims to make a strategic shift to a complete portfolio with the four-cylinder engine sporting multi-point fuel-injection technology.

## Corporate Scorecard

Results for quarter ending December 2013:

	Net Sales	Year-on-year change	Net Profit	Year-on-year change
Colgate Palmolive	884	16%	113	9%
Dabur India	1,904	17%	243	15%
HDFC	6,020	15%	1,278	12%
Larsen & Toubro	14,388	12%	1,241	22%
Bharti Infratel	2,731	4%	411	62%
Cairn India	5,000	17%	2,884	-14%

Sales and profit in ₹ crore

Arogyaswami Paulraj, Professor Emeritus at Stanford University, has become the first Indian to bag the Marconi Society Prize, considered an equivalent to the Nobel prize for the technology sector. Paulraj, who served 25 years in the navy, is credited with developing wireless technology used in Wi-Fi and fourth-generation (4G) mobile systems.

China's economy grew 7.7 per cent in 2013, matching the previous year's pace, amid painful reform measures taken to avoid defaults on huge debts. This is the first economic data of the government that assumed power last March under the leadership of Xi Jinping in a once-in-a-decade political transition in the communist nation.

## Economy

The worst is over for India's economy, with gross domestic product likely to expand 5 per cent to 5.5 per cent this year and more than 6 per cent in 2015, according to Moody's Analytics. Concerns over the rupee and current account deficit are under control, said the agency. Ratings firm Crisil has forecast 6 per cent growth for 2014/15, up from the estimated 4.8 per cent for 2013/14.

Tepid economic growth, infrastructure bottlenecks, and lack of transparency and consistency in foreign direct investment policies seem to have taken a toll on India's attractiveness as an investment destination, says an Ernst & Young survey. Projects with FDI component fell 16.4 per cent across the globe in 2012 from the previous year. The drop in India was steeper at 21 per cent.

State-run carrier Air India is doling out free tickets to its 24,000 employees, even as it expects to incur a loss of ₹3,900 crore this financial year and has a debt burden of ₹35,000 crore. Functional directors and joint managing directors are entitled to get 24 free tickets each year while deputy general managers and above get 20 passages. Assistant general managers and senior AGMs with less than 20 years of service can avail 12 such tickets and those above 20 years can get 16. Half of these tickets can be used for global travel.

## 550,000

The number of jobs generated across India in 2013, a fall of 0.4 per cent as compared with a year earlier. The National Capital Region has a one-fourth share in total jobs created, according to a study by industry lobby group ASSOCHAM. Banks, real estate, automobile and telecommunications sectors are showing a rise in job creation.

## \$805 mn

Investments by venture capital firms in India during 2013, registering a drop of about 18 per cent over the previous year. The Information Technology and IT-Enabled Services industry retained its status as the favourite among venture capital investors in 2013.

## Markets

Pakistan has temporarily banned gold imports for the second time in six months, as it tries to stem smuggling into India. India's import duty on gold is 10 per cent and curbs on purchases have dried up legal imports into what used to be the world's biggest bullion buyer. The World Gold Council puts the amount smuggled into India at up to 200 tonnes in 2013.

The Reserve Bank of India (RBI) has proposed that unclaimed bank deposits, estimated to be about ₹3,500 crore, be used for education and awareness among depositors. According to the plan, deposits that have not been claimed for at least 10 years will be transferred to the scheme.

## Coming Up

The government is planning to offer four of the proposed 10 coal blocks to be auctioned in the first lot through competitive bidding to the power sector. It is yet to finalise the sectors to which the other six blocks would be offered in the first tranche. The road map for the auction is set to be ready in a month.

The RBI has set up an expert panel to review the governance of bank boards. The panel, chaired by former chairman and CEO of Axis Bank, P.J. Nayak, will submit its report within three months after its first meeting.

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## Off the Boil

Food inflation is set to decline further, thanks to a projected record rabi harvest.

By AJAY MODI

**T**he country is poised for a record harvest this year. This is why prices of pulses like gram (*chana*) are down by more than 30 per cent, year-on-year. Onion prices have crashed, after their rise made headlines four months ago. Commodities such as groundnuts and maize are selling below their minimum support price (MSP). Sugar prices remain soft. The central government has nearly 43 million tonnes of grain stock – well above the 25-million-tonne norm. All indicators point to a bearish trend in food prices and a fall in food inflation in coming



months.

High food prices, witnessed primarily during the July-to-November period of the 2013/14 financial year, were a crucial factor in the recent state polls, and contributed to the dismal performance of the Congress. In a media interaction in early January, Prime Minister Manmohan Singh admitted that his government had not succeeded in controlling inflation. "This is primarily because food inflation has increased," he said.

But the situation is changing. "If you compare January 2014 prices with those in January 2013, they will be more or less the same. Going forward, prices will remain in control and food inflation will keep coming down every month for the next five months," says Ashok Gulati, Chairman of the Commission for Agricultural Costs and Prices, and a sector expert. However, he added that inflation would persist in items such as milk and meat, because of demand pressure arising from higher incomes. Government data shows milk prices in Delhi have risen by more than 13 per cent since January 2013, to ₹34 per kilo.

Onion prices crashed after remaining abnormally high in September-October last year. At the retail level, they were almost at ₹100 per kg. They are now available at ₹25 per kg. The government



**"FOOD INFLATION  
WILL KEEP  
COMING DOWN  
EVERY MONTH  
FOR THE NEXT  
FIVE MONTHS"**

**Ashok Gulati**  
*Chairman,  
Commission for Agricultural  
Costs and Prices*

had to cut the minimum export price of the bulb from \$1,150 per tonne in early November to \$350 in mid-December, to encourage exports and prevent a free fall in domestic prices.

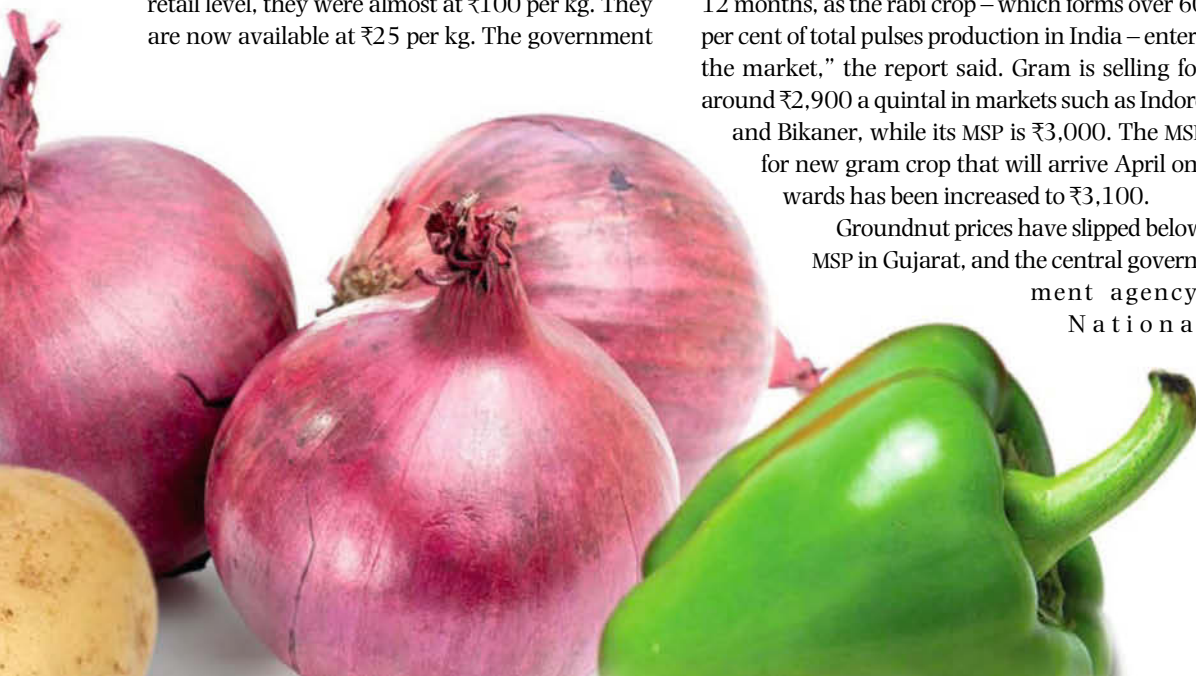
N. R. Bhanumurthy, Professor at the National Institute of Public Finance and Policy, says: "Prices are off the peak. With estimates of a historically high agricultural output, one can expect prices of most edible commodities to fall. The

downside, however, could be limited, since there will be some cost push inflation in these."

Sugar prices have been depressed for more than a year. At the retail level, sugar is selling for ₹35 to ₹36 per kg in Delhi, compared to ₹37 a year ago, according to data with the Department of Consumer Affairs. The same data shows that retail prices of gram *dal*, *arhar dal*, mustard oil and wheat are down, compared to last year.

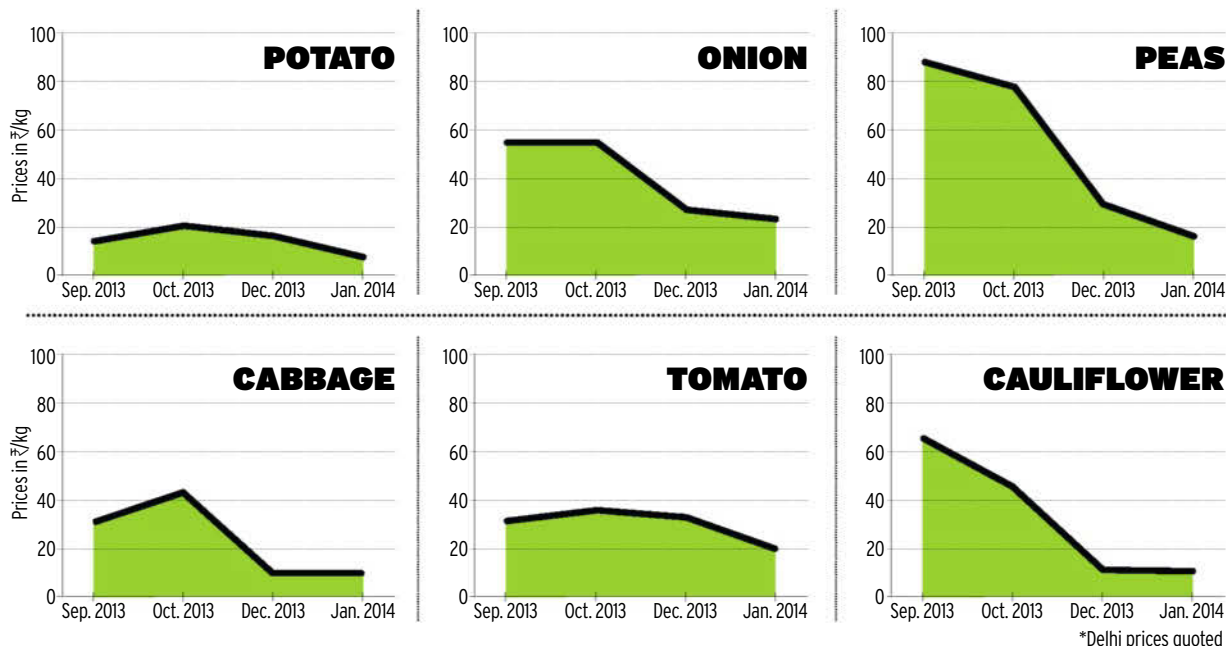
Declining prices of pulses provide huge benefits to Indian households where pulses form a dominant source of protein, says a December report by CRISIL. This is especially true for vegetarian households. India is indeed the world's largest producer, consumer and importer of pulses. "Pulses inflation will most likely remain significantly low in the next 12 months, as the rabi crop – which forms over 60 per cent of total pulses production in India – enters the market," the report said. Gram is selling for around ₹2,900 a quintal in markets such as Indore and Bikaner, while its MSP is ₹3,000. The MSP for new gram crop that will arrive April onwards has been increased to ₹3,100.

Groundnut prices have slipped below MSP in Gujarat, and the central government agency, National



# Veggie Treat

Prices\* of most vegetables have begun declining



Agricultural Cooperative Marketing Federation (NAFED), has been called in to procure groundnuts at MSP. NAFED is also doing so in Rajasthan. Earlier, it had to similarly intervene when the market price of *urad dal* slipped below its MSP.

There is also marked decline in vegetable prices. Supplies have improved, but the increase in production must be sustained to ensure the inflation rate stays moderate. "Once there is a clear estimate of the rabi output, further easing of price pressure is possible," says Shashanka Bhide, Senior Fellow at the National Council of Applied Economic Research.

Rising vegetable prices had also contributed to high inflation, and their cooling is reflected in the latest inflation data. In December 2013, wholesale price index-based inflation fell to 6.16 per cent from 7.52 per cent in November, triggered by the fall in vegetable prices. In December 2012 it had been 7.31 per cent.

Commenting on the vegetable price outlook, Pradipta Sahoo, Business Head at Safal, the vegetable and fruit retail arm of Mother Dairy, says: "No abnormal price fluctuation is expected in vegetables until at least mid-April if weather conditions remain normal."

As of January 1 this year, the government had 15 million tonnes of

rice and 28 million tonnes of wheat in the central pool, for sale through the public distribution system at subsidised rates. Rice procurement is currently on, and fresh wheat procurement will begin from April. The large stock in the government kitty ensures that open market prices do not rally, as the government can intervene any time if required. Agriculture Minister Sharad Pawar said recently that the country was likely to harvest a record 100 million tonnes of wheat in the 2013/14 crop year (July to June), beating the record of 94.88 million tonnes in 2011/12.

The sowing of rabi crops such as wheat, oilseeds and pulses is progressing well, and is above last year's levels. After the rabi crop is harvested in April and May, prices will drop further. A Food and Agriculture Organization report in November 2013 noted that incremental import requirements of edible oil by India in 2013/14 should be small, compared to previous years, because of the domestic harvest.

The United Progressive Alliance government had to deal with the untamed price rise of the second half of 2013, following erratic and unseasonal rain in some states. But things are changing. It remains to be seen who reaps the political benefit of moderating food prices. ♦

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RAJ VERMA

## Curious Confluence

Narendra Modi's economic vision has much in common with that of former prime minister Atal Bihari Vajpayee. By SHWETA PUNJ

**MODI SPEAKS WITH CONVICTION ON HOW FUTURE CITIES WILL COME UP AROUND OPTICAL FIBRE NETWORKS AND EMPHASISES THAT SCIENCE AND TECHNOLOGY WILL LAY THE FOUNDATIONS OF MODERN INDIA**

On an October morning in 1998, then Prime Minister of India, Atal Bihari Vajpayee, called his finance minister Yashwant Sinha to discuss a 'big idea' before his address at FICCI, one of the two largest industry bodies in the country. Vajpayee wanted to put forth an idea to key business leaders that would capture their imagination.

That's when he first pitched the idea of connecting the country through a network of highways. "The government will start within this year and from twenty different places from across the country work on a major 7,000-km road project," he told a FICCI gathering on October 24, 1998.

At the time, the proposal by the Vajpayee-led government to connect the entire country through highways and roads was considered

audacious. "People made fun of Vajpayee. They would ask where the money will come from," says Sinha. "There were several challenges, including land acquisition issues." The ₹54,000-crore project – currently underway – was initially funded through an additional ₹1 cess on petrol and diesel.

Fifteen years later, reactions are somewhat similar to BJP's prime ministerial candidate Narendra Modi's vision for India which includes interlinking rivers, introducing bullet trains, modernising railways and building gas grids, optical fibre networks and a hundred smart cities. It will cost the exchequer some ₹20 lakh crore.

Interlinking rivers is an idea that took shape in the Vajpayee era in 2002 – it seeks to link 14 Himalayan rivers in North India



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**MODI'S IDEAS  
HAVE BEEN  
PANNED BY  
CRITICS FOR  
BEING TOO FAR  
AWAY FROM THE  
REALITIES OF  
INDIA AND NOT  
NECESSARILY  
ORIGINAL**

and 16 peninsular rivers in South India – but was put on the backburner after the Congress-led UPA came to power in 2004. “The idea has the potential to prevent floods and droughts, provide new sources of hydro power and irrigate millions of hectares of land,” says Vinayak Chatterjee, Vice Chairman of Feedback Infra, a leading integrated infrastructure services company.

At an awards function in New Delhi on January 17, Modi also spoke with conviction on how future cities would come up around optical fibre networks and emphasised that science and technology would lay the foundations of modern India. His audience included doyens of the IT industry, including Shiv Nadar, Kiran Karnik, Vineet Nayyar and C.P. Gurnani. “I am not a fan of Modi or his party but he seems to understand innovation,” says a senior IT company executive who did not want to be named.

Modi's vision document seems to be in sync with what Vajpayee began. While Vajpayee started the process of laying the building blocks of the nation through roads, highways, linking of ports, etc. Modi is taking that vision forward by focusing on information highways. “Vajpayee was the first prime minister who thought about linking all rural roads to all the major markets of the country. When you plan nationally, you need to have an understanding of the grassroots and Modi is a man of development himself. He clearly has the vision,” says Suresh Prabhu, former power minister in Vajpayee's cabinet.

Modi's followers say that his vision for India is based on what he has delivered in Gujarat. For instance, there are about 125 smart city projects underway in the state.

## COST OF MODI'S VISION

**₹560,000  
crore  
for interlinking  
rivers**



**₹300,000  
crore  
for 100 smart cities**

**₹100  
crore per km of  
track for bullet trains**



Smart cities are connected through IT as well as through traditional roads and highways.

But Modi's ideas have been panned by critics for being too far away from the realities of India and not necessarily original. Bullet trains, for instance, are prohibitively expensive and the idea has been in the pipeline for many years now. There is already a plan in place to provide broadband connectivity to over 200,000 gram panchayats by expanding India's optical fibre network. A proposal by Modi to provide real time data on agriculture was termed redundant by prominent agri economists as tracking output using satellites is considered unviable in India where farm sizes are small. But then experts also say this is the first time after many years that infrastructure is finding its way back into the main political

discourse and conversation is moving away from entitlement based incentives.

“I am happy that interlinking of rivers is being spoken about again. It is a programme that could have four times the impact of national highways. All these ideas can lead to huge employment generation. I give them full marks for saying these things,” says Chatterjee. Others are more cautious. “All of this sounds very good, but unless you fill in the gaps and spell out the details, it can all very well be rhetoric,” says Rajiv Kumar, Senior Economist at Centre for Policy Research.

Vajpayee had the unmatched ability to take people along with him on crucial decisions. It is a trait Modi will need to work on to execute his vision. ♦

@shwetapunj



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- IFR Asia review of the year 2013, by Thomson Reuters

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**Mahindra & Mahindra Ltd.**  
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**TATA Power Ltd.**  
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Ports and Terminals Limited

**Reliance Ports & Terminals Ltd.**  
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'AAA' 10 Yr Secured Bond Issue  
Sole Arranger  
July 2011

Single largest Issuance at the time of Issue by a private sector Issuer, solely underwritten by a single Bank



**Reliance**  
Utilities and Power Private Limited

**Reliance Utilities & Power Pvt. Ltd.**  
INR 20 Bn  
'AAA' 10 Yr Secured Bond Issue  
Sole Arranger  
April 2013

Single largest Long Tenor Issuance by a private ltd. company, solely underwritten by a single Bank



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- Rana Kapoor, MD & CEO, YES BANK

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# Last Minute Hurry

With the government hard put to meet its fiscal deficit target, disinvestment is now an imperative. By ANILESH S. MAHAJAN

Finance ministry officials are running against time to meet their disinvestment and fiscal deficit targets. The Election Commission is expected to announce the dates of the general election in the third week of February. Once these are set, all kinds of restrictions will kick in.

By November 2013, the fiscal deficit was reportedly at 94 per cent of the full-year target. Officials in the ministry are worried that the deficit seems intractable even after curtailing expenditure, so they are looking at non-tax means of raising revenue. The government is trying to boost disinvestment numbers before the vote-on-account scheduled for February 17.

In the last Budget, Chidambaram had set a disinvestment target of ₹40,000 crore. Sales of stakes in seven PSUs over first two quarters have raised only ₹3,000 crore, of which the Power Grid Corporation of India Ltd (PGCIL) stake alone brought in ₹1,637 crore. The government has also offloaded stakes in Hindustan Copper, National Fertilizers and MMTC.

"The government needs to figure out when and where it will get maximum returns for its assets," says Anis Chakravarty, economist at Deloitte Touche Tohmatsu. "It should not be an exercise of the last two quarters, but should be based on systematic year-long planning."

On January 21, the government-backed Specified Undertaking of the Unit Trust of India (SUUTI) appointed three

bankers – JPMorgan Chase & Co, Citigroup Inc and JM Financial Ltd – to help it sell its 23.58 per cent stake in Axis Bank on the stock market. The government is expected to get ₹12,000 crore from this sale. It is also keen to sell SUUTI's equity in L&T and ITC.

Chidambaram's team also plans to disinvest from Hindustan Zinc, BALCO, Engineers India, BHEL and Hindustan Aeronautics. On January 20, the Cabinet Committee on Economic Affairs (CCEA) cleared the auction of the residual 29.5 per cent government stake in Hindustan Zinc.

Already, the finance ministry has forced Coal India Ltd (CIL) to choose between five per cent disinvestment or payment of an interim dividend. CIL's board, under pressure from trade unions opposed to the disinvestment, decided to pay a dividend totalling ₹18,317 crore, so the government would get dividend distribution tax as well. On January 10, Chidambaram met Coal India Chairman S. Narsing Rao, IndianOil Chairman R.S. Butola and ONGC Chairman Sudhir Vasudeva, to iron out his ministry's plan to rake in more revenue.

This meeting took place a day after petroleum minister M. Veerappa Moily in a CCEA meeting opposed the sale of a 10 per cent government stake in IndianOil, arguing its share price was currently well below its 52-week peak. The finance ministry expects ₹4,000-5,000 crore from the IndianOil deal. ♦

**₹ 40,000 crore**  
Disinvestment target for 2013/14 announced in last budget



**CHIDAMBARAM'S TEAM ALSO PLANS TO DISINVEST FROM HINDUSTAN ZINC, BALCO, ENGINEERS INDIA, BHEL AND HINDUSTAN AERONAUTICS**



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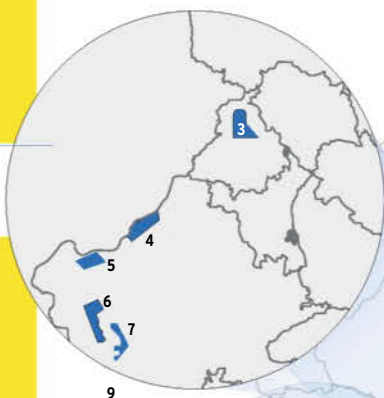
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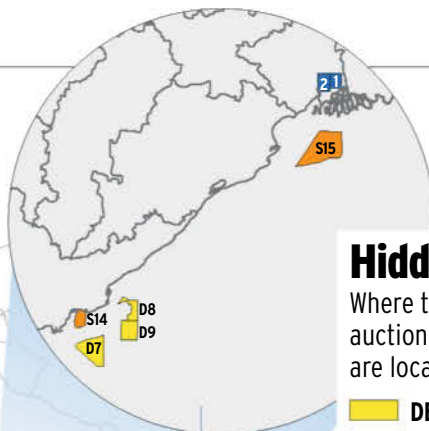
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**On-land blocks**  
Rajasthan: 4,  
Punjab: 1



**On-land blocks**  
West Bengal: 2  
**Shallow water blocks**  
Krishna Godavari basin: 1  
Mahandi-NEC basin: 1  
**Deepwater blocks**  
Krishna Godavari basin: 3

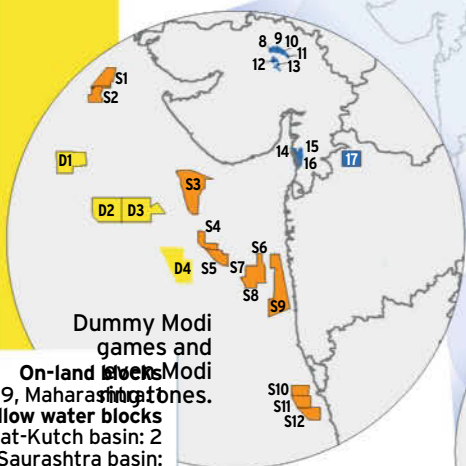


## Hidden Treasure

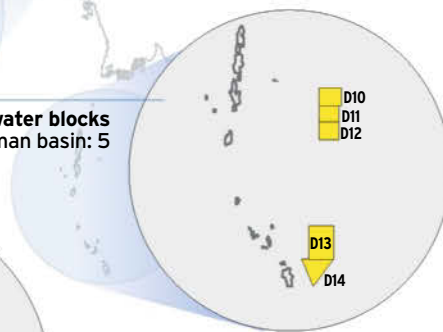
Where the 46 blocks being auctioned in NELP Round X are located

**DEEP WATER - 14**  
**SHALLOW WATER - 15**  
**ON LAND - 17**  
**TOTAL - 46**

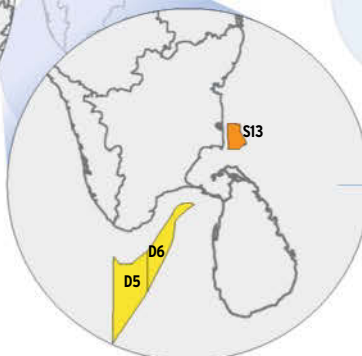
**Dummy Modi games and**  
**On-land blocks**  
Gujarat: 9, Maharashtra: 10  
**Shallow water blocks**  
Gujarat-Kutch basin: 2  
Gujarat-Saurashtra basin: 1, Mumbai basin: 6, Kerala-Konkan basin: 3  
**Deepwater blocks**  
Gujarat-Saurashtra basin: 3, Mumbai basin: 1



**Deepwater blocks**  
Andaman basin: 5



**Shallow water blocks:**  
Cauvery basin: 1  
**Deepwater blocks:**  
Cauvery basin: 1  
Kerala-Konkan basin: 1



# Go Forth and Explore

The new round of bidding for oil and gas blocks, unlike before, will allow those exploring to carry on irrespective of the nature of the fuel they find. **By ANILESH S. MAHAJAN**

Petroleum Minister M. Veerappa Moily has set the ball rolling for the next round of the new exploration licencing policy (NELP). It is the tenth round of the NELP, probably the last, as it may soon be replaced by Open Acreage Licensing Policy, which will permit companies to select the blocks they want to explore without waiting for the government to make an offer.

The change this time is that NELP X offers an integrated approach to exploration. The block operator will be allowed to go ahead irrespective of the fuel found – coal bed methane, shale gas, conventional gas or oil. “There

will be the same contract with no distinction relating to the source of gas,” says P. Elango, CEO of Cairn India. “This is a step forward.” Currently, companies can only explore the fuel specifically mentioned in their contracts.

Recently, the petroleum ministry declared the shale gas policy, which allows only PSUs to participate in exploration. But under NELP X, even private companies can tap shale reserves if discovered in the blocks allotted to them for exploring other fuels. In 2009/10, US based Joshi Technologies had informed the Directorate General of Hydrocarbons (DGH) that it had hit upon shale rocks while explor-





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ing its block in the Cambay basin off Gujarat. But it was not given clearance to go further, since no policy had been formulated.

Much has changed. In a significant policy decision, the petroleum ministry notified the new gas pricing formula for domestic gas, which in fact has paved the way for the current auction of blocks. The new formula links the gas price with the price of gas at four international hubs. "Now things are much more streamlined," says an official in petroleum ministry. The pricing formula for gas having been determined, the ministry is pushing for a revenue sharing model, he adds.

All necessary approvals are in place for the auction of the 46 blocks, according to Moily. Of these 17 are onland, 15 are shallow water and 14 are deep-water blocks. This round will include the auction of blocks in two of India's basins with proven potential – one in Rajasthan and the other near the Reliance Industries' (RIL) owned KG D6.

But in his hurry to announce the new round of NELP, the petroleum minister seems to have ignored the fact that the cabinet is yet to decide on the fiscal regime for the round. Officials in the DGH also say the list announced by Moily is not final yet and 10 to 15 more blocks might be auctioned, along with the 46 shortlisted. The minister has not yet announced the auction date.

Moily himself is keen on revenue-sharing contracts with explorers, replacing the current profit-sharing mechanism or the cost recovery model. This was also suggested by a committee headed by the Prime Minister's Economic Advisory Council Chairman, C. Rangarajan. A revenue-sharing contract would not be linked to the cost incurred by the operator. This is important in the wake of

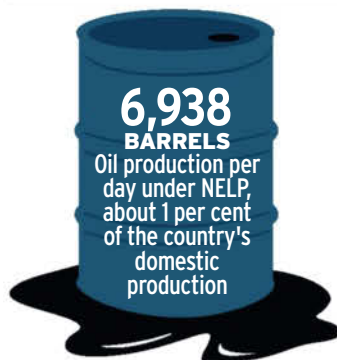
## THE STORY SO FAR

A snapshot of India's oil and gas scenario after nine rounds of bidding under the NELP

**254** BLOCKS AWARDED

**117** companies at work

**\$21.3** billion total investment



the controversy involving RIL – the company has been accused by some of 'gold-plating' (inflating) its KG-D6 gas field costs to take a larger share of revenues than it should have.

But a revenue generation contract, which does not factor in the cost incurred by the operator, is unlikely to go down well with the private sector. "This might not be an attractive regime for the biggies of the world," says Aashish Mehra, Managing Partner of the US based Strategic Decisions Group's Asia Pacific chapter. India, in any case, is not an attractive destination for investments by oil and gas exploration companies. In the last nine rounds of NELP auctions over 16 years, India offered 254 blocks, which -- after 128 discoveries from 42 blocks -- are producing a meagre 6,938 barrel of oil per day, and 14.14 mmscmd of gas. In contrast, a pre-NELP block in Rajasthan operated by Cairn India produces 200,000 barrels daily.

This is the reason many cabinet ministers want to continue with the existing cost recovery model. "The cabinet has to take a view on the financial regime. Some cabinet colleagues have their own views, we will weigh them and then take a decision," says Moily. In a recent report, a high-level committee headed by Vijay Kelkar also ratified the cost recovery model.

Moily, then, appears to be pushing ahead with NELP X without tying up all the loose ends. Also, experts believe that to invite international players, India needs to do extensive marketing including road shows, at which the minister's presence is required. "When general elections are round the corner, it looks really impractical to have bids before it," says an industry expert, on condition of anonymity. ♦

@AnileshMahajan

**IN HIS HURRY TO ANNOUNCE THE NEW ROUND OF NELP, MOILY SEEMS TO HAVE IGNORED THE FACT THAT THE CABINET IS YET TO DECIDE ON THE FISCAL REGIME FOR NELP X**



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# Ad hoc Decision

Can Indian advertisers and broadcasters afford a TV ratings blackout, even if it is for a few months? By AJITA SHASHIDHAR



**BROADCASTERS  
AND  
ADVERTISERS  
WILL HAVE NO  
WAY OF  
MEASURING  
VIEWERSHIP IN  
CASE OF A  
RATINGS  
BLACKOUT**

**T**hursday mornings are crucial for Indian broadcasters as they wait with bated breath for TAM Media Research's weekly viewership ratings. After all, it is these ratings that draw in much-needed advertising revenue. But, of late, the country's only viewership rating agency is the one that has been holding its breath. The reason? Early in January, the government issued guidelines barring a single company from owning more than 10 per cent in both a ratings agency as well as a broadcaster, advertiser or advertising agency. TAM Media Research is a 50:50 joint venture between WPP-owned Kantar Market Research Services and New York-based A.C. Nielsen. TAM has less than a month to comply.

Kantar had challenged the rule in the Delhi High Court, but the industry is worried. A new industry-backed TV viewership measurement company, the Broadcasters Audience Research Council (BARC), will be launched on October 1. But, until then, broadcasters and advertisers will have no way of measuring viewership. Can the industry afford to do without ratings, even if temporarily? Most in the industry are hopeful TAM will get a breather, but in case of a ratings blackout, they will have no choice but to rely on trends. Bashab Sarkar, Senior Vice President (Media), Emami Ltd, says the industry can manage for a couple of months, but any more will lead to confusion. "Ratings darkness would lead to inefficient buying and chaos. I don't think we will get

into such a situation. If we do, we have to use our judgement and make projections," says Sarkar. Others in the industry agree. "We have a lot of historic data and understand well how the TV industry operates. We will make temporary adjustments," says N.P. Sathyamurthy, President DDB Mudra Max.

While big broadcasters with a large viewership base may not be so worried, Jehil Thakkar, Partner (Media Practice), KPMG, says a long ratings-free period could hurt smaller broadcasters. "Advertisers will rely on perception and gut feel, and this is where the smaller ones will suffer," he says. "Bigger ones like the Hindi entertainment channels have already created a perception of reaching out to a certain core audience which advertisers can't ignore. They will try to cut ends with the smaller ones due to lack of information."

However, Smita Jha, Leader (Media Practice), PricewaterhouseCoopers, sees the row as an opportunity to develop new yardsticks for viewership measurement. "With digitisation, most distribution companies have information on actual viewership and how many homes various channels reach," she says. "Almost all broadcasters today have

a relatively good presence on online and mobile platforms which is not properly measured. A period without ratings would probably force the stakeholders to take other forms of data more seriously." ♦

## Blank Screen

- ★ Advertising companies barred from owning more than 10 per cent in a TV viewership ratings agency
- ★ New viewership measurement company to be launched on Oct 1

@AjitaShashidhar



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<sup>1</sup> Based on IBM comparison of configuration and setup by customer onsite versus delivered by IBM using Intelligent Cluster service which is an optional feature available at additional cost.

<sup>2</sup> 3x cores based on industry standard 42U rack comparing 42 1U x3550 M4 rack servers with 2 Intel® Xeon® E5-2600 processors 8 cores each = 672 cores vs 84 NeXtScale System rx360 m4 nodes with 2 Intel Xeon E5-2600 v2 processors 12 cores each for 2016 total cores.

<sup>3</sup> SPECint\_rate\_base2006 - 669 on IBM iDataPlex dx360 M4 (Intel Xeon E5-2690) vs. 918 on IBM NeXtScale rx360 M4 (Intel Xeon E5-2697 v2.) [www.spec.org](http://www.spec.org). Results current as of 20/09/2013.

<sup>4</sup> SPECpower\_ss2008 - 5392 on IBM iDataPlex dx360 M4 vs. 7347 on IBM NeXtScale rx360 M4. [www.spec.org](http://www.spec.org). Results current as of 20/09/2013.

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# 1) The power generation targets set by the government are being met...



# LOST IN TRANSMISSION

**Power tariffs** may have been cut recently in Delhi and Maharashtra, and more states may follow suit. But **power supply** continues to be a problem. India has the **biggest synchronised power grid** in the world with **236 GW** installed capacity. **At the root of its power woes is poor transmission**

Graphic by Anand Sinha Text by Niti Kiran

## Many villages still have to be electrified

PERCENTAGE  
OF UNELECTRIFIED  
VILLAGES

NAGALAND  
**30%**

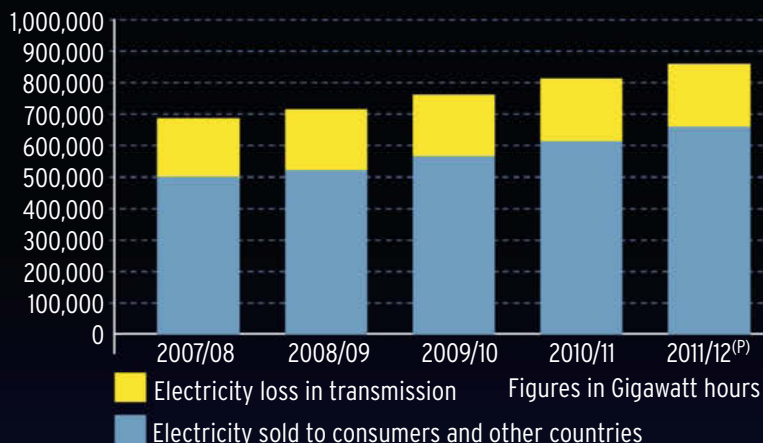
ARUNACHAL PRADESH  
**24.5%**

ORISSA  
**21%**

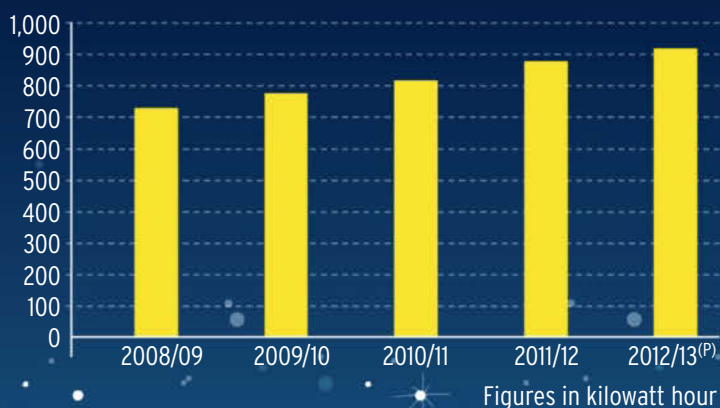
MEGHALAYA  
**13.7%**



## 2) ... but almost a quarter of the supply is lost during transmission



## 4) ... even though the per capita consumption of electricity is very low by global standards



## 3) This is one of the major reasons why India continues to have a high power deficit...

Requirement	Availability
2009/10	830,594 - 746,644
<b>DEFICIT</b>	
<b>83,950</b>	

2010/11	861,591 - 788,355
<b>DEFICIT</b>	
<b>73,236</b>	

2011/12	937,199 - 857,886
<b>DEFICIT</b>	
<b>79,313</b>	

2012/13	998,114 - 911,209
<b>DEFICIT</b>	
<b>86,905</b>	

2013/14*	259,181 - 243,683
<b>DEFICIT</b>	
<b>15,498</b>	

\*up to June 2013

Figures in million units

Source: Energy Statistics 2013, Central Statistics Office

MANIPUR  
**13.7%**

UTTAR PRADESH  
**11.1%**

As on November 30, 2013

# Enchanted Frontiers

Trends that will dominate the tech world in 2014. By NIDHI SINGAL

## WEARABLE TECH

Google Glass and smartwatches created a buzz in 2013. There are high expectations in this area in 2014. Pebble has added a steel cast to its smartwatch and priced it at \$250. LG has also forayed into this segment with its 'Lifeband Touch' accompanied by its 'Heart Rate Earphones', a wristband paired with a smartphone and earphones to monitor your heart rate

## 4K LAPTOPS

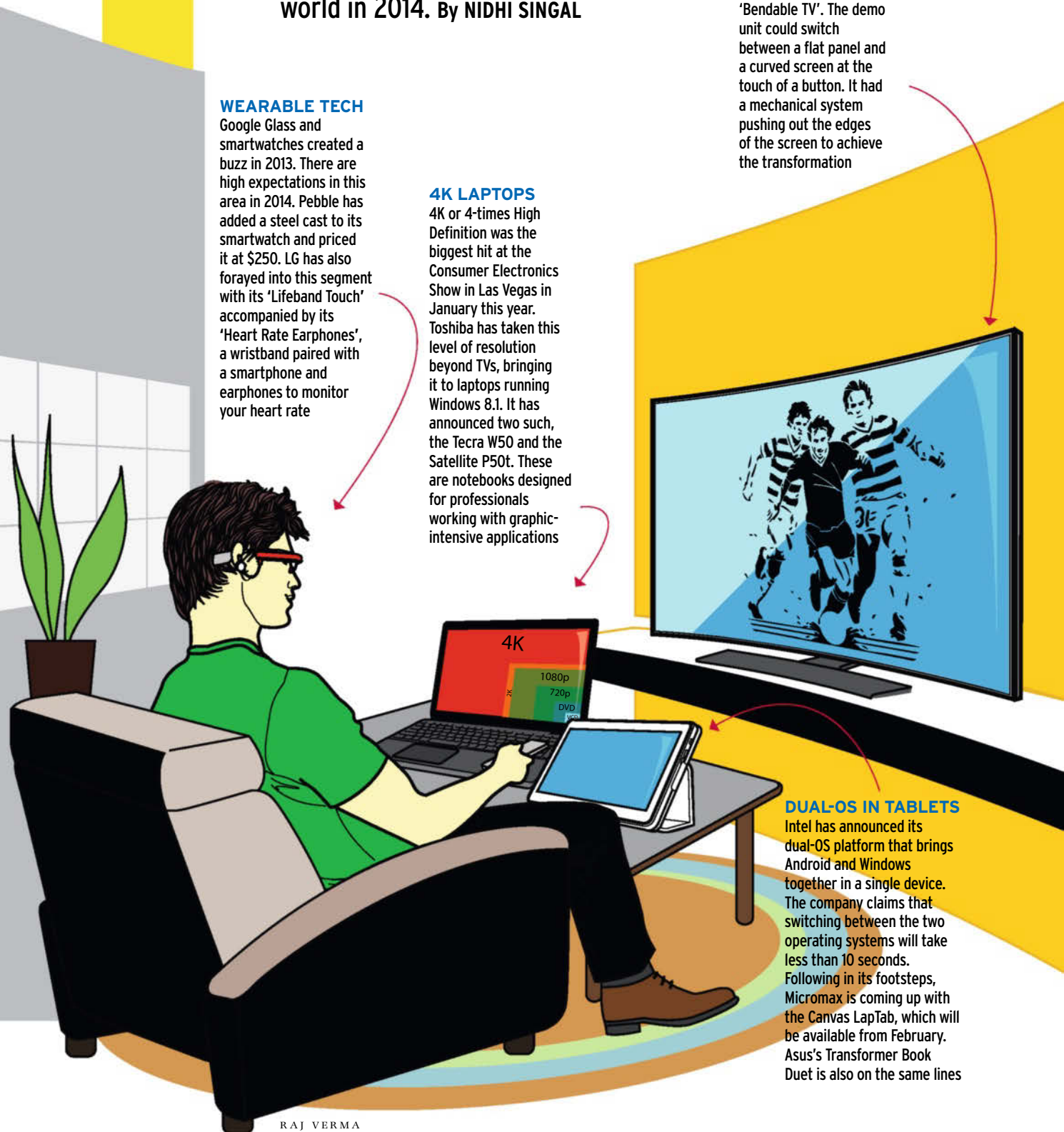
4K or 4-times High Definition was the biggest hit at the Consumer Electronics Show in Las Vegas in January this year. Toshiba has taken this level of resolution beyond TVs, bringing it to laptops running Windows 8.1. It has announced two such, the Tecra W50 and the Satellite P50t. These are notebooks designed for professionals working with graphic-intensive applications

## TVs THAT BEND

This is a prototype, but prototypes show the future. Samsung recently showcased its 85-inch 'Bendable TV'. The demo unit could switch between a flat panel and a curved screen at the touch of a button. It had a mechanical system pushing out the edges of the screen to achieve the transformation

## DUAL-OS IN TABLETS


Intel has announced its dual-OS platform that brings Android and Windows together in a single device. The company claims that switching between the two operating systems will take less than 10 seconds. Following in its footsteps, Micromax is coming up with the Canvas LapTab, which will be available from February. Asus's Transformer Book Duet is also on the same lines





# WIDEN YOUR WORLD

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## Hold it Tight

What happens when a supercar and a luxury brand come together? You get the most expensive waistbelt in the world. Bugatti and Swiss luxury brand Roland Ilten have unveiled an incredible trouser belt, R22 Bugatti Calibre, which costs more than a new Porsche Cayman. Limited to just 11 units, the belt comes with a £60,000 price tag. The belt has 100 moving, mechanical pieces. Each component is carved by precision laser from a solid block of gold or titanium.



## What Lies Within

It took more than 50 hours for Angie Collins, resident of Devon, UK, to get back her diamond wedding ring worth £18,000, after her pet dog swallowed it. She had left the ring on a side table and was shocked when her dog Jack popped it into his mouth and swallowed it. After sieving Jack's poop for two days, she finally found the diamond. She promptly insured it this time, which she had not done before.

## Where is Kejriwal?

State-run Chhattisgarh Power Distribution Company has asked residents of Boergaon, in Gariaband district, to pay ₹5.78 lakh for the village's electrification. Boergaon is home to a very poor tribe, which cannot even dream of paying such an amount. Ironically, the power connection is a welfare project designed for the village ahead of Lok Sabha polls due by May. Chief Minister Raman Singh, however, has assured them the district collector will resolve the issue.

## HOW THINGS WORK



RAJ VERMA

## Vanquished Virus

On January 13 this year India was finally declared a polio-free country, with not a single case of the disease having been reported in the past three years. What polio is and how India managed to extirpate it:

**The disease:** Polio, or poliomyelitis, is a virus-borne, highly infectious disease that spreads either through the mouth or through faeces (fecal-oral route). In its minor form, the attack leaves no aftereffects. The more serious form, however, attacks the central nervous system and thereby the part of the brain that controls muscular function. The muscles in different parts of the body grow weak, even leading sometimes to paralysis.

**The treatment:** There is no cure for polio. Treatment can only be symptomatic to prevent infections in the affected part, apart from prolonged physiotherapy. Health-care efforts thus concentrate on preventing polio by administering the polio vaccine.

**The vaccine:** The first, injectible polio vaccines were created separately in the early 1950s by scientists Hilary Koprowski and Jonas Salk. What is universally used today, however, in polio eradication efforts, is the oral polio vaccine (OPV) developed in the late 1950s by Albert Sabin at Children's Hospital Research Foundation in Cincinnati, US.

**The Indian achievement:** India's war against polio on a mass scale began in 1978 with the Expanded Programme in Immunisation. At the time, between 200,000 to 400,000 children, mostly under five years, were being afflicted by polio every year. About 40 per cent of all infants were covered by 1984. In 1985, the Universal Immunisation Programme began. But the emphasis on polio alone started in 1995/96 with Pulse Polio, supported by WHO, UNICEF and Rotary International. The campaign has cost around \$3 billion and used 2.4 million vaccine administrators. At its peak, about a tenth of India's annual health-care budget was allocated to it. The concerted effort saw polio cases drop year by year – the last one reported being that of Ruksar Khatun in West Bengal's Howrah district on January 13, 2011.

**The flip side:** Some health-care experts attribute the increasing cases of non-polio flaccid paralysis in children to an overdose of OPV, but this is not conclusively proved.

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# Reserve Board Positions For Women



**Dwaipayan Chakraborty**  
PGP Class of 2015, Indian Institute  
of Management, Shillong

**AGREE**

## ***“Industry won’t empower women unless there is legal enforcement”***

Legalised quotas for women are not discriminatory, but they rather compensate for existing discrimination. Ensuring the presence of women on boards adds new perspectives to board discussions, and further paves the way for increasing female leadership across all levels.

In Norway, the imposition of such a quota initially met with resistance and a fear of loss of economic competitiveness. But the fears were proved false. The World Competitiveness Yearbook 2010 showed the country doing better with the quotas in place.

Though some companies in India have created an environment for the proper growth of women, a large section of industry dominated by conservatives shies away from empowering them unless there is legal enforcement.

A research report, *women.gov.on.ca*, shows that Fortune 500 companies with a greater presence of women on their boards score well on financial performance. Companies with both women and men on their boards tend to have good employee relations, ethical product sourcing, strong environmental and human rights records and support for local communities.

Legalised quotas would engage the board and executives to find suitable woman candidates. They would compel organisations to come up with training programmes for women so they can do justice to their positions.



**Manish Hasija**  
PGPM student, Great Lakes  
Institute of Management

**DISAGREE**

## ***“Merely reserving board seats will not beat the gender bias”***

Reservations promote mediocrity and undeserved benefits. To counter the prevailing gender bias, corporations need to make work policies more comfortable for women. Women constituted just 6.81 per cent of the total number of board positions in 2013 in India and this needs to change. But a quota has far-reaching consequences, and could impede women’s growth as responsible citizens.

On one hand, it would reduce women’s interest in investing in themselves as they would believe their path towards advancement has been made easier. It would also worsen attitudes and allocations of work to women, which may in turn lead to stereotyping of women as less qualified and competent.

According to a paper for the World Development Report on Gender, by Rohini Pande and Deanna Ford, “a greater number of career interruptions and a lower number of working hours result in women having less experience”. This shows that merely reserving board seats for women will not beat the gender bias.

Providing a common ground for women to compete is the way to beat the gender bias. Introducing day-care centres in the office, and policies such as ‘bring your child to work’, ‘work from home’ and ‘flexible work timings’ for women will give them a chance to manage their personal and professional lives effectively.

*The debate continues online. Management students, do log on to [www.businessstoday.in/bschooldebate](http://www.businessstoday.in/bschooldebate) and record your views, to make this an intellectually stimulating endeavour. The most well-thought out comment wins a year’s subscription to Business Today*





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# Mutual Dislike

Why investors are shunning mutual funds.

By MAHESH NAYAK

**V**ipul Sarvaiya is a 53-year-old distributor of financial products, based in Uran, 65 km from Mumbai.

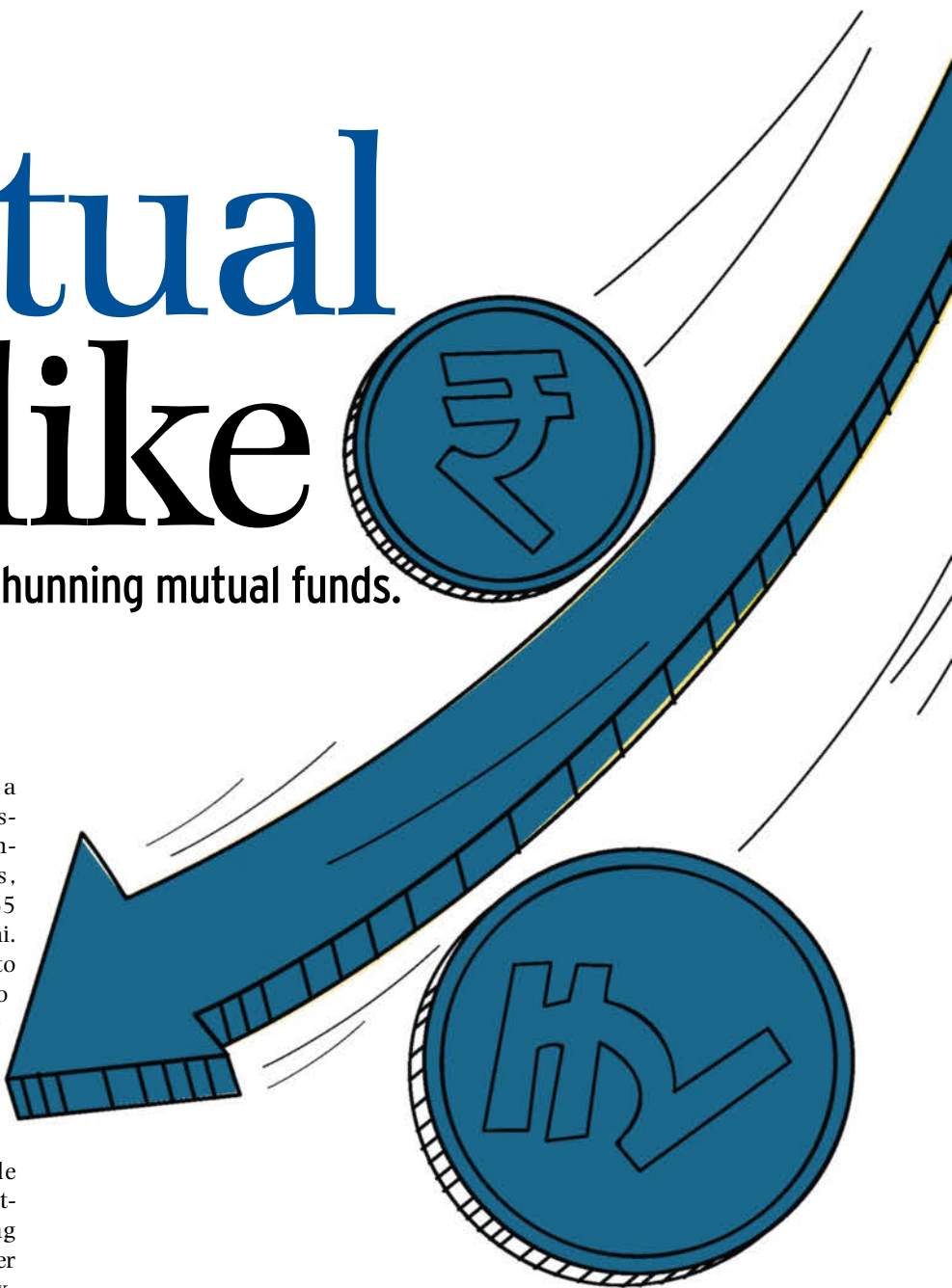
He has lately been struggling to convince his clients to hold on to their mutual fund units. Since October last year, when the equity market started to rally, many of Sarvaiya's clients have moved out of mutual funds. "For the past few years investors have not made money on their mutual fund investments. With the market touching new highs, they were able to recover their cost and, therefore, many excited by selling their funds," says Sarvaiya who has been selling mutual fund products for the past 25 years. "People who have moved out have a simple argument – they would have earned more had they kept the same money in fixed deposits. Today no fresh investments are

coming into mutual funds. They all go into fixed deposits and bonds."

Indeed, in the last one year up to November 30, 2013, the equity assets under management (AUM) of the entire mutual fund industry has fallen by 10 per cent even though

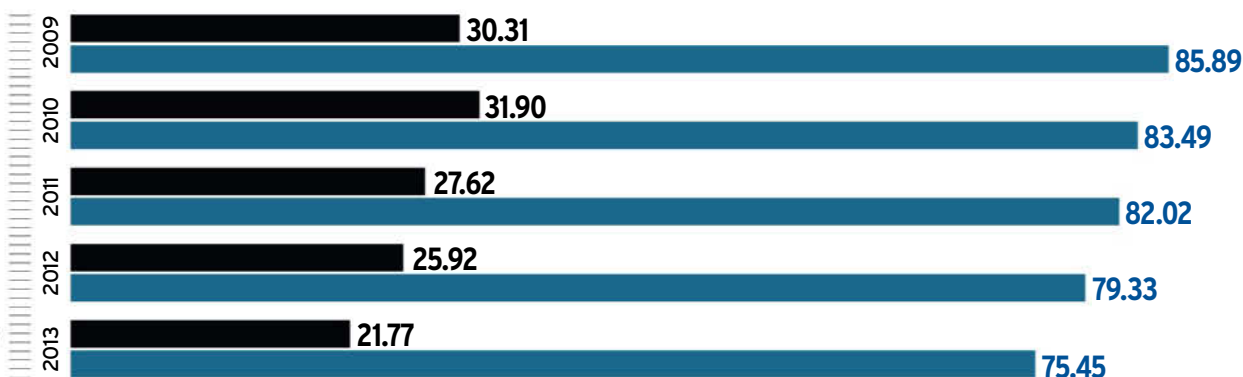
the BSE Sensex went up 7.5 per cent. (See *Moving Away*.).

Why? The track record of mutual funds in India does not inspire confidence. Most have not delivered the kind of returns that would convince investors to stay put for the long



## MOVING AWAY

The equity AUMs of fund houses have been falling, as are the equity folios – which shows investors are withdrawing from mutual funds



■ Equity AUM ■ Folios (Figures are % of total AUM)

Source: AMFI

India Equity AUM has declined to ₹1.62 lakh crore in September 2013 from ₹1.93 lakh crore in September 2009  
Folios in the same period declined to 31.1 million from 41.2 million

## MIXED BAG

The top 11 fund houses hold 86 per cent of the total equity AUM of the industry. But many of them have struggled to give substantial returns over their benchmarks

Fund Fouse	AUM (in ₹crore) November '13	Y-o-Y (% change)	Beats Fund's Stated Benchmark (in %)	
			1-yr	3-yr
ICICI MF	16,598.96	0.10	100.0	100.0
IDFC MF	5,688.12	-2.57	94.3	97.3
BIRLA SUN LIFE MF	10,057.67	-4.61	79.5	73.5
HDFC MF	31,082.57	-7.37	58.0	59.0
FRANKLIN TEMPLETON	13,863.31	-4.59	55.4	93.2
KOTAK MF	2,360.56	-16.78	36.2	48.0
DSPBR MF	9,262.39	-26.46	29.7	63.3
SBI MF	12,917.44	-13.65	28.3	76.1
TATA MF	3,338.09	-18.86	26.7	61.1
UTI MF	17,818.04	-11.80	25.6	69.6
RELIANCE MF	22,743.25	-13.42	17.8	54.4

Exclude: Index funds, Inst. plans, ETFs; Data as on November 2013

Source: Morningstar

term. The equity AUM of India's top 11 mutual funds, accounting for 86 per cent of the total equity AUM of the industry, have struggled to give substantial returns over their respective benchmarks – the BSE

Sensex or the NSE Nifty in most cases. According to Morningstar, an independent mutual fund data provider, in the past year, only two mutual funds – ICICI Prudential Mutual Fund and IDFC Mutual Fund

– have given stellar returns. Almost the entire equity AUM managed by ICICI Prudential Mutual Fund and IDFC Mutual Fund beat the benchmark. But, in the same period, the other nine leading mutual funds – including biggies such as Reliance Mutual Fund, HDFC Mutual Fund and Birla Sun Life Mutual Fund – have seen their equity AUMs underperforming, most of them unable to beat the benchmark even by half. (See *Mixed Bag*.) Reliance Mutual Fund fared the worst, with only 17.8 per cent of its equity AUM beating the benchmark.

Many fund managers have blamed it on the skewed market which favours select stocks. "The phenomenon is seen across the globe. Passive investment is in favour and this is the reason many active funds have underperformed," says Kenneth Andrade, Head Investments, IDFC Mutual Fund, which has been among the top performers. Fund managers attribute the trend to the underperformance of certain key sectors such as infrastructure and energy as well as the lack of participation of mid-caps and small-caps in the recent rally.

Most fund managers, then, appear to have got it all wrong. For



instance, India's largest mutual fund in terms of AUM, HDFC Mutual Fund had only 58 per cent of its equity AUM beating the benchmark. "The underperformance is due to the revamp of its portfolio by moving out of overvalued stocks, especially consumer staples, pharmaceutical and IT, which despite overvaluation remained in limelight over the last year," said a source at the fund house on condition of anonymity. This also impacted the fund's three-year performance with only 59 per cent of equity AUM beating the benchmark. "Focus on short-term performance, emotional bias in investment decisions and most importantly, no investment philosophy, has been the reason why mutual funds have been underperforming even their benchmarks," says Vikas Gupta, Executive Vice President at Arthveda, a Mumbai-based fund management firm. "If you see the large-cap funds in the last five years only seven of the 49 have beaten the benchmark."

Star ratings of mutual funds by various rating agencies, too, have proved unreliable. These ratings are based on a fund's historical risk-adjusted performance compared with other funds in the same category. "The star ratings and relative returns have to go. These have been deceptive and investors have been taken for a ride. We have decided to focus on absolute returns and only sell funds to investors that have performed without actually considering star ratings," says Rajiv Bajaj, Vice Chairman and CEO of Bajaj Capital, a mutual fund distributor.

He is doing it by concentrating on capital protection funds that focus on protecting the invested capital at any given point in time. "The primary focus of investors is protection of their capital which many mutual funds have not been able to



RACHIT GOSWAMI

**NIMESH SHAH,**  
Managing Director,  
ICICI Prudential  
Mutual Fund

***Relative  
returns from  
mutual fund  
investments  
should be the  
real mirror  
of their  
performance***

ensure in the past few years. This has seen loss of confidence among investors who are moving out of the market." Bajaj seems confident that capital protection funds even on underperformance will give investors 100 to 200 basis points more than savings deposit rates of four per cent.

Many in the mutual fund industry think it unfair to compare relative and absolute returns. "Everyone thinks mutual fund re-

turns should be two per cent more than fixed deposit returns. This is not possible. Mutual funds invest in markets which are volatile and, therefore, relative returns should be the real mirror of performance," says Nimesh Shah, Managing Director, ICICI Prudential Mutual Fund. He feels his funds have outperformed peers because of the strong processes followed at the fund house. "It takes time to execute any change. At least 1,000 days are required to get the set result," he adds. "None of my fund managers manages more than ₹5,000 crore of AUM. More importantly, we have a culture where fund managers are encouraged to develop their individual styles, but at all times, these have to be within the overall investment framework."

The challenging times are a wake-up call for the mutual fund industry. "It was a cruel year for actively managed funds, but the fact is only 150 of 750 funds are investment grade. The time has come for the industry to focus on solutions rather than products," says Sanjay Sinha, Founder and CEO, Citrus Advisors, a Mumbai-based financial advisory firm. Solutions are packages which help investors attain their financial goals.

Some funds have already taken the route. Puneet Chaddha, CEO, HSBC Mutual Fund, concurs. "As a fund house we have taken a conscious decision to offer solutions to clients rather than just products," he says. Mutual funds will have to adjust to this new reality. Going forward giving healthy returns and selling solutions rather than products will be the mantra to survive and grow in the industry which seems to have a large pool of players but is actually dominated by a few. ♦

@MaheshNayak



# WONDERFUL INCENTIVES

On Queensland's Gold Coast

## GETTING THERE

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Experience everything this destination has to offer in an action packed three days.

## DELIVER THE WOW FACTOR

### DAY 1:

Start the day with a buffet breakfast with the dolphins at Sea World. Enjoy exclusive use of Dolphin Cove, where the friendly resident creatures provide a spectacular display, and adventurous guests can swim with them for something truly memorable. After breakfast, transfer to Paradise Jetboating at Mariners Cove Marina to take on an adrenaline charged teambuilding adventure on the Gold Coast Broadwater. Experience full 360 degree spins, high speed drifting, incredible beach buzzing and other thrilling manoeuvres in as little as 10 centimetres of water. After an indulgent lunch at the hotel Palazzo Versace, head to Harbour Town Outlet Shopping Centre where there are 220 specialty stores for a VIP outlet shopping adventure, or ride in one of the world's fastest elevators to SkyPoint Observation Deck at Q1 Resort & Spa in Surfers Paradise. Located 230

metres above sea level, SkyPoint Observation Deck offers unrivalled 360 degree views of the Gold Coast's beaches and hinterland. The accompanying SkyPoint Climb, Australia's highest external building climb, will take you up to the building's summit for breathtaking views of the Coast.

Hit the casino for an evening of fun, or dance the night away in the numerous nightclubs in and around Surfers Paradise.

### DAY 2:

Watch the waves of the Pacific Ocean roll in as you enjoy breakfast at a traditional Australian surf club such as the centrally located Northcliffe Surf Club. During breakfast you will be met by one or two famous Australian cricket players who will instruct your group in a game of beach cricket. A volleyball court and learn to surf lessons will also be available. From the beach, travel by Harley Davidson or sporty hot rod car (a vehicle that has been modified for extra speed) down the coast to the Currumbin Wildlife Sanctuary. Nestled within 27 hectares of lush eucalypt and rainforest, groups can interact with native Australian animals including koalas and kangaroos. For lots of fun, Currumbin offers a challenging ropes and Segway riding track, popular for team-building.

A spectacular private island just a short boat ride from the mainland is your secret dinner venue this evening. McLaren's Landing is located on South Stradbroke Island and offers total exclusivity for up to 1,000 guests.

A seafood smorgasbord is accompanied by fire dancers and live entertainment.

### DAY 3:

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**Why start-ups have begun attracting talent in droves from premier institutes such as the IITs and IIMs.**  
BY ARUNIMA MISHRA

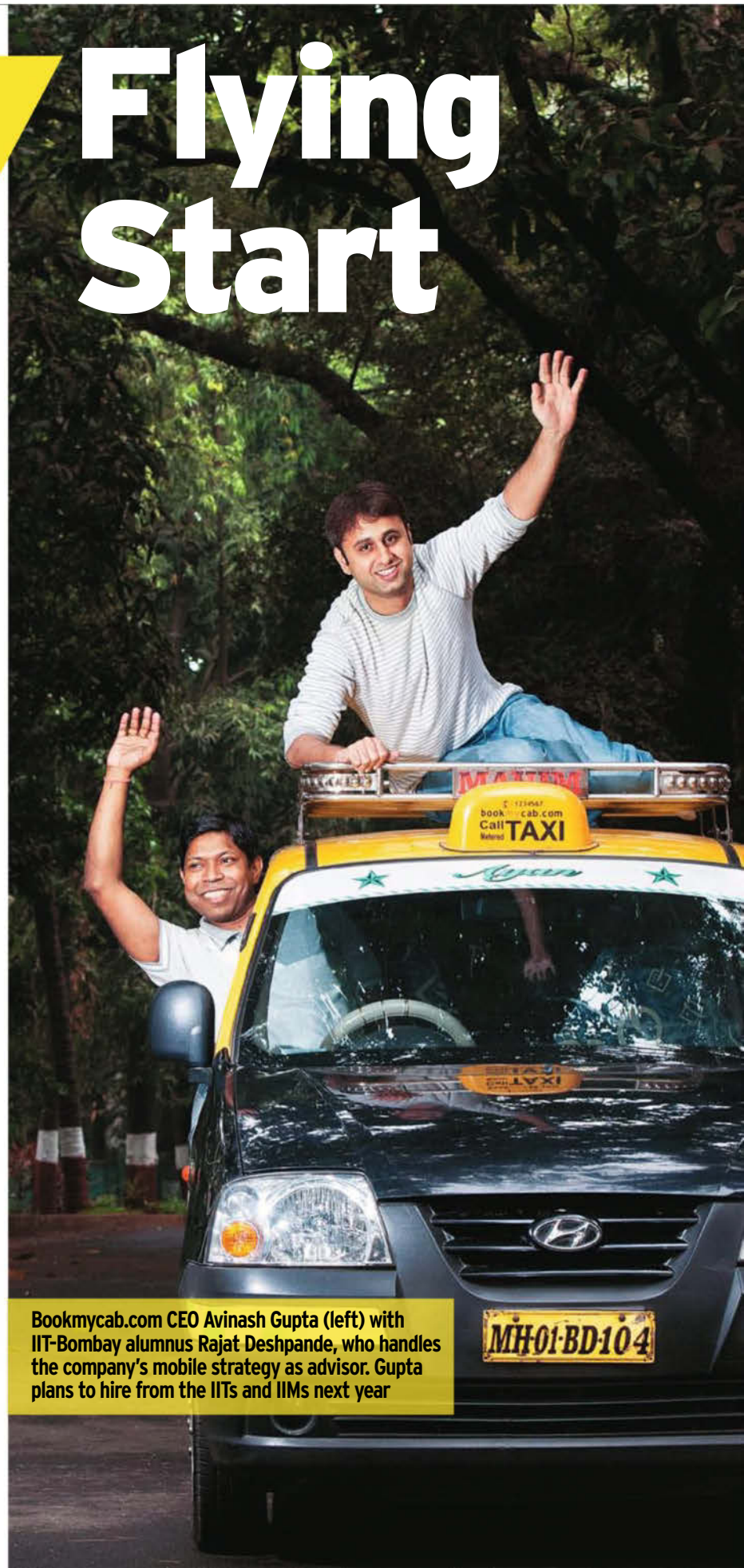
# Flying Start

**H**armin Shah wants to start his own business some day. That explains why the 22-year-old decided to join real estate start-up Housing.com as a business analyst instead of a top global consulting firm once he graduates from the Indian Institute of Technology (IIT), Bombay. An open work culture at the Mumbai-based venture, a competitive pay package and an opportunity to learn skills that could prove useful when he starts his own business helped him make the decision, he says. "I will get to do my kind of work at Housing.com with innovative ideas and enthusiasts around me," he says.

Shah is one of about 90 students at IIT-Bombay who got job offers from start-ups led by Housing.com and online retailer Flipkart during campus placements that began in December. "Students have accepted over 90 per cent of these jobs," says S.K. Mehta, who is in charge of training and placements at the institute. The number of offers made by home-grown ventures this academic year is about 30 per cent more than in the previous year and a far cry from a few years ago when only Silicon Valley start-ups visited IITs to hire computer-science graduates.

PHOTOGRAPHS BY RACHIT GOSWAMI

Bookmycab.com CEO Avinash Gupta (left) with IIT-Bombay alumnus Rajat Deshpande, who handles the company's mobile strategy as advisor. Gupta plans to hire from the IITs and IIMs next year





A similar story is playing out at the remaining IITs, other top engineering colleges as well as business schools such as the Indian Institutes of Management (IIM). Online retailers Yepme.com and Jabong have hired from IIM-Lucknow. Myntra.com, another online retailer, has made 20 to 25 offers at IITs, IIMs, the Indian School of Business (ISB), and the National Institute of Fashion Technology. At the Birla Institute of Technology and Science, Pilani, half of about 400 students appear for job interviews with start-ups. "The number of start-ups participating in campus placements has steadily grown in the past two-three semesters," says Professor M.S. Dasgupta, chief of the placement unit.

Besides the well-known ventures, smaller start-ups have also thronged these campuses in search for talent. Hyderabad-based ISB saw start-ups including Taxiforsure, Limeroad, Vserv and Zipdial take part in placements. Similarly, Nutanix, Rocketfuel, Fuzzy Logix, InMobi and Khitchdee were among the start-ups that visited IIT-Kanpur. "Start-ups in the e-commerce, cloud computing and analytics segments that have funding and are in a growth phase have grown their campus footprint," says Moorthy K. Uppaluri, India and Sri Lanka CEO of human resource services firm Randstad. "They have become an important chunk of campus recruiters."

One of the most aggressive start-ups at campuses is Zomato, which in November raised about ₹227 crore from Naukri.com parent Info Edge and venture capital firm Sequoia Capital. The online restaurant guide hadn't hired any fresh graduates in 2012 but made 115 offers in 2013. It is also looking to hire from B-schools

VIVAN MEHRA



**Yepme.com co-founder Sandeep Sharma (left) says the shopping portal has hired graduates from IIMs Lucknow, Bangalore, Calcutta and Kozhikode. It plans to recruit from IIT-Delhi as well**

## MONEY MATTERS

**Start-ups are offering competitive salaries to graduates of top institutes**

▶ **Start-ups offered a package of ₹14 lakh at XLRI, Jamshedpur**

▶ **Zomato's top compensation to an IIT graduate is ₹26 lakh**

▶ **Myntra pays ₹13 lakh to IITians and offered ₹18 lakh at ISB**

▶ **Myntra pays ₹4-6 lakh a year to NIFT graduates**

▶ **Housing.com offered ₹12-15 lakh a year to IITians this year**

▶ **Start-ups offered salaries in a range of ₹5.5-15 lakh at BITS Pilani**

▶ **Yepme.com pays ₹6-8 lakh to IITians and ₹12 lakh at IIMs**

Source: Industry

in the US, France and Singapore for senior leadership roles to expand its global operations. Upasana Nath, Chief Recruitment Officer, says Zomato has made offers to students from the Columbia Business School, Wharton School of the University of Pennsylvania and Thunderbird School of Global Management. "They have professional experience across varied industries and geographies. They would be in key positions to scale all functions at Zomato's international locations," says Nath.

Interactions with students, professors, start-up executives and human resource specialists reveal a number of reasons for this new hiring trend. Start-ups offer flexible working environments, opportunities for rapid career growth and roles with greater responsibility to attract talent. They encourage a high sense of teamwork among employees. Some start-ups like Myntra offer stock options while





**Housing.com co-founder Advitiya Sharma (in green T-shirt) with a group of students at IIT-Bombay. The start-up has 120 IITians in its workforce of 800**

others like Bhartisoft and InMobi provide iPads, smartphones and other gadgets. Their pay packages are comparable with that of established companies (see *Money Matters*). “Students’ perception has seen a major shift over the years,” says Professor Pushpendra Priyadarshi, Chairman of Placements at IIM-Lucknow. “They are more willing to explore job options with start-ups.”

One reason why start-ups are hiring from IITs and IIMs is that many of these companies have been founded by alumni of these institutes. Sample this: Flipkart founders Sachin Bansal and Binny Bansal and Yepme.com co-founder Sandeep Sharma are alumni of IIT-Delhi. Bookmycab.com CEO Avinash Gupta studied at IIT-Bombay while Sahil Baghla, CEO and Co-founder of Bluegape.com, is from IIT-Kanpur. Baghla says it’s better to hire one IIT student rather than three average ones from a lower-rung college. Bluegape.com, a fan merchandising venture that sells customised T-shirts, coffee mugs and posters, has hired four students from IIT-Kanpur and IIT-Delhi. V.K. Menon, Senior Director for Careers, Admissions and Financial Aid at ISB, says more than 350 ISB alumni have turned entre-

preneurs over the past 11 years. Sumeet Nayak, placement co-ordinator and a second-year student at XLRI, Jamshedpur, says five students turn entrepreneurs every year and hire their juniors from the campus.

Apart from fresh graduates, start-ups are also hiring experienced professionals. “I’m not an Infosys or a Wipro that I would spend money to train new hires,” says Surjendu Kuila, Co-founder, Reviews42.com, which provides product reviews and compares prices. The company has hired scientists and post-graduates in technology who previously worked with Yahoo! Labs, Microsoft Research India and IBM Research.

Myntra.com is also doing “extensive lateral hiring”, says Pooja Gupta, Vice President for Human Resources. Sharma of Yepme.com says the company has hired experienced alumni of IIMs Ahmedabad and Bangalore for senior positions. One of the company’s lateral hires is Ankur Gur, who previously worked with global online retailer Amazon’s Hyderabad office. The IIM-Ahmedabad graduate says that, while Amazon was a great place to work and offered a high salary and several perks, he wanted a role with greater responsibilities. At Yepme, he

is general manager in charge of the supply chain and draws a salary comparable with Amazon, he says.

While many start-ups are ramping up hiring, a handful of them are starting internship programmes. Delhi-based Tokkri.com, which lists retail outlets to help shoppers, is one such start-up. Co-founder Arun Tangri says Tokkri.com offered internships last year to 20 students of Delhi Technological University for website and smartphone application development and five students of IIM-Lucknow to conduct market research and help conceptualise products.

Amid the euphoria about start-ups hiring from premier institutes, V. Suresh, Business Head at Naukri.com, sounds a note of caution. He says that, while IIT and IIM graduates may improve the brand image of a start-up and even help in attracting angel investors, there are a few pitfalls as well. “Some of these high-profile students get impatient and bored at times. They look forward to faster growth and quick reward. It becomes difficult to retain them,” he says. That will be the next challenge for start-ups. ♦

**@Mishra\_Arunima**





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# RIDE THE FUTURE

The biennial Auto Expo is back. The 12th edition of the Indian automobile sector's marquee event will open for industry on February 6 and for the public a day later, and will run until February 11. The expo, to be held in Greater Noida, comes at a time when the auto sector is going through a rough patch. In a bid to generate enthusiasm and boost sales, companies will launch 20 new vehicles at the event and showcase more than 50 automobiles for the first time in the country. Here's a sneak preview of some vehicles that will be unveiled at the show.

## **CHEVROLET CORVETTE STINGRAY**

General Motors India will showcase two of its most iconic muscle cars, the Chevrolet Corvette Stingray and the Camaro in addition to its big SUV, the Trailblazer. Besides, it will be launch a facelift version of the Beat hatchback.





### BMW i8

BMW will showcase the i8 hybrid sports car, the M6 Gran Coupe sports car and the new X5 sport-utility vehicle (SUV). The German auto giant will also launch the 3-series Gran Turismo and the Mini John Cooper Works. Also on display will be all the significant models from its BMW and Mini brands.

### HYUNDAI SANTA FE

The South Korean company's focus will be on its sub-four-metre sedan, which we expect will be based on the Grand i10 hatchback. To attract global media attention, the company will launch the car a couple of days before the start of the Auto Expo. Hyundai's new Santa Fe SUV will also make its India debut at the expo.



### MERCEDES CONCEPT GLA

Mercedes-Benz will showcase two cars it is expected to launch in India - the striking coupe-like CLA small sedan based on the A-class and the concept that spawned the GLA small SUV. Also on display will be the Mercedes AMG Petronas F1 car and the armoured version of the M-class.



### SKODA YETI

Czech carmaker Skoda-Auto will launch a facelift version of the Superb sedan and display its upgraded and refreshed SUV, the Yeti.



## RENAULT KOLEOS

The star of the Renault stall will be a world premiere which the company is tight-lipped about. The company will launch the new Koleos SUV and also showcase the new Fluence sedan. It will also launch a limited edition version of one of its existing cars.



## DATSUN GO

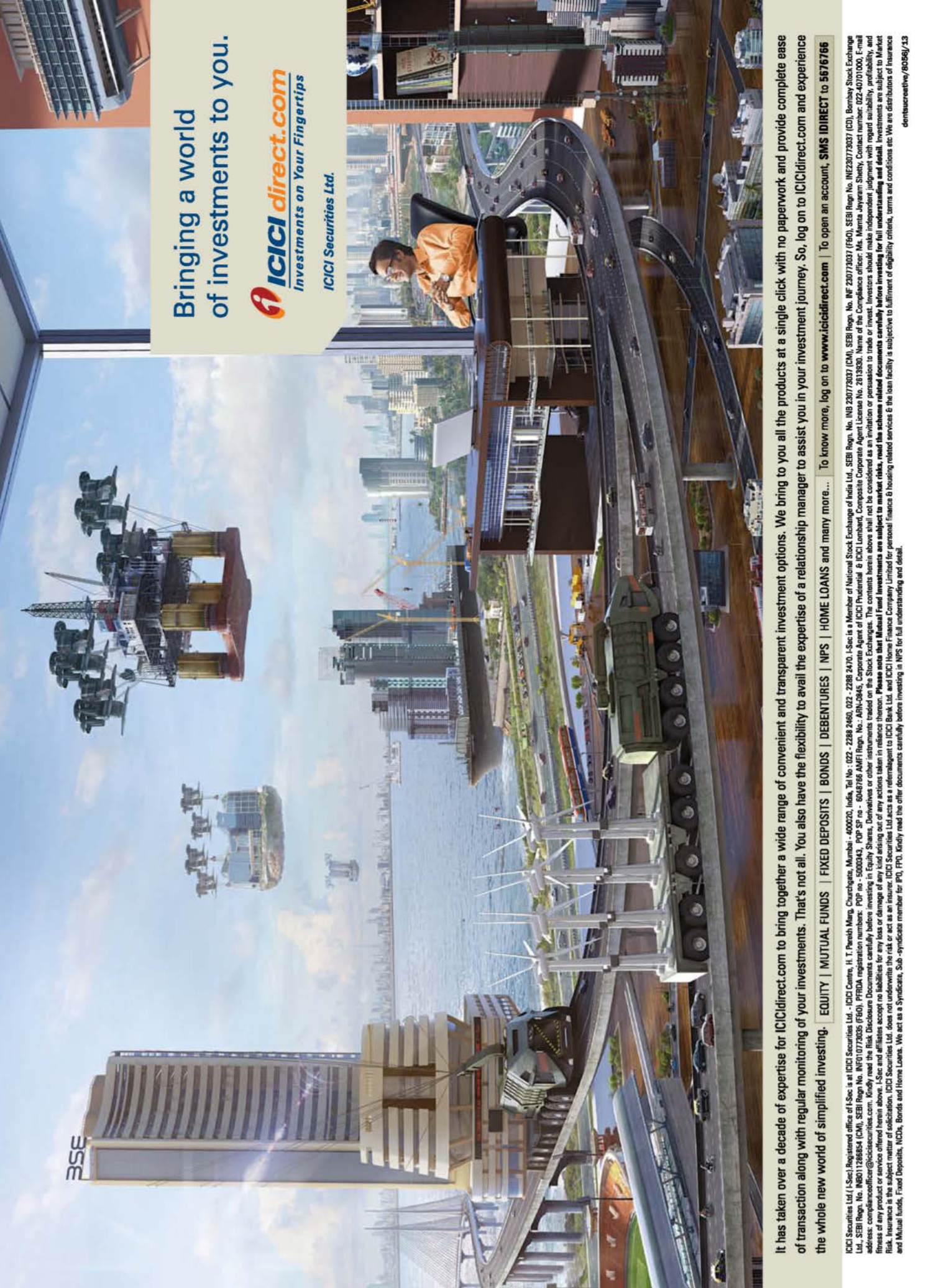
The emerging-market brand from Nissan will be one of the big talking points at the Auto Expo. Apart from the launch of the Go hatchback, which will pose a serious challenge to the Maruti Alto, there will be the Go+ multi-purpose vehicle (MPV) on display as well as the world premiere of the new SUV-concept based on the Go platform. The SUV is expected to be launched later in the year and will complete the Go family of vehicles comprising a hatchback, an MPV and an SUV.

## NISSAN GT-R

The main attraction of the Nissan display will be the GT-R in its GT500 racing avatar. But of interest to the public will be the launch of the Sunny sedan facelift.







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### STREET 750

Harley-Davidson, the US bike giant, will launch the India-specific Street 750 at the expo. Based on a brand new platform, the Street 750 will be Harley's bread and butter in India. The bike will be made in India, so expect a tempting price tag. The Street 750 is powered by a V-twin 749cc liquid-cooled engine, which is mated to a six-speed manual gearbox. Apart from the 750, Harley will also display four custom bikes based on the Street platform.

## BIKERS' DELIGHT

Indian bike lovers no longer focus just on fuel efficiency and affordability. They also want more power, performance and better styling. A look at a few mean machines to be showcased at the 2014 Auto Expo.



### KTM RC200

KTM will showcase the RC200 and the RC390. These are essentially fully faired versions of the Duke 200 and Duke 390, which is already sold in India. These performance bikes will be costlier and come loaded with features. KTM is also likely to display the bigger and beefier Duke 690 and 1190.

### HYOSUNG GD250N

DSK Hyosung will launch the GV250, which looks like a full-size cruiser but is powered by a 250cc engine. It will also display the RT125D and the GD250N. The RT125D is powered by a 13.5bhp, 124cc engine. The GD250N comes packed with muscular styling and a load of attractive features.





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and Country Manager,  
Amazon India





Pg 68 | Flipkart story

# Moth to a Flame

**Having burned its fingers in China, Amazon is carrying a torch for India.**  
BY SUNNY SEN

**J**ust before Christmas last year, in Seattle in the US, Jeff Bezos sat with Diego Piacentini to discuss India, where Amazon was nearly seven months young. It was a quarterly review for Bezos, Amazon's CEO, who keeps a close vigil on his fledgling business in India. The message to Piacentini, who runs Amazon's international business, was succinct and direct: continue to invest big and build the most customer-centric company in India.

In Bangalore, meanwhile, a customer's experience on Amazon.in, the India unit of the world's largest online retailer, was something that would have sent Bezos into a furious

tizzy. A young father in India's tech capital had ordered a toy for his son for Christmas but the present did not ship on time. Missing a delivery promise is near-criminal at Amazon, given Bezos's obsession with customer satisfaction. The miffed customer, in this instance, escalated his complaint to Amit Agarwal, who heads Amazon's India business and reports to Piacentini. It didn't take a detailed audit for Agarwal to find out

**Jeff Bezos has a simple mandate for his India team: invest big**

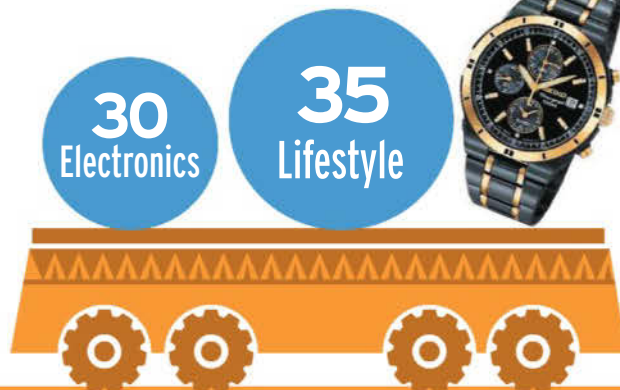
what went wrong: the toy was an imported one, the seller on Amazon, in did not have it in its inventory, and it took time to procure it, resulting in the late shipment.

Agarwal, a "shadow" or technical adviser to Bezos between 2007 and 2009, had to fix it, once and forever. He put in a new service-level agreement with sellers on procurement time, worked backward so that sellers could accurately predict the time it took for procurement and shipping, and promise customers deadlines that could be met. Sounds simple, but when you deal with hundreds of retailers and thousands of customers, it can get complex. The process has been standardised since then, says Agarwal. "When you get to the root cause, you fix it, and then that defect doesn't happen again."

# Why Amazon Loves India

The e-tail market (excluding travel) is poised to grow 60 times in 10 years

Market size  
**\$1 billion**



CAGR since 2010 is 61%

In 19 years, Bezos built Amazon from an online book seller to the world's largest online store, valued at over \$180 billion today – as much as Ireland's gross national income. It sells everything, from diapers to sex toys and from electronics to grocery. The growth was driven by three fundamentals of the business: choice, price and delivery. A vast stock selection, low prices, and fast and reliable delivery rolled together into value and convenience for customers – over 215 million at last count.

In the US, Amazon is a retailer who sells directly to customers, and also a marketplace where other retailers can list and sell their products. In India, where laws don't allow international online retailers to sell multiple brands, Amazon only has a marketplace – its tenth such venture.

Even at half strength (marketplace accounts for 40 per cent of Amazon's global sales), India is Bezos's biggest new bet for simple and obvious reasons – it has the world's third largest Internet user base, and online retail promises immense scale. In a retail business of about half a trillion dollars, online retail (not including ticketing) is close to a billion dollars. Retail consultancy Technopak expects it to grow 61 times in the next 10 years. That is almost *deja vu* for Bezos and

Amazon. When the Internet was coming into the mainstream in the early 1990s, Bezos, then a Wall Street banker, read a report which said that e-commerce would grow 2,300 per cent in a few years. "I want a part of it," he told himself. He quit his job, drove from New York to Seattle and started Amazon in 1994

## Amazon's goal in India is to constantly expand its catalogue

(the original name of the start-up was Cadabra) from his garage.

There is a small but critical difference in the Indian situation, though. The country's online retail industry already has a growing gorilla: Flipkart, the largest domestic e-commerce company, which replicated Amazon's model and is often called the Amazon of India. Started in 2007 by former Amazon employees Sachin Bansal and Binny Bansal (they are not related), Flipkart has cornered

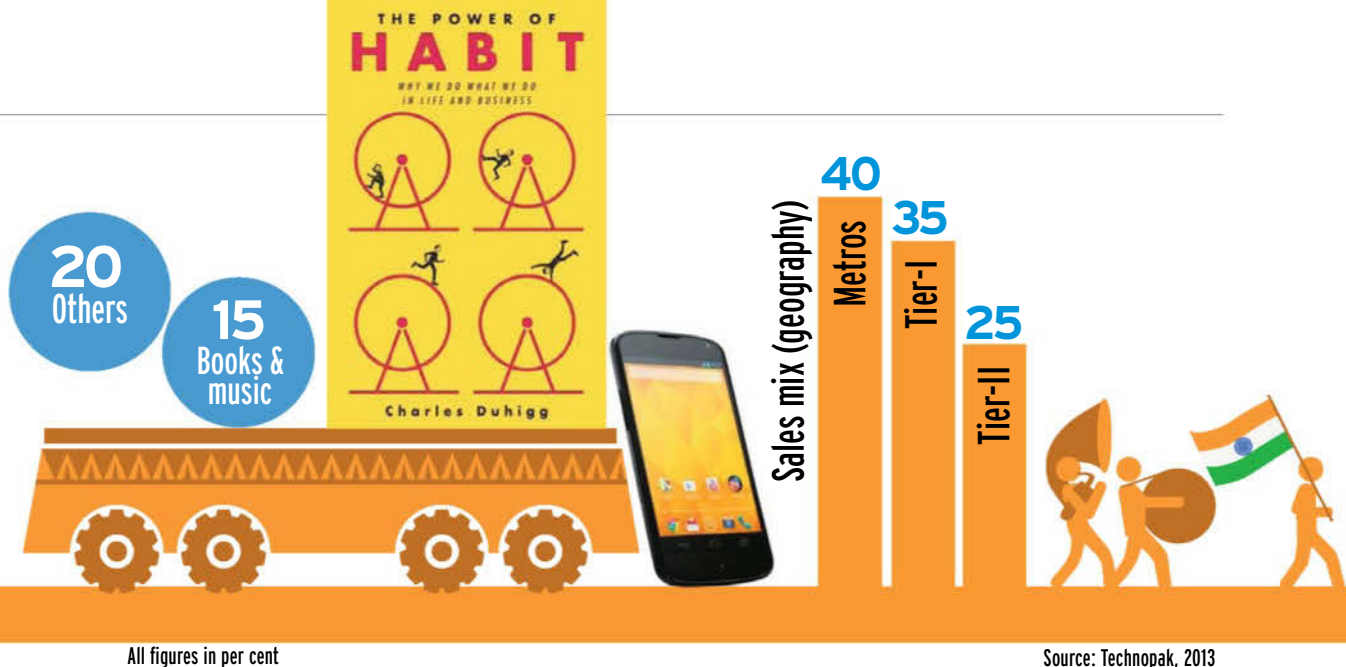
more than 20 per cent of the online retail market. It has raised over \$550 million from a clutch of venture capital funds including Vulcan Capital, which in the past has backed another Amazon rival, Alibaba.com in China.

Amazon is unfazed. Much of Bezos's and Piacentini's ambitions ride on Agarwal, 39 years old and a graduate of IIT Kanpur. Bezos has faith in the Mumbai native. "After all he was Bezos's most technology-savvy technical advisor," says Piacentini.

### Out of the Shadow

In a setting other than his Bangalore office, Agarwal could easily be mistaken for a bouncer. In one of his four interactions with *Business Today* for this story, he lets on that he cross-trains and can dead-lift 200 pounds. But what lights up his face even more is talking about his experience as Bezos's technical advisor from 2007 to 2009 – the best workout of his career. Technical advisors are often referred to as Bezos's shadows, and the Amazon CEO has had just eight of them to date. Something like a chief of staff, the shadow spends most of the work day with Bezos – travelling with him, attending meetings with him and, at the end of the day, discuss the day with him and preparing for the next one.





GETTY IMAGES

It was during one such chat in early 2008 that Agarwal brought up India. The timing was prescient. Amazon was struggling in China and had to look for an alternative country. "We didn't want to just dabble with India. We wanted to make sure we were absolutely ready with our game plan and investments," says Piacentini. It took Amazon four years

**Jeff Bezos/ CEO/ Amazon**  
**Over 19 years, Bezos has built a \$180-bn company**

to get ready. During that time, Agarwal headed Amazon's international market expansion, which included India.

Amazon.in was launched in June 2013, and Agarwal's conviction is borne out so far by the website's 6.77 million unique visitors monthly, as per December data by online tracker comScore. Flipkart gets about double that traffic at 13.22 million, and Snapdeal, another e-tailing site, gets 9.35 million.

Amazon has launched 15 categories in seven months, and already has the largest catalogue of books, e-books, watches, toys and games, and fashion jewellery. In the US, Amazon has more than 30 categories, and that is what Agarwal is aiming for. "You basically need to find a way to sell everything," he says, echoing the 'Everything Store' moniker for Amazon, in the news recently for a book by the same title.

Amazon.in started with books, because globally, Amazon is known as the biggest bookseller. People searched for media players online, so it started selling portable media players, followed by other consumer electronics, baby products, toys and games, watches, jewellery, personal care appliances, health-care devices, home and kitchen products, and beauty products. It has more than

440,000 products, in addition to 12 million books and two million e-books. It has 2,300 sellers, as compared with 100 sellers seven months ago. Flipkart has 1,000 sellers. "The goal is to constantly expand the depth of the selection in existing categories and add new categories," says Agarwal.

Agarwal knew that if Amazon had to deliver fast to customers, it needed control over logistics, and it needed warehouses. By the time it launched, it had already built a 150,000 square-foot (roughly 3.5-acre) 'fulfilment centre' on the outskirts of Mumbai, in Bhiwandi. The idea was to let sellers stock goods in the warehouse, and manage packaging and delivery for them for a fee. Such delivery, called 'Fulfilment by Amazon', and accounts for three out of every four deliveries by Amazon in India. A second 150,000 sq ft warehouse will be operational from February in Bangalore, for buyers in southern India.

The bulk of Amazon's investments in India will go into logistics and payments. The US and Europe, when Amazon started, already had

## Amazon, like Flipkart, wants to scale up business in India. Period.

an efficient payment infrastructure. India has multiple systems – cash on delivery (COD), credit cards, debit cards and net banking.

Mobile technology is next. "We are looking forward to facilitating mobile internet shopping, as it is an important factor for technology investments for us," says Piacentini. He says that lessons about mobile learned in India could be applied in other countries.

Ambareesh Murthy, founder of online retailer Pepperfry, says: "The marketplace model scales very fast, because it is a platform where many retailers come to sell and put in a lot of variety." At the same time, he points out that the model fetches lower margins, as they are split be-

tween the seller and the platform owner. But who cares about profits? Certainly not Amazon, which took eight years to turn in its first profitable quarter and which to date has had losses in more quarters than profits. Agarwal, like the ultra-competitive Flipkart, wants to scale up business in India. Period.

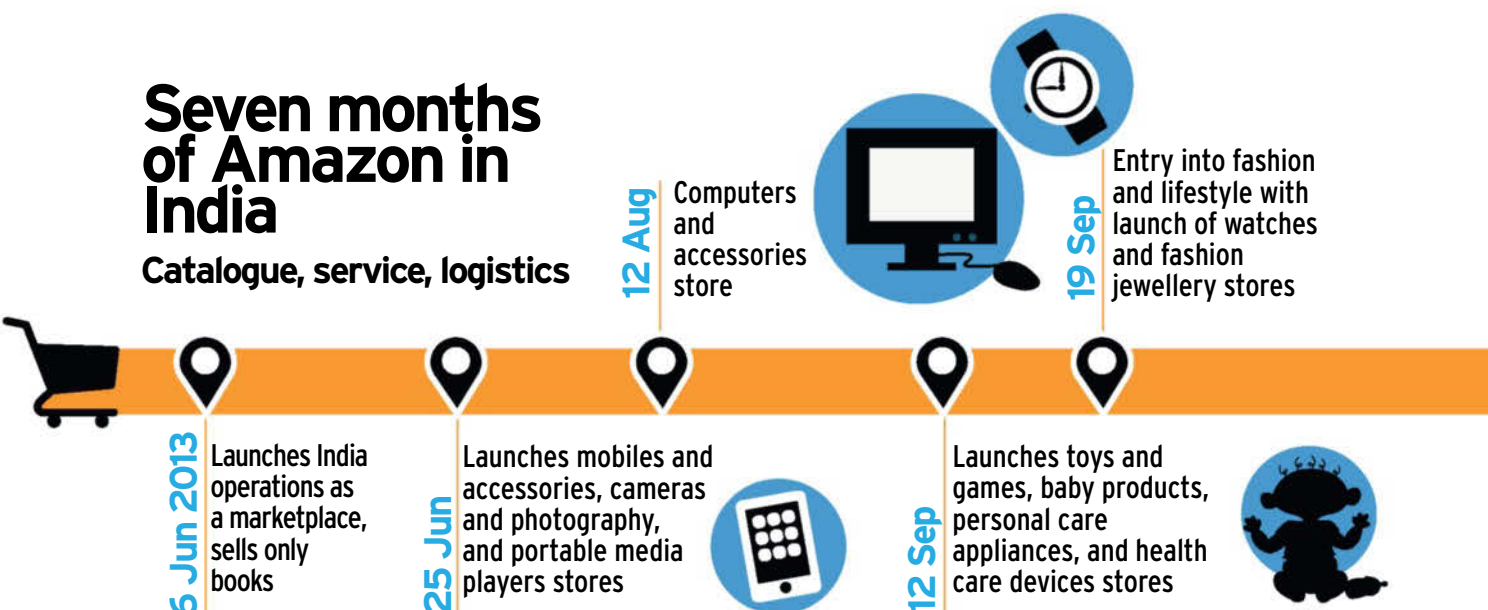
"They are building the capability... If they have the infrastructure and product portfolio in place, customers will flow in," says Technopak Chairman Arvind Singhal. To lure customers, Amazon also started offering next-day delivery for an additional charge of ₹99. Within a week, Flipkart copied the idea, calling it In-a-day Delivery and charging nine rupees less (See story on Flipkart, page 68). And then eBay.in launched nine-hour delivery for some products.

## Follower turns Warrior

It was the second time Flipkart adopted Amazon's idea. It launched its marketplace in April 2013, just two months before Amazon launched in India. Copying the one-day delivery service confirmed that the battle

## Seven months of Amazon in India



Catalogue, service, logistics





# Catching Up Fast

**Launched in June 2013,  
Amazon.in already has half the  
traffic Flipkart built in six years**

	 Flipkart.com	 Amazon.in
Total unique visitors	13.22	6.78
Average daily visitors	1.18	0.34
Total visits	42.44	11.93

Visitor and visit numbers are in millions  
Source: comScore, December 2013

had begun. How could Flipkart let go of its turf? From ₹5 crore in 2008/09, its revenues grew to over ₹1,180 crore in 2012/13, according to the Registrar of Companies. Like Amazon, the Bansals built their own logistics, copied the cash-on-delivery model from China and pioneered it in India (See COD: Necessary Evil, page 62). Flipkart's business is growing at breakneck speed – the company is running at annualised revenues of over ₹3,600 crore, and is targeting over ₹6,000 crore by 2015. After enjoying a free run for five years, Flipkart launched its health-care and fashion jewellery categories soon after Amazon did.

The battle has only begun. What Flipkart did in six years, Amazon did in seven months. It has already reached one-third of Flipkart's size in terms of the number of transactions, says Mahesh Murthy, Chairman of digital marketing company Pinstorm and co-founder of SeedFund. "They have done that with one-tenth of the money that Flipkart has spent."

Flipkart sells about 100,000 products daily. When that number reaches a million, the company will have to do things differently, says Bansal. This will require a lot of money. Flipkart recently raised \$360 million, but that will last only a couple of years, says Murthy. He notes

that Flipkart is built with venture capital money, and may not be able to keep investing as it has done. Amazon, however, is under no such pressure, he says, and it can keep pouring in money without worrying about profits.

To sustain its business, Flipkart will need an initial public offer. Though Flipkart's cash burn is smaller than Amazon's when it listed its shares in 1997, its losses are not small for an Indian company: on revenues of ₹1,180 crore, Flipkart made losses of ₹192 crore.

On the other hand, Amazon generated \$2.25 billion in cash in 2012 (₹13,770 crore then) and invested

\$3.6 billion back in the business. If Amazon invested even 10 per cent of its global investment in India, that would be \$360 million. Amazon executives decline to give investment details. "We are literally investing hundreds of millions of dollars," says Piacentini. That was a lesson well learned in Amazon's nine years so far in China.

## What the Dragon Taught

In 2004, Amazon entered China, then the world's second largest Internet market, by acquiring Joyo.com, the country's largest online re-

tailer of books, music and videos. But eventually it lost the market to Alibaba.com, China's home-grown e-commerce giant.

China has home-grown leaders in search, social networking and e-commerce. In India, on the other hand, US companies dominate: Facebook is the largest social networking site, and Google is the leader in search. Amazon could well lead in e-commerce.

Agarwal and Piacentini did not want to make the same mistakes in India as it had in China. It decided to invest big from day one, instead of deferred investment. It also started from scratch, rather than by acquir-



ing a company. It imported its transportation model from China, something which it had not done anywhere else, says Piacentini. It also put to use the COD lessons it learned in China.

It also started educating sellers about Amazon – something it had not done in China. Unlike in other countries, seller registration is free in India for the first year as part of a promotion to



Amazon.in started offering one-day delivery in November

SHEKHAR GHOSH

## Why COD

■ Low credit-card penetration in India

■ Black money culture

■ Privacy and security concerns of using cards online

■ Desire to touch and feel a product before paying for it

■ Builds trust for new companies

attract sellers. “There is no risk or cost for them, and we are helping them get started,” says Amit Deshpande, Director of Amazon Seller Services in India.

The promotion is for a year,

## COD: Necessary Evil

It's not cheap for companies, but customers love it

It may well have begun when King Charles I of England first made postal services available to citizens in 1635. There were no stamps, and the cost of postage was paid by the recipient. Its modern avatar in India is cash on delivery (COD) – the biggest reason for the success of e-commerce in India. According to Ernst & Young (E&Y), COD accounts for 50 to 80 per cent of online transactions in India. For the larger e-retailers, this payment mechanism is available in 600 cities and towns, and has helped them acquire first-time customers rapidly.

There are many reasons why India took to COD. Credit-card penetration is low – in August 2012, former Reserve Bank of India governor D. Subbarao noted that in comparison to other emerging markets such as Brazil, Mexico and Russia, the value of banknotes and coins in circulation in India, at 12 per cent of GDP, is high. The number of non-cash transactions per person in India is six per year – low compared with other emerging economies. Many cardholders avoid paying with plastic because of security concerns. Another reason for COD's popularity is black money, says Milan Sheth, Partner and Technology Industry Leader for Ernst & Young India. People prefer to use cash for high-value transactions. “Many want to pay by cash in Tier-II areas. Aspirational purchases are a trigger for COD,” he says.

COD is used in other emerging markets such as China, Russia and Vietnam, too. The popular perception is that Flipkart, India's biggest online retailer, pioneered it in India. In fact, older e-commerce companies have tried it before. “In 2005, we were doing it at Indiatimes shopping,” says Sharat Dhall, President of Yatra Online. He was vice president of e-commerce at Indiatimes.com between 2005 and 2007. Flipkart started in 2007 and introduced COD in 2010.

E-commerce companies also use COD to build trust. E-commerce is young in India, and COD bridges the gap between online and brick-and-mortar retail, by allowing consumers to touch and feel the product before they pay up. “COD offers a fairly risk-free trial process for a new user,” says Dhall. “It has helped unlock a huge amount of demand.” Some travel e-commerce players, he adds, offer COD for international tickets and holidays. “When it started happening five or seven years ago, it popularised international products. Customers had card limits, and these were high-value transactions,” he says.

Trust is a driver for COD, considering that none of India's e-commerce companies are huge brands, says Harish Bahl, founder and Chairman of online retailer Fashion & You. “COD is easier than credit cards, which have a high failure rate,” he says. “Then there are category-specific factors that necessitate COD. In fashion, you may not be sure of the fit.” Sixty per cent of Fashion & You transactions are COD.

COD has helped e-commerce grow, but it does have pitfalls. It can be expensive for the seller if the buyer returns a product, as the company pays two-way courier charges. The return rates in online shopping in COD transactions averages around 40 per cent, the E&Y report says.

There are also working capital issues. The report notes that COD adds a layer to the supply chain, because of cash handling. This can increase the settlement period of online retailers and courier companies to as much as three weeks. This stretches the online retailers' cash collection cycle.

“Besides more supply-chain costs, from a control perspective, it is not the best environment. There are chances of pilferage in cash handling,” says Gaurav Gupta, Senior Director at Deloitte in India.

However, for now the cons of COD are outweighed by the pros – it is expanding the e-commerce market and drawing in new customers such as students, who don't own credit cards but spend a lot of time on the Internet. No wonder many industry watchers call it a “necessary evil”.

GOUTAM DAS / @Goutam20





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## China Mis-step, India Leg-up

What Amazon learnt from its mistakes in China



Started in 2004 by acquiring Joyo.com

Gradually invested over a period

Did cash-on-delivery in China

Charged for marketplace registration in China

Had no sales team in China to help sellers get online



In India, it started its operations ground-up

Committed and put money in Indian operation up front

Using that learning to do COD in India

Indian sellers get free registration for a year

Doing that in India

and to benefit from it, seller must sign a two-year contract. In the second year, Amazon charges ₹499 a month as fees. Sellers get nationwide reach. They pay a minimum commission of four per cent on mobiles, laptops and computers, and up to eight per cent on jewellery and watches. A ₹10 closing fee is also charged on each purchase. Globally, Amazon has two million sellers contributing 40 per cent to its sales.

It also launched its “Mainstream-ing Sellers/SMEs” pilot project in three cities, where Amazon’s staff helps small businesses become sellers, including those who have never made a transaction online. Amazon makes their catalogue and teaches them how to accept payment.

If a seller fails to maintain standards, Amazon reaches out and tries to help. If logistics are a problem, the seller is offered Fulfilment by Amazon services. Sellers who can still not maintain standards are politely asked to discontinue and come back when they are ready. “Until then, you have to stop, because it’s a bad customer experience,” says Deshpande.

### Secret Recipe at Amazon

To start any new venture, a press release is the first step, and Agarwal thinks that is the best way to connect with the consumer. In April 2011, he wrote a release to start Junglee.com, a website that helps buyers in India compare options from a mix of online

and offline sellers, and provides analytics to registered sellers. Junglee started with 220 online sellers, and has expanded to 1,600 online and 50,000 offline stores, with a catalogue of 30 million products.

It is not profitable, but Agarwal says it can be monetised with value-added services. “It is a thoughtful business decision to build something that would make a significant free cash flow in the long run,” he says.

Amazon is tight-lipped about the number of transactions, revenue, technology back-end, investment and budget for India, and even about how it compares itself with rivals. One exception comes after 38 questions over about an hour’s chat with

Piacentini, when Agarwal interrupts to say: “We... have a higher coverage than what Flipkart does”. Amazon adds a new PIN code every day for service delivery. Amazon.in is reportedly negotiating with India Post, the world’s largest postal service, for logistics. It reaches 21,000 PIN codes, compared to the 12,000 served by courier companies.

Shreya Vora, director of Peora, a company that sells silver jewellery on Amazon.in, was surprised

on December 31, when she got a ₹3,000 order from the tiny town of Duttaphulia, West Bengal. “At the end of October, we started [selling on Amazon.in], and we are getting orders from tier-II and tier-III towns,” she says. Fifteen per cent of her online sales come from Amazon, 12 per cent from Flipkart, and the rest from other online retailers.

Vora also says Amazon.in has the best back-end set-up among all online retailers. Everything is automated, she says, and she does not need to contact anyone to upload new products or change prices, unlike other sites. “There is a large factor of trust, and they are bringing the best practices and service guarantees,” says Parag Rao, who heads HDFC Bank’s credit cards business.

Kaushal Arora, Founder of Techeye Creations & Technologies, a seller of health-care devices, says: “Flipkart is very good as far as payment is concerned, but they haven’t got the resources as far as marketplace is concerned.” Amazon pro-

## Amazon adds a new PIN code a day for delivery



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DEEPAK G. PAWAN

vides better analytics, he says, and adds that its control panel is much more advanced, as it gives details such as number of units sold and inventory remaining in the warehouse.

## Sights Set on the Consumer

Agarwal realised early on that India has address issues, so he added PIN code and landmark fields to the address form on the delivery page – something the US site does not have. “Fulfilment by Amazon” is prominently displayed when applicable, to gain the buyer’s trust. Cash on delivery is an option only on Amazon-fulfilled orders, and not if the seller ships the product.

Mobile is another area of focus in India. The country has 198 million Internet users, most of them users of mobile devices (of which 70 million are smartphones). "Forty per cent of e-commerce is over mobile, and that's where the industry is going to be," says Rachna Nath, Director at PricewaterhouseCoopers.

So Amazon launched mobile apps

**Diego Piacentini/ Senior VP,  
Int'l Consumer Business/ Amazon**

**"...when we look 20 years from now, [India] will be bigger than the US"**

for Android and iOS devices. “Amazon India is the fastest growing geography that we have seen in terms of mobile share of sessions and gross mobile sales,” says Agarwal.

Of course, Amazon.in still has gaps to fill. A significant one is apparel, the biggest component of the lifestyle category. Lifestyle accounts for 35 per cent of all Indian online retail, according to Technopak. Sellers such as Myntra and Jabong have a lead, and Flipkart has a grow-

ing presence. An Amazon executive says apparel will be launched in a couple of months. Some experts expect this to increase Amazon.in's traffic by about 20 per cent.

There are signs that the ticket size of orders at Amazon.in has grown. According to an executive at a large private bank, the average credit card transaction at Amazon already equals Flipkart's at about ₹2,700.

“You have to have the conviction that, over long periods of time, you can generate a large free cash flow for shareholders,” says Agarwal. How long is long term? Ten years and more, says Piacentini. Amazon’s international business head has something else in mind for the long term, too: “We want to build India operations so that, when we look back 20 years from now, it will be bigger than the US.”

The battle for supremacy in online retail in India, set to be the world's second-largest Internet market by this summer, has barely begun, but it is already bitter. ♦

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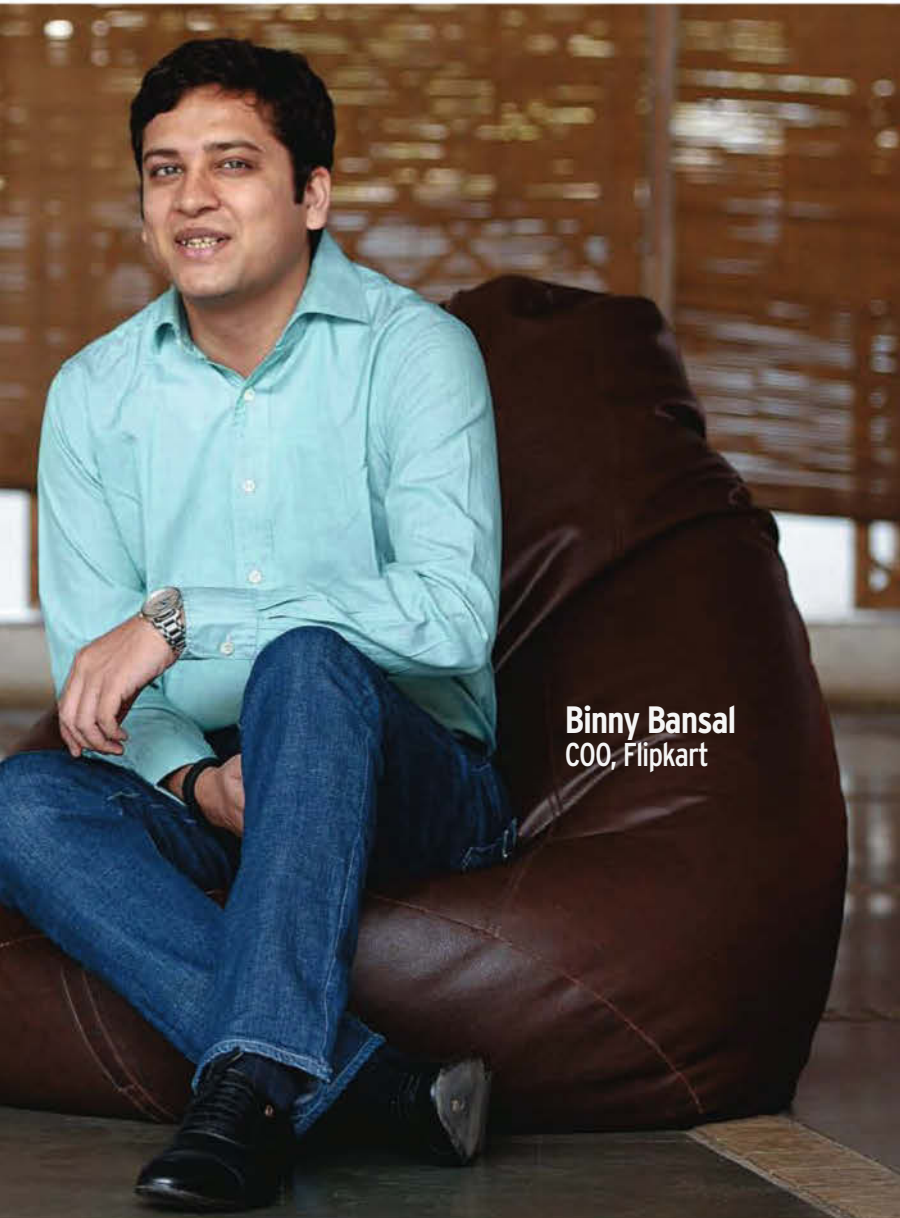
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**Sachin Bansal**  
CEO, Flipkart

# Ready for the Next





**Binny Bansal**  
COO, Flipkart

**Founders Bansals bulk up Flipkart for growth and to take on their biggest challenge yet, Amazon.** By TASLIMA KHAN

# Move

**T**here is a new intensity in Sachin Bansal when he speaks. The geek-looking CEO of Flipkart, India's biggest online retailer by revenues, gets unusually forceful making the point that he is looking for global talent to scale up his dream. "We want to hire every good person who comes our way. We are ramping up the number of tech people we have. We are looking to hire not just in India, but from outside as well," says the 32-year-old, less than 12 hours after returning from a trip to the US, where he met technology leaders at Google, LinkedIn, and Twitter to "exchange ideas".

He will not agree to this cause-effect association, but the energy levels at Bangalore-headquartered Flipkart are definitely linked to the entry of Amazon, the world's biggest online retailer, into India last June. Though Amazon is not offering its own retail services here because regulations don't permit that and has instead set up a third-party marketplace that hundreds of retailers sell on, the message is clear: the big daddy of online retail is here—virtually in Flipkart's backyard. Amazon India's office is just 13 km from Flipkart's in Bangalore. With its expertise of nearly two decades and deep

**Flipkart Muscle**  
India's largest online retailer is no pushover, as Amazon will find

**VALUATION:**

**\$1.6 bn (₹9,900 cr)**

**FUNDING:**

**\$550 million**

[with at least \$360 million (₹2,160 crore) unspent]

**REVENUES (2012/13):**

**₹1,180 crore**

**CURRENT ANNUALISED REVENUE\*:**

**₹3,355 crore**

**REVENUE TARGET FOR 2015:**

**\$1 bn (₹6,100 cr)**  
(at current currency rates)

**CUSTOMERS:**

**10 million**

registered users, half of whom have shopped at least once in the last 12 months

**AVERAGE SHIPMENTS A DAY:**

**About 100,000**

\* Current annualised revenue is the latest month's revenues multiplied by 12  
Source: Company, BT

pockets (it is expected to close 2013 with more than \$70 billion in revenues), the Jeff Bezos company is the strongest competitor Flipkart (annualised revenues: \$550 million) will fight for supremacy in India.

A credible rival can do wonders to an enterprise and Flipkart is no different. A month before Amazon launched its marketplace in India under the Amazon.in name, Flipkart launched its version of the marketplace. In July, it first announced its payments brand PayZippy for online merchants and customers seeking fast, hassle-free and safe payment options. Given the critical mass of transactions Flipkart controls – about 100,000 a day – the company is betting that it has the volumes to lay the foundation of what will be a profitable business. It is much like how Amazon bet on web server and storage services and made a successful business out of it. In December, Flipkart launched a one-day guaranteed delivery service, just five days after Amazon.in announced it.

The two companies are in the same business and there will be similarities in the services or features each launches. Bansal shrugs off competition from Amazon – his and co-founder Binny Bansal's former employer. "I think it's a good thing. It makes things more interesting. We've been very aggressive on growth, irrespective of Amazon's entry. We're not a very competition-focused company," says Sachin. What bothers him more is something different: "Whatever we are doing today is very insignificant compared to what will be required to do by 2020."

That is a fairly accurate assessment. Says Ashish Gupta, Senior Managing Director at venture capital firm Helion Venture Partners: "The story has just begun."

The size of online retail as a percentage of the overall retail market is predicted to grow to seven per cent, or some \$61 billion, by

2023, from just 0.2 per cent, or \$1 billion, today, says consulting firm Technopak.

Flipkart is estimated to have a one-fifth share of the online retail market in India – how does it plan to hold that share? One is expand logistics, a core strength where big investments and technology helped Flipkart become the gold standard in delivery in India. Flipkart ships books to almost all of India's 21,000 PIN codes and covers over a hundred cities for its entire product portfolio of 20 categories like consumer electronics, office supplies, watches, and health and beauty products. Some 70 per cent of

## Flipkart has almost one-fifth share of the online retail market in India

its shipments are done by its own logistics company and about half of deliveries are on a "cash-on-delivery" basis. "Having your own logistics can pay off as we scale; the benefit will come to us rather than to a logistics company," says Sachin. He looks at China with a logistics network covering 2,000 cities and towns as an example to emulate. "That means reaching out to a 1,000-people (location). That's an area of improvement for e-commerce in general and for Flipkart as well," he adds. (See "Ability to Use Data Crucial".)

For Flipkart, there is no option but to expand fast across categories to add choice for customers. "The wider the range of things you sell, the more people expect from you. You also need to show depth in categories," says Helion's Gupta. Flipkart is now betting big on the marketplace model for growth which is a very attractive proposi-



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tion for horizontal players who want to expand fast across products and categories without dramatically increasing fixed costs. The target: 10,000 to 15,000 resellers in a year, up from the current 1,000. "We have learnt a lot in the last eight months about the ecosystem and what technology platforms are required to scale up the business. In the long term, we see more than half of our business coming from third-party sellers," says Sachin.

Flipkart wants to expand its presence in fashion and apparel that promise average margins of 20 to 30 per cent, compared to categories such as electronics that promise less than half those levels of margins and hardly cover shipment charges. Online sellers with a big presence in fashion attract a higher number of visitors, too. Myntra, for instance, clocked over 24 million unique visitors in December and Jabong nearly 20 million, as per data from online

## Myntra clocks over 24 million unique visitors and Jabong 20 million

tracker comScore. Flipkart, despite being a broad-category seller, in comparison, recorded 13.22 million unique visitors. (Sachin says the Flipkart number is inaccurate, but declines to disclose in-house numbers.)

But as the market matures further, focusing only on acquiring new customers and increasing categories is not going to be enough. Customer stickiness is something to worry about. "Using cutting-edge analytics to offer loyalty bonuses or offering products not available elsewhere will be an important strategy going forward," says Arvind Singhal, Chairman, Technopak. Sachin is well

## Interview with Sachin Bansal "Ability to Use Data Crucial"



**Flipkart CEO Sachin Bansal, over two interviews, gives *Business Today* insights into his company's strategy for the future. Edited excerpts:**

**On investments in technology:** The biggest thing is investments on people. We are ramping up the number of tech people we have (about 300 today). We are looking to hire not just in India, but from outside as well. We want to hire every good person who comes our way. Because we see that returns on every good person coming into Flipkart are huge. As we scale up, our success depends on how well we are able to use our data. We have millions of users coming on Flipkart, we have lakhs of shipments on a weekly basis. Our ability to use that data to generate better products for the customer will be crucial.

**On Flipkart's third-party marketplace:** We have more than 1,000 sellers now. It will be 10,000 to 15,000 in a year's time. In terms of gross merchandise value (or total value of goods and services sold) contribution, 1,000 sellers is just a start. We have learnt a lot in the last eight months... about the ecosystem and what technology platforms are required. In the long term, we see more than half our business coming from third-party sellers.

**On categories that Flipkart is focused on:** Less than a year ago, we started developing clothes and shoes as a category. The skew is more towards electronics. But from about a third of the total market, shoes and clothes could become bigger than electronics. There is lot of speculation that Flipkart is acquiring Myntra; that's pure speculation.

**On profitability vs growth, funding, revenues:** Most people who have their strategy right are focusing on growth, not profitability, at a time when the market is small and is going to be a huge market in the future. E-commerce is a low-margin business; there is a trade-off between growth and profitability. I think the money we have raised, puts us in a comfortable position today. By somewhere in 2015, we will reach \$1 billion in sales. We have reached more than half way to the target.

**On the big pushes in the years ahead:** First is mobile. This is a year when mobile has become a prominent thing, a growth driver for e-commerce companies in comparison to desktops and laptops. Second is adding more third-party sellers. Third, the biggest area and which continues to be our focus for sometime is category growth.

**On Flipkart's branding:** Our advertising spend is the highest. On the marketing side, there is a focus to diversify our efforts across channels. When we focus only on TV, or only Google ads, the returns are not that great. If I spread it across multiple channels like affiliate marketing where we give commissions to people who drive traffic to us, Google ads, mobile app ads, Facebook ads, TV, print etc... Diversification generates more value, it is happening as we speak.





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aware of this. "Flipkart is good place to shop, if you come on the site knowing what you want to buy already. There is a bigger market opportunity waiting for us if we are able to induce or seed the purchases, affect purchasing behaviour and our ability to recommend," he says.

For instance, recommending a phone case to someone buying a Google Nexus 5 phone is common, but presenting a premium leather case or a functional plastic one based on past purchase patterns will decide the margins on the purchase. The holy grail for Flipkart lies at the intersect of "personalised experience" and "predictive analytics", clearly. Add PayZippy to that mix and Flipkart could be sitting on something that differentiates it from competition. Says M.N. Srinivasu, Director, Billdesk, a payments company: "Processing its own transactions can give Flipkart crucial analytics on consumer behaviour and help improve stickiness."

Like Amazon and others, Flipkart believes customers coming to shop via mobile phones will be big. "More than 40 per cent of traffic (on Flipkart) today comes from mobile, whether on apps or on our mobile website. It is quite a bit of change from one year ago when it was a single-digit percentage," says Sachin, adding that in categories like clothes and shoes, the orders on mobile phones are more than those made from desktops. Increasing overall order volumes made from mobile phones to half from one-fifth today, however, will take a year or two.

The big question before those looking at Flipkart from a cash-flow point of view is how long it will be able to fund losses especially given its strategy to focus on growing its customer base rather than pull in profits. "Out of a crore people that shop on-

## More than 40% of traffic on Flipkart today comes from mobile

line, very few think of online as a primary medium yet. We are currently more focused on delighting the customer and getting more and more people to shop online," says Sachin. Flipkart backers, too, are not worried of its high cash burn. "Amazon burnt loads and loads of capital before even breaking even. A transformational change needs loads of capital," says Abhishek

Agrawal, Managing Director at Seattle, US-based Vulcan Capital, an investment firm founded by Microsoft cofounder Paul Allen, that was part of a recent \$360-million funding round at Flipkart.

Nor does growing competition bother Agrawal. "Amazon has not been able to dent local guys in any of the BRIC countries, whether it is Russian giant Ozon or Alibaba in China. I'll be very surprised if the story is different in India." Predicts Technopak's Singhal: "India will have five to six dominant players. That will include Amazon."

Experts predict a consolidation among online retail companies this year as private equity investors are stepping in to fund an estimated \$2 billion to \$4 billion required by the industry in the next three to four years. Even so, investments in the \$150 million to \$200 million bracket will not be easy to come by till regulatory changes allow foreign investment in e-commerce. In other words, Flipkart may find it difficult to get more private cash. "The next best thing to raising private capital in the next two to three years will be to list themselves, something like what MakeMyTrip did with its NASDAQ listing," says Mahendra Swaroop, Managing Director at private equity firm Avigo Capital.

Sachin dismisses any concern over cash, saying Flipkart remains focused on customer growth and the brand. In internal meetings, he often sets the bar high: Flipkart "should be something that you are able to recommend to your mother and feel comfortable that it will not be a bad experience". With \$360 million in hand – and

Amazon.in gaining ground – the do-or-die years are ahead of Flipkart, not behind. ♦

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■ Ratchet up sales on its marketplace to 50%; increase third-party sellers to a few lakhs in four-five years

■ Increase product categories from the current 20

■ Continue to focus on growing its customer base, not so much on profits

■ Use data to personalise shopping experience, make predictive analytics

Source: Company

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**ON A HIGH:** People queue up outside a liquor shop in Daudnagar village of Bihar's Vaishali district

**K**rishna Kumar is struggling to find labourers for his dairy project in Bihar's Vaishali district. The work culture of the region has worsened drastically over the past few years, he complains. Why? "People have taken to excessive drinking," he says, blaming the state government for the problem. "Until 2006, there was only one liquor shop for 16 panchayats in the vicinity. Now, there are five. The state government has made liquor easily accessible."

Liquor shops have sprouted not just in Vaishali district but across the state. The number of liquor vends allotted by the state government climbed to 5,467 in 2012/13 from 3,436 in 2006/07, according to official data. The jump was highest in rural areas, where the number of shops tripled to 2,360 from 779 during the same period. Liquor sales surged at a much faster pace. Consumption of country liquor quadrupled while that of India-made foreign liquor (IMFL) increased almost five





RANJAN RAHI

# Hitting the Bottle

**HOW LIQUOR IS FILLING THE BIHAR GOVERNMENT'S COFFERS.**

By SARIKA MALHOTRA

times and beer sales soared more than 11 times (see *Liquor Economics* on next page).

No wonder, then, that Bihar's excise revenue has jumped to ₹2,765 crore in 2012/13 from ₹525 crore in 2007/08. The 40 per cent annualised growth has made excise tax the fastest-growing segment in the state's revenue kitty. The share of excise duty in Bihar's own tax revenue has risen to 17.65 per cent in 2012/13 from 10.33 per cent five years before. On the other hand, the

share of other components such as sales tax slipped during the period (see *A New Cocktail* on page 80).

So, what explains this trend?

The state government changed its excise policy after Nitish Kumar became chief minister in 2005 as the head of an alliance between Janata Dal (United) and the Bharatiya Janata Party (BJP). It started allotting more liquor shops and began increasing licence fees in a bid to boost revenue. The growing importance of excise duty for

Bihar, one of India's least industrialised states, is in contrast to Haryana, a more industrialised state where liquor consumption is also high. The contribution of excise duty to Haryana's own tax revenue was 13.32 per cent in 2011/12, only marginally higher from 12.19 per cent in 2005/06. But the share of sales tax jumped to 67.09 per cent from 61.73 per cent during the same period.

Emails and phone calls to the offices of Sandeep Poundrik, Secretary, Excise and Prohibition Department, and Excise Commissioner Syed Parvez Alam seeking comment on Bihar's excise policy elicited no response. Shivanand Tiwari, General Secretary, JD (U), agrees that liquor consumption in the state has shot up. "On festivals such as Holi people are consuming more alcohol instead of traditional favourites *bhaang* and *gaanja*," he says. But he defends the excise policy. He says that before 2005, 80 per cent of the liquor business was outside the revenue net. "The increase in revenue is a result of organising the liquor trade," he says. BJP leader Sushil Kumar Modi, who was the state's deputy chief minister until his party's alliance with the JD (U) ended last year, concurs. "The rise is on account of structural changes that were introduced post 2005 with a uniform excise tax structure," he says.

The state now allots licences for liquor shops through a lottery. A single licence is not granted. Depending on the area, it could allot licences for two or three shops in a group mandated to sell IMFL or country liquor. In some cases, shops in rural and municipal areas are tagged together. The licence fee is substantial. A liquor vendor from Buxar says he pays ₹8.45 lakh a month as licence fee for his three shops, two of country liquor and one of IMFL.

A Muzaffarpur-based restaurateur, who does not wish to be named, says he

shelved plans to open a bar in his restaurant after the state increased the annual licence fee for bars from ₹5 lakh to ₹17 lakh in April 2013. "In addition to paying several taxes for the restaurant, I will not be able to generate enough sales to offset this hike," he says. The restaurateur says that, based on his interactions with excise department officials, he feels the decision to increase the bar fee manifold is aimed at shifting consumers from bars to liquor vends. "An individual consumes a couple of pegs in a bar, whereas he would buy at least a bottle from a shop. Sales are limited in a bar and so they are not generating as much revenue."

The government has also raised the minimum guaranteed quantity that vendors must procure from the state. Vendors' total monthly quota for IMFL has been raised to 3.91 million London proof litres (LPL) in 2013/14 from 2.90 million LPL the previous year. For country and spiced country liquor, the quota has been increased to 9.25 million LPL from 7.71 million LPL. Similarly, for beer the quota has been raised to 6 million bulk litres from 4 million bulk litres. LPL and bulk litres are units of alcohol measurement.

Vendors say the rise in licence fee and quotas is making it difficult for them to operate. The fee increase also explains why 315 of the 5,467 liquor shops allotted in 2012/13 were not allotted. A vendor from Muzaffarpur says that competition among vendors is growing and many are encouraging credit or selling liquor at lower prices to attract consumers.

## Panned by critics

While growing liquor sales may have boosted the treasury, the state is facing heavy criticism from social activists and academics. Critics say a revenue model that promotes liquor sales has a huge social cost on health and status of women in a state where much of society is still feudal-minded. Vaishali dairy entrepre-





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**A NEW COCKTAIL:** The share of excise duty in Bihar's own tax revenue is rising while that of other taxes is falling


Source: Bihar Economic Survey 2012/13

neur Kumar says there are few jobs for skilled or semi-skilled youth because no big or small-scale industry has been set up due to lack of political will, bureaucratic lethargy and corruption. "This has led to growing frustration among the youth, especially in rural areas, who do not wish to till land or do manual work. Many of these people connive with village administration to siphon off money from welfare schemes and blow it up on liquor," he says.

Sanjay Kumar, a social activist in Jehanabad, says alcohol consumption in rural areas is rising because of "freebies". He cites the example of a household below the poverty line, which gets 15 kg rice and 25 kg wheat for ₹155 a month. Even a man who works for five to 10 days a month and earns ₹100-120 a day spends a large amount on liquor, he adds. Kanhiya Singh, Senior Fellow at the New Delhi-based think tank National Council of Applied Economic Research (NCAER), says high excise duty and licence fee could lead to adulteration and a thriving black market, especially for country liquor. Shiv Prakash Rai, a social activist from Buxar, says while the government is giving the impression that it is dissuading people from consuming more by increasing licence fees and liquor prices, it is also issuing more licences than before. "Clearly, one has to read between the lines," he says.

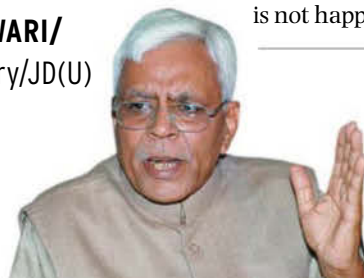
Some experts feel excise revenue should be seen only as a necessary evil and there is nothing wrong if a state

taxes liquor heavily. "The state needed internal revenue and excise happens to be an area where it could enhance rates and expand the revenue base," says Shaibal Gupta, Member-Secretary of the Patna-based Asian Development Research Institute. But some others question the tax structure in which excise revenue is registering maximum growth. Pronab Sen, former chief statistician of India, feels the seven percentage point rise in the share of excise duty in total revenue is very high. "It can be worrying for any state, as excise has a limited role and scope," he says.

Digambar Mishra Diwakar, Director, A.N. Sinha Institute of Social Studies, Patna, says industry in Bihar is not developing due to lack of basic infrastructure, with electricity shortage being the biggest hurdle. "For industry to grow, confidence building measures are still amiss," he says. Official data back this opinion. The State Investment Promotion Board has 1,441 approved projects, of which only 191 have been established or have some kind of existing unit. Singh of NCAER adds that rising excise revenue does not reflect real economic growth. Nawal Kishore Chaudhary, Professor and Dean, Faculty of Social Sciences, Patna University, concurs. "It is not a healthy model for growth and is not sustainable," he says. "Real growth should come from manufacturing, which is not happening in Bihar." ♦

*"On festivals such as Holi people are consuming more alcohol instead of traditional favourites bhaang and gaanja"*

**SHIVANAND TIWARI/**  
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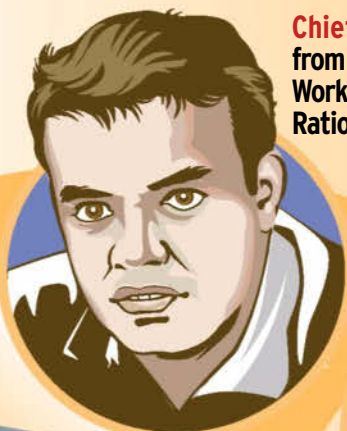
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**ADITYA KULKARNI, 31**

**Chief Product Ion**

from ISB, Hyderabad;  
Interned at Rational Software/  
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# Little Big Company

**Five Bangalore techies with oodles of chutzpah sell their company, Little Eye Labs, to Facebook**

**K.R. BALASUBRAMANYAM**

**M**ost companies have CEOs or managing directors. Not Bangalore-based mobile technology company Little Eye Labs. Its founders call themselves 'ions', short for 'eye-ons'. So, you have a Chief Ion, a Chief Tech Ion, a Chief Noisy Ion, a Chief Engineering Ion and a Chief Product Ion. Last month, the five ions were extremely charged – and it wasn't because of their quirky titles. Global social media giant Facebook had acquired the Indian start-up in a high-profile deal estimated at under \$15 million.

So, who are these ions? They are a motley group of entrepreneurs who got together while working at Rational Software/IBM long before they set up Little Eye Labs with seed funding from GSF India and VenturEast. None of them had any business experience – apart from Chief Ion Kumar Rangarajan, who had briefly flirted with entrepreneurship at the age of 14, when he and a friend started a local lending library. But they certainly had chutzpah. Plenty of it.

It all began when Giridhar Murthy, a techie in his late 20s, was bitten by the entrepreneurial bug four years ago, when IBM was reportedly toying with the idea of exiting Purify, a memory debugger program used by software developers. Murthy was tempted to

make a bid along with friends, but realised it would not work. He shot off a mail to two techie friends, Rangarajan and Lakshman Kakkirala, suggesting they take a shot at entrepreneurship. The trio in turn involved another friend, Satyam Kandula, an engineer with an IIT degree, and discussed the idea for two years. Later, they roped in another former colleague, Aditya Kulkarni, an engineer with an MBA, and the group was now ready to go: Little Eye Labs was finally born in Bangalore in August 2012.

The firm was born out of a simple idea based on five things that irritate most mobile users: apps that drain battery energy; hanging handsets; apps that eat up a lot of data; apps that respond slowly; and the significant disc space apps occupy. An app developer might not know how much disc space or battery energy an app is going to consume. And this is the market the start-up served: it created tools to measure, analyse and optimise the Android code.

The five men had developed similar tools for desktop products during their years at IBM. They wanted to leverage their knowledge and skills, and extend them to the mobile platform. In the initial days, Rangarajan worked out of

Café Coffee Day outlets in Bangalore trying to understand the Android programme and write code for the proposed tools. “When we spotted them, they were working with the idea of measuring power. Our team helped broad-base the idea,” says Rajesh Sawhney, founder, GSF India.

So, Kandula became Chief Tech Ion, Murthy Chief Engineering Ion, Kulkarni Chief Product Ion and Kakkirala Chief Noisy Ion as he enjoyed interacting with customers. The start-up received a further dose of energy when Gaurav Lochan joined as Big Coder Ion, Satheesh Anbalagan as Chief Customer Ion and Srikant Sahay as Coder Ion. Lochan earlier worked with Flipkart, where he used Little Eye tools for the online retailer’s Android apps, but he would come up with so many feature requests he decided to join the team to create them himself.

By November 2013, the company had about 2,000 users and 25 paying customers, including GE Medical Systems, Qualcomm and Intel. Around this time, the start-up raised seed funding of ₹1.5 crore from GSF India and VenturEast. The investors saw big potential in Little Eye’s products. “Tools for app developers is a multi-billion dollar market opportunity,” says Sateesh Andra, Managing Partner, VenturEast Tenet Fund. Sawhney was hopeful too. “We knew Facebook or Google kind of companies would be interested in this company. But we were ready to back the company even if the Facebook deal had not happened,” he says.

Little Eye’s first contact with Facebook was in May 2013 when its representatives attended a Google conference in San Francisco. The Indian start-up’s founders pitched their tools to the Silicon Valley giant, which showed interest and evaluated the product. The two teams began discussions – and in the end, the

Facebook management negotiated a price not for Little Eye’s product, but the company itself.

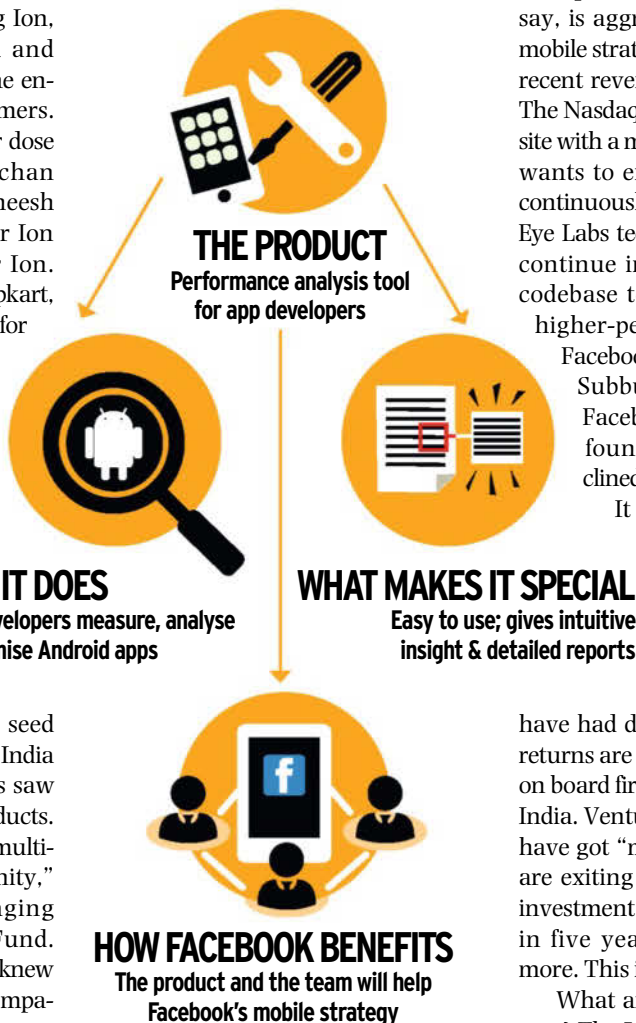
Why did the company take up Facebook’s offer? According to Sawhney, the founders probably thought it would help their product reach millions of mobile developers

a giant step,” says Praveen Bhadada, Director (Market Expansion) at Zinnov, a consulting firm.

Analysts say the acquisition makes business sense for Facebook. The social network giant will save time, money and energy on developing similar tools to plug any gap in its own portfolio. Facebook, analysts say, is aggressively working on its mobile strategy – a good chunk of its recent revenue came from mobiles. The Nasdaq-listed social networking site with a market cap of \$143 billion wants to ensure its app quality is continuously improving. “The Little Eye Labs technology will help us to continue improving our Android codebase to make more efficient, higher-performing apps,” wrote Facebook Engineering Manager Subbu Subramanian on the Facebook timeline. Little Eye founders and Facebook declined to comment on the deal.

It is a win-win for everybody. The Facebook deal has also been a windfall for GSF India and VenturEast Tenet Fund. “In one year of our investment, we have had double-digit returns. Our returns are higher because we came on board first,” says Sawhney of GSF India. VenturEast’s Andra says they have got “multiple x” returns. “We are exiting eight months after our investment. Usually we expect exits in five years or sometimes even more. This is an exception.”

What are their plans for the future? The Little Eye team will move to Facebook’s headquarters in Menlo Park, California. “From there, we’ll be able to leverage Facebook’s world-class infrastructure and help improve performance of their already awesome apps,” Rangarajan wrote on his blog. “For us, this is an opportunity to make an impact on the more than one billion people who use Facebook.” ♦



in a short period. “This is one deal with the best outcome where everyone – Facebook, investors, employees and founders – is happy.” Industry experts say Facebook’s offer was a big endorsement of the company’s product. “While from Facebook’s perspective, it could be a small step to look at the Indian market for acquisitions, from the Indian start-up ecosystem’s perspective, it’s

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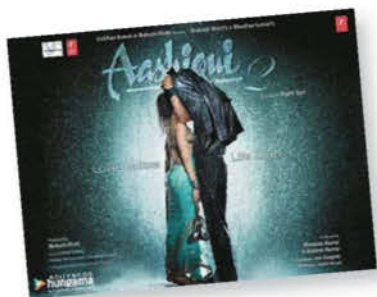
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## SMALL BUDGET, BIG MONEY

Movies made by the Bhatt's eschew stars and big budgets and yet earn huge profits

Films/ Year	Budget	Revenue
<b>Kasoor</b> 2001	2.5	3
<b>Raaz</b> 2002	4	30
<b>Murder</b> 2004	4	45
<b>Gangster</b> 2006	NA	30
<b>Jannat</b> 2008	8	39
<b>Murder 2</b> 2011	NA	36
<b>Raaz 3</b> 2012	30	58
<b>Aashiqui 2</b> 2013	11	100

(in ₹ crore)

## IN COMPARISON

Other hit films cost way more

Films/ Year	Budget	Revenue
<b>Ek Tha Tiger/2012</b>	80	310
<b>Chennai Express/2013</b>	70	314

(in ₹ crore)

Source: BT Research; nos. are approximated







# It

was early 2013 and Vishesh Bhatt, son of prolific film producer Mukesh Bhatt and nephew of redoubtable director Mahesh Bhatt, was finding it difficult to sleep. *Aashiqui 2* was ready for release. Though his name figures nowhere in the credits of this film, it is well known in the industry that this particular offering from the Bhatt's' production house was largely Vishesh's baby.

Vishesh, 29, could not shake off the feeling that the trailers of the film could have been better. "There is a standard way of promoting a film but I wanted to debunk that," he says. He finally junked the existing promos and made a new one, featuring only the lead song, without any dialogue. The film turned out to be the

# NAYA DAUR 2

VISHESH, SON OF MUKESH BHATT, AND POOJA AND ALIA, DAUGHTERS OF MAHESH BHATT, ARE BUILDING ON THE LEGACY OF THEIR FATHERS, BUT ARE STRIKING OUT IN NEW DIRECTIONS AS WELL. BY SUNNY SEN

**Scripting success:** Vishesh Bhatt, with sister Sakshi

RACHIT GOSWAMI

biggest musical hit of the year.

In many ways, *Aashiqui 2* was a typical product of the Bhatt's' production house – named, as it happens, Vishesh Films. It had newcomers in the lead roles and was made on a modest budget of ₹11 crore. (It went on to gross over ₹100 crore, the highest any Vishesh Films offering has done.) Even the name *Aashiqui 2* – like many other Vishesh Films releases – harked back to an earlier film from the same group, *Aashiqui* (1990), though this was a completely different story. It was different also for another crucial reason. For more than a decade, Vishesh Films releases had been in the *noir* genre, focused to a great extent on crime and sex.



**Strong foundation:**  
Mahesh Bhatt (left) and Mukesh Bhatt, who together founded Vishesh Films

RACHIT GOSWAMI/www.indiatodayimages.com

They made money no doubt, but an impression had gained ground that they were not for family audiences. *Aashiqui 2* in contrast was a love story, and a family entertainer.

Vishesh has been working with Vishesh Films since 2002, though he took a break in 2005 to study film-making at New York University. The success of *Aashiqui 2* has encouraged him to steer the production house towards making more such family entertainers. Two are already in the works: *Mr X*, a 21st century fantasy about an invisible man, and *Humari Adhuri Kahani*, a love story.

There are other ways too, in which Vishesh has been putting his personal stamp on the production house that bears his name. Big budgets, for instance, are no longer taboo. *Raaz 3*, released in 2012, cost ₹30 crore, more than any other Vishesh Films production has done. (It went on to earn ₹58 crore.) He also played a key role in the production house's tie-up with Fox Star Studio – a joint venture between 20th Century Fox and Star – which has given it a global connection. For *Raaz 3*, for instance, a

**Bhatt's success formula:** Hit music, a tight script, hardly any stars and some skin show

3D film, the tie-up got Vishesh Films the same graphic artist who had worked on the Hollywood hit, *Avatar*. Both *Mr X* and *Humari Adhuri Kahani* are being co-produced by Fox Star Studio. The partnership has already tasted success – having collaborated on *Murder 3*, *Jannat 2* and *Raaz 3*. “*Raaz 3* was the first high quality 3D film in Bollywood,” says Vijay Singh, CEO, Fox Star.

Following in Vishesh's footsteps is his sister Sakshi, 26, who joined Vishesh Films two years ago. *Raaz 3*

was the first film she was involved with as assistant producer, turning associate producer with *Murder 3*. “So far, ours has been very much a Mukesh Bhatt-Mahesh Bhatt organisation,” says father Mukesh Bhatt. “But eventually, Vishesh and Sakshi will take the company forward. They are the next generation and the process has already started.”

## Pooja and Alia

Two of Mahesh Bhatt's daughters, Pooja and Alia, have also followed their father into the film business. After a decade-long run as a Bollywood actor in the 1990s, tasting critical acclaim with films like *Daddy*, and commercial success with the likes of *Dil Hai Ke Maanta Nahin*, both directed by her father, Pooja, 42, set up her own production house FishEye Network in 2002, jointly with actor-model Dino Morea.

But the influence of Vishesh Films on her has been considerable. “Mukesh uncle taught me all I know about production,” she says. FishEye – whose releases include films like *Sur*, *Jism*, *Paap* and *Jism 2* – swims in



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YOGEN SHAH

**Material girls:** Pooja Bhatt (above) is greatly influenced by uncle Mukesh's filmmaking style; Alia Bhatt is a rising Bollywood star



the same waters as Vishesh Films: low budgets, tight scripts and hardly any stars. Indeed, Pooja claims to be even more frugal. "My films cost a couple of crores less than Vishesh Films's movies," she says. *Jism 2*, for instance, released in 2013, featuring the ex-porn star Sunny Leone, was made on ₹14 crore and grossed ₹40 crore.

Alia Bhatt, just 20, has not given a thought to production or direction yet, but is already a rising Bollywood star. Her first film, Karan Johar's *Student of the Year*, which she did when she was 17, drew her considerable attention. Johar has taken her in his next movie, too: an adaptation of prolific author Chetan Bhagat's *Two States*. She also stars in *Highway*, directed by Imtiaz Ali. She says she does not find the Bhatt tag a burden. "The only burden will be if the audience does not accept me," she adds.

## India's Roger Corman

How did it all begin? Mahesh Bhatt first drew attention with a string of

movies that were called sensitive – among them *Arth*, *Saransh*, *Naam* and *Zakhm*. The last, released in 1998, had a paradoxical impact. Based on the director's own life, it was critically acclaimed and brought lead actor Ajay Devgn a national award, but Mahesh lost all his money on it.

It marked the end of

Mahesh's tryst with meaningful cinema. The following year, brother Mukesh made *Sangharsh* with Akshay Kumar and Preity Zinta. It did not do well either. That turned the brothers away from big stars, too.

Their next, *Kasoor*, came after a lull of two years. The dark thriller made with newcomers on a shoe-string budget of ₹2.5 crore, made a profit of ₹50 lakh. It was a sign of things to come. Keeping their budget consistently in the ₹4-10 crore bracket, the Bhatt brothers produced a string of hits – *Raaz* in 2002, which made ₹30 crore, *Murder* in 2004, which raked in ₹48 crore, *Gangster* in 2005 which gave them ₹30 crore and *Jannat* in 2006, which again earned ₹39 crore.

The figures may not boggle the mind at a time when films earning anything less than ₹100 crore are considered lukewarm successes. But look at the production cost of some of these mega-hits – *Chennai Express*

cost ₹70 crore (it grossed ₹314 crore globally), *Ek Tha Tiger*'s budget was ₹80 crore (it earned ₹310 crore) – and the uniqueness of the Bhatt's achievement becomes clear.

Many in the industry refer to the Mukesh Bhatt as Bollywood's Roger Corman. Corman was one of the most successful makers of B-grade movies in Hollywood, who also launched actors like Peter Fonda and gave directors such as Ron Howard and Martin Scorsese their breaks. Mukesh endorses the label. "Corman is my mentor," he says. "His economic formula and mine are the same."

So what was the secret sauce that made these low budget endeavours, hits? Hit music, a tight script and some skin show have been the running threads. "It is a very potent genre and has been globally proven," says Mukesh. The Bhatt's also started the practice of repeating film titles – *Murder 2* and *Murder 3*, *Jannat 2*, *Raaz 2* and *Raaz 3*. But there was a departure here from conventional film practice – these were not sequels but entirely different films, with the titles serving only to indicate the sub-genre – all the *Murder* films were about crime and sex, the *Raaz* ones involved the supernatural, the *Jannats* were both thrillers.

And they were all successful. *Murder 3*, released last year, gave a 280 per cent return on investment, *Jannat 2*, in 2012, earned three times its cost. But there was the price to be paid – families stayed away. And persistently low-budget offerings meant they would never be considered in the top league. This is what Vishesh and Sakshi want to change.

One early, little remembered film Mahesh Bhatt directed was titled *Naya Daur* (A New Age, 1978). A personal *naya daur* began for Mukesh and Mahesh Bhatt in 2001, with the release of *Kasoor*. Now yet another *naya daur* awaits the next generation of Vishesh, Sakshi, Pooja and Alia Bhatt. ♦

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# NO EXIT

**TACKLING  
NON-PERFORMING  
ASSETS IS THE  
BIGGEST PRIORITY  
OF BANKS. BUT  
IT IS NOT EASY.**

BY ANAND ADHIKARI



RAJ VERMA



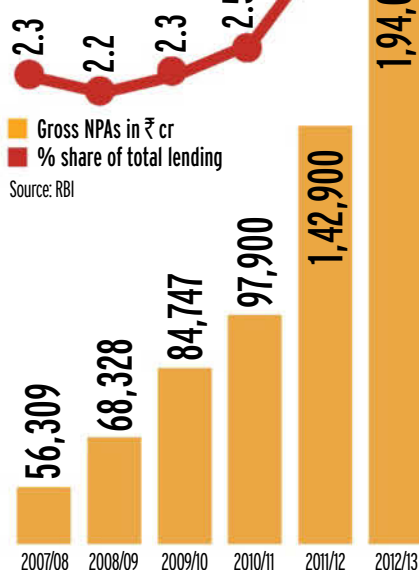
In October 2000, a consignment sent by a Lucknow-based gold jewellery exporter was rejected by a client in London. The jeweller had taken a loan from a state-run bank for the export. Following the rejection, he sought the bank's permission to sell the jewellery in the local market. The bank, unsure of the jeweller's ability to repay the loan, sought additional collateral to safeguard its exposure. The jeweller agreed and pledged some gold bars with the bank, but eventually defaulted on his loan repayment. The bank soon began making efforts to recover its money. More than 13 years on, the case has yet to reach a conclusion.

So, what happened? In March 2001, the bank started valuing the gold the jeweller had kept as collateral. To its shock, the bank found that the pledged gold was actually copper alloy plated with the yellow metal. It lodged a criminal complaint against the jeweller and followed it up with a lawsuit in a debt recovery tribunal, a quasi-judicial body that helps banks get their money back. The case dragged on until June 2008 when the bank got the go-ahead to seize and auction the borrower's properties to recover its loan.

But the story did not end there. The jeweller challenged the recovery proceedings in an appellate tribunal. He also filed a lawsuit saying the bank had misplaced his gold and sought more than five times the loan amount as compensation. The appellate authority dismissed the counterclaim in July 2011. Four months later, the borrower moved the high court seeking a rehearing of the case.

## ON THE RISE

Bad loans at domestic banks have jumped in recent years



The appellate body heard the appeal again and dismissed it. In February 2012, the borrower again approached the high court, but lost. In June of that year, the bank began auctioning the jeweller's properties. The auction was, however, put on hold by the State Consumer Disputes Redressal Commission. Though the commission had no jurisdiction on the case, the auction remained on hold even after the bank filed a review application.

The jeweller's example is the rule rather than the exception when

banks try to recover loans. "Almost 90 per cent defaulters challenge the recovery proceedings in courts," says R. Rudran, CEO of ARCIL Ltd, India's largest asset reconstruction company. Delays in disposal of cases by overburdened courts compound the banks' misery.

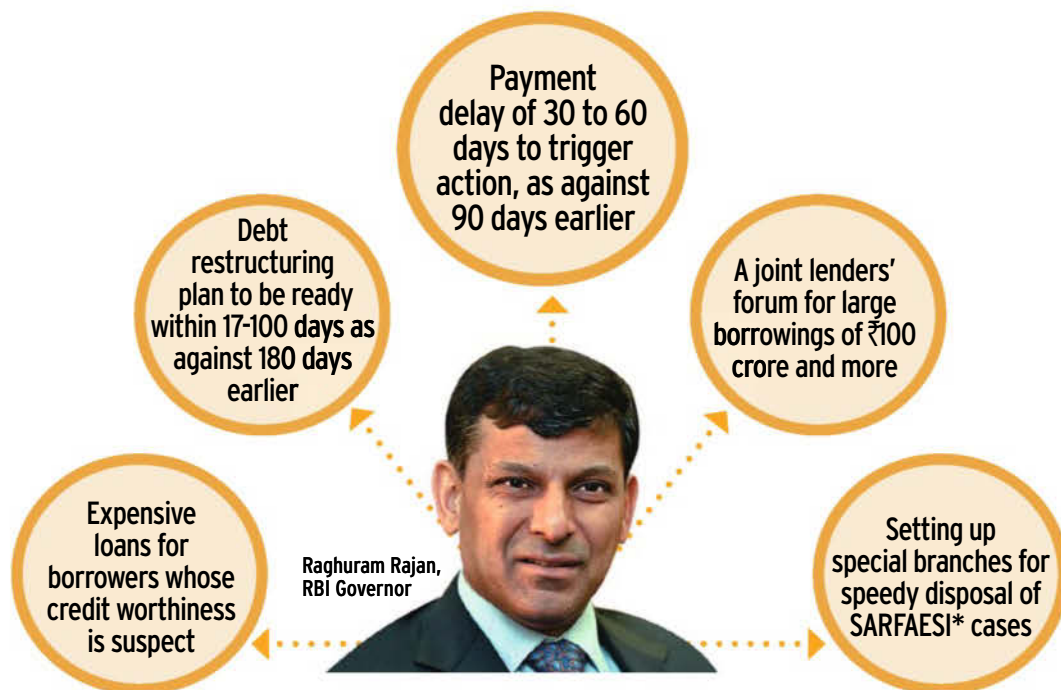
Such cases highlight the difficulties banks face as they tackle their biggest challenge in recent years – a surge in bad debts. Loan defaults by companies that borrowed heavily in the past few years to expand their businesses are rising as the Indian economy crawls at its slowest pace in a decade and interest rates remain high. Gross non-performing assets (NPAs) of domestic banks jumped to 3.6 per cent at the end of March 2013 from 3.1 per cent of total lending a year earlier, according to the Reserve Bank of India (RBI). (See *On the rise*). Bad loans rose further to 4.2 per cent by the end of September 2013, latest data show.

State-run lenders, which dominate the banking system, are burdened with the major chunk of the soured debts. For instance, gross NPAs of State Bank of India, the largest lender, doubled to ₹51,189 crore

**Birendra Kumar**  
MD and CEO, International  
Asset Reconstruction Company

"We are willing  
to buy written-off  
assets, but there  
is not enough  
supply"





## ON THE REGULATOR'S RADAR

RBI's action plan for early identification and resolution of bad-loan cases

\*Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act

in the year through March 2013 from ₹25,236 crore two years before. And asset quality is about to get worse. Bad loans could climb to 4.6 per cent by September this year and may even touch seven per cent of total advances by March 2015 in the worst scenario, the RBI warned in its half-yearly Financial Stability Report released in December.

The central bank's fears are not unfounded. The data for corporate debt restructured by banks shows why. The amount of corporate loans recast by banks was ₹2.72 trillion at the end of September 2013, up 19 per cent from ₹2.29 trillion only two months before and 45 per cent higher than ₹1.87 trillion a year earlier, according to latest data on the website of the Corporate Debt Restructuring Cell, a group of lenders that decides on loan recasts. In percentage terms, the restructured loans were six per cent of total advances as of September last year. This means that the proportion of stressed loans – gross NPAs plus

restructured debts – jumped to 10.2 per cent of total advances as of September 2013 from 9.2 per cent six months before, according to the RBI's December report.

The number of companies seeking to recast their loans surged after

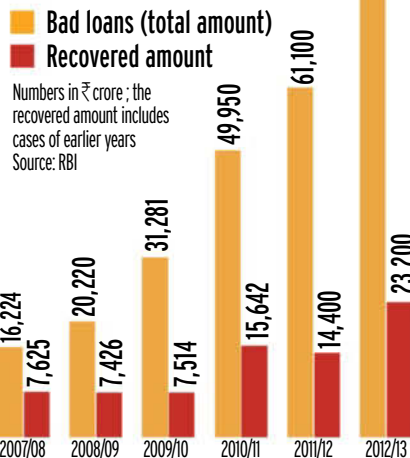
the global financial crisis of 2008/09. Restructuring is typically the first step banks take when borrowers appear unable to meet their repayment obligations. A recast involves extending the loan tenor and deferring interest payments. But, it doesn't help most of the time and such loans eventually become dud. A case in point is liquor baron Vijay Mallya's Kingfisher Airlines. In November 2010, the loss-making carrier's lenders recast loans of about ₹6,000 crore by converting part of the debt into shares, extending the tenor and deferring interest payments by two years. But the carrier kept defaulting on payments to lenders, employees, vendors and tax authorities, and was finally grounded in October 2012. By early 2013, its lenders started categorising loans to Kingfisher as NPAs in their books.

So, how are banks trying to come out of this crisis? And what is the RBI doing?

Analysts say most banks, especially state-run lenders, have

### Legal hurdle

Asked to pay, defaulters often move court. Bad loans stuck in courts have surged





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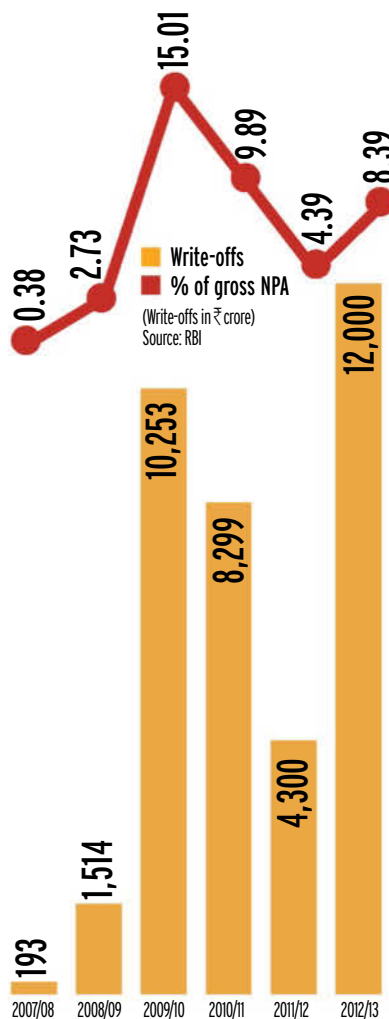
weak credit appraisal and management systems and are not capable of dealing with NPAs. They say most banks focus on acquiring new business rather than handling dud loans. M.S. Raghavan, Chairman and Managing Director, IDBI Bank, concurs. "There is no focused attention on NPA accounts [in most banks]," he says. IDBI is among the few banks that are getting proactive in going after soured debts. Last year, it asked regional, zonal and branch managers to focus on the top 20 NPA accounts in their jurisdictions. "The initiative has started showing results," says Raghavan.

Banks also lack adequate mechanisms to spot early signs of deterioration in asset quality. RBI Governor Raghuram Rajan is nudging banks to take a hard look at the initial stress in loans. The RBI released a discussion paper in December where it focused on early detection of financial stress. It suggested that if a loan is overdue by 30 days it should be classified as a 'special mention account'. Currently, a loan comes under the category of NPAs when the interest and principal amounts are overdue for 90 days. The discussion paper also suggested banks should set aside more money to cover bad loans. It recommended the provisioning requirement for unsecured loans overdue by up to a year should be increased to as much as 50 per cent from 15 to 25 per cent currently.

Many banks are moving debt recovery tribunals and Lok Adalats under the SARFAESI Act to get their money back. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, allows banks to auction properties of defaulters. But the tardy pace and the long-winding processes of the judicial system means banks recovered barely a fifth of the more than ₹1 trillion that is stuck in courts (see *Legal hurdle*). Banks are also increasingly writing off bad loans by making 100 per cent provision in their books (see *Off the books*). In fact,

## Off the books

### Banks are increasingly writing off NPAs to clean their books



banks are often accused of using the write-off as a tool to lower their NPAs. Stuart Milne, CEO, HSBC India, says banks don't try to recover a loan after writing it off. Industry experts say banks should sell the written-off assets, as the sale proceeds go directly into their profit and loss account. "We are willing to buy written-off assets, but there is not enough supply," says Birendra Kumar, MD and CEO of International Asset Reconstruction Company.

The fastest way for banks to deal with NPAs is to sell them to asset reconstruction companies (ARCs), which have greater expertise in deal-

ing with rogue borrowers. In the nine months through December 2013, banks auctioned bad loans totaling ₹13,766 crore to ARCs. But, these auctions did not generate much interest because of a mismatch in the valuation of loans that banks want and that ARCs are willing to pay. "The success rate is less than 10 per cent," says Rudran of ARCIL. P.H. Ravikumar, Managing Director at Capri Global Capital, a non-banking finance company, says banks have higher expectations in the first year when bad loans do not require major provisioning and their book value is high.

Raghavan of IDBI Bank says the concept has not picked up in India also because of the payment mode. ARCs initially provide security receipts to banks instead of paying in cash and pay the actual amount with some profit later when they realise money from bad loans. Executives at ARCs defend the practice, arguing that it takes them at least three years to resolve a bad-loan case. They also say that banks approach them when there is no hope of recovery. "This mindset has to change as we are better equipped to handle NPAs," says Rudran. "Not many [banks] recognise or appreciate the efforts that go into resolving a case."

Selling bad loans to ARCs, writing them off or approaching courts against defaulters won't be enough, however, if banks do not simultaneously improve their lending practices. Rising NPA levels not just hurt banks' profits and share prices, they also hamper their ability to offer loans to borrowers who could actually use the money for useful purposes. RBI Governor Rajan is aware of the need for better banking practices. "We could wish for a more effective judicial process or a better bankruptcy system," he said recently. "But, while we await that, we have to improve the functioning of what we have." ♦

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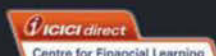
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# Poor Economics

With growing support from venture funds, more entrepreneurs are now targeting bottom-of-the-pyramid consumers. BY SHAMNI PANDE

**F**or over 4,000 children in Mandya and Davangere districts of Karnataka, Hippocampus Learning Centres (HLCs) are a lifeline. Some 100 odd HLCs dot the village hamlets here. "I initially started with Hippocampus libraries for children, but realised the need for pre-school among the poor," says Umesh Malhotra, Co-founder and CEO, HLC.

What makes this venture unique is that it is not altruistic – Malhotra makes a profit on his investment despite targeting the poor. HLCs charge a fee of ₹2,000 to ₹3,000 per month per child, depending on the size of the village and the level at which the children there enroll. "Barring five to 10 per cent, almost everyone in these villages is a BOP (bottom-of-the-pyramid) consumer," he says. "Most families have only one working member, usually employed in the town." Malhotra's initiative has attracted seed funding from several venture funds including Unitus, Acumen, Lok Capital, 40k Foundation and Asha for Education.

Far away in Hyderabad, Andhra Pradesh, Naveen Kumar has a similar story to tell. He is Founder and CEO, Sudiksha Knowledge Solutions, and is opening pre-schools for the

urban poor. Sudiksha today runs 22 schools that charge ₹400 per month. "We identify local women who have some formal education and train them to teach and manage the centres. We pay them on par with market rates," he says.

Launched in 2011, Kumar is set to scale up his venture in 2014. "Of the 12 pre-schools launched in 2013, six have broken even," he adds. "But my goal is to have 1,000 schools in the next five years and reach 50,000 children."

Malhotra and Kumar are just two among a small but growing numbers of entrepreneurs who are reaching out to BOP consumers with

for-profit business models. Indeed, a report by a team of researchers from IIT-Madras, *India Venture Capital and Private Equity, 2013: Convergence of Patience, Purpose, and Profit*, notes that investment activity in impact sectors – as those relating to social development or change are called – picked up after 2006.

Of course, mainstream companies have always sought ways to cater to the poor. There have also been start-ups as well focused on the BOP consumers. But today there is a greater diversity of ideas. "According to the Rockefeller Foundation, India is already the second largest impact investing market after the US," says Ankur Shah, Head of Sector Strategies and Education Portfolio - UAE at global impact venture capital fund Acumen.

Several entrepreneurs now spot opportunities in the BOP category. "Why should investing in impact sectors not be commercially viable?" says Ronnie Screwvala in the report by the IIT-Madras team. Screwvala, the Founder of the UTV Group (now called Disney UTV), is also a philanthropist. His for-profit investment vehicle, Unilazer Ventures, too invests in these sectors.

There are more instances. Take Neha Juneja and Ankit Mathur, both

**"We have seen a rise in social entrepreneurship in India as well as of investors supporting such ventures"**

**ANKUR SHAH,**  
Head of Sector Strategies & Education Portfolio - UAE, Acumen





NISHIKANT GAMRE/www.indiatodayimages.com

**A different tack :** Greenway Grameen Infra, run by Neha Juneja and Ankit Mathur, manufactures a fuel efficient cooking stove for the poor

alumni of the Delhi College of Engineering. Their for-profit company, Greenway Grameen Infra, makes a cooking stove which needs 65 per cent less fuel than the traditional stove and also produces 70 per cent less smoke. It can use any type of solid bio-mass, including wood and cowdung, as fuel. "I do not think poor people want cheap products. They want good products that are value for money," says Juneja.

She notes that during the pilot stage, consumers rejected a cheaper stove in favour of the more efficient model. The company is already generating revenue and has attracted seed funding from an angel investor.

Or take Chaupal, which has

launched health centres and a *chalta phirta aspatal* (mobile hospital) in Sonapat, Haryana. "We work on a dual model. The mobile hospitals are funded and are in the non-profit space, but we have for-profit, health centres as well," says Alok Singh, founding board member of Chaupal.

The for-profit clinics charge patients ₹20 for a general check up and have different – though affordable – rates for other procedures. "We hope to reach other districts in Haryana next through small, 20-bed hospitals," she says.

Acumen has been investing in India since 2002, with an active presence since 2006. "We have defi-

nately seen a rise in social entrepreneurship as well as of investors supporting such ventures since then," says Shah. Its India portfolio grew from \$2 million in 2005 to \$24 million in 2010. In 2012, about 30 funds invested around \$100 million on impact sectors in India.

Some provide more than funds. "We not only aid through capital but also give operational support to very early stage social enterprises," says Niyaz Laiq, Senior Associate at Lok Capital. Clearly, support from global investors will encourage more entrepreneurs to launch similar for-profit BOP ventures. ♦

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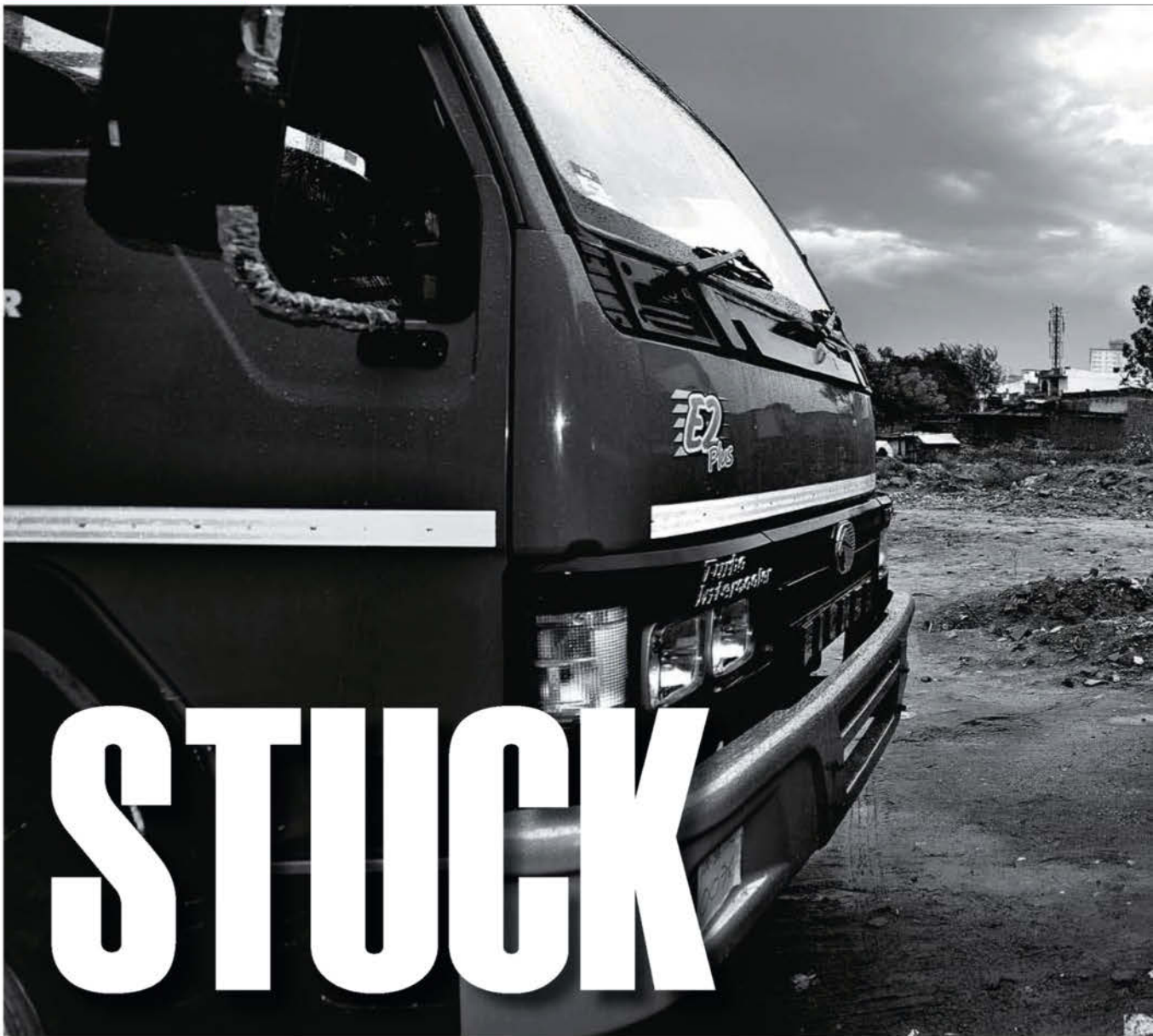


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## THE COMMERCIAL VEHICLES SECTOR IS FACING ITS WORST-EVER RECESSION. EVEN THE STIMULUS IT IS BANKING ON MAY NOT WORK.

By N. MADHAVAN

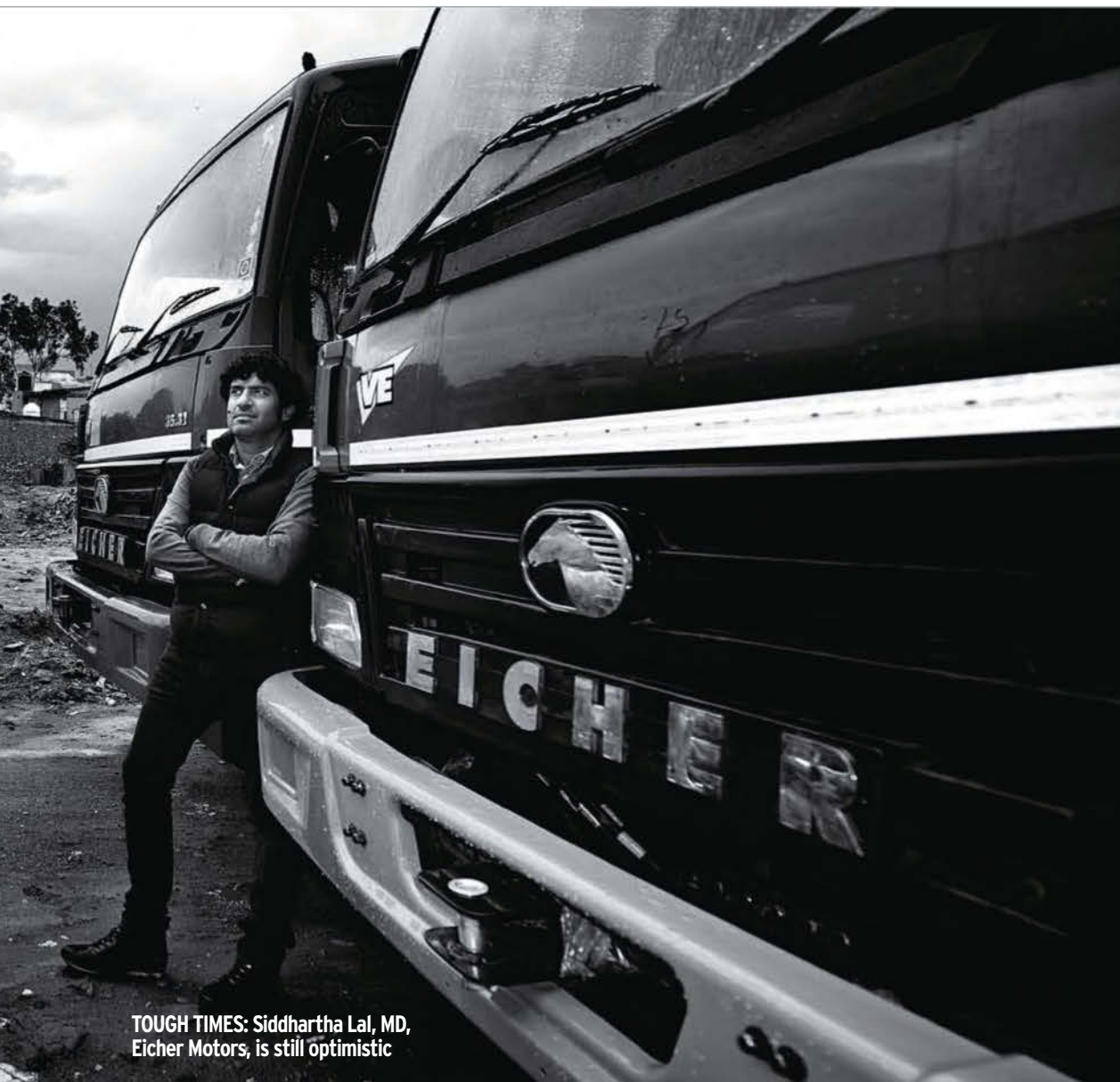
**S**iddhartha Lal says he has never seen a slowdown such as this one in the recent history of the Indian commercial vehicles. "It has been much severe than anyone in the industry imagined or prepared for," says the Managing Director of Eicher Motors. His industry colleague Vinod K. Dasari, MD of Ashok Leyland, puts it even more dramatically: "It is a perfect storm."

India's cycle-prone commercial vehicle

industry is not new to downturns. However, the present recession, which began in April 2012 in the medium and heavy truck segment, and spread to light commercial vehicles earlier this financial year, has clearly unnerved the industry.

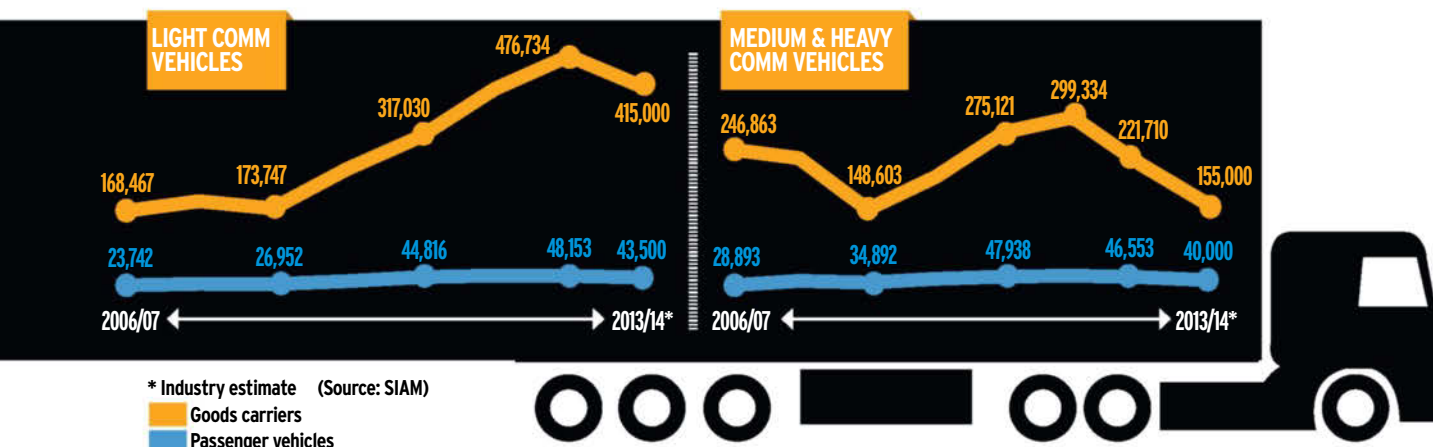
The medium and heavy truck segment – which accounts for the bulk of the industry's load-carrying capacity – shrank 26 per cent in 2012/13 and is expected to shrink further by 29 per cent in the current year. Demand is so sluggish that the industry will be more than happy if it sells





**TOUGH TIMES:** Siddhartha Lal, MD, Eicher Motors, is still optimistic

## ALL FALL DOWN Sales of every kind of commercial vehicle have been declining



**GLOOM AND DOOM** Implications of the recession

**1** Unsold stock with the industry by end-December equal to 5 months' sales

**2** Trucks being sold at prices that prevailed in 2010

**3** Average NPAs among finance companies at 4.4 per cent in 2013 against 1.5 per cent in 2012

**4** Average discounts as high as 25 per cent

**5** Truck utilisation levels at 40 per cent

**6** No revival seen till third quarter of 2014



157,000 medium and heavy trucks in 2013/14 – in other words, about as many as it sold a decade ago. These estimated sales figures are 47 per cent below the peak sales of 299,334 units in 2011/12. Other segments of the industry – light commercial vehicles and buses – are also expected to slow down by 10 to 15 per cent. Overall, the industry is expected to shrink by 19 per cent in 2013/14.

“At 22 months and counting, it is more prolonged and deeper in impact compared to earlier recessions,” says Vishnu Mathur, Director General of the Society of Indian Automobile Manufacturers (SIAM).

This adverse situation has left the industry in a deep mess. Despite huge discounts, unsold stock with dealers and in company stock yards at the end of December 2013 was equivalent to five months' sales. According to dealers, discounts averaged 25 per cent, and were as high as 40 per cent in select deals. Most vehicles are being sold at 2010 prices. This has hurt industry's cash flow significantly.

“Low utilisation levels of trucks, higher operating costs due to costlier diesel, and stagnant freight rates have pushed up delinquencies,” says V.R.V. Sriprasad, Vice President for Marketing, Sales and After-sales at Daimler India Commercial Vehicles. In 2012, only 1.5 per cent of the loans for buying trucks were classified as non-performing assets. Today, that figure has shot up to 4.4 per cent.

The slowing economy is the main reason for the industry's predicament. “Manufacturing is down, and so are mining, infrastructure, electricity generation and exports,” says Vijay Kakade, Director, Automotive and Transportation, Frost & Sullivan. “The services sector has

declined, too. Investor confidence is low, and this has hurt the capital goods sector. Poor consumer confidence has impacted purchases. All this means less freight to move.”

But what the industry would not like to discuss are the internal reasons that contributed to this mess. From just two players a couple of decades ago, it now has nine. The incumbents – Tata Motors and Ashok Leyland – have adopted an aggressive pricing strategy, offering customers massive discounts, and flooding the market with their products in a bid to retain their market share and keep out new rivals. “Tata Motors and Ashok Leyland think they will be the last men standing,” says an industry insider on condition of anonymity. “Funnily, every player in the industry seems to think that way.”

The nature of the cycles has also changed over the years. Earlier the industry used to be small and growing at twice the rate of GDP growth. Then the cycles happened every seven years and lasted a year or two. “Now the volumes are high, there are more players, larger vehicles, and growth rates are normally four times the GDP growth. This has distorted the cycles, and they are more frequent and deep,” says T. T. Srinivasaraghavan, MD at Sundaram Finance, a leading truck financing company. Growth rates of 30 per cent or more are not sustainable, considering the pace of economic growth in the country, with bulk of that coming from the services sector, he added. In mature markets, the sector grows by just six to 10 per cent a year.

A government stimulus programme helped turn the industry around after the last recession in 2008/09, which lasted for six months. The industry has been clamouring



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## "FOR ANY REVIVAL, ECONOMIC FUNDAMENTALS NEED TO IMPROVE, FREIGHT AVAILABILITY MUST INCREASE PUSHING UP TRUCK UTILISATION LEVELS, AND DISCOUNTS SHOULD FALL"

V.R.V. SRIPRASAD/VICE PRESIDENT/ DAIMLER INDIA COMMERCIAL VEHICLES

for a package to overcome the present crisis. The government has announced that 10,000 buses will be funded in a fresh programme under the Jawaharlal Nehru National Urban Renewal Mission. "This will definitely help, but in a limited way," says Mathur of SIAM. So the industry is pushing for a fleet modernisation programme.

Under the scheme, trucks that are more than 10 years old will be replaced with new ones, and the government will offer incentives by halving excise duty and sales tax. This will effectively cost the government ₹1.2 lakh per vehicle. SIAM wants the scheme to be rolled out first in seven states (Andhra Pradesh, Delhi, Gujarat, Karnataka, Maharashtra, Tamil Nadu and West Bengal) where there are 3.9 million old vehicles that qualify. The benefits of the scheme are multi-pronged (see: *The Steroid*). "The scheme helps the nation as a whole," says Mathur. "It will reduce pollution, save diesel consumption and improve road safety, apart from boosting demand for trucks."

Although the government is keen to kick-start the economy – and according to SIAM, the automotive sector accounts for 22 per cent of the country's manufacturing GDP – it is not clear if it will cough up the thousands of crores that this scheme will entail, considering the fiscal deficit targets it has set for itself.

Some even question the workability of the scheme in the Indian context. "Almost 80 per cent of the trucks on the road are run by non-fleet operators, and most of them are single-truck owners," says Srinivasaraghavan of Sundaram Finance. "Under the current conditions, they will not be able to raise the funds to replace their truck, even considering the government subsidy. Only fleet operators will benefit from this scheme, and they anyway replace trucks every few years."

For the scheme to succeed, the government should clearly lay down rules for taking old trucks off the road and strictly enforce them. But this would cause heartburn across the country, and the UPA government would have to worry about the electoral fallout. A study by the Brookings Institution, a think-tank based in Washington, DC, on a \$2.85-billion US government scheme in 2009 called "Cash for Clunkers", found that its impact on GDP was "small and short lived", and generated fewer jobs. The cost per tonne of carbon-dioxide reduced was far higher than other available means, the study noted.

So when can the industry expect a revival? "We don't see a turnaround in 2014," says Srinivasaraghavan. Some say there could be a revival in sentiment after the general elections. "A stable government will revive demand from the

third quarter of 2014," says Kakade of Frost & Sullivan. But he warns that a fractured mandate could make things worse. Ashok Leyland's Dasari says: "There is huge pent-up demand, and that will get released once sentiment improves." But Sriprasad is more realistic. "For any revival, economic fundamentals need to improve, freight availability

### THE STEROID

What SIAM's truck fleet modernisation programme will mean:



#### TASK

► Replacement of a part of 3.9 million vehicles, which are over 10 years old, across 7 states

► Incentives of about ₹1.2 lakh for each vehicle replaced

#### COST

► It could run to a few thousand crore depending on number of vehicles covered

#### BENEFITS

► Carbon monoxide emissions alone will decline by 67,673 tonnes per annum

► 4,487 million litres of diesel will be saved annually, thus saving ₹2,47,000 crore in fuel bill

► Reduction of government's diesel subsidy

► Government can earn up to ₹48,093 crore through levies on new vehicles bought

► Improved road safety

► Low road maintenance costs

\*Benefits are based on replacement of 3.9 mn vehicles

must increase, pushing up truck utilisation levels, and discounts should fall," he says. Eicher Motors's Lal is hesitant to make a prediction. He says his last two attempts failed. Goad him and he says: "2014 will be better than 2013. I can't see it getting worse." The industry is with him in hoping that he is not third time unlucky in his prediction. ♦

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17<sup>TH</sup> FEBRUARY 2014,  
THE OBEROI, BANGALORE

# Ripple in the Backwaters

An engaging panel discussion aboard The Oberoi Motor Vessel Vrinda in the serene environs of Kerala's backwaters throws up a host of suggestions for better policy making for six different industries.

By ALOKESH BHATTACHARYYA



COURTESY: THE OBEROI



**All on board:** (Clockwise from left) Vikram Madhok, Managing Director, Abercrombie & Kent India; Avinash Vashistha, Chairman & Managing Director, India, Accenture; Sanjay Rishi, President - South Asia, American Express; Kapil Chopra, President, The Oberoi Group; Chris White, President & Group CEO, RJ Corp; V. Sunil, Executive Creative Director, Wieden & Kennedy; Josey Puliyyenthuruthel, Managing Editor, *Business Today*; and J.C. Sharma, Vice Chairman & Managing Director, Sobha Developers



**I**t was a panel discussion with a difference. The panellists for the *Business Today*-Oberoi Group roundtable flew into Kochi on the morning of January 16, and drove to Pathiramanal Island Jetty. There they boarded The Oberoi Motor Vessel Vrinda, Kerala, a luxury houseboat owned by The Oberoi Group, and spent a day together. There was networking, bonhomie, lots of back-slapping and leg-pulling, champagne, cigars, a delightful vegetarian *sadhya* lunch of 16 courses, a serene ride through the backwaters, a Kathakali performance, and dinner with scampi and other delicacies.

Most importantly, though, there was a dead-serious panel discussion on how the government could be more effective in different industries. It was moderated by Josey Puliyeenthuruthel, *BT*'s Managing Editor, who set the tone with a poser on the government's contribution – including central and state government spending, public sector units, etc – to India's gross domestic product (GDP). Many guesses followed – ranging from 50 to 70 per cent. The actual figure is closer to 25 to 30 per cent. "In our minds, the government has a much bigger share of GDP than we think it does, because it has a presence in the economy that is completely out of whack with its contribution," said Puliyeenthuruthel, and invited others to share their industry perspectives.

First to speak was J.C. Sharma, Vice Chairman and Managing Director of Sobha Developers, a construction and real estate firm. Sharma said buying land was a problem because government records are not reliable, and even after doing due diligence before buying a piece of land, a claimant may surface and the buyer may have to wage a legal battle to get control of the land. Then there are problems of getting 60 to 70 approvals before basic excavation work can start. "Even if you are doing everything right to the T, you still have to manage the local corporator,



**Chris White, President & Group CEO, RJ Corp**

**"The multitude of taxes makes doing business here almost like doing so in 28 or 29 different countries"**



**Vikram Madhok, MD, Abercrombie & Kent India**

**"We need to have an intelligent taxation regime in this country, which is not really the case now"**



**V. Sunil, Executive Creative Director, Wieden & Kennedy**

**"If the private sector and the government work together and build a few centres of excellence, things can really change"**

MLA or police officials," said Sharma. "We work in an over-regulated environment... unfortunately people who flout the rules normally get away." Sharma said the government needed to do three things for the sector: purchasers should get clear title over land they buy; approvals for building should come in a time-bound manner; and the tax structure should be rationalised.

Kapil Chopra, President of The Oberoi Group, also an art lover, echoed Sharma's sentiments. Constructing a hotel meant facing similar issues as a real estate builder, including rising interest costs due to delays in approvals. A single-window clearance system would help, he felt, adding too that problems in tourists getting visas was the biggest issue for the Indian travel and tourism industry. He pointed out that German citizens could visit 148 countries without a visa, and another 28 countries provided visa on arrival. In contrast, Germans can't be sure of getting an Indian visa. "What India needs today is a liberalised visa regime... Visa on arrival will give us an additional \$4 billion in foreign exchange," said Chopra. "The biggest problem is that the tourism ministry in this incredible country is a lightweight ministry."

Chris White, President and Group CEO of RJ Corp, which runs Pepsi bottling plans, Pizza Hut, KFC and beer maker AB InBev's operations in India, compared the country unfavourably with China. The Middle Kingdom's officials went out of the way to help companies grow their business in return for taxes, whereas in India "businesses are looked at as almost illegal", he said. "The multitude of taxes makes it almost like doing business in 28 or 29 different countries," he added. The cost of transporting goods across states was so high that he has had to over invest in factories in different states instead. To help his industry grow, taxes needed to be simplified and lowered; a simple, single-rate GST was needed, and liquor taxes needed to be rationalised.



Avinash Vashistha, Chairman and Managing Director for India at Accenture, runs a workforce of over 108,000 – the highest for the company anywhere in the world. He acknowledged that the IT outsourcing industry had actually benefited from the government's policies over the past 20 years, unlike the other industries – a single-window clearance system and incentives being the primary ones. But today, he felt, there was a need for start-up and innova-

modalities of how best to sort this out," he said. He agreed with White, as did most others, that a simplified tax structure is needed: "We need to have an intelligent taxation regime in this country, which is not really the case now." He also spoke on the need to develop India's vast coastline for tourism purposes.

V. Sunil, Executive Creative Director of independent creative agency Wieden & Kennedy, was instrumental in the branding of India's

sphere." He was bullish about India's potential for growth in e-commerce. He said five years ago, at three per cent Internet penetration, China's e-commerce market was \$3 billion. In contrast, today at similar Internet penetration, India's e-commerce market is \$10 billion. Today, China's e-commerce market is between \$130 billion and \$150 billion at 30 per cent Internet penetration. "So you can only imagine that when India has 30 per cent



**Kapil Chopra**, President, The Oberoi Group

"What the country needs is a liberalised visa regime... Visa on arrival will give us an additional \$4 billion in foreign exchange"



**Avinash Vashistha**, CMD, India, Accenture

"We need to create the start-up and innovation ecosystems, and be a little progressive on the labour laws front"



**J.C. Sharma**, VC & MD, Sobha Developers

"We work in an over-regulated environment... unfortunately people who flout the rules normally get away"



**Sanjay Rishi**, President - South Asia, AmEx

"This is a good time to be in financial services... positive thinking is happening in the financial services regulatory sphere"

tion ecosystems to be incentivised. "We need to create the start-up and innovation ecosystems, and be a little progressive on the labour laws front," he said. Making it easy to apply technology was also critical: "Financial inclusiveness is a big requirement, but there is no way we can do it unless we apply technology."

Vikram Madhok, Managing Director of luxury travel company Abercrombie & Kent India, was also happy with initiatives the government – especially the Ministry of Tourism – had been taking. "Visa on arrival will be given to visitors from about 30 to 40 countries – including the US, Germany, France, Spain, Italy. They are just working on the

top airline, IndiGo, and the successful "Incredible India" campaign. He felt that design education was critical, as was an understanding of culture. "When you sell tourism, beyond a point you won't be able to sell backwaters and Qutab Minar; we need to actually build cultural sentiments," he said. "If the private sector and the government work together and build a few centres of excellence, things can really change."

Sanjay Rishi, President for South Asia at American Express, took a slightly contrarian view. "This is actually a good time to be in financial services," he said. "There's a lot of positive thinking that is happening in the financial services regulatory

penetration in the next five years, what that market is going to look like." He also had three recommendations: simplify KYC (know your customer) norms; remove geographical restrictions for setting up business correspondents; and revise upwards the threshold beyond which spending on a credit or debit card in a fiscal year has to be reported to the income tax authorities. The current threshold is ₹2 lakh per card.

The discussion ended on a positive note with lots of suggestions. Hopefully, the next government, following the polls, will implement some of them for the benefit of industry. ♦

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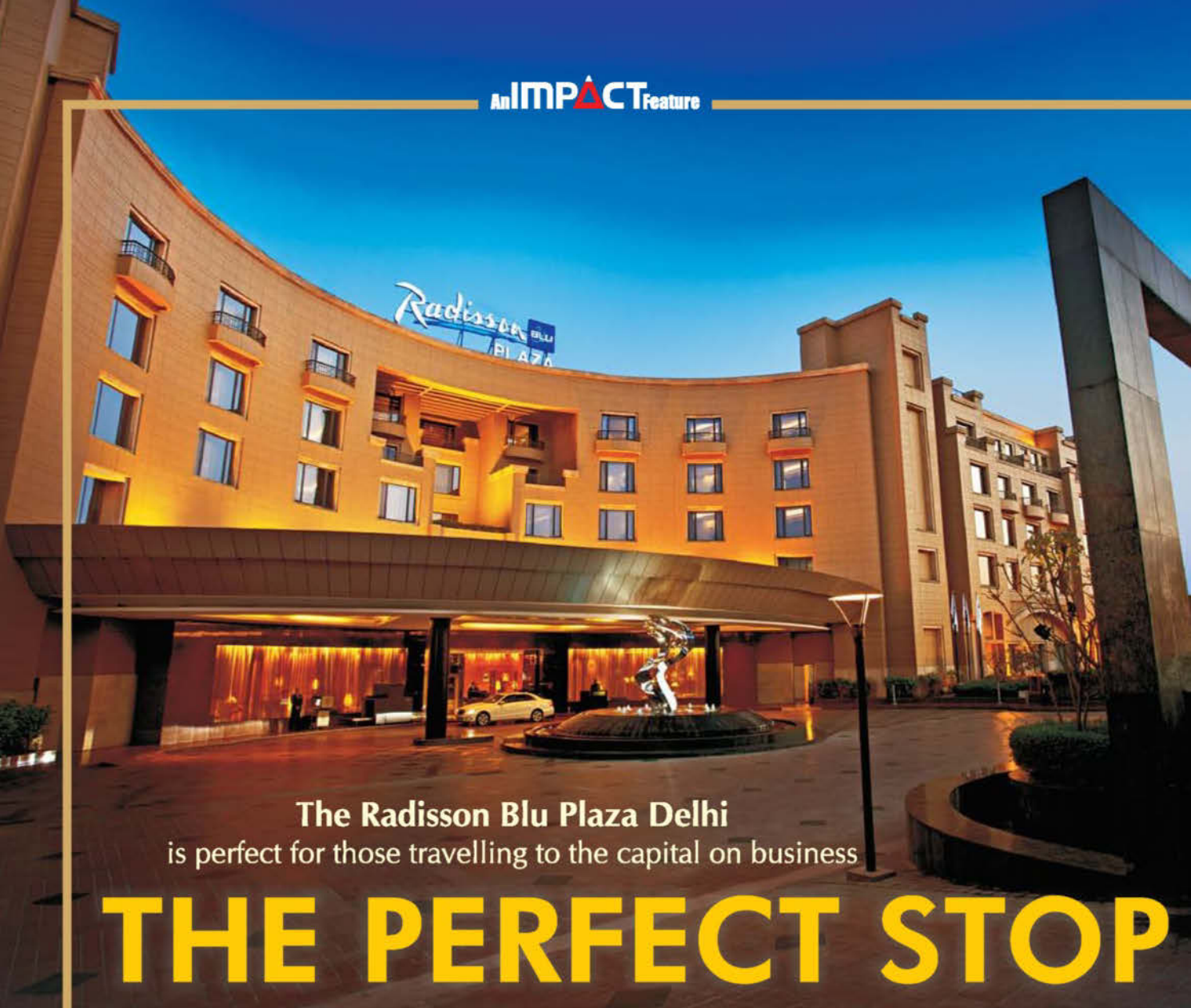


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Those in need of some pampering will love the expansive, award winning and duly accredited by National Accreditation Bureau of Health and Hospitality under Quality Control of India, R The Spa. Boasting a three-level complex with 20,000 sq. ft., it offers Asian and European therapies. The Hotel also has a pool and a state-of-the-art gym.

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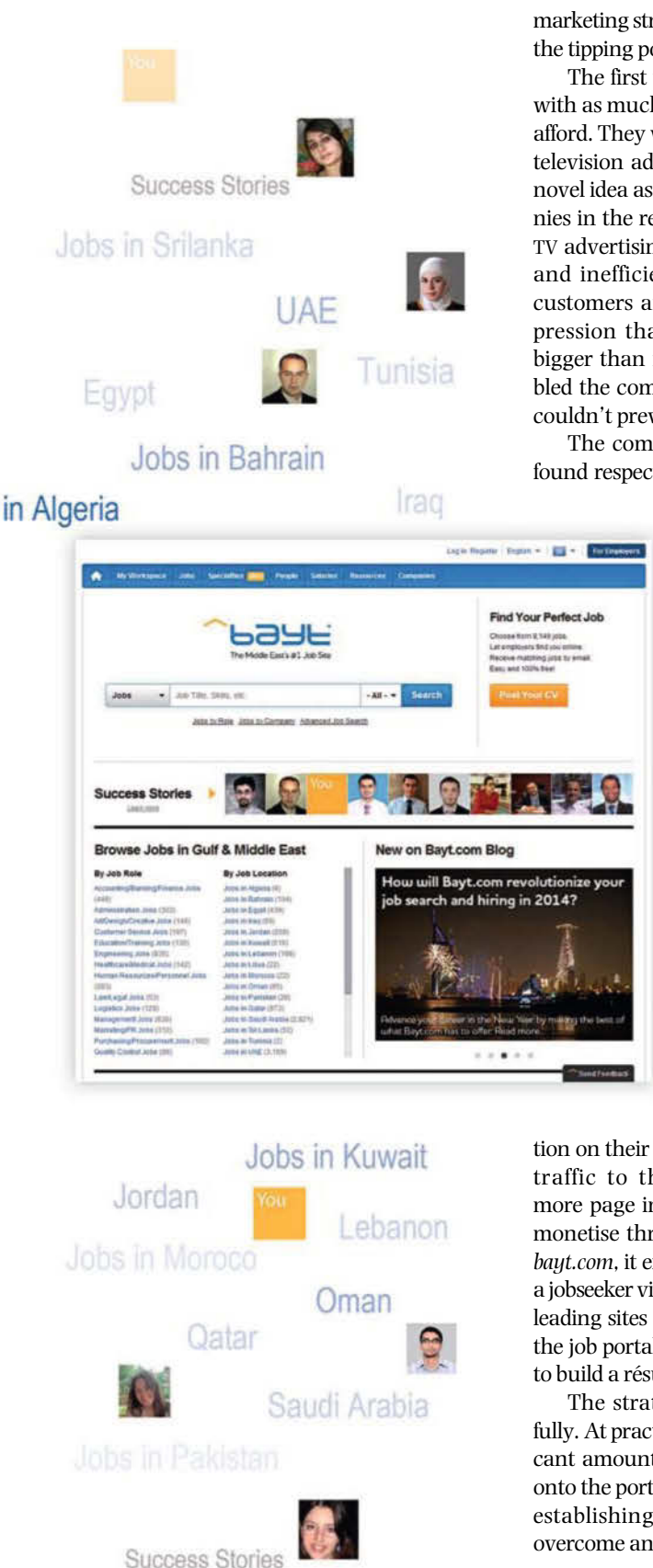
## EXECUTIVE SUMMARY

*Failure started the founders of bayt.com, a West Asian job portal, in the face following the dotcom bust of 2000. They had neither a strong presence nor deep pockets. Yet today, bayt.com is the leading job portal of the region. Its traffic, revenue, job postings and profitability are higher than all its competitors combined. This case study looks at how the portal managed this transformation.*

By **BISHOY AZMY, AMIT DESHPANDE, JYOTSNA SHARMA and NAVIN VALRANI**

**The** founders of job portal *bayt.com* had a vision – to be a globally recognised and admired institution. That vision was at stake when the dotcom bubble burst in 2000. At the time, Internet penetration in West Asia was less than one per cent and there were about a dozen Internet companies in the region that had been launched with financing in excess of \$20 million each. *Bayt.com* did not have the kind of access to capital that its peer start-ups did and faced a dilemma on what it should do. Its founders knew they had to do something radical to succeed. They made two changes to their





marketing strategy that proved to be the tipping point in their journey.

The first was to launch the site with as much fanfare as they could afford. They went aggressive with a television advertising campaign, a novel idea as far as Internet companies in the region were concerned. TV advertising was both expensive and inefficient, but it gave both customers and jobseekers the impression that *bayt.com* was a lot bigger than it really was and enabled the company to open doors it couldn't previously.

The company used this newly found respect to negotiate relationships whereby it became the job site for various partners. The partners were primarily portals interested in driving and maintaining traffic to sell on-line advertising.

On the other hand, *bayt.com* was primarily interested in getting as many résumés as possible so it could monetise them from employers. The portal approached its partners with the argument that having a job section

on their sites would drive more traffic to them and, therefore, more page impressions they could monetise through advertising. For *bayt.com*, it ensured that every time a jobseeker visited any of West Asia's leading sites he/she was exposed to the job portal. It encouraged people to build a résumé on it.

The strategy worked wonderfully. At practically no cost, a significant amount of registrations came onto the portal. The initial hurdle of establishing credibility had been overcome and now *bayt.com* moved

on to establishing itself as the leading job site in West Asia, winning several industry awards along the way. In just 13 years, it has grown exponentially and is ranked as the number one job site in West Asia and North Africa. It has expanded to provide end-to-end employment solutions, career planning tools and is now available in three languages.

Until *bayt.com* was created, employers and candidates used recruitment agencies and word of mouth references for soliciting and selection. But traditional recruitment agencies were not able to connect candidates with top employers without paying hefty fees and passing them on to the employer, thus creating a need for an online platform. *Bayt.com* initially served two strategic segments – cost-conscious employers and jobseekers. After the site gained traffic, it added another segment – the advertisers.

The company's value proposition for its recruiting services consists of three elements:

**Choice:** The sheer size of the database gives employers a choice they never got before in the region. Rabea Ataya, CEO and co-founder of *bayt.com*, compared the company's model to a shopping mall where the shoppers are the jobseekers and the renters are the employers. The more shops there are, the more shoppers you get and vice versa. Today, *bayt.com* has over 12 million résumés and it gets some 5,000 résumés per day.

**Speed and ease:** The technology is so efficient and convenient that human resources departments do not have to filter résumés anymore. Earlier, they had to go through reams of résumés to short-list candidates. Employers can now search through candidates' profiles, gauge their knowledge on relevant topics, and evaluate specific skills and the fit for the position.

The traditional method of hiring through a recruitment agency could take 90 days or even longer. This has been considerably reduced

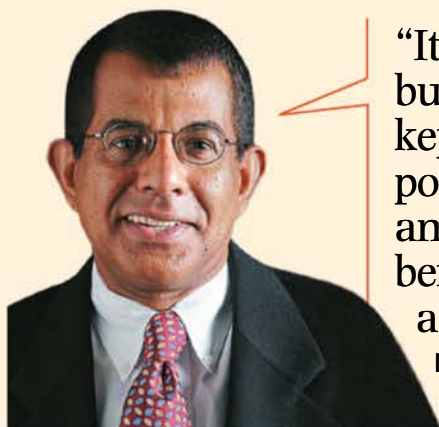
## THE CHALLENGE IS TO EVOLVE AND GROW BEYOND WEST ASIA

This case study raises three interesting questions. First, why did *bayt.com* succeed? Second, why did it succeed in relation to its competitors, especially a globally successful one like *monster.com*? And, what are the challenges for the company?

The value proposition of *bayt.com* was simple and attractive. Essentially, it was to reduce the cost of and the time taken to match a potential employee with a firm looking for the set of skills that potential employees possess. Traditional approaches were costly, limited in scope and time consuming. While the idea is simple, pulling it off is not. Why? Firms want to go where there are large numbers of potential employees and jobseekers want to go where there are a large number of firms looking to hire. How did *bayt.com* solve this problem? By making the service free for potential employees and charging the firms for facilitating the matching process. The cost comparison with traditional media was appealing and unquestionable, as was access to jobseekers across the Gulf and the speed of the process.

*Bayt.com*'s TV advertising campaign was innovative for an Internet company. It gave the impression of an already successful company and so attracted traffic to its site. The company also had a clear business model and kept the focus on potential employers and employees before bringing in advertisers. Many Internet-based firms that relied on advertising revenue to drive business failed because advertisers would participate only if there was a large enough audience on the platform.

The challenge for *bayt.com* now is to evolve and grow beyond West Asia. The region has a significant expatriate population in managerial jobs and most of these people move on after some time there. Access to a global professional network becomes important for them and so there is a threat from networks such as LinkedIn. Changing a successful business model is not easy but firms that fail to do so often pay a heavy price.



**“It had a clear business model and kept the focus on potential employers and employees before bringing in advertisers”**

**NAUFEL J. VILCASSIM**  
Professor of Marketing,  
London Business School

with *bayt.com*'s customised search options for employers and jobseekers. Additionally, jobseekers can pay extra to feature their profiles for a specific organisation, thereby shortening the hiring process timeline for both segments. The speed and ease with which employers and jobseekers are able to navigate the site has led to seven million visitors per month on *bayt.com*.

**Cost efficiency:** As organisations have become more cost-conscious, the online recruiting model has become even more attractive. For example, an ad for a single position in *Gulf News*, the most popular daily in the region, costs about \$600 for a day while a job posting with just as much information on *bayt.com* costs \$170 for 60 days. Clearly, *bayt.com* has eliminated the recruitment agencies and the associated hefty fees. In addition, an organisation can get year-round access to *bayt.com*'s extensive database for approximately \$5,000, a feature that traditional media cannot provide.

The company offers a strong value proposition to advertisers as well. It provides better résumé targeting than any other medium in the region. Any company advertising with *bayt.com* can monitor and adjust its ad campaign in almost real time. The portal also offers a more cost-effective solution when compared with traditional and other online media.

Compared to traditional recruitment agencies, *Gulf News*, other online platforms such as *monster.com*, *gulftalent.com* and *naukrigulf.com*, and the word of mouth medium, *bayt.com* certainly ranks highest on cost efficiency, ease of use and local knowledge, which is reflected in its value network. The portal's centralised and sophisticated technology enables it to provide real-time information on statistics for both employers and jobseekers. This is quite an achievement for a company that was born in West Asia, with competitors such as *monster.com* (part of *monster.com*) which are international players.





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## STICK TO THE BASICS - YOU CANNOT GO WRONG

Necessity continues to be the change agent even in the dotcom age. The founders of *bayt.com* had almost everything going against them at the start. The dotcom bust, a crowded market and well-funded competitors. They had to innovate or perish.

Innovation need not necessarily be a new way of doing things. It could very well be, as *bayt.com* has shown, the application of traditional methods in a new context. Sticking to the basics but in an untried arena.

The first, basic requirement for *bayt.com* was to get noticed in a crowded environment. *Bayt.com*'s use of the TV as a pioneer in the dotcom world was truly brilliant. TV also brought credibility to *bayt.com* at the time of the dotcom bubble burst.

There is an important lesson here. While the amount of money spent on TV by *bayt.com* was high, what the job portal has highlighted is the necessity of deploying critical resources where these can create the maximum impact and provide the necessary impetus for survival and thereafter, success.

Many start-ups hesitate to partner. Often the fear of sharing knowledge and revenue holds them back. *Bayt.com* highlights the power of right partnering. It was a win-win arrangement for both sides – traffic for the dotcom sites and cvs for *bayt.com*. This helped *bayt.com* scale rapidly and gain the threshold size needed for recognition as a serious player.

It doesn't matter whether you are a pioneer or a late entrant. Stick to the basics – you cannot go wrong.



“Innovation need not necessarily be a new way of doing things. It could well be, as *bayt.com* has shown, the application of traditional methods in a new context”

R. RAMARAJ  
Advisor, Sequoia Capital

Call centres in Jordan and Dubai cater to most customers in the region, while sales offices in the United Arab Emirates, Kuwait, Qatar, Saudi Arabia, Bahrain, Lebanon, Egypt, Morocco, Pakistan and Sri Lanka provide the localisation that is critical to its success. Jobseekers and employers get local knowledge and news on specific sectors, companies, candidates, research reports on local and regional trends and customised reports for their profiles. In addition, *bayt.com* has built customised social media features into its platform that allow users to make their profile public and have followers.

### Marketing strategy

*Bayt.com* looks at its marketing in four steps: brand building, encouraging users to try out the site, driving purchases, and guaranteeing repeat customers. For brand building, it uses social media (more than 200,000 likes on Facebook and 35,000 followers on Twitter) as well as traditional media, with ads in newspapers such as the *Gulf News*. However, CEO Ataya says he is yet to see social media sites like Facebook drive traffic on *bayt.com*. For encouraging users to try out the portal, it uses search engine optimisation, search engine marketing, affiliate networks, and various partnerships in what it calls “white labelling”.

Driving purchases and guaranteeing repeat customers are seen as efforts carried out by its sales force. Most of its postings are sold through relationship managers in its 12 regional offices and its technology headquarters in Jordan. Jobseekers can access most services through the Internet and a few premium paid services through regional offices. Most general inquiries are handled through the call centres.

### Distribution plan

The traditional recruitment agency model is not employed. Direct sales are done over the phone and the Internet, where each account man-

## A Job Well Done

*Bayt.com* compares favourably with its competitors in the region

WEBSITE	BASE COUNTRY	AREA OF OPERATION	GLOBAL TRAFFIC RANK	TRAFFIC RANK IN BASE COUNTRY
<b>bayt.com</b>	UAE	MENA*	<b>1,657</b>	<b>34</b>
<b>naukrigulf.com</b>	India	GCC**	<b>7,452</b>	<b>1,797</b>
<b>gulftalent.com</b>	UAE	GCC	<b>11,132</b>	<b>620</b>
<b>monstergulf.com</b>	Saudi Arabia	GCC	<b>12,861</b>	<b>413</b>
<b>monster.com</b>	USA	Global	<b>527</b>	<b>123</b>

\*Middle East and North Africa; \*\*Gulf Cooperation Council countries

Source: Alexa.com

ager has 30 to 60 accounts, on which they earn commission. In this model, employing staff on a salary plus commission basis when compared with the traditional model minimises fixed costs. Further, the sales staff is much more productive as they are handling 30 to 60 accounts at a time due to less personalised time with the customer but more on the phone and Internet. Also, many variable cost factors have been converted into revenue generators such as premium services for jobseekers and 'white label' services for employers.

Most employers at some point need to decide whether they should build an in-house recruitment platform or partner with technology providers such as *bayt.com* and host a co-branded and integrated careers portal with a back-end platform hosted by the technology provider. *Bayt.com* calls this a 'white label' strategy. It offers its recruitment platform under the title "Careers Sites" and is used by many private and government organisations. This allows jobseekers to access the employer platform, which is in turn routed to *bayt.com*. Additionally, it helps employers to upscale their image as a modern company with a professional and user-friendly online career portal to attract and retain top talent. The benefits of this strategy include converting visitors into potential candidates at much lower costs and minimal time by filtering résumés and interacting with only relevant candidates.

The additional benefit of the 'white label' strategy is in the saving of development costs, faster availability of the service and an expert partner who is responsible for updating the technology and features.

*Bayt.com* competes with the likes of SAP and Oracle for the 'white label' software-as-a-solution provider. However, they don't see them as competitors in West Asia because *bayt.com*'s platform has many more bells and whistles which make it far superior to its competitors.

*Bayt.com* compares favourably with its direct competitors such as *monstergulf.com*, *naukrigulf.com* and *gulftalent.com*, which provide more or less the same kind of products and services targeting the same geographical segment. *Bayt.com* is more

**Bayt.com's revenue almost doubled for its first eight years of operation from 2000 to 2008. It suffered one bad year when revenue fell 30 per cent in 2009. Post-2009, it has continued on a double-digit growth track**

successful than any other in this category. It has a much more meaningful global traffic ranking than those companies. This ranking is not limited to recruitment portals and is across all websites on the Internet. It is also more successful in terms of job placements, popularity as a website, and standing in the market.

*Bayt.com* has enjoyed robust revenue growth since its inception. Its revenue almost doubled for its first eight years of operation from 2000 to 2008. It then suffered one bad year when revenue dropped 30 per cent. Post-2009, it has continued on a double-digit growth trajectory till date. The company has a net profit margin of 25 per cent. *Monster.com*, the largest online recruitment company in the world, had an annual turnover of about \$1 billion in 2012 and earned \$212 million in the first quarter of 2013, with fairly low operating profit margin of four per cent, which is comparable with the results of the several preceding quarters.

Against this backdrop, it is remarkable that *bayt.com* has fared so well and is maintaining such growth and hefty net income margins. On the cautious side though, it must be noted that the dynamics, economies of scale and *bayt.com*'s specific focus on one region make the comparison limited at best. *Monster.com*'s difficult situation denotes a difficult environment for big, diversified players in this field, hinting that *bayt.com*'s expansion plans may be challenging, facing difficulties in moving to markets that it is not as familiar with as well as struggling with negative pressure on earnings in the wake of increasing costs and a burgeoning operation. ♦

(This case study is from the Aditya Birla India Centre of London Business School)

What can we learn from *bayt.com*'s success? Post your comments at [www.businesstoday.in/casestudy-bayt](http://www.businesstoday.in/casestudy-bayt). The best response will win a copy of *Marketing As Strategy* by Nirmalya Kumar. Previous case studies are at [www.businesstoday.in/casestudy](http://www.businesstoday.in/casestudy)



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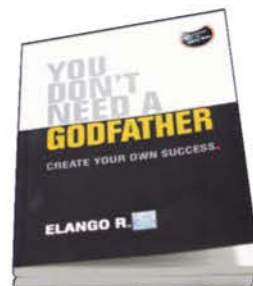


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# MONEY

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WILL NO LONGER GAIN  
MUCH FROM TYRE STOCKS  
IN THE SHORT TERM. BUT  
ONCE THE AUTO SECTOR  
REVIVES, THEY CAN  
EXPECT BIG PROFITS

## Rolling On Rubber

Stocks of tyre companies have run up quite a bit. Experts say it's time to tread with caution.

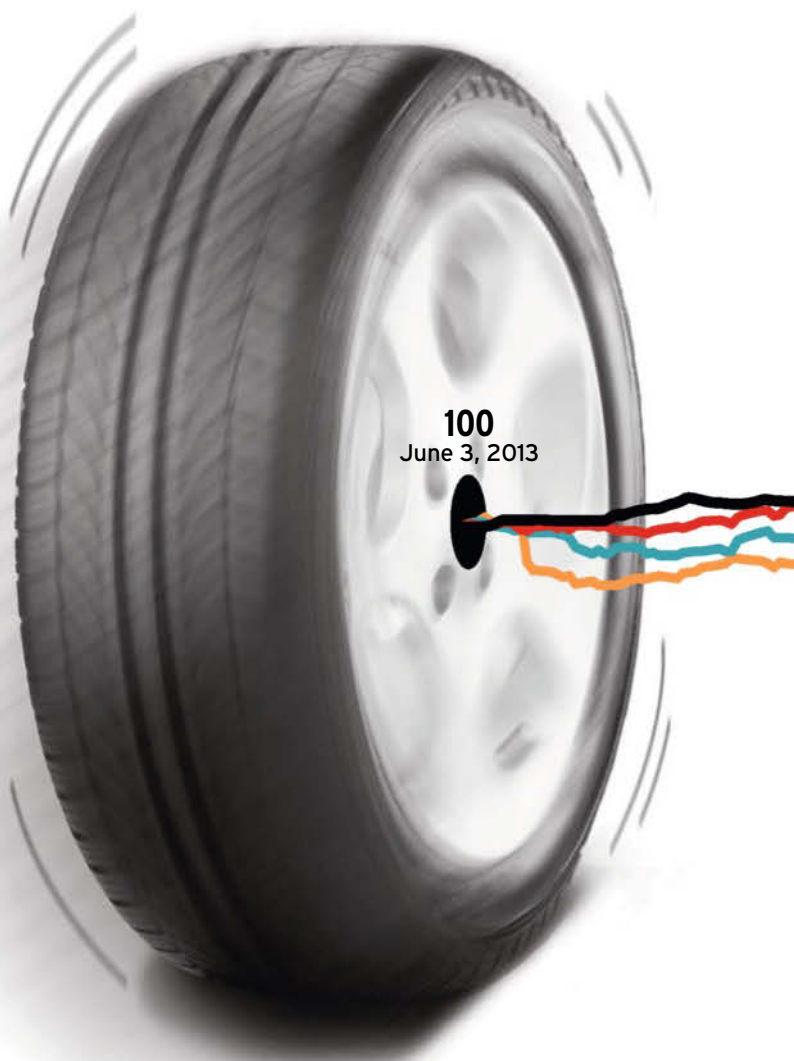
By SARBAJEET K. SEN

**T**yre stocks are on a roll. A sharp fall in rubber prices in the past few months and high replacement demand have ensured stellar gains for both tyre companies and their investors. In the six months to December 16, 2013, the CEAT stock rose 186 per cent from ₹109.60 to ₹313.25 on the Bombay Stock Exchange (BSE). In the same the period, JK Tyre rose 44 per cent from ₹112 to ₹162, TVS Srichakra 41 per cent from ₹189.65 to ₹266.55 and Apollo Tyres 32.5 per cent from ₹63.95 to ₹84.75. MRF rose 38 per cent from ₹14,295 to ₹19,772. In comparison, the BSE

Sensex rose just seven per cent.

Prayesh Jain, Assistant Vice President, Research, India Infoline, says the fall in rubber prices has been the biggest gain for the sector. "The fall in rubber prices and revival of replacement demand have been driving the rally. Rubber accounts for 55 per cent of the raw material cost of tyre makers," he says.

Rubber prices have fallen 27 per cent from ₹195 per kg to ₹153 per kg since the end of July on sluggish demand. Additionally, China has withdrawn its plan to procure 200,000 tonnes of rubber to build a reserve stock. Savitree Singh, Senior Equity Research Analyst, The Market Financial Intelligence, agrees with Jain. "Tyre stocks have





outperformed due to the crash in rubber prices to a three-and-half-year low," she says.

Singh, however, warns that there is little possibility of a further price fall. "If the government increases import duty to motivate domestic rubber growers, it may cause an uptick in prices. For tyre makers, raw material costs as a percentage to sales are 60 to 70 per cent. A price reversal will increase

of the preceding three years will continue to drive replacement demand. In fact, in the replacement market, companies have much more pricing power," says Jain.

Is there scope for more gains? Sonam Udasi, Head of Research, IDBI Capital, says investors can buy tyre stocks for medium-term gains. "One can take positions in tyre stocks with a two-year perspective. Once the economy picks up, we will

tional and domestic markets, stocks of tyre companies may come under pressure. In the short term, we do not feel that there is much steam left in tyre stocks. But, to gain from the revival of the auto sector, investors may accumulate these stocks."

## What to Bet on

If you are keen to invest in tyre stocks, experts suggest Apollo Tyres, MRF, Balakrishna Industries and CEAT. SMC's Agarwal says he expects replacement demand to continue to drive volumes. Nearly 77 per cent of sales came from the replacement market. Also, its debt to equity ratio was just 0.6 (in March 2013).

IDBI Capital and The Market Financial Intelligence are also positive on the counter. Recommending Balakrishna Industries, Singh says the company has aggressive expansion plans. Also, its tyres are priced 30 to 35 per cent lower than the products offered by international brands. Additionally, entry into different countries and a move from agri to non-agri segment will be positive for the company.

India Infoline and SMC Capital also recommend the stock. Singh's other favourite is CEAT. She says the company

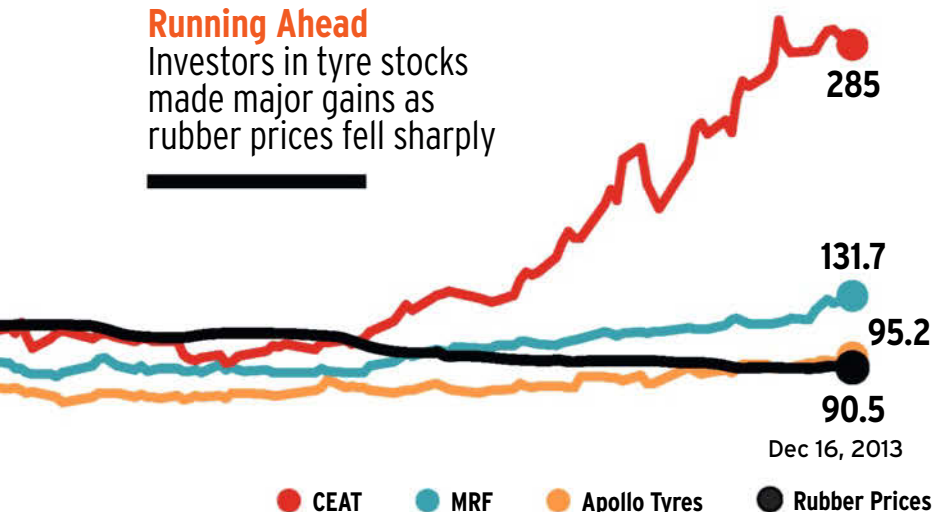
will benefit from its focus on the profitable non-truck segment, and exports. The company reported an all-time-high operating margin of 13.4 per cent in the second quarter 2013/14 on the back of softening raw material prices and favourable product mix. She feels the company is likely to further expand margins.

Jain of India Infoline says MRF can be a good pick in view of its leadership in the personal mobility segment, strong balance sheet and profitability. ♦

**Courtesy: Money Today**

## Running Ahead

Investors in tyre stocks made major gains as rubber prices fell sharply



Figures show returns in %; Graph normalised to 100;  
\*Till December 16; Data Source: Ace Equity & NCDEX

costs and put pressure on companies' operating margins."

D. K. Aggarwal, Chairman and MD, SMC Investments and Advisors, says tyre companies will continue to gain from strong replacement demand. "The replacement market will continue to be strong over the next couple of years as almost nine million automobiles were added between 2009/10 and 2011/12," he says. Jain of India Infoline says companies have higher pricing power in the replacement market. "While auto sales have slowed in the past one year, the high growth

see more demand from auto companies. Also, sector valuations and debt levels are not very high."

SMC's Aggarwal also says that investors need to take a long-term view. "The tyre industry's fortunes depend upon the fate of the auto industry, which is poised for growth. Considering the cyclical nature of the auto industry, one can invest in tyre stocks for the long term."

Singh of The Market Financial Intelligence advises investors to keep an eye on rubber prices. "Once rubber prices start rising in interna-

## Rich Canvas

The traditional art of the Gond tribe of central India has achieved global recognition and is selling at high prices.

BY GOUTAM DAS

**T**he basement of S-67 Panchsheel Park, New Delhi, packs a surprise. A cat meows and runs away to hide behind a chair. But it is hardly the most interesting animal in the room. There are flying elephants, deer with striped, tiger-like skin, a pig with a face on its belly, gigantic fish, cows that blend into trees, snakes that merge into birds. These are all on paintings that hang on the walls.

The basement is home to Must Art Gallery and it mostly showcases Gond art – the art of the Gond tribe of central India, dwelling mostly in Madhya Pradesh and Chhattisgarh. They were originally painted on the walls in Gond villages, with motifs ranging from imaginary animals to deities, fauna and flora. The art form – with a distinctive style which uses characteristic patterns such as dots, ovals and fish scales, among others – was nearly lost during the Mughal era and British rule thereafter. It



**Colourful mix:** A Gond painting at Must Art Gallery in Delhi





**Just looking:** Two visitors checking out Gond art at Gallerie AK, Delhi

started making a comeback in the 1980s after Jagdish Swaminathan, the former head of Bharat Bhavan, the arts complex in Bhopal, discovered Jangarh Singh Shyam, a Gond artist whose experimental work was to earn him international recognition. There has been a mushrooming of artists from the community since, and in the last few years, many of their works have been bought by well-known Indian and global collectors.

The appreciating value of their work is, perhaps, the best testament to its strong revival. Rajendra Shyam, 39, exhibited his work at Nottingham's New Art Exchange Gallery in 2009 and at the Horniman Art Gallery in London in 2011. "Gond art has become popular," he says. "An A-4 size painting now sells for ₹2,000 to ₹5,000. Ten years back, it used to sell for ₹150 to ₹200."

According to a Must Art Gallery spokesperson, the price of works by artists such as Narmada Prasad Tekam has appreciated steeply. "The minimum reserve price for an auction of one of Tekam's paintings in 2012 was ₹60,000. It sold at triple the price," she says. Another artist, Mayank Shyam, has seen a three-fold increase in his painting's price in the last decade, she added. His larger canvases can sell for ₹2.5 lakh.

Rising prices of Gond art have



**Home is where the art is:** The residence of Tulika Kedia, Director, Must Art Gallery

helped tribal artists vastly improve their quality of life. "The artists have now bought cars, sofas, large TVs. Their children are going to better schools," says Padmaja Srivastava, a tribal art promoter in Bhopal. Srivastava runs an online Gond art gallery and is trying to promote Gond artists internationally too.

While galleries such as hers have popularised Gond art, e-commerce is now making it accessible to international collectors.

"There is demand from the US and Europe. Gond art buying has picked up as corporate gifts for overseas clients," says the

Must Art Gallery spokesperson.

Some experts attribute the art's revival to its evolution. While motifs such as imaginary animals and nature still dominate the Gond world, there are artists who are providing a new twist. Artist Vekat Raman Singh Shyam, for instance, exhibited a 'Smoking Taj' at the Sakahan International Indigenous Art exhibition at the National Gallery of Canada this year. It was his take on the 26/11 terrorist attack at Mumbai's Taj Mahal Palace hotel. Slowly

but surely, Gond art is assimilating the contemporary. ♦



# Tweet Talk

The history of the microblogging site which has united the world



## **Hatching Twitter**

By Nick Bilton

Sceptre

Pages: 302; Price: ₹599

When Twitter went in for its \$18-billion initial public offering last November, it produced, at a single stroke, the largest pool of millionaires and billionaires globally. The three co-founders, 1,600 employees, and a bunch of investors who bet on this San Francisco-based start-up – which most people had initially dismissed as just another social networking and microblogging site when it began in March 2006 – were all amply rewarded.

But Twitter's ride to the top has not been smooth. This book, by Nick Bilton, a columnist and reporter with the *New York Times*, provides fascinating insights into the way Twitter was conceived and the set of events that followed. Bilton tells the story through the people who were instrumental in making Twitter what it is today – the founders, Evan Williams, Jack Dorsey, Biz Stone and Noah Glass, and the current CEO, Dick Costolo.

The anecdotes include Williams' nervous guest appearance on *The Oprah Winfrey Show*, the President of Russia showing up at Twitter's office to send his first tweet, Williams and Stone going to dinner at former US vice president Al Gore's apartment where he tries to convince them to sell him part of Twitter. It also chronicles the bizarre acquisition attempts Twitter faced from actor/producer/investor Ashton Kutcher and Facebook's Mark Zuckerberg. There is much about the Twitter's co-founders modest backgrounds and how these nobodies went on to become the talk of the globalised village.

Twitter's flight is also marked by nasty rivalries. The company has seen constant churn at the top – three CEOs were fired in a short period of time. First, it was Glass, whose name was later erased from the

company's official history. (Twitter was in fact a side project of Odeo, a podcasting service launched by Glass, that eventually died.) Glass was followed by Dorsey and then Williams, before falling into the hands of Costolo, a former professional comic who is credited with making Twitter a revenue-earning business. The book notes that till around February 2009, even though Twitter was growing at a phenomenal rate with active users rising 900 per cent annually, its revenues stood at zero.

The book is also full of little known facts about Twitter. It informs, for instance, that actor and musician Janina Gavankar was the first celebrity to tweet. It reveals that the first use of the @ symbol was by a young Apple designer Robert Anderen, in November 2006. The maximum length of a tweet used to be 160 characters at one point. This was the maximum length of a text message that could be sent from a cellphone, which was later brought down to 140.

Paying great attention to minor details, the book also successfully captures Twitter's growing popularity, event by event. Twitter got its first 'break' at the 'South by Southwest' music festival of 2007, but its importance reached a pinnacle during the "miracle on the Hudson" in 2009, when an Airbus 320 in the US narrowly avoided tragedy, and one of the first pictures of the aircraft after its landing appeared in a tweet.

While *Hatching Twitter* has a good deal on Twitter's first few years, it is silent on recent developments in the company, including its ownership structure, which has undergone major changes in recent times, and the revenue model that CEO Costolo has adopted. ♦

MANU KAUSHIK

*There is much in the book about the Twitter's co-founders' modest backgrounds and how these nobodies went on to become the talk of the globalised village*



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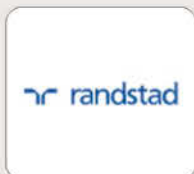
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**Job ID:** 14498597  
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**Job ID:** 14497162  
**Description:** The Ideal candidate should have expertise / knowledge of Pharma, Biotech, Healthcare sales. The selected candidate will be responsible for selling of Molecular Diagnostics Services (MDS)



**Randstad India Limited**  
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**Job ID:** 14472233  
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Business Analyst  
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**EXL**

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**Capgemini**

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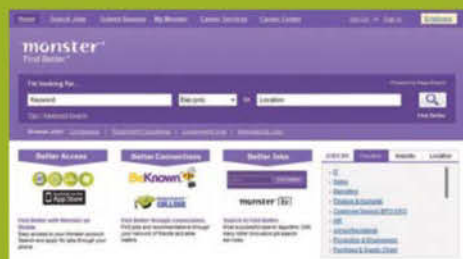
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Assistant Vice President +

Location: Bengaluru

Job ID: 14467917

**Description:** Collateral Management is responsible for managing & developing client and firm treasury and margin solutions for listed derivatives, OTC and cleared products.



## Altisource Business Solutions Pvt. Ltd.

Vice President, Engineering

Location: Bengaluru

Job ID: 14334064

**Description:** Bachelor's degree in Computer Science / Engineering with 18+ years of software development experience, and 10+ years experience in a managerial capacity



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Job ID: 14494820

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Deputy General Manager

Location: Hyderabad

Job ID: 14474518

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Creative Director

Location: Chennai

Job ID: 11957918

**Description:** Looking for professional with 10 years experience in interactive media design. Exposure in IT industry and media publishing. Experience with diverse media content.



## Newgen Software Technologies Limited

Sales Head

Location: Delhi

Job ID: 13204916

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Head Land Acquisition

Location: Bengaluru

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CEO, The Smiley Company



## All Smiles

His father Franklin Loufrani, a journalist with French daily *France Soir*, created the Smiley logo in 1971 with the intention of spreading positive thinking and happiness. Though he did license the logo to a few brands, making money was never a major priority for him. But ever since NICOLAS LOUFRANI took over the \$167 million Smiley Company in 1996, his vision clearly has been to grow the franchise globally. Not only did he get more aggressive at licensing, he also launched a host of Smiley merchandise, which was sold through various lifestyle stores. The Smiley products range from apparel, footwear and jewellery to cookies and chocolates. The junior Loufrani, who was in Mumbai recently to scout for Indian partners, has also developed various emotional representations of the Smiley logo, which he licenses to various brands. "We have 20 categories of the Smiley logo," he said. This was his first visit to India, which has half-a-million out of Smiley's 4.5 million Facebook followers. "India has always been on the top of my mind and I am finally here," he added.

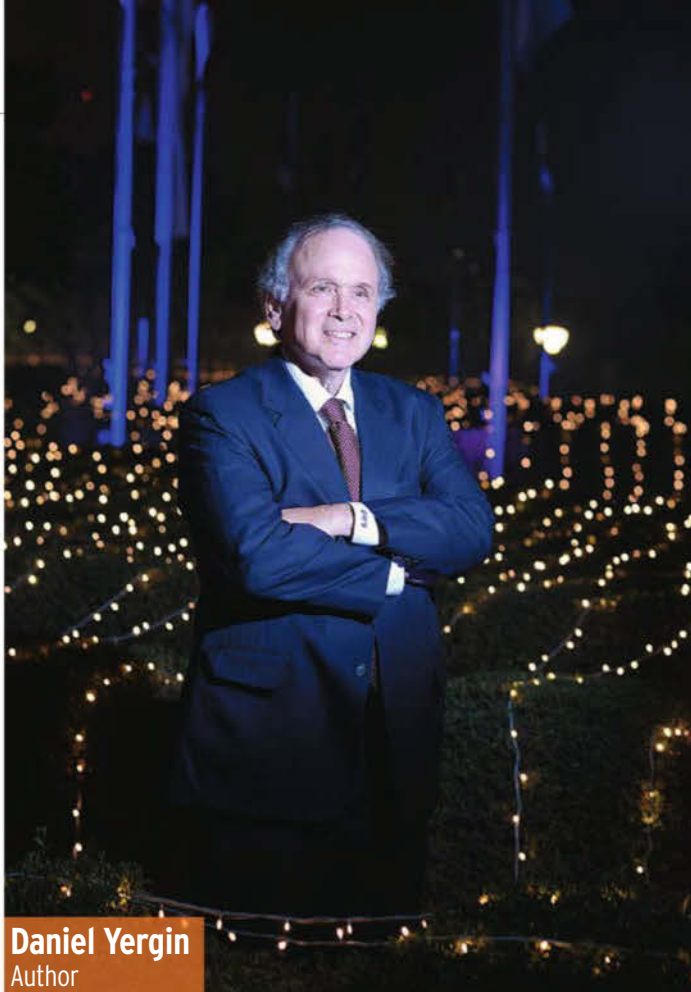
AJITA SHASHIDHAR



## Bundle of Energy

When **DANIEL YERGIN** speaks, people in the energy sector listen. The Pulitzer Prize-winning American author is an authority on energy security. He was in Delhi recently where Prime Minister Manmohan Singh conferred a lifetime achievement award on him at the PetroTECH energy conference organised with the backing of the Petroleum Ministry. Yergin believes that it is not sustainable for an economy like India's to continue importing 78 per cent of its oil needs. "Too much dependence on fuel imports makes economies venerable," he said. India had done well to link its gas prices to international market prices, he added, but ideally the market, and not the government, should determine commodity prices. "India has already corrected its gas prices, but it has to reform other areas to attract more foreign investment," said Yergin, also the Vice Chairman at IHS, a global consultancy dealing with energy and allied sector.

ANILESH S. MAHAJAN



**Daniel Yergin**  
Author



**J.P. Chalasani**  
Group CEO, Punj Lloyd

## Power Shift

Having spent close to two decades with the Reliance Group,

**JAYARAMA P. CHALASANI** has now moved on to Gurgaon-based infrastructure giant Punj Lloyd as its Group CEO. He will be responsible for the group's entire value chain – from the engineering, procurement and construction (EPC) business to infrastructure to equipment manufacturing. Punj Lloyd generates 80 per cent of its revenues from 22 countries across the Asia-Pacific, West Asia and Europe. Having joined Reliance from NTPC Ltd, Chalasani was a vital part of Reliance Energy (now Reliance Infrastructure) and later Reliance Power. A native of Vijayawada in Andhra Pradesh, the soft-spoken Chalasani is widely considered a shrewd executive, who played a vital role in Reliance Power's bids for three ultra mega power plants.

ANILESH S. MAHAJAN

**Avni Biyani**  
Concept Head, Foodhall



## Mistress of Spices

She offers over 7,000 items, or stock keeping units, at her fifth gourmet store outlet called Foodhall. While ushering in guests at the store – located in Gurgaon – recently, **AVNI BIYANI**, 24, pointed out the new flavours she had curated through her spices with the help of Julian Amery, the Denmark-based spice specialist. The store, a result of Biyani's own interest in cooking, has a Chado tea bar, a sushi counter, a fresh bakery counter and a juice bar. It also stocks imported brands and ingredients. "We are even open for people who want eat a small meal here and discuss recipes with our chefs and specialists," says the daughter of Future Group's Kishore Biyani.

SHAMNI PANDE





**Ross Clifford**  
Director, Motorcycles  
APLA, Polaris

## Indian Meets India

**ROSS CLIFFORD** is a motorcycle aficionado. So much that this Director of Motorcycles at US-based Polaris Industries has changed 50 bikes in 33 years. Clifford was in India recently to launch the iconic 113-year-old Indian Motorcycle brand in the country. Indian Motorcycle, which got its first name from native (or red) Indians, sparks nostalgia with its cruiser design and the rumbling thud of the 1,811 cc engine. Clifford launched three models – Indian Chief Classic (₹26.5 lakh), Chief Vintage (₹29.5 lakh) and Chieftain (₹33 lakh) – and expects to sell about 30 of them by year-end. Polaris also wants to achieve a market share of around 10 per cent in the luxury motorcycle (1,600cc and above) market in India.

SUNNY SEN



NILOTPAL BARUAH

**Simon Galpin**  
DG, Investment Promotion, InvestHK

## Hong Kong Calling

Its population of seven million is a tad below that of Bangalore's, but Hong Kong's per capita income is one of the highest globally. A haven for entrepreneurs, it is a place where it just takes about an hour to register a business. So, when **SIMON GALPIN**, Director-General of Investment Promotion at Invest Hong Kong (InvestHK), visited India in January, his goal was to connect start-up hubs between the two. Hong Kong is also a hot base for start-ups. "In the last three years, we have seen the number of start-ups that our department supports, grow by 60 per cent. The number of entrepreneurs applying for visas to start their own businesses has grown by 59 per cent. The single largest group seeking those visas is Indian," said Galpin. And despite attracting the third-highest FDI after the US and China, Hong Kong is hungry for more because, as Galpin says: "We need to stay competitive."

K.R. BALASUBRAMANYAM

**SANDEEP GIOTRA**

Vice President and Head of India,  
Nokia Siemens Network

**My first role model**

J.R.D. Tata. His contributions as an entrepreneur, nationalist and social activist are truly inspiring and unparalleled.

**My first job**

As a sales engineer with Tektronix India, a test and measurement equipment company. Getting hands-on experience in the field was truly enriching.

**My first boss**

My first boss was the sales manager with whom I began my first job. He told me that the job of the manager is to reduce complexity and make things simpler. It is something I value and try to follow even in my present job.

**My first promotion**

My first promotion was to the post of sales manager. I remember being ecstatic on hearing the news. It meant exploring new markets and being responsible for my own numbers.

**My first disappointment**

My first disappointment was a sales engagement in my early days. The outcome was not what I expected. No doubt, various external factors led to that development. Still, it was a great opportunity to learn the art of managing. As the saying goes, "When you lose, don't lose the lesson".

Photo by Shekhar Ghosh  
As told to Sunny Sen





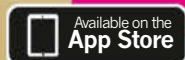
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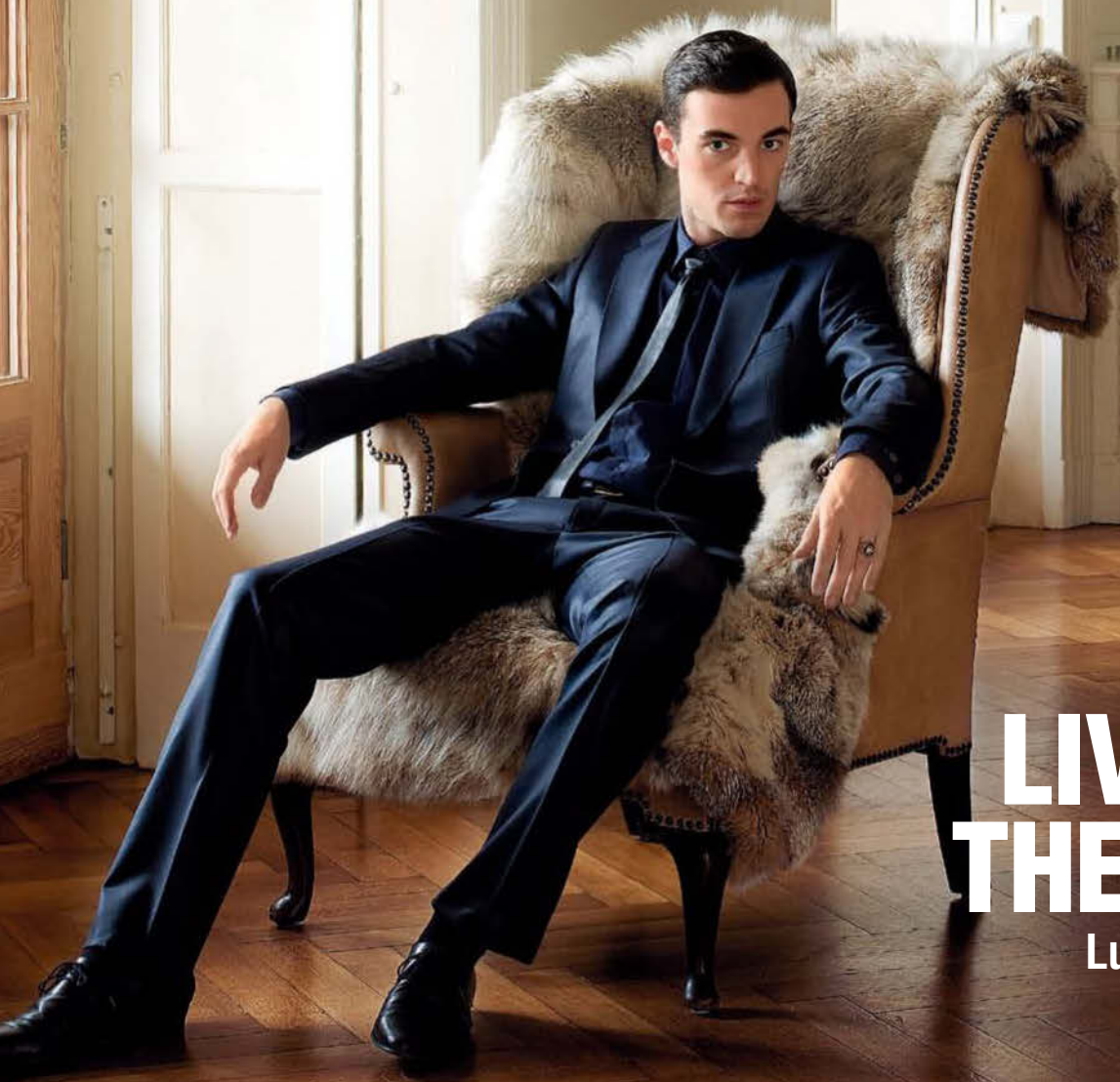
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PHOTO COURTESY: BURBERRY

# 22 FASHION FUNDAMENTALS

You are what you wear. The coolest things to stock your wardrobe with

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# Time for Luxury

Breitling Vice President Jean-Paul Girardin on how to pick a luxury watch that best fits your personality.



## PRIORITISE FUNCTIONALITY

A luxury watch is, in essence, a miniature machine that does more than just fulfill its basic function of telling the time. The extra element that exceeds the functionality of the watch could be in terms of design or aesthetics, lending it an edge of exclusivity. Also, keep in mind what you are going to use it for. For instance, if you are a globetrotter, a watch showing various time zones will help; a snokeling enthusiast should make sure it is waterproof; an accurate chronograph is essential for a racer.

## STYLE STATEMENT

As a luxury watch conveys strong signs about the wearer, pick a piece that matches your personality. Watches are among the last remaining pieces of jewellery for men, and as it's an accessory you don't change frequently, pick out a piece that is classic and timeless in terms of appeal.

## INVESTMENT WATCH

While emotion is the primary reason for buying a luxury watch, you can also look at the purchase as an investment — especially if you settle for a collector's item or limited edition piece. Being the culmination of dedicated craftsmanship, precision and considerable value, the watch will continue to be coveted, and if the event arises, you can decide whether you want to part with it or not.

## GO WITH YOUR GUT FEELING

You may not be able to pinpoint what it is about a luxury watch that makes you want it, but your emotions are often a response to its quality. Once you prioritise the functionality angle of the watch, you can never go wrong on quality.

# 4 apps for skiing



## ► Snow Forecast

Snow Forecast, which has a database of 2,500 ski resorts across the world, gives constant snow alerts and detailed snow forecasts – updated every six hours. Geolocation guides you to the closest ski resorts based on your current location.

## ► iTrailMaps

If your resort doesn't have its own mapping app, try this one. It downloads maps with detailed directions to nearby skiing trails. Some ski trails are also available in 3D maps.

## ► Ski Tracks

This GPS tracker can capture and document your antics on the snowy slopes. A device that geotags images you take on the go, it is totally worth it if you are an experienced skier.

## ► Ski School

This app, complete with video tutorials, helps brush up your piste technique. Also, it lets you compare your skills with that of an experienced skiing instructor on a split screen.





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Photographed on location at The Great Eastern Home.



## Don't let those glasses slip



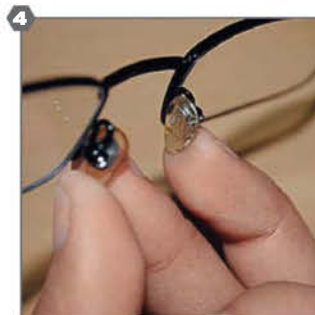
1 Lay your eye glasses on a table and check if the temple arms are at the same level. If not, gently bend the temple arms with a pair of pliers until they sit straight on your nose.



2 Once the temple arms are settled at the same level, adjust the earpieces. Twist the earpieces towards the head if they're too loose, and outwards if too tight.



3 Tighten the screws on each side of the temple with a small screwdriver, taking care you don't overtighten the screws. This will keep the glasses from slipping off.



4 Fix the nose pads for comfort. If the glasses sit high on your face, move the nose pads apart. If the glasses sit low on the bridge of your nose, pinch them closer.

## Careful with that Caviar!

**WHEN SERVING THE FOOD OF** the gods, you can't afford to go wrong. Apart from the intricacies of plating expensive caviar, the way you store it can make all the difference between serving delicate bubbles of ecstasy or, well, just a mound of fish eggs.

### STORING

An unopened can of caviar will last up to four weeks but an opened can needs to be consumed within three days.


Most household refrigerators don't have the ideal temperature for storing caviar – 28-30 degrees Fahrenheit. Store it in the bottom drawer of your refrigerator, which is usually the coldest part of your fridge, but never freeze it. If you have to store a half-eaten container of caviar, wrap the jar in plastic wrap and put it in a bowl of ice to retain its freshness. To preserve the delicacy of its flavour, caviar should never be cooked.

### SERVING

**Pointers** Ten minutes before serving, take the caviar out of the fridge and leave it with the lid on. Being the ultimate delicacy, caviar is served in small portions. When accompanied by hors d'oeuvre, serve a maximum of 50 gm per person. The best caviar looks like shiny, fine-grained globules.

**Cutlery** Avoid metal spoons and utensils when serving caviar, use glass, bone, tortoiseshell, wood, plastic or, if you want perfection, mother-of-pearl.

**Accompaniments** Offer the delicacy with bite-sized garnishes that don't overwhelm the flavour of the caviar. Crustless plain toast, blinis (small buckwheat pancakes) or sour cream go particularly well with caviar. Creme fraiche, a cultured whole cream, is another option. Its richness complements the sumptuous texture of caviar and the wholesomeness of fresh toast points.

Though connoisseurs prefer their caviar with a straight shot of ice cold vodka, it also beautifully complements the fruitiness of champagne. 







# SUPERSTAR ADVICE ON HOW TO BE A BETTER MAN

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## 4-9 Feb

### AMERICAN INTERNATIONAL FINE ART FAIR, FLORIDA

Now in its 18th year, the American International Fine Art Fair held at Palm Beach, Florida, has long been regarded as the mecca for art lovers and collectors worldwide. It is the perfect melting point for artists to exhibit their work to an audience that is both discerning and appreciative. To ensure quality and



originality, all the artwork showcased in the fair is carefully vetted by the governing body to ensure that buyers get pieces worth their time and money. For more, visit [aifaf.com](http://aifaf.com).



## 6-16 Feb

### BERLIN INTERNATIONAL FILM FESTIVAL, GERMANY

One of the most prestigious film festivals across the globe, the Berlinale is nothing short of a feast for any world cinema lover. Screening and premiering films from various countries, the festival hosts a bevy of stars, filmmakers and critics – besides avid watchers – every year. For more information, visit [berlinale.de](http://berlinale.de).

## 18-23 Feb

### MILAN FASHION WEEK, ITALY

The biggest event for the fashion industry, the Milan Fashion Week in Italy will see every top fashion brand sashay their work on the ramp, making statements, starting trends and impressing viewers and buyers alike. The fashion week is also a great meeting point for fashion industry players. For more, visit [milanfashionweeklive.com](http://milanfashionweeklive.com).



## 14-23 Feb

### CANADIAN INTERNATIONAL AUTO SHOW, TORONTO



Marking its 40th anniversary this year, the Canadian International Auto Show in Toronto promises over 6,00,000 sq ft of automotive displays and exhibits. You can also check out the two new sections launched this year – Auto Exotica and Eco-Drive Showcase. For details, visit [autoshow.ca](http://autoshow.ca).



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## CINEMA PARADISO

Remember the movies you watched and loved as a child?  
A new world tour lets you live them, scene by scene



You know when, but do you know **where** Harry met Sally? ▲

**RECALL THE DAYS OF OLD, WHEN** movies were the ideal getaway to places far away — the vast desert in *Lawrence of Arabia* to the picturesque waterhole in *The Beach*? Well, now's your chance to revisit them, and this time it's for real. As part of a whole new holiday package for movie buffs, VeryFirstTo (in a tie-up with travel firm Unmissable) offers you the opportunity to see some of cinema's most iconic destinations first-hand, whether it is the Wudang Monastery as depicted in

*Crouching Tiger Hidden Dragon* or the streets of Montmartre, Paris, in *Amelie*. The Blockbuster Trip, as it is called, takes couples on a three-month global trip that incorporates visits to 20 exceptional destinations made famous by popular films, and guided tours that enable them to relive scenes from classics like *Chocolat* and *When Harry Met Sally*. However, the cost — at £198,000 per couple — is significantly more than a movie ticket, so you better get those doubloons hopping!

## FOOD ON CALL, IN-FLIGHT

Tired of eating the same ol' hammy sandwiches they serve aboard international flights? Well, you don't have to, especially if you are flying Malaysia Airlines. Chef-on-Call, an exclusive service provided by the airlines to its first and business class passengers, offers you the opportunity to choose from an array of dishes — ranging from Malaysian favourites to food for the health conscious as well as all-time continental fare. Passengers can select their meal choices online before catching their flight by visiting [www.malaysiaairlines.com/chefoncall](http://www.malaysiaairlines.com/chefoncall) or by simply calling the Malaysia Airlines call centre at 1300-88-3000. But there's a catch; the service is currently being offered only on flights to select destinations.



## THE LIGHTHOUSE PROJECT

If you have a thing for lighthouses, here's good news. The Indian government has announced a project to promote the ship-guiding structures as tourist spots, and the first in line would be the Kanhoji Angre lighthouse on an island with the same name in Mumbai. The facilities at the tourist attraction will include a jetty, a passenger terminal, a viewing gallery, tent-style lodging facilities and high-profile restaurants. The lighthouse and the island are named after Kanhoji Angre, leader of the Maratha navy during the 18th century. While the fort was built by the Portuguese in the 1700s, the lighthouse came about in 1866.



## A WINDOW TO WATERWORLD

'Sleeping with the fishes' may sound quite ominous, but rest assured, there is no Sicilian twist to this one. The Manta Floating Resort in the Indian Ocean, near Pemba Island, presents travellers with a whole new way to get up close and personal with marine life. From the middle floor of this Swedish-designed facility, you can jump into the blue waters. The heavily-windowed bedroom makes it easy to spot exotic fish, and the ocean is illuminated by strategically placed spotlights so that viewing can continue late into the night.



## JETWAY INTO THE FUTURE

Tired of trawling through customs and standing in long queues during brief stopovers? The future may hold an answer for this long-standing grouse of the jetsetting individual. Architect Margo Krasojevic has created a visually striking yet delightfully mobile miniature 'Jetway' hotel that can be placed directly beside a just-landed private jet. Once in position, the 'pop-up hotel' — complete with a lounge area and an integrated entertain-



An artist's rendition of the Jetway hotel, which is still on the drawing board ▲

ment system — can provide passengers with a base for up to 24 hours. The telescopic shell of the hotel, which is still in its design stages, can also be extended or contracted — depending on the passengers' requirements. Jetway's interiors are lined with a combination of laminated glass, photovoltaic cells and fully controllable LED lighting, and the exteriors contain Perspex-encased tritium sections that glow.



## TECH AND THE FREQUENT FLIER

Airline passengers swear by technology, with over 90 per cent claiming that it helps them while travelling, a passenger IT trends survey by the Societe Internationale de Telecommunications Aeronautiques has found. The study — carried out on a sample of 299 million passengers passing through six biggest airports in the world — also found that at 76 per cent, the proportion of passengers carrying smartphones outstrips the global average of 40 per cent in the general population. It also found that 69 per cent of the respondents booked their tickets through websites and 20 per cent used a kiosk for check-in on the day of their journey. However, actual rates of usage of these services remain below 5 per cent.




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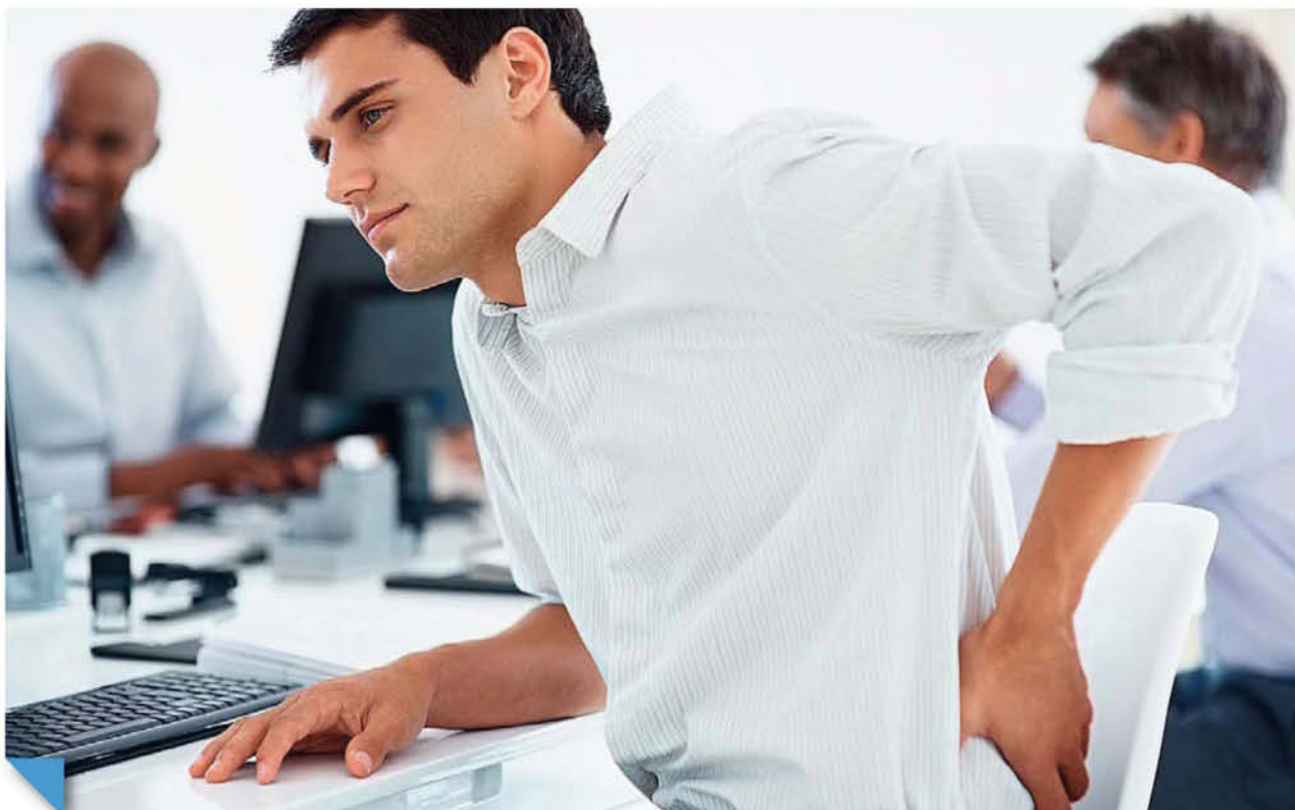
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# Back to Back

With our urban lifestyle making us sedentary with each passing day, we are increasingly falling prey to back ailments. Some tips to prevent them at home, work and en route.



The positioning of your computer at the workplace could be vital for preventing back ailments ▲

## While sleeping

Thought it's difficult to injure your back while sleeping? Think again. If you have a bed that does not offer your back enough support, you may end up waking up with a stiff back. So, invest some money in an orthopedically designed spring mattress; your body will thank you for it.

## Waking up

You may not know this, but there is a very good chance of hurting your back while jumping out of bed early in the morning. You can reduce the risk of back strain or injury by stretching for a while before you climb out of bed. Stretching will help warm and lubricate your back — making it limber.

## Driving to work

Many of us spend a significant part of our waking hours behind the wheel. However, little thought is given to how comfortable we are in our cars, or what damage our car seats is

doing to our backs. For starters, bring the seat close enough to the steering wheel. Also, if you travel long distances, make slight but frequent adjustments to the seat's position. Locking your spine in one position for the length of an entire ride can cause a lot of problems.

## At the office desk

Considering that you probably spend more time at work than home, how good is your sitting posture at your desk? Okay, you could start by insisting on an ergonomically designed chair at work. Also, to prevent your body from adopting awkward positions, make sure that the monitor and keyboard are set directly in front of your chest.

## Be active, through it all

Remember, your back hates it when you hardly move your body. Need some papers photocopied? Don't call the peon, do it yourself. Been sitting for an hour? Get up and take a walk.



# Holy Basil in *Exotic Flavours!*



## TULSI GREEN TEA

Get back in shape the healthy way with Tulsi Green Tea. The double benefit of Tulsi and Green Tea give you a healthy metabolism that makes weight management easy. Their rich antioxidants help prevent ageing, letting you look good and feel healthy.

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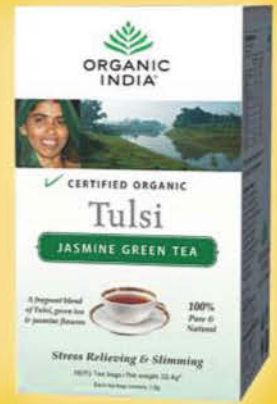
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## Have a Good Run

For the busy corporate, running is a good way to shed extra flab and maintain fitness. Some pointers

### Do's

#### Walk first



It's better to walk a little, prior to hitting the track in your running shoes. Taking it slow in the beginning will help you lower exertion levels, and prepare your legs for the rigorous experience to follow. Just like warming up.

#### Breathe right



The best way to maintain a good breathing cadence is to breathe in or out every time your dominant foot touches the ground. For example, if you are right-handed, your breathing cadence must start with your right foot.

#### Drink up



Have lots of water before a run. Cold water leaves the runner's stomach quicker than any other type of fluid. In addition, it produces a significant cooling effect – physiological as well as psychological.

### Don'ts

#### Have painkillers



Never take painkillers to mask the pain from a running injury, just so you can continue to run. Instead, to maintain your fitness level, try other things like working on your form or taking a spinning class.

#### Use same shoe



Keep rotating your running shoes. This will keep any particular shoe from causing irritation or sores in a particular area. In time, you will have to buy more shoes anyway, so you might as well do it now. Capisce?

#### Headphones? Umm...



YOLO. So, if you are running down a busy street, avoid wearing headphones that may mask the sound of approaching vehicles. Also, keep your head up, which will help align the rest of your body and prevent injuries.



## E-Shisha from Litejoy

**LOSING YOUR BATTLE AGAINST SMOKING? DON'T** despair, here's something that will help you much more than a nicotine patch. The E-Shisha from Litejoy simulates the process of smoking a conventional cigarette, but with little nicotine intake and none of the harmful effects. This way, you never run out of puffs either; you just recharge your E-Shisha, which comes in eight flavours — apple, blueberry, mint, pomegranate, watermelon, strawberry, cherry and grape!

**Price:** On demand

From  
**Men'sHealth**

## RELAX, AND FAST!

Square-eyed from exhaustion? The revolutionary Four Corner Breathing Exercise is your free pass to the land of nod. By combining the use of outer and inner focal points, this method can calm you in no time.

- 1** Find an object with four corners: a picture frame or even this page (anything but TV). Focus on the upper-left-hand corner and inhale to a count of four

- 2** Turn your gaze to the upper-right-hand corner of the frame and hold your breath for a count of four

- 3** Move your focus to the lower-right-hand corner of your chosen object. Exhale to the count of four.

- 4** Finally, turn your concentration to the lower-left-hand corner of the object. Tell yourself to relax, then smile. Repeat the exercise.







# A MAN APART

The fashionista of today sets the trend for tomorrow, and the road to the future is laid by those who look beyond bare necessities. A sneak peek into the brightest luxury trends this season.

TEXT BY SAURAV BHANOT, ANINDITA SATPATHI & JIMMY J

## IS LUXURY A STATE OF MIND OR A STATE OF BEING?

Philosophers have engaged in debate over this question for centuries, without reaching a consensus. The answer is surprisingly simple – it's a little of both. Just drenching yourself in luxury isn't enough; you have to revel in its intoxicating effect, cultivate it to make a statement that sets you apart from the crowd.

After all, what is luxury if you don't let it pamper your discerning taste for the finer things in life? True indulgence lies in setting your qualms aside and allowing it to shape your personality – polishing the roughest of edges, drawing equal measures of appreciation and envy from the beholder, and giving your society a yardstick to live up to.

In this issue, we present the latest in luxury trends – whether it's a dinner jacket that will make you the life of any party, an all-accommodating cherry red settee occupying the pride of place in your living room, or a rocketship customised for the roads. Go forth and indulge.





## Breguet

### Classique Hora Mundi Haute Joaillerie

Steal a glance at Breguet's Classique Hora Mundi Haute Joaillerie, and you realise there are a thousand little things that go into the making of a masterpiece. Take, for instance, its round case in 950 platinum with finely fluted caseband, hand-engraved on a rose engine and fitted with a sapphire crystal. Or the dial of the watch, which magnificently depicts the Asian continent in 18-carat gold — set with 154 round-cut diamonds. In a nutshell, the Hora Mundi is an invitation to journey across water and land. Are you game?



## WATCH THIS!

The wheels of time never stop grinding in the watchmaking industry. A look at the most luxurious timepieces to come up in recent years



## Breguet

### Classique 3755 Grande Complication Skeleton

On the Classique 3755, you don't read the time — you admire it. The ticking embodiment of skeletal beauty, this device gives refinement a face through the spectacular interlacing of polished rhodium and engraved parts. Equipped with a tourbillon and a perpetual calendar, the watch has an off-centred chapter-ring accompanied by an arc that shows the date with a jumping retro-grade mechanism. The case is crafted in platinum and the dial, for its part, has been openworked in silvered 18-carat gold — individually numbered and signed a distinctive Breguet. The only thing is, can you handle the attention?



# The next level of luxury

**E**scape to a luxury spa oasis overlooking the Bambolim Bay on the shores of North Goa called Shamana Spa, at Grand Hyatt Goa.

The newest additions to the international award winning Shamana Spa's menu go above and beyond standard spa therapies, taking it to the next level. The Hot Stone Candle massage and Cupid's Indulgence will be available at the spa this month.

The Hot Stone Candle massage is a unique treatment and has been introduced for the first time at Shamana Spa. Sea Soul Massage Candles along with hot stones offers deep penetrating heat which helps to relieve muscle tension. The

heat helps muscles release more quickly and deeply than in traditional massage. The long continuing warmth of the smooth stones in combination with the warm melted candle oil infused with Moroccan Argan Oil and Dead Sea Minerals promotes relaxation while energizing and revitalizing the central nervous system, opening up the meridians or energy pathways. The penetrating heat loosens muscles and accelerates overall circulation and metabolism, de-stressing the body in the best possible way. It not only enhances your beauty but also uplifts your mood.



**What could be more perfect than indulging in a couples' massage for Valentine's Day?**

At The Shamana Spa, Grand Hyatt Goa, enjoy Cupid's Indulgence, a special Valentine day package in a romantic ambiance, set with aromatic candles and soothing music. It begins with a relaxing foot ritual and is followed by strawberry body polish, aromatherapy massage and face care treatment. Hands will be free to sip a refreshing mocktail or a glass of wine while being pampered.



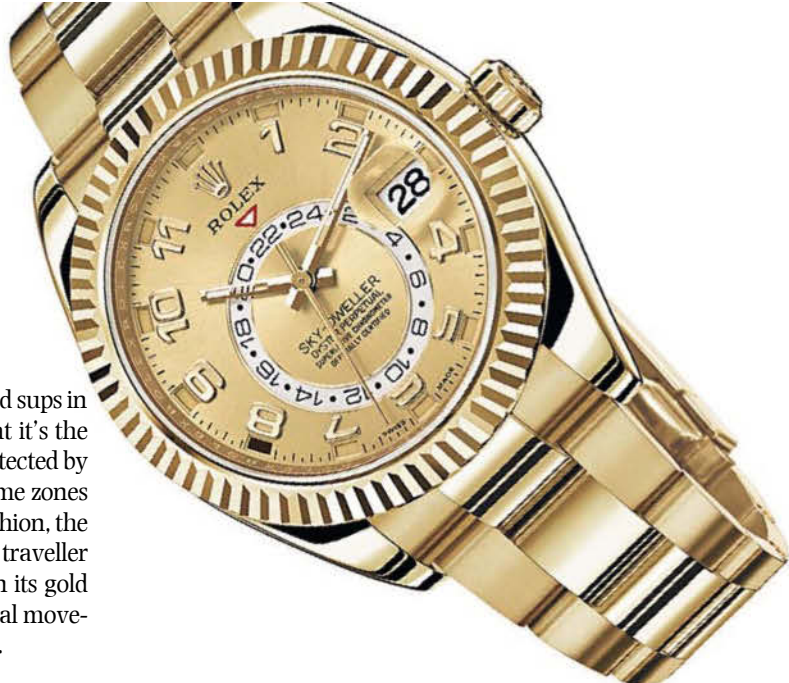
For more details contact +91 832 301 1603 or visit [goa.grand.hyatt.com](http://goa.grand.hyatt.com)



## Rolex

### Oyster Perpetual Sky-Dweller

What do you get for the man who breakfasts in London and sups in Paris? Anybody familiar with timepieces would know that it's the Oyster Perpetual Sky-Dweller – a technological marvel protected by 14 patents – you should be looking for. Displaying two time zones simultaneously in an unprecedented and highly original fashion, the device provides all the time-related information a global traveller may need with a single glance at its dial. What's more, in its gold case ticks a powerful Calibre 9001 self-winding mechanical movement entirely developed by Rolex. A winner for your wrist.



## Jaquet Droz

### Perpetual Calendar Eclipse

If there's a Wordsworth among timepieces, this would be it. The Perpetual Calendar Eclipse expertly pairs the moon phase complication with the perpetual calendar – a finely orchestrated union that raises these two features to a new level of elegance. Two straight hands contrast sharply with the curves of two wavy ones, tipped with a crescent moon, on a black or ivory-coloured Grand Feu enamel dial. At 6 'o clock, an onyx index moves across the face of a golden moon – revealing and concealing it, until it approaches a total eclipse. Poetry in motion, indeed.

## Jaeger-LeCoultre

### AMVOX5 World Chronograph Cermet

A timepiece that marks the 180th anniversary of Jaeger-LeCoultre and centenary of Aston-Martin, the AMVOX5 World Chronograph houses the emblematic chronograph function while displaying 24 time zones on its dial. With a case made of reinforced cermet, developed for use in racecar engines, the dial is adorned by a central chronograph hand and two subdial counters on either side of its axis. Powered by the Jaeger-LeCoultre Calibre 752, this one's for those who live in the fast lane!





## Panerai

### Luminor Submersible 1950

While the Panerai Luminor PAM00364 Submersible 1950 3 Days Automatic Titano may seem as rugged as a horse, you can't help but admire the unique touch of Italian elegance it brings to your wrist. Complete with a tough 47-mm titanium case, steadfast rubber strap and crown protector, it's just the timepiece you would like by your side during a deep dive into the ocean. Water-resistant to 2,500 metres and harbouring a three-day power reserve, it is the perfect companion for the stylish deep-sea adventurer.



## TAG Heuer

### Carrera MikroPendulum

Magnetic would be one way to describe the TAG Heuer Carrera MikroPendulum, and the watch's classy appearance isn't the sole reason for it. Arguably the biggest coup in recent watchmaking history, the timepiece is the first ever high-frequency chronograph in the world to be regulated by magnets. The MikroPendulum's 45-mm case of sandblasted, polished titanium accommodates an anthracite grey dial, which is lent a dash of style by the world's first-ever magnetic oscillator at 9 o'clock. Running on a classic COSC-certified automatic movement powered by an oscillating weight, this watch is yet another indication of Carrera's mastery over technology and design.

## Omega

### Speedmaster '57

The Omega Speedmaster '57 Co-Axial Chronograph follows in the footsteps of a world-renowned predecessor, but emerges a legend in its own right. Housed in a 41.5-mm case that blends 18-carat gold with stainless steel, the watch is powered by the Omega Co-Axial Calibre 9300 – combining vintage looks with revolutionary movement. Water resistant to 100 metres, this one will stick by your wrist through thick and thin.



# SPIRITED AWAY

Whoever said alcohol is a poison that kills slowly never really popped open a bottle of Dom Perignon or let the notes of a Glenlivet 70 Year Old gently soothe his senses. Four high-spirited entities that promise to take you on a blessed high.

## Casked Wonder

### Louis XIII Rare Cask 42,6

Remy Martin's Louis XIII Rare Cask 42,6 is the embodiment of the rarest cognac — precious, rich and utterly magical. As the 100 years for maturing the Louis XIII drew to a close, the casks revealed a jewel — a rare blend of 1,200 eaux-de-vie — that had transformed into truly exceptional cognac. Just the second cask to join the rare cask collection, it has a remarkable aromatic richness and complexity that reveals itself in layers through multiple tastings. It has notes of plum, dates, gingerbread, prune stone and tobacco.

Price: ₹15.19 lakh



## Drops of Wisdom

### Glenlivet 70 Year Old

If there's any spirit that should command your respect, it's the Glenlivet 70 Year Old. Filled into a Sherry cask as the Battle of Britain waged on, the whisky spent decades fermenting — paying the angels their share until there was just enough left to fill 100 full-sized decanter bottles. Nose the whisky, and you detect a hint of blood oranges, tangerine and Jaffa cake jelly. Sip it, and you get a slight hint of ash, peat and orange jelly — coupled with zestiness and a trace of Ruby Port. The liquor is complemented by a beautiful tear-shaped crystal decanter with an elegant British Hallmarked silver stopper, framed in a handmade box from Scotland. Bow before you drink.

Price: ₹15.27 lakh





## Pop the Bubbly!

### Dom Perignon Vintage 2004

The Vintage 2004 from Dom Perignon pays tribute to the traditional bouquet of wine, and rounds off with a marvellously detailed touch on the palate. This champagne is intriguing — its subtlety glides into intensity as you sip, and is a sight to behold with its symphony of ecstatic bubbles swirling in the background of pale gold. Its citrusy core is smooth on the palate — beautifully embellished by a mineral tang, coffee grind and the slightest hint of sugar. On the nose you can discern almond and cocoa.

Price: [On request](#)



## Scotland's Pride

### Royal Salute 38 Year Old Stone of Destiny

A veritable prince in the realm of whiskies, the Royal Salute 38 Year Old Stone of Destiny is emblematic of the virtues of nobility. The story behind this royally golden blend of rare whiskies, all of which have been aged at least 21 years, is a fascinating one. The stone of destiny, which was placed under the throne as a part of the Scottish coronation ceremony, is believed to be the repository of mythical power. You couldn't agree more if you were to take a sip of fruity, floral and smoky fragrances melded in perfect harmony. The rich libation with notes of malt and allspice is contained in a gorgeous hand-crafted porcelain flagon topped with a gold-plated stopper!

Price: [On request](#)



## SMOKE TRAIL

### HIS MAJESTY'S RESERVE

His Majesty's Reserve is unanimously considered the 'Rolls Royce' of cigars. Its filler of fragrant Dominican-grown Cuban Piloto is infused with Louis XIII cognac before being wrapped in a rare-aged Dominican wrapper, yielding a velvety smoke.



Price: ₹45,860

### COHIBA BEHIKE

This cigar is so exclusive that it can send even the most seasoned aficionado into a tizzy. Its exemplification of classicism, disarmingly artful pigtail and redundancy of the need to age makes this cigar an incredibly delightful and rich smoke.



Price: ₹28,740

### OPUS X 'A'

Behold the mammoth Opus X A – a delectably subtle smoke that improves with a few years in the humidor – if you can wait that long. With a formidable length of 9.2 inches and a ring size of 43 inches, it is packed with full-flavoured Rosado filler leaves. Its flavour ripens as the length dwindles.

Price:  
₹4,830



### LOUIXS

This luxury cigar is not something you just whip out and start smoking – you preserve it for special occasions and let it age in the humidor. With a manufacturing process involving fifth generation tobacconists, this cigar is nothing short of a dream.

Price: ₹3,057



## Tom Ford Print Pants

Prints, like monochrome, have caught on really well in India and surprisingly, men have taken to them too. Printed pants are a fabulous option for a brunch or a day gathering, and when teamed up with a bright jacket that corresponds with the print, they can make for a really striking look. These Tom Ford pants, with their floral print and olive green tone, are a great option even for those making a start with prints. Team this with a solid coloured jacket and shirt or — if you want — go experimental with a gorgeous print-on-print look.

Price: [On request](#)

## FASHION ABLE

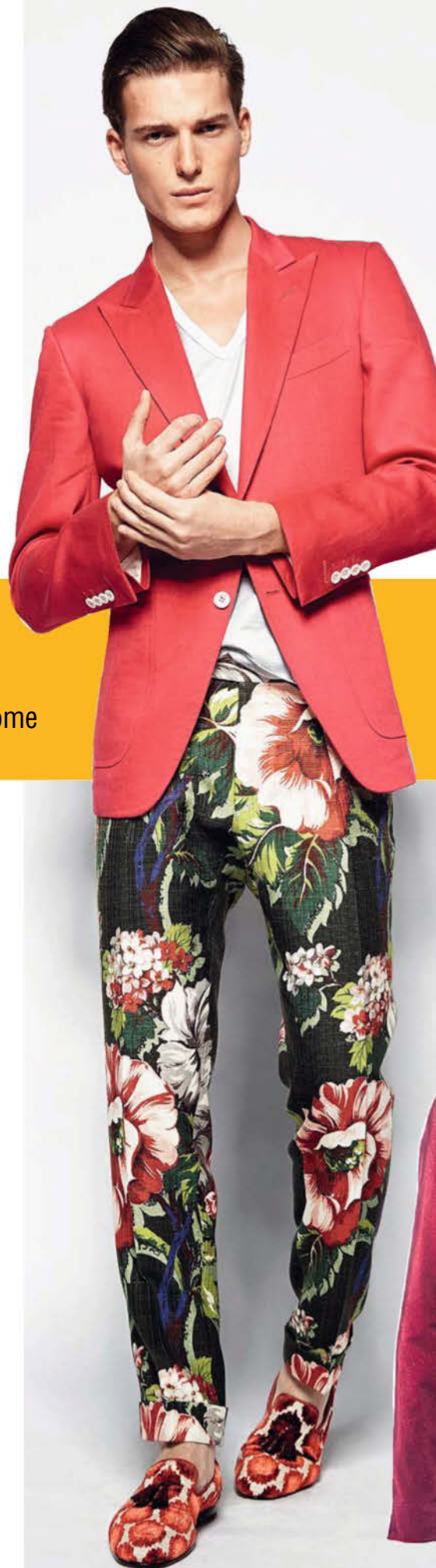
They say clothes maketh a man, and they aren't wrong. Stock up your wardrobe with the season's finest, and become the style icon you were always meant to be.



## Raghavendra Rathore Bandhgala Jacket

For those who like a tinge of traditional in their attire, here's an exciting Indo-Western option. Raghavendra Rathore, one of the pioneers of the bandhgala, has decided to mix things up with this jacket that's just the right mix of Indian and Western to cater to both sensibilities. This versatile garment can be worn to Indian functions as well as an evening cocktail scene. Additional points for the extremely trendy colour that blends with the palettes of both day and night. Wear it with denims, trousers or chinos!

Price: [On request](#)





## Alexander McQueen Shirt

Monochrome — as a trend — has been big for quite some time now, and judging by its popularity, it doesn't seem to be going anywhere anytime soon. This monochrome shirt by Alexander McQueen bears testimony to that. With its unique bird print design and neatly balanced colours, it makes for the perfect party option. Alternatively, you can be quirky and wear it with a suit, in the place of your classic white shirt. Available only at The Collective stores.

Price: [On request](#)



## Gucci Biker Jacket

Inside every man is a hidden biker boy who loves to paint the town red. This Gucci unlined biker jacket is your direct entry into that mood. With knitted collar detail and rust finishing on the inside, you'd definitely get that second look in a crowd. While this jacket is a perfect fit with denims and aviators for the night, feel free to experiment and team it up with chinos for a subtle look during the day.

Price: [On request](#)

## Giorgio Armani Dinner Jacket

A classic dinner jacket is a piece of garment that every man must have, no matter what! You can be prepared for any occasion — a formal dinner, wedding, even a date — as long as you have it to save the day for you. Giving the black dinner jacket a colourful twist, this Giorgio Armani cherry red jacket in velvet with silk piping on the lapels adds a nice pop of brightness. Team it up with white pants and there's nothing to stop you from making a fancy style statement. Plus, as the colour isn't dark, you can wear it during the day too.

Price: ₹1.7 lakh



## Fendi Designer Belt

Belts have come a long way, from being just an accessory to keep your pants in place to becoming a funky style statement. And yes, they are not just for a formal look. Bright, casual belts are back in fashion and this is your time to update your accessory collection with one. This bright orange belt from Fendi, with brown to balance out the colours, is an exciting way to brighten your look. It'll stand out just enough to keep things chic and won't be too loud for your taste. Wear this with an otherwise solid, sombre look to keep things uber fresh.

PRICE: ON REQUEST

## FASHION PLUS

From eyewear to boots and all things in between, here's what you'll need to nail your style.

### Corneliani Leather Pouch

If you're somebody who thinks bags are overkill, look no further than the Corneliani leather pouch. This little thing comes rather handy during an eventful day. You can stuff everything from face wash, phone charger, shaver and mobile phone in here, and still not look like you're carrying a load. As it's in black leather, the pouch will look good on you — night or day.

PRICE: ON REQUEST



### Ermenegildo Zegna Boots

If it's winter, there's just no ignoring boots! They go with both semi-formal and casual looks, and are a fashionable way to keep your feet warm. These dark brown Chelsea boots by Ermenegildo Zegna are a fantastic buy — whether it's for an evening out with mates or a quick weekend getaway. Crafted from rich brown suede on a sturdy rubber sole, these are the most comfortable way to make a style statement in the cold. As the colour is brown, they will go with almost all shades of clothes in your closet. Need more reasons?

PRICE: ON REQUEST





## Roberto Cavalli Sunglasses

A good pair of sunglasses seldom goes out of style, and if it's Roberto Cavalli, the chances are further narrowed down to naught. The sunglasses' oval-shaped design will make you stand out from wayfarers everywhere, and the shade of the glasses soaks up the sun just right during winter. The snake motif, for its part, lends the frame a distinctive touch. Wear this to any occasion of your liking — just remember to maintain eye contact throughout!

PRICE: ON REQUEST

## Louis Vuitton Manbag

The bag has become one of the most exciting must-haves for the discerning man. Whether for travel or everyday use, it is the one carry-all for everything you need in a day — right from your iPad to a book that you're reading. This Louis Vuitton bag with its funky print and bright colours will help you break the boredom and stand out in a crowd. What's more, since its shade is muted, it'll go well in summer as well as winter!

PRICE: ON REQUEST



## Tumi Trolley Bag

Make sure your travel is trendy with this Tegra Lite trolley bag from Tumi. Made of Tegrin, a unique polypropylene thermoplastic composite, the bag is extremely lightweight and its hardside case makes it perfect for long trips. Besides Tumi's patented X-Brace 45 handle system, the trolley bag sports interior accessory pockets, tie-down straps, TSA integrated locks, bottom grab handles and exterior bumpers for added protection. Spacious, sturdy and good looking, it's perfect for life on the move!

PRICE: ₹67,000

# TECH YOUR PICK

Helplessly watching your gizmos go from obsolete to extinct? Here are some high-end gadgets to upgrade your lifestyle with.



## Power for your Lap Acer Aspire S7-392

If you never want to be at a loss for gigahertz, give this baby a try. With IPS technology that squeezes 1,920x1080 resolution into a 13.3-inch screen and shows consistent colours at a viewing angle of up to 170 degrees, the Aspire S7-392 is truly easy on your eye. The laptop's 12.9-mm body houses a powerful Intel Core i7-4500U processor and an impressive 4 GB RAM memory. And what's more, its superior battery ensures that you never go offline! Well, almost never.

Price: ₹1.13 lakh



## A Phone of Note Galaxy Note 3

At a time when iPhone geeks were still awaiting the launch of its 5s version, Samsung came out with the Galaxy Note 3, a significant addition to their family of smartphones. Featuring a 5.7-inch full HD Super AMOLED display, the stylishly slim body of the Note 3 shelters an energetic 2.3GHz quad-core Qualcomm Snapdragon 800 processor and incorporates the industry's largest 3GB RAM. The phone's 13-MP rear camera is no 41-MP Lumia 1020 monster, but its smart stabilisation function and high CRI LED flash does make photography a pleasurable experience – even in low light situations. Get floored!

Price: ₹49,900

## Lose Yourself Sony HMZ-T2

Entertainment just got rabidly personal! Enter the Sony HMZ-T2, a personal 3D viewer that will make you believe that you're sitting just 12 feet away from a huge 150-inch screen while conveniently shutting the world outside your head. Even as Sony's self-illuminating OLED display panels treat you to striking high-contrast images, the sensational surround sound will bowl you over.

Price: ₹69,990





## Let the Games Begin

### Alienware 17

You have been making 275 mph on your Hennessey Venom GT, the others are far behind, you're probably going to make it after all, and... your computer hangs. If there's one recurring nightmare that gamers keep having, it's about their laptop jamming up in a crucial phase of *Need For Speed* (or any other game, for that matter). But that's one risk you can forego if you have the latest Dell Alienware 17 laptop, equipped with 16GB RAM, a powerful 4th Gen Intel Core i7-4800MQ processor and a tough-as-nails 3GB NVidia GeForce GTX 770M processor. The Klipsch-powered audio system ensures that the sound doesn't let you down either.

Price: ₹1.91 lakh



## Sound Choice

### JBL Everest DD66000

Have you ever wanted to scale the heights of sonic clarity from the comfort of living room? If yes, the Project Everest DD66000 from JBL Synthesis would be your best bet – embodying everything from technological prowess, design aesthetic and passion for quality in a single entity that promises to turn your pad into a veritable temple of sound. The audio system excels in every respect, from authoritative bass to remarkably true-to-life vocals and instrumental reproduction. Moreover, its giant 15-inch woofer uses an Aquaplas-treated-pulp cone that preserves neutrality while providing an articulate bass response. Go wild!

Price: ₹1 crore



## Television Revolution

### Vu 84" Ultra HD TV

The Vu 84" is much more than just another television set, it's a piece of the future demanding a place of pride in your living space. Fashionable, elegant and equipped with the ultimate in audio-visual technology, the device allows you to customise it to the last scratch. The 3D TV set presents you with a gamut of features, including an inbuilt PC with a choice of Windows/ MAC/ Linux and Android operating systems, a gaming console, and the ultimate in high-definition viewing.

Price: ₹9 lakh



## Montegrappa Salvador Dali Limited Edition

The Salvador Dali Limited Edition pen is a tribute to the life and works of the legendary writer, filmmaker and designer. Besides a total of 1989 silver pens being rolled out in this series to denote the year Dali passed away, 19 solid gold rollerball pens and 61 fountain pens will also be introduced to represent 1961 — the year he created The Space Elephant. While the silver Dali edition has the elephant embracing a barrel of Mediterranean blue, the gold version has it in malachite green.

Price: [On request](#)



## Mont Blanc Genghis Khan Limited Edition

Brought out in honour of the ferocious Mongolian leader, there are just 35 pieces of the Mont Blanc Genghis Khan Limited Edition available worldwide. While the cap, barrel and rings of the pen are inspired by Mongolian armour and ornaments, Khan's helmet is reflected in the cap-top design with a hand-engraved pattern. The nib has been engraved with the steppe eagle, and the cone of the pen is made of ebony and set with a 0.5 carat cut diamond. To be launched this year.

Price: [On request](#)



## Visconti Pininfarina Carbonegrafite

Crafted by Visconti Pininfarina, the car design firm that has worked on the interiors of automobile brands such as Ferrari, Rolls Royce and Jaguar, the Carbonegrafite bears a signature racy and sharp look. The fountain pen, available in shades of black and silver, is not just for lovers of luxurious cars but also those who like to keep things classy and cutting edge. In India, this limited edition pen is available only at William Penn stores.

Price: [₹1.6 lakh](#)





*Where the  
Kabab is King!*

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Jalandhar | Mumbai | Pune | Ranchi | Varanasi | Bangkok | Muscat

Website: [www.thegreatkababfactory.com](http://www.thegreatkababfactory.com); Email: [info@umakhospitality.com](mailto:info@umakhospitality.com)

The Great Kabab Factory is an Indian specialty restaurant offering a unique dining experience. Using recipes combining the ancient with the contemporary, TGKF brings delectable kababs from all over the Indian subcontinent. At The Great Kabab Factory, one can experience mouth-watering kababs prepared in seven different styles, roasted on the tandoor or on a singhri, shallow-fried in a tawa or a mahi tawa, deep-fried in a kadhai, steamed in pots or even grilled on a stone. A different menu is set for each day and guests are served unlimited servings of each dish, either vegetarian or non-vegetarian. Indulge in unlimited servings of rustic, smoky and succulent kababs. Choose from the widespread of biryanis, curries, exotic Indian breads, daals, seasonal vegetables, delightful desserts and much more.. The signature dishes have been created after a decade of extensive research and development. TGKF owns a recipe bank of over 450 kababs which include many

closely guarded family recipes passed down through the ages. Various imitations have been created but none match the unique flavor and aromas of the original TGKF signature kababs.

For the vegetarian clientele, the master chefs have introduced kababs such as tandoori broccoli and subz galouti which are unique to the TGKF dining experience. All the retail locations worldwide use the TGKF proprietary spice packs that ensure the same great taste everywhere.

#### ■ THE GREAT KABAB FACTORY 'EXPERIENCE':

When dining at TGKF a guest would get the feel of dining within a virtual food factory. The cutlery resembling factory tools and the metal serving dishes are all factories like. The staff wears dungarees to highlight the fact that they are all like factory workers. An open kitchen allows guests to enjoy the feel of eating within a factory premises. Each TGKF outlet exudes vibrant colors, lively sounds and a very distinct ambience which adds to the ethnic yet modern feel to the overall restaurant concept.



## WHISTLER WONDERFUL

Whether you alpine ski or not, the famous resort area offers cross-country skiing and snowshoeing plus dining, spas and arts & culture

**GO SKY HIGH BETWEEN MOUNTAIN PEAKS:** Easily combine the skier's day with the non-skier's day as you ride up from the base together on the smaller Whistler Gondola, eat really good food in the Round House, ride astonishing Peak2Peak Gondola and then go your separate ways.

**INDULGE YOUR FOODIE SIDE:** There are far more great places to eat in Whistler

than you can try on one vacation. The folks behind Whistler Tasting Tours help you get a decent sampling. One of their tours introduced me to the best Greek lamb I've ever tasted.

**GO INTO A WINTER WONDERLAND:** Cross-country skiing is much easier to learn than downhill skiing/boarding, and snowshoeing is even easier. There are three facilities in the Whistler area offering these activities, and lessons are available.

**RELAX AND GET STEAMY:** Ski resorts and spas seem to go hand-in-hand, and Whistler offers plenty of spa options. A popular choice is the Scandine Spa, where you can soak in a variety of outdoor pools and splash under a waterfall while situated in the middle of nature.

**BUT WAIT...THERE'S MORE!** Snowmobile, dogsled, go zip-lining (yes, in winter), try the Olympic skeleton, sip coffees...and maybe the non-skier will even find time to shop at legendary Canadian brands including Lululemon and Roots.







## Smooth Operator

### Miele Rotary Iron

Miele's Rotary Iron is a glamorous answer to all your ironing woes! Equipped with an 83-cm-wide roller, the gadget makes ironing anything – from duvets and covers to bulky items – seem like a breeze. The space-saving iron has an easily foldable mechanism, wheels and a wide foot control bar that stops and starts the ironer, leaving your hands free to feed clothes into the roller. The intuitive single-task mini robot makes sure that no damage is caused by the slip of a finger. Now, that's playing it smart.

Price: ₹1,74,990



## THE HOME OF GOOD THINGS

What makes a house a home? Among other things, gorgeous furniture! We know comfort is paramount and style indispensable, so here's a list of trendy masterpieces that should occupy pride of place in your den.







## Fit for Nobility

### Aristocrat Table

A skillful reflection of its patron's personality, the custom-designed Aristocrat Table from 'V Renaissance' speaks volumes on understated elegance. With a table top of rich moss green leather, hand-carved teakwood legs and a velvet-lined drawer, you might just wish the paperwork never ends. The table top is hinged artistically for smooth elevation. The perfect combination of beauty and brawn, the table has gold trimmings and a snazzy locking mechanism.

Price: ₹2 lakh

## Monkey Kitsch

### Casa Paradox High-Rise Chair

Aesthetics take a disarmingly kitschy turn with this high-rise chair from Casa Paradox. Part of the zany 'Illustratti' collection, it engages you with its outrageously outlandish theme. The chair artfully showcases the concept of digital art on canvas, creating a glamorous piece that your guests might just fight to sit on. The colours on the canvas play off each other to sharpen the contrast in shades etched out with sharp contours.

Price: On request



## Let there be Light

### Belle De Nuit Lamp

Patterned, etched and moulded into chic finesse, the Belle De Nuit Lamp is nothing short of a must-have fashion fixture in your living room. The porcelain lamp is designed with particular emphasis on capturing a flexible form. Its expanded base tapers gracefully, then blossoms into an etched segment with clean lines and tapers yet again to incorporate an intricate pattern of textures. Its captivating shade of azure blue suffuses the room with a translucent glow reminiscent of the clean, wide sky.

Price: ₹60,700



## Plush Nest

### Ploum from Ligne Roset

Redefining the concept of plush, this luxurious settee from Ligne Roset beckons you to sit, stretch or just curl up on it with a good book. The Ploum's free flowing and gracefully curved form provides a welcome break from sitting ramrod straight, allowing for any number of postures, supported by a comprehensive contact area. It can comfortably accommodate four persons and almost surreptitiously nudge them into conversation with its slightly closed angle. Available in a variety of lively pastel shades, it injects instant style into your living room.

Price: On request







# OF EXOTIC LANDS

Soul-soothing and heart-warming, our pick of luxury destinations has something for everyone — nature lovers, adventurers and history buffs

## Medieval Muse Mallorca

Mallorca, the jewel in the crown of the Balearic Islands, is a patchwork of cosmopolitan glitter and rustic charm melded into a beautifully amalgamated Spanish extravaganza. Laid out in seemingly alternating stripes of chicness and tranquility, sprawling boutique hotels stand sentinel over olive groves and golden wheat fields. Charter a yacht with provisions for snorkeling to explore the ostentatiously picturesque and uninhabited islets, replete with towering escarpments and azure waters. Sun-dappled villages lining the rugged coastline shelter quaint fincas (private farms converted into luxurious agroturismos) among the pine groves.



### INFO

#### STAY AT

La Residencia set in the hilltop village of Deia, the Mallorcan cradle of art, has gorgeous individual villas set amidst lush orange orchards and olive groves.

#### MUST-VISIT SPOTS

Valldemossa, Soller, Formentera  
Fornalutx



## History Calling Dubrovnik

Dubrovnik, famously referred to as the 'Pearl of the Adriatic', is tangibly cloaked in heritage, and retains much of its medieval charm. Lose yourself in the history-soaked atmosphere of the Old Town Centre, which has a sizeable cluster of museums and a thriving theatre scene. Charming bistros line the square where culinary delights abound – in the form of artichoke and ricotta ravioli and glazed rabbit with hazelnuts and wild mushrooms. Another must-try is the fish, caught fresh from the Adriatic.

### INFO

#### STAY AT

Villa Dubrovnik, a renovated boutique hotel, has gorgeous suites overlooking the Adriatic and two private villas that come with their own exclusive services.

#### MUST-VISIT SPOTS

Lokrum, Franciscan Monastery, Lovrijenac

PHOTO: FRIGATE ISLAND PRIVATE



## Tropical Paradise Seychelles

If you are in dire need of unwinding, immerse yourself in the depths of nature at Seychelles — soaking up the balmy, tropical weather and breathing in the wild yet pristine beauty of the islands. The archipelago of 155 islands, lined with granite and coral, embodies unearthly beauty brimming with the secrets of the sea. When you have had your fill of staring at stretches of white beaches daintily petering into gorgeously turquoise waters, go scuba diving or snorkeling. Try your hand at fishing at one of the low-lying coral atolls and marvel at the sheer variety of marine life.

### INFO

#### STAY AT

Feel one with nature at the luxurious Frigate Island resort, developed in harmony with the natural surroundings, where giant Aldabra tortoises and sea turtles roam free.

#### MUST-VISIT SPOTS

Curieuse Island, Petite Anse Beach, Mahe, Sainte Anne Marine National Park

## Dose of Aphrodisiac Cyprus

Cyprus, believed to be the birthplace of Aphrodite, beautifully personifies the ethereal allure of the Greek goddess. Its scenic secluded beaches are dotted with hip nightclubs, making the haven of historic and archaeological wealth a daring example of harmony through contrast. Paphos is one of the most remarkable traditional harbour towns you will ever anchor at. Akin to an uncut diamond, it is home to the rock of Aphrodite as well as the majestic tombs of kings. The traditional Cypriot charm catches you unawares during your wanderings among quaint fishing villages and bustling tavernas – warming the cockles of your heart.

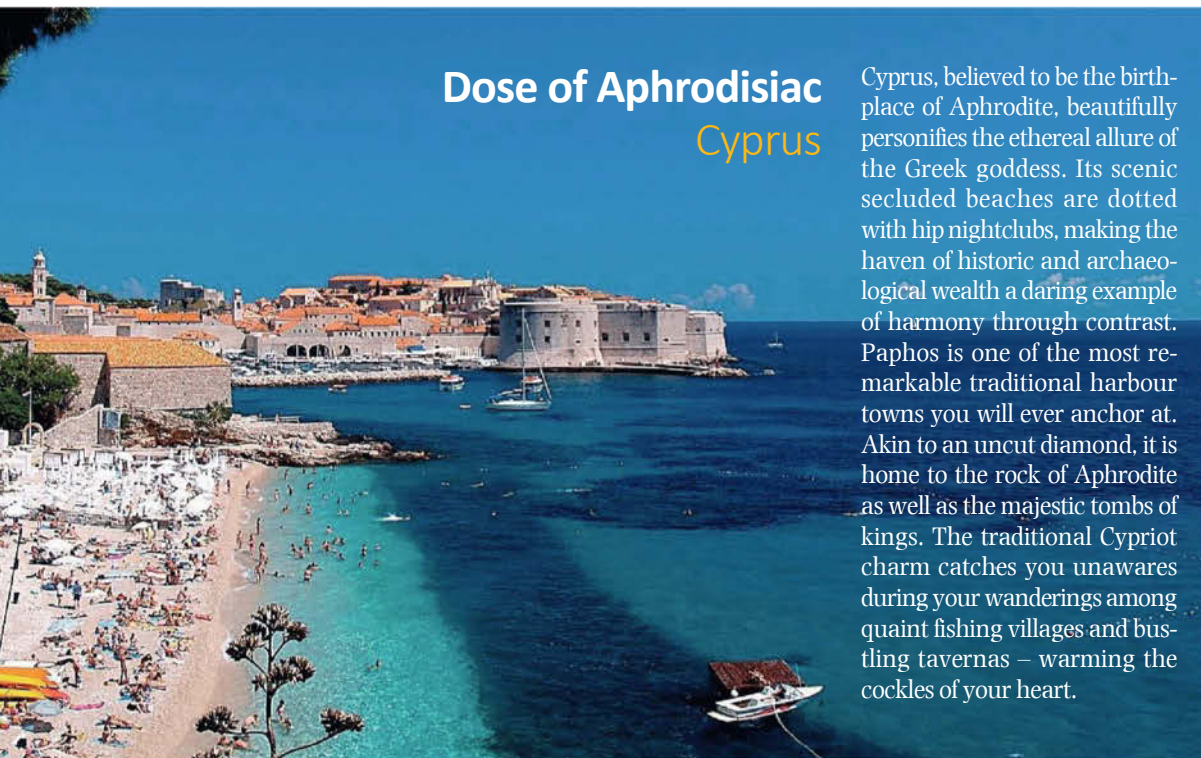
### INFO

#### STAY AT

Anassa, (Thanos Hotel group) designed in the style of a luxurious Byzantine village straddles a low cliff top overlooking a long stretch of beach.

#### MUST-VISIT SPOTS

Limassol, Troodos Mountains, Ayia Napa, Coral Bay



# Call it quits, in style

TEXT BY JIMMY J

## IT'S PAYBACK TIME.

You just bagged a new job, and today's when you get to accost your soon-to-be-former boss with your resignation letter and a whole bunch of scathing one-liners. So you walk into his office, papers in hand, and eloquently recite them until you have succeeded in scraping the very last bit of that smug smile from his face.

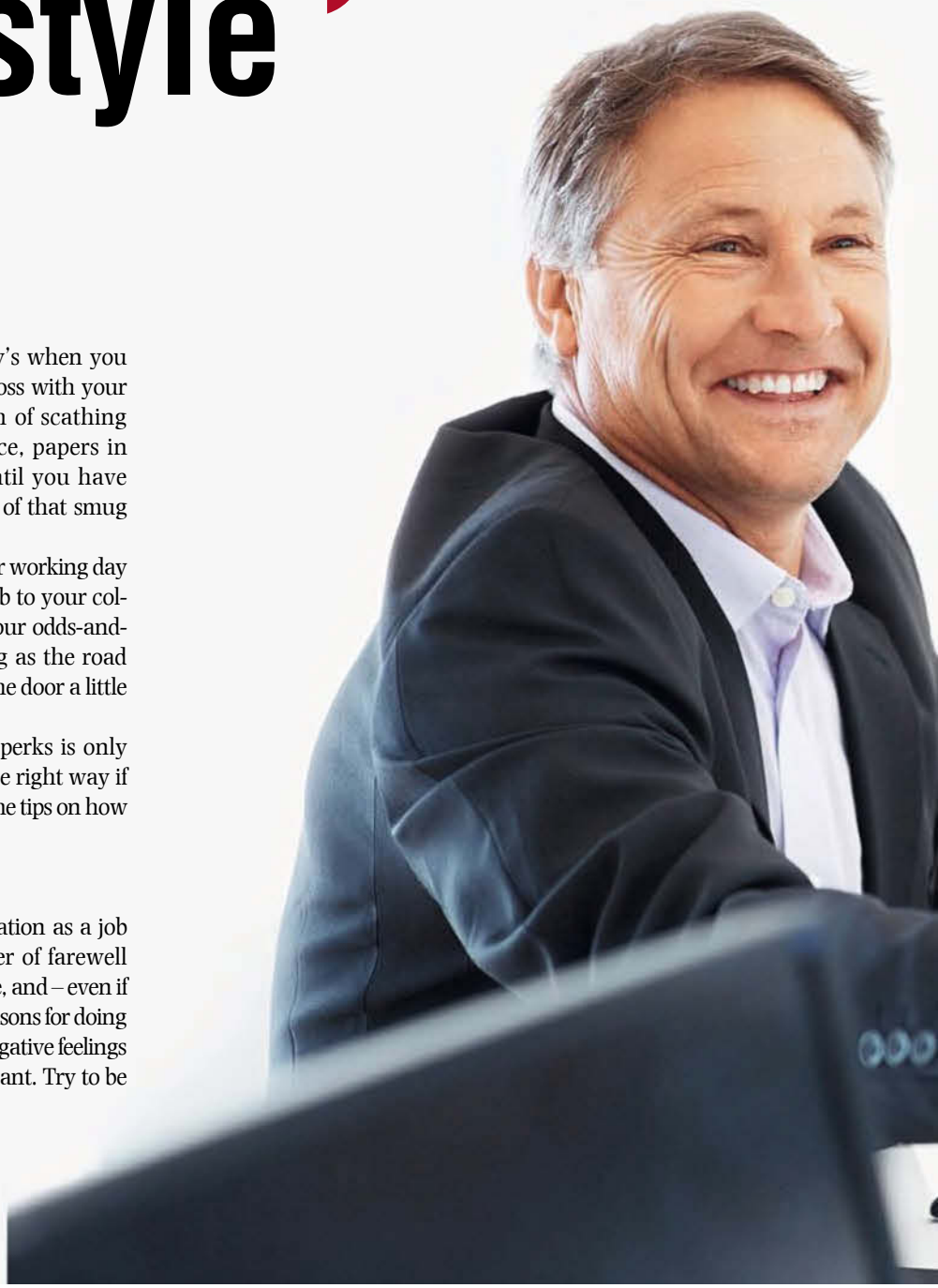
Showed him, didn't you? The rest of your working day is spent on boasting about your next job to your colleagues, and that evening, you pack your odds-and-ends and head out. But, wait! Exciting as the road ahead may appear, aren't you closing the door a little too tightly behind you?

Sure, quitting a job for better pay or perks is only natural, but be careful about exiting the right way if you want to stay ahead in the game. Some tips on how to resign with grace.

## STRATEGISE

Put as much thought into your resignation as a job interview. The language in your letter of farewell should be framed as delicately as possible, and – even if you feel the need to elaborate on your reasons for doing so – ensure that you do not create any negative feelings in the process. A good attitude is important. Try to be

A Jerry Maguire exit may not be the best way to leave your job in real life. An eight-point checklist to ensure that you do not burn any bridges as you bid an old job adieu





as diplomatic as possible with your superiors when you call it quits; it's a small world, and you never know where you will bump into them next. "Also, as there is the possibility of going back to work with the same employer, one must part ways in a friendly manner. Even if someone has resigned due to professional reasons, the person can always find an attractive position in the previous firm a few years down the line," says Shainu Varghese, an HR manager with the Chennai wing of an IT multinational.

### **LIPS SEALED**

Don't go around boasting about your new job to your co-workers before you have actually submitted the resignation letter. Chances are, the issue may reach your boss's ears before you get a chance to meet him, and this wouldn't bode well for your relationship with him. Also, make sure that you present him with a printed copy of your resignation letter before sending the email along. Resigning solely by email is woefully disrespectful, and while there are some bosses who may not mind you taking this impersonal route out of an uncomfortable situation, there are many others who may do so.

### **BE PREPARED**

While your resignation letter may be greeted with a variety of emotions, there is a good chance that it may come as a complete shock to your superiors. But whatever their reaction may be, respond in a calm, collected manner that reflects your understanding of the situation and demonstrates that you are taking the step after a lot of thought. Even if your boss turns confrontational and resorts to blackmail, emotional or otherwise, do not

get drawn into a meaningless argument. You have decided to leave your job; it's not a crime, and there's no reason to get defensive about it. Be polite, but remain firm.

### **PENDING PROJECTS**

Be sure to tie up every loose end before your last day at work – there are few things that irk an employer more than a person who abandons his post without finishing all the tasks assigned to him. The people taking over from you will not appreciate being left holding the baby, and if the news gets through, even your new employers may shake their heads at the way you handle responsibility. "In your last days, every effort should be taken to ensure that your former employers don't feel resentful towards

- ▼ While submitting your resignation, try to be as diplomatic as possible with your superiors. And smile, always.





- ▶ Help a co-worker understand your tasks, so there can be a smooth takeover once you are gone.
- ▶ Collect all the documents you may need in your next job; it may be difficult to get them once you have left the organisation. The documents may include:
  - Resignation acknowledgment letter
  - Performance appraisals
  - Relieving letter
  - Salary payslips
  - E-mail addresses and phone numbers of contacts
  - Experience certificate
- ▶ Clear your table. Others may not like cleaning up after you.
- ▶ Ensure that all your projects have been completed.
- ▶ Send 'thank you' notes to your co-workers and seniors and, if possible, take them out for lunch. A little goodwill can help a lot in the future.

▼ Make sure you have thoroughly cleaned up your table before leaving



you,” says Varghese, “These days, background checks are done in most industries, and they invariably involve contacting the candidate’s previous employer. In case the ex-employee has left without completing formalities, or without finishing the tasks assigned to him, this could find mention in the report.”

## NOTICE PERIOD

Ideally, a person should give his former employers enough time to find an apt replacement before he walks out of the door. The length of the notice period may vary from one establishment to the other, some extending to as many as three months. But if your new employers aren’t willing to wait that long, you may have to start negotiating an early exit date – without stepping on any toes, of course. Start by talking to people at both ends. If your new employers want you to join within a month, check if they can settle on 45 days. The HR personnel and bosses at your current establishment should not have a problem with that, provided you asked them politely.

## EXPRESS YOURSELF... NICELY

It is not advisable to say anything negative to your superiors during your exit process, but if you absolutely insist on doing so, don’t type it off in a mail. A face-to-face interaction with the person con-

cerned could work just as well, without making the matter “official” by putting it in writing.


You can always express your grouses in the exit interview as long as it’s done in a civil manner. Varghese says, “Exit interviews help employers understand why someone’s leaving the job. While it may not be possible to take up each and every comment made by an exiting employee, they can definitely use it to identify trends and take action over a period of time.”

## KEEP AN OPEN MIND

Be open to counter-offers that your company may come up with. If your present organisation decides to match your salary and position with what’s being offered by the new firm, it only goes to show that they value your work and contribution very highly. Weigh both the offers and decide on the one that suits you better, making every effort to prevent antagonizing either side. Varghese, in fact, insists on a conversation about the resignation with the boss or HR personnel concerned before making it official. “Such a step would help clear misunderstandings, set expectations for your notice period, and – at times – even change your mind about having to resign,” he says. However, if you have made up your mind about leaving the job, ensure that you confirm your exit plans and last working day a second time – through email.

## DON'T LOSE TOUCH

Leaving your job doesn’t necessarily have to mean cutting all communication with your former employers. Keep in touch with your superiors and colleagues in the old job, and if you are up to it, make it a point to meet them informally from time to time. Such a move would ensure that your name pops into their mind every time somebody asks them to make a job recommendation.

Quitting your job gracefully is no easy task, and there’s every chance that you may step on a toe or two. But if you stick to these eight commandments, in addition to a steadfast smile on your face, the door just may not bang shut behind you. 



# PRIMA ART

**P**rima Art is India's first 24k – 99.9% pure gold sheet artwork brand of Pranda Group, a Thai based multinational company which over the last forty years has become a leader in producing the highest quality gold sheet artwork.

The Prima Art portfolio comprises of unique 24k- 99.9% pure gold sheet artwork with a range of devotional series for the truly diverse religions in India such as Hinduism, Islam, Christianity, Sikhism, Jainism and Zoroastrianism. It also includes a beautiful heritage collection touching upon distinctive structures in India.

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## SWEETNESS AND (DE)LIGHT: THE SWATCH PASTRY CHEFS SPECIAL FROM SARA HOCHULI

Sara Hochuli is a most extraordinary pastry chef and Maitre de chocolat from Zurich (Switzerland). For the Swatch Spring 2014 Collection she has created DREAMCAKE, the spectacular Swatch Pastry Chefs Special.

**M**iyuko is a character Sara invented who lives in a virtual Tokyo with her friends, gives life to the cafe and inspires the making of real, very tasty sweets. She is also the muse who led Sara to create a special treat for Swatch fans. DREAMCAKE, the Swatch Pastry Chefs Special, dreamed up by Sara and made real in collaboration with Swatch, is unmistakably inspired by her love for Japan. It's the color of cherry blossoms in spring, and looks just like a cake from

Sara's cafe. It's decorated with a rose bow and cherry blossoms, has a cake knife and a fork to tell time on the dial, and the rose strap features a delicate pink flower on the rose loop.

Not only does the watch look like one of Sara Hochuli's cakes, it comes in a Special Packaging that looks like one, too. And for all culinary artists, friends and fans of her work, Sara has included a recipe for one of her cakes. It's printed on the Special Packaging. Try it—it's all sweetness and delight.



# Drink and Beer it

Loosen your tie and party all night at The Barking Deer, Mumbai. BY SUHANI SINGH

**MANY A DINING AND NIGHTLIFE JOINT IS** littered across Lower Parel to cater to its clientele of business executives, but no Tryst, Cafe Zoe or Blue Frog can claim to have a microbrewery like that of The Barking Deer. And the pub doesn't shy away from advertising its USP either; large steel vats form as much a part of the decor as the brick walls, the wooden furniture, and the deer trophies on the shelves. The customers may have emerged from stuffy offices, but once in this establishment, they are quick to rub off even the last vestige of formality to partake in an evening of unabashed revelry.

Our visit to the pub coincided with its 'retro night', an occasion where office-goers are encouraged to loosen their ties, let their hair down and croon along to songs as diverse as Joan Jett's *I love rock 'n' roll* to Backstreet Boys' *Quit playing games*. Party now, the mood of the moment seemed to say, and worry about the hangover later.

The Barking Deer currently has three in-house brewed beers, and there are more on the way. While its women patrons are likely to fancy the citrus-y but



Indian pale ale  
Farmer's pie

Meal for two  
₹2,500

Senapati Bapat Marg,  
Lower Parel

022-33130730

lighter Flying Pig and Belgian Wit, the male party animal may savour the heavier and bitter concoction that is the Indian Pale Ale.

After nibbling on the French fries, we went for the tandoor cottage cheese tikka, which was soft and marinated well with coriander and mint chutney. We tried the dishes under the 'Pub Classics' header for the mains, only to find that the gravy of the Irish lamb stew was overtly sweet. The all-vegetarian farmer's pie came with a nice creamy layer of mashed potatoes and parmesan, but as we dug deep, the flavour of the tangy tomato sauce was lost. The meal was rounded up with a date and almond torte, and though it was pink peppercorn ice cream that we craved, we received a dollop of whipped cream.

The food at The Barking Deer was a hit-and-miss affair, but the portions were generous and we stepped out feeling tipsy and well-fed. A good place to go for beer and some carefree partying.



The Barking Deer shows off its microbrewery units with panache, (inset) the yummy Chicago steak house ▲





The cosy interiors of K3 put you at ease, making you feel at home ▶  
The delectable pan-seared fish with greens is a must-try ▶

## Three to Tango

With three cuisines and three different flavours, K3 at the JW Marriott is delectable fun three times over. BY SAURAV BHANOT

**A TRUE FOODIE WILL NEVER RESIST** the temptation to chow down, no matter how much they pile up on your plate. Serving North Indian, Cantonese and Tuscan cuisines, the K3 restaurant — complete with corresponding live kitchens and specialty chefs — caters to taste buds as vibrant as the ethnicity of its food.


While there is a lot to savour at K3, try out a little bit of each cuisine instead of going all out on one. I chose to start with the Cantonese menu -- more specifically, their barbeque. The first delicacies to land on my sparkling bone china plate were barbequed crisp pork charsiew and Peking style roast duck and chicken, which turned out to be sumptuous as well as flavourful. Even the signature dimsums, consisting of prawn har gao, chicken siew mai and crab dumplings, were extremely delectable.

For lovers of Italian food, the homemade ricotta with bell pepper marmalade seemed both unique and appetising. While the tagliatelle with pomodoro sauce

came across as a bit too basic in flavour, the melt-in-the-mouth pan-seared fish with greens more than made up for it. Other notable mentions are the prosciutto crudo and pomodorini pizza.

The Indian kitchen has its share of gems too. The gosht galouti kebabs turned out to have just the right balance between tender and tasteful, and the dum biryani — made with sella rice — was perfectly cooked. Though the nalli ka korma wasn't bad, it paled in comparison to the other dishes on the menu. The highlight, however, was the tadkeywali bhindi — which may well turn out to be one of the best versions of the ladyfinger you'll ever have!

The Benaras, a unique vodka-based paan flavoured cocktail, went best with the Indian fare. But if you're having Italian, be sure to order the limoncello — a refreshing Italian lemon liqueur.

Very rarely do restaurants succeed in getting both quantity and taste right with their food, but K3 has it bang on! Highly recommended. 



Crisp pork charsiew  
Gosht galouti kebab

Meal for two  
(alcohol extra)  
**₹1,500**

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Aerocity, Delhi

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## GAME OF THRONES

**IT ISN'T EVERYDAY THAT YOU COME ACROSS SOMETHING LIKE THIS. BUT IF McDERMOTT HANDCRAFTED** cues have their way, you just might see this at a pool table soon. The company, which manufactures exclusive handcrafted cues, has designed the Intimidator, the world's most expensive pool cue. Inlaid with 24-carat gold and featuring four bladed wings that can rip apart a pool table, the Intimidator is a 3D piece with 46 individual parts made of stainless steel and genuine Italian Obsidian-cum-gold. Designed over a period of 1,862 hours, it also has over 210 separate inlays — including 112 hand-polished precious metal inlays on the handle. The Intimidator spans a length of 63 inches from the Obsidian sphere to the leather tip, and its total weight is 9.5 pounds. The wingspan of the large blade is 9 inches and the total length of the exposed blades is 48 inches for the larger ones and 13 inches for the smaller ones. **Price: \$150,000.**



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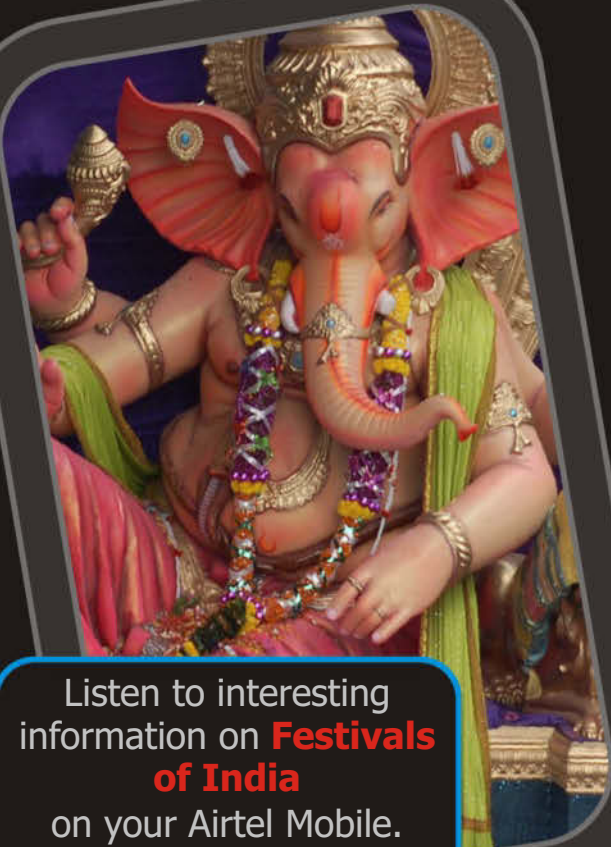
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