



vidwat

The Indian Journal of Management

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VIDWAT (विद्वत्) in Sanskrit means: know, understand, find out, learn, ascertain, discover, and expound.

“Vidwat – The Indian Journal of Management”, published by Dhruva College of Management, Hyderabad, reflects this array of meanings. It is a vehicle for a wide range of researches from across the globe to bring their insights to B-Schools as well as practicing managers.

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Op-Ed:

RIGHT Vs RIGHT - A Dilemma

The tug-of-war is typical of any debate – more so when it's "RIGHT Vs RIGHT". It has been there in intellectual domain since times immemorial and has continued into the present and will continue perpetually! I'm trying to debate on dilemmas with respect to language, ethics and values. ..

Of all the conflict resolution strategies, the one that is the most powerful in arriving at a **win-win** solution is also the one that requires EQUANIMITY - maturity, forgiveness, expansiveness, religiosity, patience. It's not compromise (which requires agreeing to an arbitrary splitting the difference or cutting the cards) but rather co-op competitiveness and understanding.

LINGUISTIC DILEMMA:

- On one hand, it is right to encourage people to speak English in the college/school/workplace/community (and discourage communication in languages other than English) in order to support the "lingua franca" of the world. It's believed that even the etiquette, class are showcased thru English... It is additionally right in order to support the practical and instrumental advantage of employability, and acceptability ...

"We have room for but one language in this country and that is the English language, for we intend to see that the crucible turns our people out as Americans, of American nationality, and not as dwellers in a polyglot boarding house." - U.S. President Theodore Roosevelt.

- On the contrary, it is also right to allow or even encourage students in institutions, personnel in the workplace to converse in their native languages in order to support the identity, diversity, friendship, inclusion, and preserving the societal synergy of multiple cultural heritages. (*Adapted from...Alan Goodman-IGE master trainer*)

English Vs Native (Indian) Language adds to the complexity of "Teaching-Learning" phenomenon. Yes, English is world's **lingua franca**. Yet, it's proved that one can learn things better and faster thru one's mother tongue. It's proved beyond any doubt that China has made greater strides sticking to "mandarin". Unfortunately, India doesn't have the luxury of a single native language, hence this dilemma.

"Change your language and you change your thoughts." - Karl Albrecht

ETHICAL DILEMMA:

ETHICS=DHARMA;

People ridicule "kurukshetra as Adharma Kshetra" for they mistake Sri Krishna's approach as Adharmic against Kouravas. But people don't know the reality of the ground. You can't fight adharmic with dharma - hence Krishna's stratagems are seemingly adharmic, tantamount (-ve X-ve=+ve, Adharma XAdharma=Dharma)...

Dharma is dichotomous-"swadharma(contextual)" Vs "sarvatic Dharma (universal). Krishna adopts Swadharma in Mahabharatha.

A commitment to using values-based decision-making modalities like the framework is the third-way-out from the never-ending battles that are born of the ethical relativism and ethical absolutism arguments. Using the conflict resolution analogy, principled negotiation that focuses on values (with a good helping of moral courage by leaders) is the way to produce the lasting results that competition on one hand (i.e., my way or the highway), and the strategy of accommodation on the other hand (i.e., let there be peace in the valley at all costs) never seem to produce.

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Ethics are a must. A child develops his ethical values depending on the environment, parent's upbringing, the school days etc.

Many B Schools including Harvard have started teaching ethics post global financial meltdown. But, can

Ethics be taught? You can make a person be aware of what is ethical. At most, schools can provide ambience for students to imbibe ethical nuances. Guest lectures can be held in B Schools wherein retired police officers, judicial officers, community leaders, opinion makers are called in to talk on this subject with live examples. However, much has to come from within the student...

The parents also expect a lot from the schools and rightly so. Especially in the case of the girl students, the parent accompanies his daughter to tell the principal 'WE ARE GIVING OUR CHILD IN YOUR HANDS. PLEASE TAKE CARE OF HER!'

We at Dhruva have created groups of students under each faculty whose job is to mentor/counsel students, advise them and also visit these students when they fall sick etc. When you hear such statements, we at Dhruva are naturally humbled and our role transcends from that of a faculty to that of parent wherein it is expected that we should mentor the child.

VALUE DILEMMA:

Values exist, whether you recognize them or not. They are the things that you believe are important in the way you live and work. When the things that you do and the way you behave match your values, life is usually good – you're satisfied and content. But when these don't align with your values, that's when things feel wrong. This can be a real source of unhappiness. Life can be much easier when you acknowledge your values – and when you make plans and decisions that honor them.

A good way to define your values is to look back on your life – to identify when you felt really good and really confident that you were making good choices, to identify when you felt happiest, most proud, most fulfilled and satisfied. Based on your experiences of happiness, pride and fulfillment determine your top values.

Identifying and prioritizing your top values is very important to determine the best direction for you and your life goals. This is an onerous task as you have to look deep inside yourself while making decisions where you have to choose between solutions that may satisfy different values. This is when you must know which value is more important to you. Some of life's decisions are really about determining what you value most. When many options seem reasonable, it's helpful and comforting to rely on your values – and use them as a strong guiding force to point you in the right direction.

"VALUE IS A VALUE AS LONG AS THE VALUER VALUES IT AS VALUABLE "

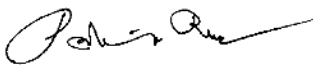
Old Values are treated as obsolete by Gen Y. Now the valuer here is Gen Y who has scant respect to these age old values.

VALUE (according to *L.D. Miles*, propounder of "value analysis") = FUNCTION/COST.

As long as the individual is able to add more to his functional utility at the same effort, he will be increasing his value. As long as numerator is increased keeping the denominator same, VALUE increases. Of course, thru reverse engineering, one can increase the value by reducing the cost while keeping functional aspect constant.

"Value" perse is devalued in this present day business world. There is no respect for "lifelong employment", "self actualization", "team management", "expansiveness", "forgiveness", "giving away", "duty", "responsibility", "indebtedness", "common fate", "hard work" etc. Diligence, Dignity, Dhyana and Dharma are held as cardinal principles/values by Dhruva. Now the students are in a dilemma whether these age old values are to be adhered to or not! The reason is not unfathomable - 'coz the same student outside Dhruva is impinged by altogether different set of "values".

Hence, I'm myself in a dilemma with reference to aforementioned "speaking English", "Adherence to Dharma", and "practising age old values". May be I'm destined to suffer swimming against the tide of "modernity"



Dr. S. Pratap Reddy

Editor-in-Chief, Vidwat.

From the Editor's Desk

Dr. S Pratap Reddy, Editor-in-Chief, Vidwat in his Op-Ed "Right Vs Right- A Dilemma", debates on the dilemmas in respect of Value, Ethical & Linguistic managers(individuals) face...

This issue brings you a few case studies selected from an array of cases presented at Dhruva International Case Writing Competition Jan,2013.

Everybody is aware of Dove's sneaky little marketing ploy and how it rocked media with marvelous effect on company's sales. Dr. Sarjue Pandita in his case study on ethics of sustainable pharmaceuticals gives inquisitive narration over pharama industry besides commenting about organizational ethics. In fact, the author's narration of case in a story telling mode is much fascinating as how supply chain mechanism could act as altogether a marketing ploy.

Prof. Sidharth Panigrahi, in his case study on United Spirits acquisition by Diageo, while explaining the predicament of UB along with its conglomeration plight, narrates about Diageo's foray as a strategic endeavor to edifice its business.

Dr. Laila Membdani's article on TCS' mantra ongoing green; threw light on importance of corporate governance, social responsibility, environmental issues. Her explanation on corporate espousal of CSR mantra to remain profitable and sustained survival is so sensitive. The efforts of TCS initiatives are path breaking, in fact author's observations on financial stamina of the company is very interesting.

Prof. Vishwanath Malji in his article on HR challenges and opportunities with special reference to Maruti Suzuki India Limited explains as how the company has retained its leadership position in the market through not only enticing customers with models but also bewitching with its various success formulas. His analysis is very prognostic which cruises through facts and figures.

Prof Sudeepta Pradhan describes the complete picture of Thermax by traversing through various mile stones right from its inception to present. This article could beckon as a source of information to those engaging in interdisciplinary areas like thermo-electrical industry. The more interesting point is that how the company was being steered by different leaders at different times and changes they did to achieve a sizable market share.

Dr. Nisar Ahmad Nalband narrates as what is performance appraisal and what it needs to do. Infact, his three assertions, i.e., remedial, maintenance and developmental could serves as real and worthy objectives to performance appraisal system.

Prof. Subhransu Panda nicely describes about the very poignant plight of expatriates in Ethiopia though his case study titled "the unusual case of expatriates"; he describes about functioning of an Indian pharmaceutical company at foreign territory in an altogether different cultural atmosphere..

Dhruva has established a forum "AHIMSA-Axis Hyderabad Indian Management Systems Academy" in order to bring in a renaissance of eastern philosophy in general and Indian lore in particular into management thinking. The gist of which is presented in this issue.

As is our regular practice, this time we chose the concept of Justice Vs Mercy – yet another dilemma as filler.

We hope this issue-a compilation of select cases highlighting various corporate practices will enthuse practicing managers and MBAs. In fact, these articles dealing with different issues could help the reader in his search for meaningful information and intellectual craving.



Prof. Kamakshaiah Musunuru

Editor - Vidwat

Sustainability of Pharmaceutical products in India: An Ethical Issue.

Dr Sarjue Pandita

Prof. Pranabananda Rath

Introduction

“Quality: The race for quality has no finish line.....”

World pharmaceuticals’ turn over since 2006 has been growing up by 7% annually, touching 643 billion \$ revenues. There has been increase in biotech products comprising 10% of global pharma sales. Pharmaceuticals of top five European markets accounted 123 billion \$ and the Japanese market 64 billion \$ Six years ago.

Indian pharmaceutical industry is no exception to this-it has witnessed a tremendous growth during the same period accounting for a growth of 4.5 billion \$ and is growing about 8-9% annually. But surprisingly India’s pharmaceutical market grew at 15.7% during December 2011 though it was expected to grow at a rate of 9.9 % till 2010 and after that 9.5% till 2015(EOS, 2012). The oncology or the speciality, super speciality products have shown a growth of 35.2% to 35.9 % during 2004 to 2006 and it is expected to grow by 45% by 2015. Indian market has already been dominated by generic products and will continue to do so as the patent law will be in favour of patients thereby providing momentum to patent protected products and these products will be capturing 10% share of total market by 2015(GOI, H&FW Ministry 2011).

It is well said that it is easy to reach at the top but it is very difficult to remain over there. Organisations that are relishing success have to ensure that ethical standards are not diluted. Organisations cannot afford to have basé attitude towards ethical standards in the era of cut throat competition and these may be the basis for differentiation between the companies too.

Ethical considerations

Unethical practices and backdoor entry of generic products lead to product de-standardisation and therefore, prey upon the very sustenance of the

organisation. Ethics and sustainability has to go hand in hand. The inter-connection underscores the reality of sustainability of an organisation in the market. The Mission and Vision of the organisation has to aligned with ethical sustainability and to be well communicated so that it becomes order of the day. It has to be adhered to by persons at all levels and sub-levels of the pyramid and not just by the management alone. Goals set should reflect a balance between all the conditions prevailing in an organisation.

When we talk about sustainability we are talking about better business value, fortifying relationships and generation of trust and credibility. The Pharmaceutical industry faces challenges with respect to ethical marketing , promotional practices and simultaneously confronts the war of research versus generic molecule which tends to create pressure on the organisation vis-a-vis employees, whereby sliding down to “somehow meeting the targets, earning profits, incentives at the cost of ethical practices”.

Through the following case study, we have tried to focus upon the ethical issue.

A case study:

EYZ is a U.S. based company having its presence almost all over the world. It is among world’s fortune 500 companies dealing in production and marketing of health care products in almost all areas of plant, animal and human health. EYZ is assiduously working in the fields of research and innovation for making their products to improve health of the people. EYZ is pioneering in treating infectious diseases of animals thereby trying to make their lives free of parasites. The main division of the company is pharmaceutical as it has got most selling products as compared to any other company in U.S. The focus is on prescription medicines. The division combines its strengths in two business units: General Medicine and Super Specialty Medicine.

Dr. Sarjue Pandita

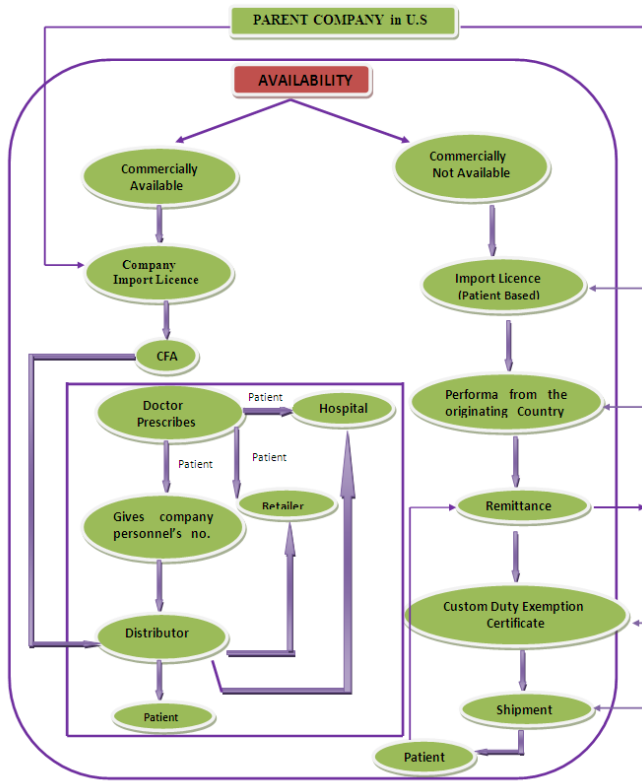
Dr. Sarjue Pandita , PhD and Accredited Management Teacher by AIIMA, presently at Ajay Kumar Garg Institute of Management , Ghaziabad (U.P) India holds experience of more than 12 years. She has been teaching Human Resource Management and Organisational Behaviour at various reputed B-Schools.

Prof. Pranabananda Rath

Prof. Pranabananda Rath has a vast experience of around 11 years teaching Finance and International Business in various B-Schools of good repute. He holds MBA, M.Com, LLB and is pursuing Ph.D from Sambalpur University, Orissa, India. At Present Prof. Rath is teaching at Ajay Kumar Garg Institute of Management, Ghaziabad (U.P) India, as Assistant professor.

Under Super Speciality medicine, they have a research molecule for kidney and liver cancer also. Initially, medicine was commercially unavailable and a patient had to import it from U.S, and now it is available in India as the company has been given licence.

Based on our research following is the flow chart that helps us to understand its supply chain in India:-



If we see the flow chart after its availability in India, we can see that whether patient purchases' medicine from the hospital or retailer distributor supplies the medicines to both the clients and therefore, is very much aware of the number of boxes sold to a patient and ultimately, the total sales in that particular region.

In India Company's head office is located at Mumbai. So, medicine is imported from U.S where from it goes to CFA and then to a distributor. India has been divided into four zones East, West, North and South. In North, the company is having only three distributors – Lucknow, Chandigarh and Delhi.

The cost of medicine to the patient is approximately 3 lakhs (TOI, 2012) for 120 tablets for 1 month. After the entry of generic product Company strategies to offer a

scheme of 1 + 7 under which patient has to pay for one-month pack and will get medicine free for another seven months with no condition of taking medicines back in case of the patient expires even if the bottle is sealed. This condition might give rise to a situation wherein attendant of the patient tries to sell off the medicine in an open market.

From past few months' sale of the company for this product has been fluctuating. Somehow, sale of South has been intermittent doubtfully and Sales of North have slipped down tremendously, reasons not known; doctors are prescribing but patients are not purchasing, and it was speculated that cost could be one of the reasons, therefore, patients switching to generic products. One fine day, one of the doctors from Delhi (North area) gives the number of the company personnel (north area) to patient Ravi and as per the process Mr. Ravi contacts the company person and enquires about price and scheme offered for the product. After receiving all the details, he says that after arranging money, he will take medicine tomorrow.

The next day when marketing guy enquires from his distributor if the patient has purchased medicine distributor replies in negative and says that patient was trying to haggle. To know the reason, marketing personnel calls back to Ravi and to his surprise, he comes to know that patient is getting medicine from distributor in Gurgaon at about 80,000 so, he tries to persuade patient by saying that he might be getting generic product and becomes more astonished to know that medicine is original from the same company and not the generic one.

Manager North came to know about it and in order to reach to the grass root level of the problem he plans to lay down a trap and as a decoy patient he gives a call to the patient.

Decoy Patient (D.P): "Hello! Is this Mr. Ravi?"
 Ravi: "Yes, Who is this?"
 D.P: "I am Naresh and my brother is suffering from Kidney cancer. Dr.Puri of SGR hospital gave me your Number"
 Ravi: "O.K! How can I help you?"
 D.P: "Actually, you know the cost of the medicine, I cannot afford it, and I have come to know that same medicine has been prescribed to you also, and you are getting it at a much cheaper rate."
 Ravi: "Yes! If you want you can also get same

medicine at that price what's the big deal!"

D.P: "But is the medicine original?"

Ravi: "Yes! It's of the same company's"

D.P: "Why so cheap?"

Ravi: "You don't know these company persons they are smart and in order to get their high commissions they quote higher price"

D.P: "Oh! Is it like that?"

Ravi: "Yes."

D.P: "O.K where from can I get this medicine?"

Ravi: "Gurgaon, if you feel comfortable you may come with me, even I have to purchase it"

D.P: "I don't mind but I don't want to bother you if you feel you kindly give me

distributor's address at Gurgaon"

Ravi: "O.k. fine you kindly note it down"

After noting down the address D.P hangs up phone.

Manager was happy on getting the address of the so-called distributor at Gurgaon. Ready with the plan now was the time for execution. Two company sales men were sent to Gurgaon at the given address and what they found was something out of their dreams, a small chemist shop in the basement of a building and so was the owner a thin lean man.

Taking out prescription which they managed to get from the doctor, he says "Sir! We have come all the way from Delhi and want this medicine"

Looking at the prescription and then looking at them chemist says, "Where from you got to know about me?"

D.P: "Mr. Ravi told me about you."

Chemist: "Ahh! O.k. how much do you want?"

D.P: "One month pack."

Chemist: "Fine, he looks into a drawer and takes out a sealed bottle"

Sales men are astonished to see the original bottle.

D.P: "Is this medicine original?"

Chemist: "Yes! Undoubtedly!"

D.P: "Then why so cheaper?"

Chemist: "We get this medicine from South directly from the company you may even check the Batch number. If you want to purchase kindly make payment"

D.P: "And what about the scheme of free medicines?"

Chemist: "No, we don't offer that. Now kindly make the payment"

D.P takes out money gets the medicine that too with bill.

Marketing manager examines medicine properly and declares yes, undoubtedly our product.

Marketing manager informs Business head about the whole incidence and asks for solution as well as action.

Conclusion

Marketing involves gimmick is a known fact and exploiting customer psychologically is one of the gimmicks. If we analyse this whole we can easily calculate that company offering medicine at Rs.3 lakhs along with 1+7 scheme comes to be round about Rs.37,500 per pack and customer gets it at Rs. 80,000/ per pack in the open market so customer is already a loser.

All this raises doubt on the entire supply chain and strategy of the organisation. On an average one particular area in north has got 10- 12 patients per month who are prescribed this medicine out of which 3-4 patients don't turn but get medicines from the open market. On calculations, average revenue loss to the company on one particular product comes to be round about One crore forty four lakhs. Therefore, company is losing it to the competitors as well.

On investigation, it was revealed that one of the sales person in south managed to generate false prescription as well as used to keep track of the patients, and on their expiry managed to get free packs and sell them in open market, making mockery of entire strategy as well as ethical standards and raising questions on sustainability of the company in the times of tough competition.

Questions:

1. Discuss the central theme of the case.
2. Where do you find loop holes in the supply chain? Design strategy for it.
3. In your opinion, was there dilution of ethical standards of an employee? What measures should we take?
4. With reference to the case what are the pre-requisites for the sustainability of Pharma Company as a whole.
5. Give your opinion about the impact of such type of unethical practices on Indian economy.

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JUSTICE Vs MERCY

By Dr. Rushworth M. Kidder, Institute for Global Ethics

You don't often hear the word tendentious these days, and more's the pity. When an issue like the release of the Lockerbie bomber comes up, it helps to have so elegant a word to explain it.

More on that in moment. First, some background. When Scotland's Justice secretary, Kenny MacAskill, agreed on August 20 to return Abdelbaset al-Megrahi to Libya, he put into play an argument — “on compassionate grounds” — rarely heard in international affairs. Megrahi, a former Libyan intelligence officer, had been imprisoned in Scotland in 2001 for his role in the 1988 terrorist bombing of Pan Am Flight 103 over Lockerbie, Scotland, which killed 270 people. Diagnosed this year as terminally ill and given only three months to live, he qualified for release under Scottish law on grounds of compassion.

If argued properly, the choice facing Scottish authorities would have been of the right-versus-right variety. In this justice-versus-mercy dilemma, the justice side would oppose releasing Megrahi, while mercy would argue for his release.

It's not hard to make the case for justice. Megrahi was found guilty in a properly constituted court of law of a crime for which Libya, without expressing any remorse, later took responsibility and paid reparations. Acting in cold blood, Megrahi deliberately organized the murder of his victims. When his appeals were denied, the first part of what we commonly think of as justice was concluded: The court found him guilty.

... to be continued page 23

United Spirits acquisition by Diageo: Would the wine turn sweet?

Mr. Sidharth Panigrahi

A cool breeze meandered in the hot atmosphere of financial market on November 9, 2013. Diageo Inc, the world's largest distiller by revenue, tendered an offer to buy stakes of United Spirits Ltd. Shares of United Spirit registered the biggest surge since 1995, as the prices of shares rose by 35% from 1359 INR to 1834 INR(Exhibit:1). The market capital of United Spirits Limited rose by 6211 crore INR to 23995 crore INR. Shares of distilleries and breweries corporations surged to 27% after the announcement of Diageo-US deal¹.

United Spirits Limited was the flagship company of United Breweries (UB) Group, a conglomerate found by Thomas Leishman in 1957. Vittal Mallya, an academic product of Presidency College (Kolkata) who was a part of UB group, was appointed the director at the age of 22. Mallya, who was the first Indian to serve as director of UB Group, steadily built the UB Empire with a careful mix of diversification².

After sudden demise of Vittal Mallya, the UB board unanimously elected his son Vijay Mallya as the Chairman of UB Group after his father's demise. Vijay Mallya consolidated various corporations under one group and divorced non-core and loss-making business. With a prudent focus on core business, Mallya turned UB Group from beer and spirits company (during his father regime), to 2nd largest drinks conglomerate in world today³.

Mallya, who was popular in media for his flamboyant lifestyle, was under considerable pressure today to revive the dwindling business in UB Group. The airline business, Kingfisher airlines, was stranded on ground due to lack of capital funding and nonpayment of wages to workers. United Spirits was carrying a substantial amount of debt (Exhibit: 2) and witnessing a plunge in profits (Exhibit: 3). Speculations brewed across the market as whether the proceeds from the acquisition would be ploughed back to reduce the debt of United Spirits or channeled to revive the faltering business of Kingfisher airlines.

"I am doing what is best for my businesses. I believe that I have done what is best for my spirits business. I will be doing what is best for Kingfisher Airlines separately, and I would be doing (it) fairly and squarely." – Vijay Mallya

The largest spirits company by volume was all set to marry the largest distilleries company by revenues. Diageo appointed JM Financial as lead transaction and financial advisor, while Slaughter & May and Platinum Partners were appointed as the legal advisor. Deloitte LLP performed the financial and tax due diligence services to the British liquor company. For United Spirits, Citigroup Global Markets were chosen as the lead financial adviser and Amit Corporate Finance advised UB Holdings on tax and structural related issues⁴.

The acquisition of United Spirits by Diageo Inc was seen to be pivotal for Diageo's strategy to venture into Indian wine market. The market was growing at a rate of fifteen percent with rising preference of premium brands. The increasing state norms made it extremely tough for a foreign player to set foot in the market, with each state drafting its own laws on production, distribution and sale of liquor. For instance, spirits in Tamil Nadu are sold through government machineries and procurement is done through the manufacturing units licensed within the State. Foreign players cannot import and sell their brands without paying a hefty import duty of 150 percent. With 40 manufacturing units and 42 sub contracting units across India, United Spirits omnipresence in almost every India state with its robust supply chain made it a top candidate for Diageo⁵.

The acquisition was planned in two steps. In the first step, Diageo would acquire 19.3 percent stake in United Spirits from four entities:12.8 percent from UB Holdings, 3.35 percent from Palmer Investment, 2.64 percent from United Spirits Limited Benefit Trust and remaining 0.51 percent from UB Sports Management. In addition to acquiring stakes from the four entities, Diageo would acquire 10 percent shares from United Spirits through a preferential share allotment at 1440 INR per share. The preferential share allotment needs

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the approval of shareholders⁶. In case the shareholders do not approve the preferential share allotment, UB Holdings would sell additional shares in United Spirits to make sure that Diageo obtains a minimum shareholding of 25.1 percent⁷.

Incidentally, Diageo was the first foreign liquor company to venture into Indian market, formed a joint venture with Kilachand Group before an exit. The venture was taken over by director Deepak Roy in a management buyout and remanded to Triumph Distilleries. Triumph Distilleries was acquired by Vijay Mallya in 2005⁸.

The acquisition of shares greater than 24.99% would trigger an open offer, which would comprise the second step of acquisition⁹. As per SEBI guidelines, if the acquirer acquired more than 25% of shares, then it is supposed to purchase (from existing shareholders) a minimum of 26% of additional shares of the target company¹⁰.

However the acquisition was looming with speculative problems. As per the FY11 and FY12 annual report of United Spirits Limited, Palmer Investment Group is a 100 percent subsidiary. Section 42 of Companies Act restricted any subsidiary from holding shares in parent company or any inter-se transfer of shares from a parent company to its subsidiary. Palmer, UB Sports and USL Benefit, which were the subsidiaries (Exhibit: 4) of United Spirits Limited made it difficult for the deal to proceed. However, Palmer became USL's subsidiary as a result of merger between USL and Zlika Ltd (a Cyprus based company). An exception to the Section 42 of companies act, subsection (2) granted exemptions to the deal where: 1. The subsidiary is concerned as the legal representative of deceased member of the holding company, 2. The subsidiary in concern is a trustee, unless the holding company thereof is beneficially interested under the trust.

While Morgan Stanley has put the target price at 1,905 INR and CLSA's price target is 1,800 INR and raised its rating to 'buy', Religare set the target price at an even higher 2,100 INR. JP Morgan also raised the rating to equivalent buy. Market seemed to echo a coherent belief that the deal would benefit United Spirits by reducing debt levels, increasing earnings, impose financial discipline and yield operational advantages.[8] The price paid by Diageo was 20 x multiple of USL's earnings before interest, tax,

depreciation and amortization. An investment banker noted that the capital intensive nature of the business attracted 8x to 10x EBITDA multiple as the norm¹¹. United Spirit's valuation ratios (Exhibit: 5) were no different and reflected the investment banker's comments.

From subsidiaries being the promoters to the offer price of 1440 INR lower than the current market price of 1791.5 INR, media was abuzz with negative speculation concerning the merger. The shareholders of United Spirits wondered whether should they tender the shares to Diageo, retain the shares with themselves or exit the secondary market. However, the king of good times Vijay Mallya was fighting the tough times. Would Diageo be made to shell more cash out of its pocket to lure USL investors? Was the valuation of USL share reflective of the market belief? Would the deal go through? All such questions girdled the financial market as the analysts continue to monitor the scenario closely. Would this marriage be approved by the guardians? With the current market share price pegged at 1791.5 INR, it looks unlikely that shareholders of US would tender their shares for 1440 INR/share price offer of Diageo.

Questions:

1. Would Diageo be made to shell out more cash out of its pocket to lure USL investors?
2. Is the valuation of USL share reflective of the market reality?

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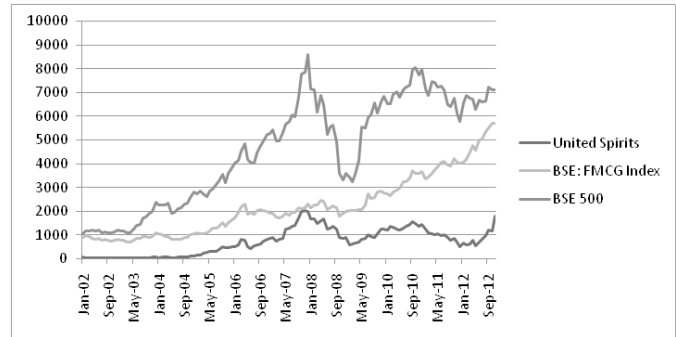
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Exhibit 1: Share price of United Spirits Limited in last

10 years



(Source: BSE. 364 days T-bills rate=8.1069 % (RBI), Beta (United Spirits) =1.0733 (Capita line), Long term Loan debt rating (31-07-2012) = BB)

Exhibit 2: Balance Sheet of United Spirits Limited

(in crore INR)	2008	2009	2010	2011	2012
Year					
SOURCES OF FUNDS :					
Share Capital	100.16	107.91	125.59	130.8	130.8
Reserves Total	1,909.16	2,970.80	4,660.19	4,972.97	5,747.69
Total Shareholders Funds	2,009.32	3,078.71	4,785.78	5,103.77	5,878.49
Secured Loans	1,106.74	1,306.48	2,589.25	2,517.96	3,110.47
Unsecured Loans	55.34	636.26	926.82	1,090.38	1,170.62
Total Debt	1,162.08	1,942.74	3,516.07	3,608.34	4,281.09
Other Liabilities	0	0	0	47.52	58.82
Total Liabilities	3,171.40	5,021.45	8,301.85	8,759.63	10,218.40
APPLICATION OF FUNDS :					
Gross Block	653.08	787.62	928.86	1,183.76	1,452.54
Less : Accumulated Depreciation	160.24	194.99	222.21	271.56	326.71
Net Block	492.84	592.63	706.65	912.2	1,125.83
Capital Work in Progress	36.12	28.26	39.58	36	56.72
Investments	657.16	2,051.48	1,254.00	1,453.25	1,629.32
Current Assets, Loans & Advances					
Inventories	384.38	653.97	829.19	1,162.13	1,452.24
Sundry Debtors	413.5	665.04	946.16	958.59	1,282.80
Cash and Bank	28	84.86	246.47	154.92	277.7
Loans and Advances	1,934.57	1,881.28	5,397.37	602.3	865.87
Total Current Assets	2,760.45	3,285.15	7,419.19	2,877.94	3,878.61
Less : Current Liabilities and Provisions					
Current Liabilities	729.82	889.4	1,039.46	1,332.81	1,812.10
Provisions	45.87	68.31	84.6	67.5	71.22
Total Current Liabilities	775.69	957.71	1,124.06	1,400.31	1,883.32
Net Current Assets	1,984.76	2,327.44	6,295.13	1,477.63	1,995.29
Deferred Tax Assets	25.62	52.27	43.39	65.31	83.89
Deferred Tax Liability	25.1	30.63	36.9	45.04	55.21
Net Deferred Tax	0.52	21.64	6.49	20.27	28.68
Other Assets	0	0	0	4,860.28	5,382.56
Total Assets	3,171.40	5,021.45	8,301.85	8,759.63	10,218.40
Contingent Liabilities	2,650.37	3,302.21	216.13	713.95	4,688.33

(Source: Capita line database)

Exhibit 3: Income statement of United Spirits Limited

(Rs in Crs)	2008	2009	2010	2011	2012
Year					
INCOME :					
Sales Turnover	5,507.43	7,454.96	9,183.87	12,836.60	16,046.43
Excise Duty	2,370.07	3,365.42	4,254.94	6,467.71	8,503.76
Net Sales	3,137.36	4,089.54	4,928.93	6,368.89	7,542.67
Other Income	54.11	68.5	131.81	133.35	177.59
Stock Adjustments	57.3	175.41	141.06	277.33	179.82
Total Income	3,248.77	4,333.45	5,201.80	6,779.57	7,900.08
EXPENDITURE :					
Raw Materials	949.67	1,539.47	1,875.18	2,434.84	2,974.16
Power & Fuel Cost	16.04	19.68	19.34	26.61	29.97
Employee Cost	224.81	254.99	285.79	369.82	421.01
Other Manufacturing Expenses	676.94	969.9	1,039.13	1,456.13	1,751.31
Selling and Administration Expenses	683.86	805.88	1,026.16	1,335.41	1,526.32
Miscellaneous Expenses	47.2	48.66	60.11	59.94	81.3
Total Expenditure	2,598.52	3,638.58	4,305.71	5,682.75	6,784.07
Operating Profit	650.25	694.87	896.09	1,096.82	1,116.01
Interest	133.92	200.85	315.06	467.47	551.27
Gross Profit	516.33	494.02	581.03	629.35	564.74
Depreciation	32.61	36.16	38.63	47.75	60.85
Profit Before Tax	483.72	457.86	542.4	581.6	503.89
Tax	169.75	174.79	151.22	179.35	169.5
Deferred Tax	-1.31	-18.6	15.16	16.78	-8.4
Reported Net Profit	311.28	296.66	376.02	385.47	342.79
Extraordinary Items	-0.49	2.99	48.9	24.66	-6.9
Adjusted Net Profit	311.77	293.67	327.12	360.81	349.69
Adist. below Net Profit	0	10.4	0	0.41	0
P & L Balance brought forward	441.12	701.83	948.64	1,238.05	1,535.80
Appropriations	50.57	60.25	86.61	88.13	88
P & L Balance carried down	701.83	948.64	1,238.05	1,535.80	1,790.59
Dividend	15.04	21.58	31.4	32.7	32.7
Preference Dividend	0.19	0	0	0	0
Equity Dividend %	15	20	25	25	25
Earnings Per Share-Unit Curr	30.8	29.25	29.53	29.06	25.8
Earnings Per Share(Adj)-Unit Curr					
Book Value-Unit Curr	200.61	306.61	381.06	390.2	449.43

(Source: Capita line database)

Exhibit 4: Subsidiary of United Spirit Limited

1) United Spirits Neral Private Limited (USNPL)	40) Findlater Scotch Whisky Limited
2) Asian Opportunities & Investment Limited (AOIL)	41) Glayva Liqueur Limited
3) Bouvet -Ladu bay S.A.S (BL)	42) Glentalla Limited
4) Chapin Landais S.A.S (CL)	43) GPS Realisations Limited
5) Palmer Investment Group Limited(PIG)	44) Grey Rogers & Company Limited
6) Montrose International SA (MI)	45) Hay & MacLeod Limited
7) JHHL Nominees Limited (JHHL)	46) Invergordon Distillers (Holdings) Limited
8) RG Shaw & Company Limited (RGSC)	47) Invergordon Distillers Group Limited
9) Shaw Darby & Company Limited (SDC)	48) Invergordon Distillers Limited
10) Shaw Scott & Company Ltd (SSC)	49) Invergordon Gin Limited
11) Thames Rice Milling Company Limited (TRMCL)	50) Isle of Jura Distillery Company Limited
12) Shaw Wallace Overseas Limited (SWOL)	51) Jarvis Halliday & Company Limited
13) McDowell (Scotland) Limited (MSL)	52) John E McPherson & Sons Limited
14) USL Holdings Limited (USLHL)	53) Kensington Distillers Limited
15) Royal Challengers Sports Private Limited (RCSPPL)	54) Kyndal Spirits Limited
16) USL Holdings (UK) Limited	55) Leith Distillers Limited
17) United Spirits (UK) Limited	56) Loch Glass Distilling Company Limited
18) United Spirits (Great Britain) Limited	57) Longman Distillers Limited
19) Shaw Wallace Breweries Limited (SWBL)	58) Lucidas (437) Limited
20) Ramaneti Investment & Trading Limited (RIITL)	59) Pentland Bonding Company Limited
21) Daffodils Fragrance and Flavours Private Limited	60) Ronald Morrison & Company Limited
22) Four Seasons Wines Limited (FSWL)	61) St The Sheep Dip Whisky Company Limited
23) United Vintners Limited (UVL)	62) Vincent Street (437) Limited
24) United Alcobev Limited (UAL)	63) Tannavulin-Glenlivet Distillery Company
25) McDowell Beverages Limited (MBL)	64) TDL Realisations Limited
26) McDowell & Company Limited	65) W & S Strong Limited
27) Jasmine Flavours and Fragrances Limited	66) Watson & Middleton Limited
28) Liquidity Inc	67) Wauchope Moodie & Company Limited
29) Whyte and Mackay Group Limited	68) Whyte & Mackay Distillers Limited
30) Whyte and Mackay Holdings Ltd	69) William Muir Limited
31) Whyte and Mackay Limited (W&M)	70) WMB Realisations Limited
32) Whyte and Mackay Warehousing Limited	71) Whyte and Mackay Property Limited
33) Bruce & Company (Leith) Limited	72) Whyte and Mackay de Venezuela CA

(Source: United Spirits Annual Report)

Exhibit 5: Valuation Ratios of United Spirits

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Price Earning (P/E)	14.78	14.07	48.05	129.44	15.97	48.94	22.21	44.76	36.15	23.49
Price to Book Value (P/BV)	0.66	1.03	4.23	5.85	5.86	7.51	2.12	3.47	2.69	1.35
Price/Cash EPS (P/CEPS)	7.17	6.98	29.71	62.83	15.02	44.26	19.77	40.55	32.12	19.9
EV/EBIDTA	6.29	6.1	20.59	23.85	11.53	24.96	12.04	22.18	15.68	10.69
Market										
Cap/Sales	0.12	0.17	0.68	1.39	1.67	2.74	0.87	1.81	1.07	0.49

(Source: Capita line database)

GOING GREEN-TCS' MANTRA TO SUSTAINABLE DEVELOPMENT

Dr Laila Memdani

Introduction

The title of this case “Going Green-TCS' Mantra to Sustainable Development” is quite indicative of the content matter underlying. *This case intends to bring out the proactive-ness exhibited by Tata Consultancy Services and its subsidiaries to realign its corporate policies with environmental-friendly initiatives, to achieve the objectives of long- term corporate sustainability, being tagged as environmentally responsible in the society and establishing a positive brand image across market.* TCS has well-imbibed Tata Group's philosophy of trusteeship, community upliftment and firm belief in CSR that paves path for sustainable innovation on par with technological advancements globally.

In this globalized and competitive world, companies like TCS closely monitors and takes care of environmental, social and corporate governance issues into their business activities are able to enhance shareholder value by mitigating operational risks. There is a fine line of ethical strand that connects CSR with Corporate Governance. Corporate Governance focuses on appropriate management and control structure of a company (Strandberg, 2005). It includes the constitution of Board of directors, management and audit committees etc. CSR on the other hand deals with the responsibility of corporate sector towards the society. However, convergence of CSR and Corporate Governance is a mandate for smooth functioning of a company. (Massa)

According to Guy Ryder (2003), General Secretary of the International Confederation of Free Trade Unions, 'corporate social responsibility is it not about philanthropy, but about fundamental business practices'. A study conducted by Stephen Erfle and Micheal Frantantuono (2005) revealed that the firms ranked highest in terms of their social responsibility were also ranked higher in terms of financial performance.

Background Framework

Recent times have witnessed and experienced the emerging importance of corporate governance issues from the regulatory point of view. These days, companies adhering to sound governance practices are quoted as “Socially Responsible”, besides having strong ethical foundation. Corporate Governance, in simplistic terms can be defined as a framework that provides the solution to the issues that arise from the separation of ownership and control (Corporate Governance, 2009). It basically defines mechanisms for the smooth functioning of the internal structure of the organization, board of directors, and creation of independent committees, besides governing the rules for information disclosure to shareholders and creditors and transparency of operational decisions. There are few factors like shareholder's environment, capital market liquidity, independence and performance of the board members and transparency and accountability to stakeholders that influence the guidelines set as governance measures.

Convergence of Governance with CSR

Corporate Governance is more than just a protocol to be followed by companies diligently; it is essentially a set of relationship between a company's management, its board, shareholders and especially the stakeholders consisting of the employees and the community, in which it operates. As corporate governance focuses on the need of promoting a corporate culture of consciousness, responsibility and openness, in order to maximize shareholder's long-term value. This shift in trend has led companies to improvise their focus towards community welfare through Corporate Social Responsibility (CSR) activities. It is an opportunity to gain competitive advantage in global market and can be the basis of economic development.

Now-a-days, more and more companies are taking up CSR activities due to the conflict of interest between the shareholders and stakeholders. Shareholders are mostly concerned with the financial performance of the firm, whereas stakeholders are concerned about the effects of

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a company's operations on community health and welfare. CSR activities have been recognized as a conflict-resolution measure between the shareholders and the stakeholders, which would not only benefit the employees and community as a whole, but would also lead to enhancement of the financial performance of the firm. (A.B.Caroll, 1991) It has been suggested that CSR includes four kinds of responsibilities: economic, legal, ethical and philanthropic. These CSR activities not only ensure financial stability of the firm but also assure sustainable life of the firm.

Companies in the developed nations have set policies and guidelines towards this effect but developing nations are into the phase of adoption of such culture. Nevertheless, giant corporate houses like Reliance and Tata's are taking up CSR activities in a big way. However, these days CSR activities are being considered by credit rating agencies to rate the performance of a firm, thereby CSR management and reporting has become equally important.

These days, companies are taking up various initiatives towards environmental CSR and society welfare. (Lyon & Maxwell, 2008) Environmental CSR has been defined as, "Environmentally friendly actions not required by law, also referred to as going beyond compliance, the private provision of public goods, or voluntarily internalizing externalities." Environmental CSR creates a win-win situation for the company in terms of pollution reduction and cost reduction, which further induces the environmentally responsible consumers to pay a premium for the green and ecologically balanced products.

Environmental issues are receiving unparalleled attention from businesses and governments around the world as the world is very well aware of the fact that conventional ways of doing business and trade will not let them survive for long. The future generations may not even get a chance to see the non-renewable sources of energy if we consume them all today. So, it is high time when companies and countries have realised that there is a need to change one's traditional ways to save the world. A glance on the global happenings would give you an idea about the manner in which everyone has started making efforts in their own way for the same cause. These days, innovators have started visualizing each and every aspect of business and routine life from the 'Green Spectacles', devising greener ways to do the

conventional job. This global awareness in the stakeholders has made businesses to adopt Green Technologies, even if that comes with a premium. That's why companies have started making 'good' investments, for instance investing in Green technologies instead of investing into projects that might cause a detrimental effect on flora and fauna. Governments are introducing aggressive environmental policies encompassing every aspect that may lead to disruption of environmental balance, from mitigation of greenhouse gas emissions, natural resource protection, adoption of clean power initiatives to announcing incentives for energy efficiency measures. Collective efforts of businesses, governments and societies might reap positive benefits in terms of environmental safety, along with technological advancements.

In the recent years, the world has witnessed disasters and natural calamities due to human-made environmental disruption. The average temperature of the earth has risen by 0.74 degree Celsius and is expected to go up by 1.8 to 4 degree Celsius, if no corrective action is taken. The average sea level has already risen by 10 to 20 cm and is expected to increase by 18 to 59 cm by 2100 (Kyoto_Background, n.d). International social and environmental reporting standards through the Global Reporting Initiative and environment protection regulations like Kyoto protocol, ISO-14001, Montreal Convention etc. have become significant contributories to global consciousness of environmental issues. Slowly and gradually, companies have started focusing on environment friendly initiatives as a part of their CSR to achieve the two-fold objectives of being tagged as environmentally responsible in the society and establishing a positive brand image across market. But, now corporate houses are also looking at innovative ways to adopt environmental friendly technologies either for production of goods, establishing energy efficiency systems at offices or employing green supply chain mechanisms. Also, their ways of implementing such mechanisms are not less innovative, manufacturing firms adopt the route of Clean Development Mechanism while IT firms implement out Green IT Projects and earn carbon credits.

For instance, Tata Steel, Tata Motors, Tata Chemicals, Tata Power, Tata Sponge, and Tata Metaliks have registered their projects under the Clean Development

Mechanism (CDM) of the Kyoto Protocol, instituted by the United Framework Convention on Climate Change (UNFCCC). Some of the major areas under CDM projects that has attracted corporate attention are Waste heat recovery power generation, Super critical technology for power generation, Fuel switch, Methane capture, energy efficiency improvements, setting up of renewable energy power generation farms using winds, solar, etc. However, Software technological firms are focussing onto application of Green IT initiatives.

Tata Consultancy Services Company Profile

Tata Consultancy Services (TCS) is an IT services, business solutions and outsourcing organization. A part of the Tata group, India's largest industrial conglomerate, TCS has over 198,500 of the world's best-trained IT consultants in 42 countries serving 800+ clients. TCS has 142 offices worldwide, and the revenue as of fiscal year ending March 31, 2011, was \$8.2 billion.

Location

TCS is headquartered in Mumbai, operates in more than 42 countries and has more than 142 offices across the world.

TCS Sustainability Measure: Green IT

Tata's ways of sustainable development are not limited to carbon trading or clean development mechanism but it has also shown prominent presence in the emerging Green IT market through one of its major companies namely TCS, which is amongst the largest software exporters of the Indian market with a market capitalization of Rp 2.48 lakh crore as of 3/05/2012. Now let us talk about the basic understanding behind Green IT.

Concept of Green IT

It has been predicted that by 2020, use of IT can reduce global carbon emissions by 15% that accounts for reductions of 7.8 GtCO₂e, which can save nearly Euro 600 billion dollars. Green IT essentially refers to the research in design and practice of using IT in an efficient and eco-friendly way. It is more complex than merely energy efficient products or services. It means to regulate hazardous substances, environmental performance and many more attributes that are part of the product life cycle (Das, 2007). To imbibe Green

initiative into a company's operating styles and procedures, a greater understanding of carbon footprint – in the supply value chains is critical and that's where Information and Communications Technology (ICT or IT) come into play. (Initiative, 2012).

Also, these days IT companies are not only taking up green initiatives like construction of green buildings, establishment of in-house solar water heating systems etc. but have also started providing Green IT services and products to their clients which can help them reduce carbon emissions and properly account for them.

There is worldwide awareness regarding the carbon footprint by IT industry due to the global regulations such as:

- ***Kyoto Protocol:*** It is an environmental accord developed by the United Nations, it imposes emission caps for countries to reduce greenhouse gas emissions.
- ***Waste Electrical and Electronic Equipment (WEEE) Directive:*** It restricts the use of hazardous material in electronics and encourages proper recycling amongst European Union member states.
- ***Energy Conservation Act*** enforces strict policies for energy consumption, supply and promotes energy efficiency.
- ***National Greenhouse and Energy Reporting Act*** demands companies to produce reports on their greenhouse gas emissions, energy production and consumption.

Thereby, Companies are onto adopting energy efficient PCs, servers and data centers whose energy consumption is less than the conventional ones. Many companies across different industries are focusing upon Deployment of various operating systems and virtual infrastructure through virtualization by reduction of physical servers. Most of the Business Houses of the world are emphasizing upon greening of office premises by constructing green buildings. Not only this, but also these days Green Purchasing, also known as Environmentally Preferable Purchasing, picking heat amongst corporate houses. Green Purchasing is buying those products or availing those services that have minimal negative impact on the environment. In addition, companies are devising eco-friendly solutions to dispose of e-waste safely.

Global IT giants such as Apple, US also processes all its e-waste safely to ensure that it is not improperly recycled overseas IT product vendors like Dell has created several desktops and notebooks that consume less than 5 Watts in low-power mode. Vendors like Apple and Microsoft have developed power management features that help control energy consumption by a computer.

Green IT – The TCS Way

Several researches have been conducted in the field of Green IT and one such survey conducted by the Freeform Dynamics revealed that environmental regulations, cost savings, desire to maintain good Public relations and enhance brand image in order to attract more customers, to increase sales, genuine environmental concern and shareholder pressure are major factors that drive the need to adopt Green IT initiatives. There may be many reasons unlisted indeed but the following listed are the most important amongst all:

- **Cost Optimization:** -is the most essential component around which every business revolves. The prime focus of every business is to maximize profits while minimizing costs and maintaining product quality. Green initiatives help in saving energy and in turn saving a lot of money for the company. TCS took various Green Internal IT infrastructure initiatives (TCS, 2010) that had resulted in reduction in energy consumption of 2899134 KWh, amounting to \$ 1.18 million in the FY 2010 (See Figure 1).
- **Brand Image and Good Will:** - IT Company complying with ISO-14001 environmental regulations possessing certified Green building with EPA Star rated data center earns good reputation in the market and is able to induce customer confidence in its products. For instance, development of green infrastructure designed as per national and international standards namely ECBC & LEED Green buildings has become a key to TCS's planning of sustainable development. In addition, these initiatives with superior quality service have helped TCS retain its customers.
- **Government Regulations:** - Some companies adopt green initiatives due to government regulations like bans, permits, standards and penalty charged by

policing agencies to enforce carbon credit adherence. However, these days mitigating the carbon footprint of IT has become important to acquire environmental certifications.

- **Corporate Social Responsibility:** -Proactive companies take up green initiatives as a part of Corporate Social Responsibility to become a contributory towards a global cause, just like TCS partners with governmental and non-governmental organizations for creating awareness for the cause.
- **New Business Opportunities:** With the increasing demand for green products and processes, there are emerging business opportunities that need to be captured like environment-friendly products services for monitoring, transformation and management for setting and attaining environmental impact and the need to streamline business procedure for optional efficiency .

Sustainability Measures of TCS

Following are the sustainability measures adopted by TCS:

- **Demand-Side Sustainability:** -has been catered to by strengthening its foundation in terms of global delivery infrastructure, setting up a flexible supply-chain mechanism, employing mature delivery processes, ,and building a robust R&D program considering the environmental impact for sustaining future growth.
- **Capex expenditure:** -which accounts for 4.91 % of the total revenue for the FY 2011 is incurred by TCS for green infrastructure projects like Energy Efficiency projects, setting up of Sewage Treatment Plants, , and carrying out environment development work .Such measures would help TCS sustain in a better way.
- **Supply side sustenance:** -is maintained by collaborating with various universities and carrying out yearly campus recruitment drives and paying competitive compensation to retain talent. Recruitments and training processes are taken special care of due to people-centric nature of the business.

Strategic financial planning of investments, diversification of funding sources and minimization of operational cost, ensures Financial Sustainability. The above listed measures have enabled TCS to achieve a linear growth graph while reducing its operational expenses. Moreover, credit rating agencies like standard and poor's rating services and Dun & Bradstreet have rated TCS with BBB corporate credit rating which essentially means that the company is capable of meeting financial commitments without failure and 5A1 which is a representation of strong financial condition respectively. A snapshot taken from the (Report, 2010) as it shows proof of financial sustainability by means of decreasing costs and increasing revenues. (See Figure 1)

Awards that indicate sustainability measures of TCS

- TCS has won several awards for its green initiatives in the recent years and some of them are as follows:
- TCS' sustainability Report was Rated "A+" as per Global Reporting Index (GRI) 2008-2009. This report was assured by KPMG Advisory Services – May 2010.
- TCS achieved Platinum status by Business in the Community (BitC) Corporate Responsibility Index 2010(CRI)- the leading UK benchmark of responsible business practice - May 2011
- TCS was ranked as the 7th greenest company on a global basis, as per Newsweek Green Rankings 2011.

Greening TCS Premises

- TCS is dynamically changing its processes in order to optimize resource consumption and mitigate carbon footprint in accordance with the Article 15 of the 1992 Rio Declaration with the objective of achieving sustainable business growth. TCS adopted an Environment Policy in December 2009 to formalize key environmental protection activities which is based on the strong pillars of development of Green Infrastructure such as Green Buildings, practicing Green IT, employing Green Procurement policy and Reduce/Reuse / Recycle to achieve Resource Efficiency. Following listed are a few initiatives taken up by TCS to imbibe environmental awareness in the work life of its employees:

- TCS adheres to ISO 14001:2004(Environmental Management Systems (EMS) certification) for achieving environmental excellence which that demonstrates an organization's commitment towards environment. As of FY 2009-10, 36 locations of TCS were certified under this certification.
- TCS has made significant efforts towards reduction in carbon footprint, waste generation, electricity, paper and water consumption .Fortunately, it has been able to achieve more than its committed targeted values. For instance, according to (TCS, 2009-10) , TCS has been able to reduce paper consumption by 34 % as against 5% which was the promised target (Report, 2010) (See Figure 2), for list of the environmental targets and their achieved value of the FY 2009-10 as against 2008-09.
- TCS has three LEED Certified Green Buildings operational at Chennai (Seruseri – Gold Rated), Bhubaneswar (Kalinga Park – Platinum Rated) and Trivandrum (Peepul Park – Silver Rated).
- TCS has been able to reduce its energy consumption by 16.31 % over the baseline year (2007-08).
- Diesel-run Generator sets, Company-owned vehicles, Refrigerant gas, LPG combustion Purchased Electricity, Business Air Travel and Fuel Combustion in Company Hired Vehicles are the major sources of GHG emissions of TCS. But, TCS has been able to reduce its carbon footprint by 14 % with respect to the FY 2007-08 as shown in (Figure 3).
- Paper waste generated from TCS offices is sent for recycling. The E-waste generated at the various TCS centre includes Computers, Monitors, Servers, and allied hardware is disposed off as per the WEEE Directive through specific e-waste handlers and recyclers approved by the Government of India's Ministry of Environment and Forests (MoEF). For instance, in 2009-10, 5,879 pieces of equipment from all centres, were disposed of through authorized handlers / recyclers. It also donated its used computers in good working condition to government schools and advised them to return the hardware for safe disposal at the end of their lives.

The Results of Going Green Financial Performance

TCS is a public company listed on the NSE and BSE

since 25/08/2004 .It has grown into an IT giant over the years through its innovative solutions and superior service quality. TCS holds a prominent position in the IT/ITES space globally. Today, TCS is regarded as one of the trusted business advisor to its clients. And its journey of success can be evidently recorded from the following financial performance analysis, through key parameters like Earnings Per share, Market Capitalisation, net worth etc. The following Table 4 contains data pertaining to the number of shares and Profit after Tax (INR Crore):

No. of Shares and Profit after Tax

Parameter	2006-07	2007-08	2008-09	2009-10	2010-11
No. of Shares	978610498	978610498	978610498	1957220996	1957220996
PAT (INR Cr.)	4212.63	5026.02	5256.42	7000.64	9068

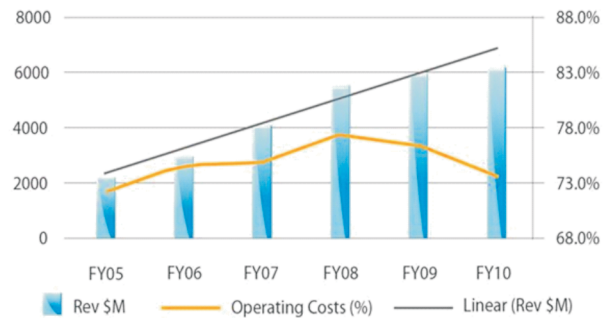
Earnings Per share

Earnings per Share are a concern for most of the shareholders because it is a measure of the earning power of the company. It gives you an overall picture of the fact that whether the company was able to generate value for the shareholders. TCS had declared 1:1 bonus issue twice in the years 2005-06 and 2009-10 increasing the number of shares from 489305249 to 1957220996. Thereby, EPS is calculated as PAT(X year)/No. of Shares(X Year) whereas Adjusted EPS is calculated as PAT(X year)/No. of Shares (Current Year). Figure 4 shows that in terms of EPS, TCS has always been earning consistently even in times of recession whereas Adjusted EPS has shown a more than two-fold increase from 2006-07 to 2010-11. This implies that TCS has been able to build a prominent position in the market. Here, EPS has been calculated in terms of rupees.

Corporate Responsibility Index

“The Corporate Responsibility Index (CRI), is a leading business management and benchmarking model that enables companies to effectively measure, monitor, report and improve their impacts on society and the environment. The framework for the CRI was developed by Business in the Community (BITC) in the UK in 2002 in consultation with business. (Corporate Responsibility Index). (Palos, 2012). As per this index , TCS has always been ranked in the the platinum, platinum plus or gold cadre. Such a rank is symbolic of the diligence with which the company has taken up corporate responsibility.”

Exhibit 1: Operating Costs Vs. Revenue



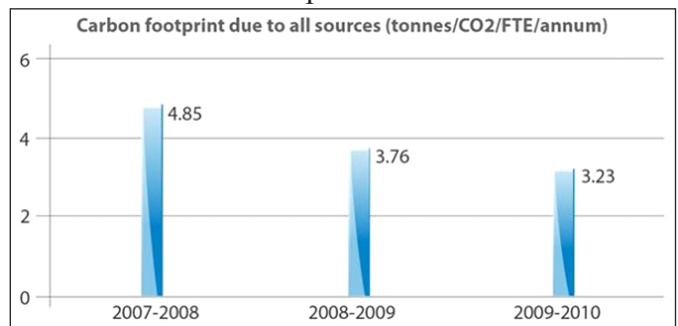
(Source: TCS Sustainability Report 2010-11)

Exhibit 2: Targets vs. Accomplishments

Sl. No.	Objective	Units	Target Value	Achieved Value*
1	Reduction in Electricity Consumption	KWh / FTE/ month	2%	2.92%
2	Reduction in Carbon Footprint	tCO2e/FTE/annum	2%	14.07%
3	Reduction in Water Consumption	Liters / FTE/ month	2%	0.88%
4	Reduction in Paper Consumption	Reams /1000 FTE /month	5%	34%
5	Increase in Biogas generation capacity from waste	Kg	2%	0%
6	Increase in Waste Conversion to Manure	Kg	5%	60%
7	Reduction in Waste Generation	kg / FTE / month	5%	5%
8	Increase in Solar Water Heater Capacity	Liters Hot Water	10%	77%
9	Increase in Rainwater Harvesting Capacity	Kilo Liters	10%	48%
10	Reuse of Treated Sewage	Kilo Liters	10%	15%
11	Environment-friendly disposal of E-waste	Numbers OR Kg	100%	100%
12	Environment-friendly disposal of Printer Cartridges	%	100	100%
13	Biodiversity Management Programs for Campuses	Number	4	4

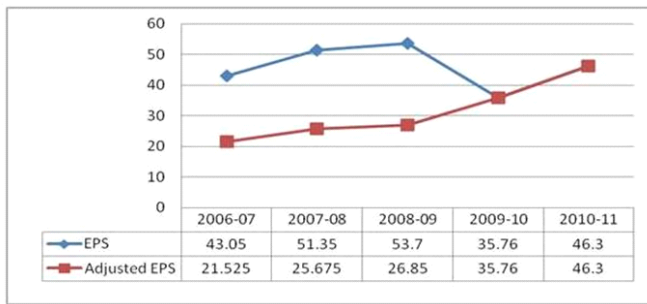
(Source: TCS Sustainability Report 2010-11)

Exhibit 3: Carbon Footprint Trend



(Source: TCS Sustainability Report 2010-11)

Exhibit 4: EPS and Adjusted EPS



(Source: TCS Annual Report 2010-11)

Questions:

1. What has led companies to focus towards community as CSR initiative?
2. What enabled TCS to achieve a linear growth while reducing its operational expenses?

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MARUTI SUZUKI INDIA LIMITED'S HR CHALLENGES AND OPPORTUNITIES

Prof. Vishwanath Malji

Introduction

For over two and half decades, Maruti Suzuki India Limited has led the India Car Market with two Manufacturing facilities located at Gurgaon and Manesar, south of New Delhi, India, Whose combined capacity is over a 1500000 vehicles annually. The company now plans to expand its manufacturing capacity to 1750000 by 2013.

The company offers 15 models and over 150 variants. The portfolio includes Maruti 800,Alto,Alto K-10,A-star, Estilo, Wagon R, Ritz, Swift, Swift Dzire,SX4,Omni,Eeco,Kizashi,Grand Vitara, Gipsy and Ertiga. Maruti Suzuki was the first company to introduce factory fitted CNG option on 5 models (Eeco, Alto, Estilo, WagonR and SX4), in an environment friendly initiative, in August 2010.

In terms of number of cars manufactured and sold the company is the largest subsidiary of Suzuki Motor Corporation. The company has produced over 10 million vehicles since the rollout of its first vehicle on 14th December, 1983.Maruti Suzuki is the only Indian company to have crossed 10 million sales mark since its inception. In 2011-12, the company sold over 1.13million vehicles including 1, 27,379 units of exports.

The company employs over 9000 people (as on 31st March, 2012) with the largest sales & service network in India. The company has been rated first in customer satisfaction in the JD power survey for 12 consecutive years. Maruti Suzuki also exports cars to several countries in Europe, Asia, Latin America and Africa.

Year	Net Sales	Year	Net Sales
2006-07	1,45,922	2009-10	3,01,198
2007-08	1,78,603	2010-11	3,58,490
2008-09	2,03,583	2011-12	3,47,059

(Rs. In millions) The company is listed on BSE & NSE.

Vision of Maruti Suzuki is to be the leader in the Indian Automobile Industry, creating customer delight and shareholders wealth. Maruti Suzuki's core values are: Customer obsession, Fast, Flexible and First Mover,

Innovation & Creativity, Networking & Partnership, Openness and Learning.

Background of MSIL:

In 1971, Prime Minister Indira Gandhi's Cabinet proposed the production of a "People's car"—an efficient indigenous automobile that middle-class Indians could afford. Though Sanjay Gandhi had no experience, design proposals or tie-ups with any corporation, he was awarded the contract and the exclusive production license. The criticism that followed this decision was mostly directed at Indira Gandhi, but the 1971 Bangladesh liberation war and victory over Pakistan drowned out the issue. Indira's Gandhi's victory and the Congress's landslide victory in the 1971 Indian General Election only left Indira Gandhi more powerful.

Maruti Udyog (MSIL today), though was founded by Sanjay Gandhi, it did not produce any vehicles during his lifetime. A test model put out as a showpiece of progress was criticized. Sanjay Gandhi then contacted Volkswagen AG from West Germany for a possible collaboration, transfer of technology and joint production of the Indian version of the "People's Car", to emulate Volkswagen's worldwide success with the Beetle. At that time, Indian Passenger Car Manufacturing Industry had only two players: Premier Automobiles Limited and Hindustan Motors Limited.

Strengths of Maruti Suzuki India Limited:

There are four reasons behind Loyal Maruti Buyers:

1. Understanding India
2. First Mover Advantage
3. Pricing Power
4. After Sales Service

MSIL is successful in hitting the sweet spots. Example: Swift offers good performance, is fun to drive plus value for money and good in design.

Weaknesses of Maruti Suzuki India Limited:

Maruti Suzuki India Limited is facing labor unrest for the past two years. Two analysts at fortune group point

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to Maruti's practice of using contract not permanent workers as the primary reason for a series of violent incidents. These episodes have led to five lockouts at India's largest automakers western Haryana plant (Manesar plant) since June 2011. The latest unrest on July 18, 2012 led to the killing of General Manager-Human Resources Awanish Kumar Dev. Analysts Mahantosh Sabarad & Vijay Nora wrote in a report on August 7, 2012, that factors like Maruti's lower contribution to provident/superannuating as a percentage of wages, along with the company's inability to add training infrastructure are responsible for the conflict between poorly paid workers and the management.

Opportunities for MSIL:

With 15 models and 150 variants, Maruti Suzuki can increase its market share. Present launch of Alto 800 & Ertiga will help Maruti Suzuki to expand its Market share. Alto 800 has achieved record bookings.

Recently Maruti Suzuki purchased land in Gujarat to manufacture diesel engines & car. Gujarat is always industry friendly; this move will help Maruti Suzuki to expand its capacity.

Threats for MSIL:

At present, provisional working committee of Maruti Suzuki Workers Union is demanding reinstatement of sacked workers. A Detroit based trade union has offered support and solidarity to Maruti Suzuki workers union.

Maruti Suzuki workers union (MSWU) has received extensive support from groups like United Auto Workers, Hyundai Motor India Employees Union (HMIEU) and UAW (International union, United Automobile, Aerospace and agricultural Implement workers of America).

In Recent lockout, due to violence on July 18, 2012, Maruti Suzuki faced Rs.90 crore per day production loss as well as damage to the property and loss of personnel. At the BSE, Maruti shares fell by 8.9 percentage points, inflicting a loss of Rs 3,200 crore in its market cap. In Tokyo, Suzuki scrip fell to its lowest close since February 2009, dropping 3.8% to 1,451 yen. The worrying part was that the company makes its blockbuster models like the Swift hatchback and the Dzire sedan at the Manesar premises.

Maruti Suzuki also has to face competition from Tata Motors, M&M, Hyundai, Nissan, Volkswagen, General Motors, Toyota Kirloskar, and Ford India. Many of these car manufacturers are rolling out or expected to roll out competitive variants in their respective segments.

Evaluation of Case study:

MSIL is still the leader in the automobile industry in India. But despite its brand name & MNC status, it is unable to solve blue collar unrest at Manesar plant. Maruti Suzuki should seriously think about contract labour. They should remove large compensation imbalance between contract and permanent labour. Other benefits such as these are lower contribution to provident/superannuating fund as a % of wages.

Strategies adopted by MSIL:

M&M's Mahindra Bolero priced at 5 Lakh, functional, utilitarian and lacking in aesthetics, are mostly used as taxis and cabs for commercial purposes. At the other end are the Innova, XUV, Endeavour and Fortuner, which are aesthetically and performance wise better but are pricier (8 Lakh plus).

Amid all this, Maruti offers a well-designed and good-looking Ertiga starting at 6-lakh-plus. Ertiga has hit the sweet spot in India, says Mohit Arora, executive director, JD Power Asia Pacific, a market research firm. With Joint/large families, there was always a need for big seven-seater vehicles in the homes of middle-class Indians. But despite so many players, no auto company could marry low price with good looks. Ertiga does that. Now, other car manufacturers too are looking at this segment seriously. A slew of launches from Chevrolet Enjoy to Nissan's Evalia, Ashok Leyland's Stile to Hyundai's Hexaspace are flooding the market. However, Maruti has a clear first-mover advantage.

The MUV segment in India is currently growing at 16% of the total car market. But it is set to grow rapidly. In Indonesia, MPVs comprise 30% plus of the market. In China too, this segment is growing. Their popularity seems to coincide with changing consumer preferences. Second-time Chinese buyers use their vehicles for multiple purposes like travel, family activities etc, says Bill Russo, president, Synergistic Ltd, a china-based consulting firm with focus on the auto sector. India will surely follow china in the

preference for MPVs. Maruti is the first one to realize its true potential and launch a product in this segment.

Maruti's Magic Formulae:

Maruti does magic again & again. It starts with getting the product right. Every month in 20 cities, Maruti reaches out to 10% of its new customers to find out what they like and what they don't like about their cars. About 20% of the lost customers (who enquired and did not buy) are also asked why they did not buy, says Mayank Pareek, COO (Marketing & Sales), Maruti Suzuki.

This is backed well by an MNC which is willing to listen and develop a car that Indian customers want. For Suzuki, unlike all other MNCs, India is the most important market and they will go the extra mile to keep its stronghold. Recently Suzuki exited four wheeler businesses in the US as its Indian subsidiary MSIL is churning out good profits for Suzuki Motor Corporation.

The next step is to get the pricing right. A senior ex-Maruti executive recalls the Alto launch in India in 2000: We knew that the sweet spot was 2.5-2.6 lakh. But with 40% import content, there was no way the product could have been priced below 3.5 lakh. Eventually, the price was fixed at around 2.5 lakh with Maruti making losses on every car. But it achieved localization making this a profitable product. Price here was always decided by Maruti, and Suzuki was always sensitive to it. This made the big difference, he says. At that price, Alto became a huge success soon overtaking M 800. Maruti has the comfort of a big portfolio of cars in India at different stages of maturity. It is this that gives MSIL pricing power which others today do not have, he says.

Competitors also cannot match Maruti's great network of after-sales workshops that offer cheap service and cheaper spare parts to value-conscious Indians. It is a combination of all these factors that has made Maruti so successful in India.

What the stars Foretell:

Will Maruti continue to cruise ahead? There are three kinds of views on this. Some like Ramakrishna of Frost & Sullivan feel that as the centre of gravity in Indian car market moves upwards with Indian customers upgrading from small to big cars, Maruti the king of small cars that has failed miserably in the sedan segment will struggle.

There is a contrarian view, however. Some feel India with a low-car penetration, 15 in 1000 Indians own a car. Today compact hatchbacks will continue to top popularity charts for a long time. And Maruti just needs to play its game better than others. Some analysts also feel that Maruti can easily reach out to outside experts from designers to engines, to mix and match and offer a compelling product in the higher segment.

There is however a third view. Globally, small cars are back in fashion with rising fuel prices and environmental consciousness. From BMW to Mercedes to Ford to GM, almost everybody is looking at small cars to cater to this shift. Maruti cars could be in big demand not just in India but globally if Suzuki plays its cards well.

What Makes SWIFT-Dzire popular:

Our brief to the R&D team was it should have the looks and also the performance. These cars target the third generation of Indians who have grown post-liberalisation, have the money and want to spend. And they do not hesitate taking EMIs to buy things they want to.

Expectations from Ertiga:

MSIL started the production of the car at 4,000 units in April and have now scaled it up to 6,000. But the waiting period is still around six months. There are around 1 million A2 segment cars that were bought in the past five years. Those customers will look to buy their next car soon, Ertiga targets them. I think multi-purpose vehicle (MPV) segment has a lot of potential in India.

Future Launches:

"I see Indian car buyers split in three categories. First category is first-time buyers. Second Category is replacing their cars. And a third category is adding second car to the family stable. In psyche, the three segments, think and behave very differently. We hope to tap into sweet spots in each of these segments. We are looking at these segments very closely and our product launches will reflect that" says, Mayank Pareek, COO (Marketing & Sales), Maruti Suzuki.

Maruti Suzuki Uses Stay Interviews to keep flock Together:

As part of Change Management in HRM Strategy,

Maruti Suzuki India Limited, introduced & implemented the concept of Stay Interviews in its HR Policy changes rather than asking for it after losing them to competition. Senior employees, from the post of DGM and above, are specially trained to conduct such interviews. The idea is to make candidates comfortable and draw their views in an informal conversation. Based on their feedback, the company has incorporated several changes in its HR policies. For the first time this year, for instance, it altered its performance ratings scale. The previous four-grade rating scale, which was: excellent (top 10%), very good (next 30%), good (next 50%) and fair (last 10%), was revised to a five-grade scale: exceptional (top 10%), star performer (next 25%), high performer (next 25%), performer (next 15%) and average (5%). Exit interviews, when employees quit, are common practice in many companies. But automobile major Maruti Suzuki (MSIL) is using stay interviews to cement a long-term tie with its employees. For the past three years, MSIL has regularly reached out to its employees to understand their aspirations, problems and expectations. It has subsequently come up with several changes in the performance ratings scale, career progression policy and employee referrals. It makes sense to probe employee minds while they are still working in the company and take their feedback, for employees perceived a good rating as not-so-good, meaning, the ratings connotation was not representative of performance. Also, adhering to the bell curve was becoming difficult with ratings primarily being distributed only in the first three categories. “Wording makes a lot of difference about how people feel. For instance, someone who gets the grade exceptional will think he has contributed a lot towards the firm's performance and will continue to perform well”, says Pateek Duhan, 28, manager, steering and suspension, supply chain division. “We made our employees happy by making an emotional connect and removing grades such as good”, adds Mr.Siddiqui. Based on the feedback, the company has also changed its career progression policy last year. The company shortened career tracks by offering promotions at the junior management level if employees notched up the topmost grade for two, instead of three consecutive years. Rohan Chatwal (29), a beneficiary of the new policy, says, I feel extremely motivated as I am the only one to have done this from

among the batch of 20 management trainees who joined in 2008. “Since 2009, MSIL has also been encouraging its employees to refer deserving candidates, rewarding them for this. Last year, a total of 27 candidates joined MSIL through the referral scheme. MSILs changes have received appreciation from other quarters too. What is appreciable is that a company of Maruti's scale and size has been able to implement this. Especially the idea of stay interviews, and the fact that these are conducted by trained people”, says Mohinish Sinha, leadership and talent head Africa, Asia Pacific, Hay Group.(See Exhibit x)

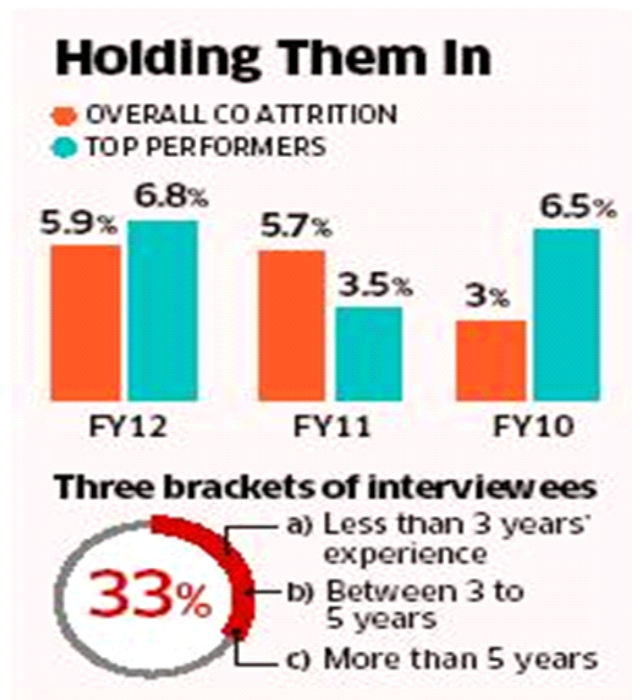


Exhibit x: Stay Interviews Analysis

Suggestions for Improvement in HR Policies:

- Improving Trust & Faith between Management & Union
- Strong emphasis on reaching out to blue collar employees.
- Relook on Compensation & Benefits for Permanent & Contract workers
- Provide Training Infrastructure
- Training to Blue Collar Employees

Questions:

1. Why MSIL is facing labor problems for the last two years? Analyze & give your views also.
2. What are the latest HR strategies used by MSIL to retain its White collar employees? Explain in detail
3. How MSIL can become leader in auto industry by overcoming its Weaknesses & Threats? Explain

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But justice has two more parts – sentencing and incarceration. If Megrahi had been dealt a flaccid sentence instead of the life term that he got, the trial would have been seen as a farce. Fortunately, in high-visibility cases, the trial and the sentencing get lots of public scrutiny.

...But once prisoners are incarcerated, public attention moves on. If Megrahi, once in prison, had been pardoned quickly or moved to house arrest or allowed to escape, justice would have been as deeply compromised as by a phony trial or a bad sentence. Yet because the natural human tendency is to commiserate with a prisoner who is still alive – while forgetting those who, because of his actions, are now dead – justice (say those who argue for it) can easily be abrogated. Without genuine penalties and a promise to keep them in force, justice becomes a mockery.

Justice, then, is all about expectations. It promises that, if you commit a crime, you will be punished. Mercy, by contrast, is about exceptions. Those who argue for mercy note that no legislative body, and no group of enforcers, can foresee every eventuality. So every judicial system must allow for circumstances that go beyond the law – even, at times, a terminal disease that could cause someone like Megrahi to die in jail.

And that, say those who argue for mercy, raises deep questions. Is justice simply about revenge, penalty, and pain? Or is it about reformation, transformation, and progress? Can criminals change? Both religion and democracy insist that reformation is possible through spiritual growth or education. Without the conviction that humanity can progress – a conviction based on compassion – justice (in this view) would be nothing but a mindless doling out of penalties. Never mind that Megrahi expressed no compassion for those he murdered. That fact must not preclude his jailors from feeling compassion toward him, lest we be no better than he. Is there not some reason to hope that mercy, if expressed strongly enough, might ...awaken even the unregenerate to remorse, atonement, and compassion?

... to be continued page 31

THE TURNAROUND AT THERMAX

Sudeepta Pradhan

“From 2004 to 2008, Thermax has grown at a rapid rate of 40% CAGR.” Giving full credit to her team she adds, “My grandfather and father built Thermax with a ‘value based’ entrepreneurial approach and the people of Thermax have always been there to lead the way. We have a very committed team - be it our colleagues on the shop floor, the management, the Board or our business partners. People associated with Thermax genuinely feel for the company and strive for its success¹.”

– Meher Pudumjee

Introduction

On the 30th of October, 2012, Thermax Limited informed a press release dated October 30, 2012, titled "Thermax post Q2 Net Profit of Rs. 91 crore"². The share prices of Thermax declined by 2% on 31st October, 2012 after reporting a drop of 10.45% in net profit for the quarter ending September 2012, owing to slowdown in sales and fall in margins. During the quarter, the net profit of the company declined to Rs 910.64 million as compared to Rs 1,017 million in the same period for 2011-12³. Net sales during the quarter dropped 8.53% to Rs 11.92 billion, as compared to the same period last year. Though the results were expected, they reaffirmed the problems of the company and the engineering sector⁴. Revenues declined 5.8% to Rs 983.5 crore within a year and profit margin narrowed by 1.1 percentage points and EBITDA⁵ fell by 15% to Rs 96.4 crore. According to an earnings review note by Emkay Global Financial Services Ltd⁶, Thermax's EBITDA margin reported a decline for seven

successive quarters. The company reported a loss of Rs 14.7 crore of the company's subsidiaries. The company however expected a turnaround in its subsidiaries by the end of the year 2012. Goldman Sachs reduced Thermax to "sell", citing the lack of order inflows in the energy business and the reduced pricing power in the environment division⁷. These concerns were reaffirmed after the company's June quarter earnings. Thermax's shares had done well in the run-up to its results on the hopes that robust order inflows will attract more investors to the counter. But even while the company did well in winning orders last quarter, the drop in revenue and margins as well as the loss in the company's subsidiaries acted as a reminder of ground realities⁸. For the fourth quarter of the financial year ending March 2011, Thermax Limited posted a consolidated net profit of Rs 126 crores. The company reported consolidated net sales of Rs 1237 crores. This was a 44.22% increase over the Rs 1784 crore in Q4 of the fiscal year 2011 as compared to the fiscal year 10-11. The quarter ending March 2010 marked the turnaround of Thermax⁹.

The Journey of Thermax

Thermax was a multi-national energy and environment engineering company based¹⁰ in India and Britain. Initially, the company started with producing small, baby boilers to cater steam required by the hospitals. The major operations of Thermax were commenced by harnessing the power of steam, produced by boilers¹¹. The company was incorporated in the year 1966 by

¹ Anon "Meher Pudumjee - Power House", Retrieved from <http://www.asianenterprise.biz/meher-pudumjee-power-house/full.html> on 5th November, 2012

² Thermax Limited, 31 October, 2012, Retrieved from http://www.moneycontrol.com/stocks/stock_market/corp_notices.php?autono=610334 on 25th November, 2012

³ Thermax drops 2% on disappointing Q2 numbers, IRIS, 31 October, 12 Retrieved from <http://www.myiris.com/newsCentre/storyShow.php?fileR=20121031101155102&dir=2012/10/31> on 15th November, 2012

⁴ Thermax drops 2% on disappointing Q2 numbers, ,31 October, 12 Retrieved from <http://www.myiris.com/newsCentre/storyShow.php?fileR=20121031101155102&dir=2012/10/31> on 15th November, 2012

⁵ EBITDA: Earnings before interest, tax, depreciation and amortization. It is an approximate measure of a company's operating cash flow based on data from the company's income statement. It is calculated by looking at earnings before the deduction of interest expenses, taxes, depreciation, and amortization.

⁶ Emkay Global Financial Services Ltd: Emkay Global Financial Services Ltd is an India-based company which operates through Advisory and Transactional Services segment, which comprises broking and distribution of securities, investment banking and other related financial intermediation services. They have three wholly owned subsidiaries: Emkay Fincap Ltd, Emkay Commtrade Ltd and Emkay Insurance Brokers Ltd. Emkay Global Financial Services Ltd was incorporated on January 24, 1995 as a private limited company as Emkay Share and Stock Brokers Pvt Ltd. The company was promoted by two enterprising Chartered Accountants, Krishnakumar Karwa and Prakash Kacholia.

⁷ Mobis Philipose, "A turnaround in order inflows for Thermax:: Thermax's EBITDA margins have declined for seven successive quarters now", 23 October 2012, Retrieved from <http://www.livemint.com/Money/3wdpZOjhF6L5OVNDIdDH4N/A-turnaround-in-order-inflows-for-Thermax.html> on 25th November, 2012

⁸ Mobis Philipose, "A turnaround in order inflows for Thermax: Thermax's Ebitda margins have declined for seven successive quarters now", 23 October 2012, Retrieved from <http://www.livemint.com/Money/3wdpZOjhF6L5OVNDIdDH4N/A-turnaround-in-order-inflows-for-Thermax.html> on 25th November, 2012

⁹ Ashish Agrawal, "Thermax: Input costs, new orders to boost profits", May 13, 2010, Retrieved from http://articles.economicstimes.indiatimes.com/2010-05-13/news/27630332_1_thermax-fourth-quarter-input-costs on 20th November, 2012

¹⁰ Anon, "India's Richest: 55 Anu Aga", 18 November 2009, Retrieved from http://www.forbes.com/lists/2009/77/india-billionaires-09_Anu-Aga_10PT.htm, l on 25th November, 2012

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Mr. R. D. Aga in collaboration with Wanson¹², a Belgium company manufacturing coil-type boilers. Initially business operations were commenced as Wanson India Ltd., manufacturing small boilers at a unit in Dadar, Mumbai. The company was renamed Thermax Limited in 1980. Rohinton took up the challenge to work for Thermax and the rest as they say, is history. It was Rohinton who, set up a small boiler company and built it into a leader in engineering solutions in energy and environment. It started with a capital base of Rs. 0.3 million and a team of 40 people. In 1987, Thermax expanded its operations and started making vapour absorption machines, in collaboration with Sanyo¹³ of Japan. In the year 1988 it made a Joint Venture with Babcock and Wilcox¹⁴ to make steam generation units for heat recovery steam generators (HRSGs). In 1992, the Combined Heat and Power Group was formed. Later, it entered into a technology partnership with Bloom Engineering, Germany¹⁵. On the 15th of February 1995, Thermax became a publicly listed company with the Bombay Stock Exchange.

The year 1996 proved to be a turning point for the company. On February 16th 1996, R. D. Aga passed away after a heart attack in Mumbai. On the 19th of February Anu Aga was appointed as an Executive Chairperson at Thermax. The years that followed witnessed severe Board level tussles, labour problems and a general lull in capital investment¹⁶. In the year 2000-01, sales increased by 16 per cent to Rs.473 crores and exports rose by 32 per cent to Rs.101 crores and operating loss was brought down to Rs.8 crores from Rs.21 crores in 1999-2000¹⁷. By 2005, the Boilers and Heaters division was the largest division of the company accounting for more than 25 per cent of the total turnover in the year. The Energy Systems division followed with a share of 15.9 per cent and Cogeneration Systems division had a share of 14.9 per cent in the total

turnover in 2005. Air Pollution Control Equipment division acquired a share of 12.9 per cent and Absorption Cooling division had a 11.7 per cent share which significantly improved its performance¹⁸. Thermax has consistently been a zero debt company from 2004 onwards. Currently, the company owns four manufacturing centres, operating in seventy five countries¹⁹.

The Leaders

Rohinton Aga:

Over the years, Thermax witnessed several leaders with their unique styles. Started by R. D. Aga, the company was taken up by Rohinton Aga, a graduate from the Harvard Business School²⁰, and an only child brought up in a middle class joint family in Karachi. He joined Thermax a few years after its inception and took immense efforts to build it. Being an excellent leader and visionary, his unique leadership style inspired employees to work to their best. He had great faith in people and their ability to make a difference and encouraged Innovation and Creativity amongst employees. He Valued competence above any other criteria and felt that academic record and qualifications were superficial non-issues and neglected them while recruiting employees. He believed: "You may be the boss or the owner but you have to treat everyone with respect and dignity and not let your position or wealth go to your head." For him, it was a team - a set of dedicated people – that made things happen and not any single person²¹.

However, Rohinton had his flaws. He had difficulties in dealing with unpleasant things, including confronting people and. He failed to identify or investing his successor²² which posed difficulties for the future of the company. The huge losses of the company had only one probable solution, i.e. effective leadership. Intuitively,

¹¹ www.thermaxindia.com

¹² Wanson: Offers a complete range of products and services for boiler house.

¹³ Sanyo: A major electronics company and member of the Fortune 500 whose headquarters is located in Moriguchi, Osaka prefecture, Japan. Sanyo targets the middle of the market and has over 230 Subsidiaries and Affiliates.

¹⁴ Babcock and Wilcox: It is a leading, international provider of energy products and service. It is also the leading nuclear industry in the development, licensing and deployment of small modular reactors. B&W mPower works closely with Generation mPower, the joint company formed by B&W and Bechtel to design, license and build the next generation of nuclear power plants based on B&W mPower reactor technology.

¹⁵ www.thermaxindia.com

¹⁶ N. N. Sachitanand, "Turnaround at Thermax", www.hindu.com, 9 September, 2001, Retrieved from <http://www.thehindujobs.com/thehindu/2001/09/10/stories/06100004.htm> on 25th November, 2012

¹⁷ N. N. Sachitanand, "Turnaround at Thermax", www.hindu.com, 9 September, 2001, Retrieved from <http://www.thehindujobs.com/thehindu/2001/09/10/stories/06100004.htm> on 25th November, 2012

¹⁸ www.ibef.org, October 23, 2010

¹⁹ www.thermaxindia.com

²⁰ en.wikipedia.org

²¹ Anu Aga, "A Leader par excellence", www.domain-b.com, 23 May, 2002, Retrieved from http://www.domain-b.com/companies/companies_t/thermax/20020523_leader.html on 30th November, 2012

diversification is the best way to minimize risks. However, in Thermax diversification failed owing to its directionlessness. "It was not backed by able leadership to face the hostile external environment. As a result, the company was mired in organizational and management problems it diversified into several businesses and markets, and the investments in most of them weren't paying-off. Then again, the material and operational costs of the company were weighing heavy on its bottom line. In fact, most of the company's problems were attributed to the fact that it was rendered directionless after the death of its illustrious founder, RD Aga

Anu Aga:

When Rohinton unexpectedly passed away in 1996 after a heart attack Anu was made the chairperson at Thermax. She was expected to manage a loss making company and at the same time win back the lost trust of the shareholders²³. To add to her misery, her mother-in-law passed away after a few months and then her 25-year-old son Kurush died in a road accident²⁴. Despite these tragedies Anu took bravely over the reins at Thermax and grew it to new heights²⁵. When she joined as the CEO, the company was making huge losses and she had to go through a tough phase of transformation and restructuring. The economic slowdown was beginning to set in²⁶; share prices had dipped to a meagre Rs. 36 from Rs. 400. In order to revive the profits of the company, she sought help from Boston Consulting Group²⁷ in 2001²⁸ and restructured the company to improve its bottom-line²⁹. She had to take a series of tough decisions, and in a span of five short

years the company recovered to make huge profits³⁰. She believed that "A leader should be able to motivate, and more than motivate, create enthusiasm and passion; create a dream and make the team go towards it. I think a leader in the Indian context also has to be in touch with social responsibilities."³¹

Meher Pudumjee:

After seven years as the Chairperson of Thermax Limited, Anu Aga announced her decision to step down in September 2004. She was conferred the Padma Shri Award by The Government of India for her distinguished service in the field of social work³². She proposed the name of her daughter and company vice-chairperson, Meher Pudumjee,³³ as her successor. "I strongly believe that our company must have a smooth succession plan in place, right from the top. In keeping with this, I have decided to retire as chairperson in September 2004," Aga stated at the company's AGM. She said, "I do hope the board would appoint my daughter, Meher (Pudumjee), as the chairperson." Meher Pudumjee also surpassed everybody's expectations and took Thermax to new heights. She took Thermax Ltd. from just Rs 850 crore revenues in 2004-05, (when she took over), to a staggering Rs 3,300-crore enterprise in the year 2010³⁴. Meher Pudumjee had her fears when she was elected as a chairperson of Thermax Ltd. still, she was responsible for a 40 per cent growth of the CAGR (compound annual growth rate). Meher Pudumjee blossomed as a businesswoman over a period of years with her swiftness³⁵. She was selected as the Business Standard CEO of the Year for 2007-08³⁶.

²² Ester Martinez & Savreen Gadhoke, "Cover Story: CEO Succession Planning", peoplematters.in, 1 Oct, 2010, Retrieved from <http://peoplematters.in/articles/cover-story/cover-story-ceo-succession-planning> on 30th November, 2012

²³ Anon, "Such a long journey", Anu Aga, Director, Thermax, , Retrieved from <http://www.accenture.com/Microsites/vaahini/centre-stage/Pages/such-a-long-journey.aspx> on 30th November, 2012

²⁴ Pooja Vashisht, "Anu Aga and triumph of the spirit", 9 Feb , 2004, Retrieved from <http://timesofindia.indiatimes.com/city/Anu-Aga-and-triumph-of-the-spirit/articleshow/484592.cms?> On 30th November, 2012

²⁵ "The Energy Field: Anu Aga", business.virtualpune.com, April 14, 2011

²⁶ GSC, "Anu Aga: A leader for the women of India", Retrieved from globalsuccessclub.blogspot.com, May 4, 2008

²⁷ Boston Consulting Group: BCG is a global management consulting firm and the world's leading advisor on business strategy. We partner with clients in all sectors and regions to identify their highest-value opportunities, address their most critical challenges, and transform their businesses.

²⁸ Sudha Menon, Business Line: Internet Edition, "Better-equipped, Thermax picks up steam on comeback trail", October 22, 2001, Retrieved from <http://www.hindu.com/businessline/2001/10/22/stories/02221801.htm> on 25th November, 2012

²⁹ C.R. Sukumar, Business Line: Internet Edition, "Formulating business strategy -- Thermax to retain Boston Consulting", 6 September, 2000, Retrieved from <http://hindu.com/businessline/2000/09/07/stories/020718kb.htm> on 2nd December, 2012

³⁰ GSC, "Anu Aga: A leader for the women of India", 4 May, 2008, Retrieved from <http://globalsuccessclub.blogspot.in/2008/05/arnavaz-anu-aga-pune-anu-aga-was-born.html> on 1st December, 2012

³¹ Shankar Radhakrishnan, Praxis, Business Line, "Beyond Business", 4 June, 2002, Retrieved from <http://www.thehindubusinessline.in/praxis/pr0304/03040620.pdf> on 1st December, 2012

³² Anon, "Padma Shri for Anu Aga, Director-Thermax", Retrieved from <http://www.thermaxindia.com/Live-at-Thermax/Padmashri-for-Anu-Aga-Director-Thermax.aspx#> on 1st December, 2012

³³ Anon, "Anu Aga to step down as chairperson of Thermax", 1 Aug, 2003, retrieved from http://articles.timesofindia.indiatimes.com/2003-08-01/pune/27217675_1_anu-aga-chairperson-thermax-limited on 25th November, 2012

³⁴ Kethan, "Meher Pudumjee: The Businesswoman", , 27 December, 2010, Retrieved from <http://www.entrepreneursstartup.com/2010/12/meher-pudumjee-the-bussinesswoman/> on 30th November, 2012

The Turnaround

When Anu Aga joined as the CEO she received an anonymous letter from a shareholder blaming her for inaction³⁷. It made her realize that she had led her shareholders down and as a public limited company, the company was responsible to protect the interests of the 40-odd per cent shareholders who had placed their faith in Thermax. She was convinced that the management was inefficient and required outside help. Despite resistance from senior executives the Board finally decided to hire a consulting company³⁸. As a result BCG was hired to provide valuable insights and strategies for the growth of the company. The turnaround focused on divesting non-core businesses. The company restructured into six core businesses in the areas of energy and environment. Downsizing and improving operational efficiency helped to bring down employee cost from 16 per cent of turnover to less than 7.5 per cent, on a larger sales base. After achieving financial turnaround an ambitious growth target was set. This programme was based on operational excellence, a streamlined organizational structure, and rekindling innovation in a disciplined and systematic manner³⁹. In January 2001, the Aga family decided to take on a non-executive role and in the year 2003 Meher and Phero, together with Anu Aga, made an effective turnaround in the company⁴⁰. The restructuring was named Project Green and aimed to review the company's strategy, current business portfolio and organization structure⁴¹. Aga's agenda was simple:

- Make managers more accountable for results
- Exit low-profit, non-core businesses for focus
- Concentrate on cost-control and product quality
- Place greater emphasis on total customer satisfaction
- Restore Thermax and its stock to their old glory⁴²

Ms. Anu Aga, emphasized on four major steps as effective measures of restructuring: Shedding of non-core activities, Rightsizing, Reconstitution of the board and Focus on Cost Reduction⁴³. Anu Aga also took initiatives to increase its focus on exports by recommendation of BCG with an attempt to improve profits⁴⁴.

Shedding of non-core activities:

In lieu to the restructuring activities, Thermax exited most of its peripheral businesses such as transmitters (a joint venture with Fuji Electric⁴⁵), electronic components, software, bottled water (a joint venture with Culligan⁴⁶), lease financing, fans, and the painting systems of the surface coatings subsidiary⁴⁷. It concentrated on its core businesses i.e. energy and environment, where it had inherent strengths and potential for growth and returns⁴⁸. It was thus left with its backbone businesses: boilers, chillers, cogeneration and captive power systems, pollution control systems and special chemicals.

³⁵ Anon, "Meher Pudumjee's Future Gaze ; the Chairperson of Thermax Peeps Into the Looking Glass and Sees the Engineering Giant Increasing the Contribution From Services, and From Its Green Portfolio, to Sustain Its Blistering Pace of Growth", 30 September, 2009, Retrieved from <http://vlex.in/vid/meher-pudumjee-thermax-peeps-blistering-67477280> on 30th November, 2012

³⁶ Anon, "Meher Pudumjee- Power House", Retrieved from <http://www.asianenterprise.biz/meher-pudumjee-power-house/full.html> on 30th November, 2012

³⁷ "How a shareholder's letter to Anu Aga catalysed change at Thermax", 5 October, 2012, Retrieved from http://articles.economicstimes.indiatimes.com/2012-10-05/news/34279918_1_chairperson-meher-pudumjee-thermax-unrelated-businesses on 30th November, 2012

³⁸ Anu Aga, "Thermax: Advantage of not being macho: Challenge was to change the mindset, culture: Anu Aga", 5 August, 2012, Retrieved from <http://businesstoday.intoday.in/story/anu-aga-on-turning-around-thermax-underperformance/1/186317.html> on 30th November, 2012

³⁹ Anu Aga, "Thermax: Advantage of not being macho: Challenge was to change the mindset, culture: Anu Aga", 5 August, 2012, Retrieved from <http://businesstoday.intoday.in/story/anu-aga-on-turning-around-thermax-underperformance/1/186317.html> on 30th November, 2012

⁴⁰ Anon, ENS Economic Bureau, "Thermax directors quit, major overhaul on anvil", 22 July, 2000, Retrieved from <http://www.expressindia.com/news/ie/daily/20000722/ibu22032.html> on 30th November, 2012

⁴¹ Business Line: Internet Edition, "Project Green to revamp Thermax", 28 April 28, 2000, Retrieved from <http://www.hindu.com/businessline/2000/04/28/stories/022818s4.htm> on 30th November, 2012

⁴² Roop Karnani, "Thermax's strategic Overhaul", Retrieved from <http://archives.digitaltoday.in/businesstoday/20000807/cf7.html> on 25th November, 2012

⁴³ N. N. Sachitanand, "Turnaround at Thermax", 10 September, 2001, Retrieved from <http://www.thehindujobs.com/thehindu/2001/09/10/stories/06100004.htm> on 1st December, 2012

⁴⁴ Business Line: Internet Edition, "Thermax to increase focus on Exports", 16 September, 2000, Retrieved from <http://www.hindu.com/businessline/2000/09/16/stories/021618kg.htm> on 30th November, 2012

⁴⁵ Fuji Electric: It is a Japanese holding company that retains manufacturing companies of pressure transmitters, flow-meters, gas analyzers, controllers, inverters, pumps, generators, ICs, motors, and power equipments.

⁴⁶ Culligan: It is an international water treatment products company headquartered in Rosemont, Illinois. Culligan specializes in water softeners, water filtration systems and bottled water for residential and office applications.

⁴⁷ N. N. Sachitanand, "Turnaround at Thermax", 10 September, 2001, Retrieved from <http://www.thehindujobs.com/thehindu/2001/09/10/stories/06100004.htm> on 1st December, 2012

Rightsizing:

Retrenchment was taken as an extreme step to revive the losses of the company⁴⁹. The right sizing exercise involved a VRS that was offered to white collar employees. 270 employees opted for the VRS scheme. Some of the employees were removed because of non-performance. After the process of retrenchment, the total employee strength was around 1,200 from the 2,000 before restructuring.

Reconstitution of the board:

A major part of the restructuring exercise was reconstitution of the board⁵⁰. Earlier there was preponderance of executive directors on the board which led to a conflict of interest among the members⁵¹. BCG advised to reconstitute the board with more non-executive directors to provide a more impartial view to the company's operations⁵². Accordingly, all executive and non-executive directors resigned in order to reconstitute the Board. A new board was formed with four external non-executive directors - Mr. Tapan Mitra (ex-MD of Indal⁵³), Mr. Vallabh Bhansali (director of ENAM Financial Consultants⁵⁴), Mr. Manu Seth (ex-MD of Tata Chemicals⁵⁵) and Mr. Ravi Venkatesan (Chairman of Cummins⁵⁶ India), along with Meher and Pheroze Pudumjee (daughter and son-in-law of Ms. Aga) and Ms. Aga herself as the Chairperson⁵⁷.

Focus on cost reduction:

Thermax went for a major cost-cutting drive as a turnaround strategy. The cost cutting exercises included detailed cost reviews, improving operational efficiencies, global sourcing, and reduction in design to market cycle time, reduction in replacements and improvement in project management to avoid fines⁵⁸. The company aimed to get break-even with its cost-cutting activities⁵⁹.

After the turnaround there was significant increase in the PAT⁶⁰ and EPS⁶¹. The PAT for the year 2000-01 was a loss of 13 crores, while it increased to a whopping 141 crores in the year 2009-10⁶² (Table 3 & 4).

Turnaround To Transformation

With the company firmly back on track, Aga felt the need to focus on other interests. "I know many people who have held on to their posts, with the company waiting for them to step down," she says. "I didn't want that for myself." After Aga handed over the charge to Meher Pudumjee, she took over the reins of the company and blossomed as a businesswoman. As she prepared to lead the company's journey from "turnaround to transformation" she said "China is our biggest threat-and opportunity". "Our turnaround gave us the right to exist," admitted Pudumjee. But now Thermax aspires to "double our turnover and triple our profits by 2008 and sustainably grow thereon".

⁴⁸ ENS Economic Bureau, "Thermax directors quit, major overhaul on anvil", 22 July, 2000, Retrieved from <http://www.expressindia.com/news/ie/daily/20000722/ibu22032.html> on 3rd December, 2012

⁴⁹ Business Line: Internet Edition, "Project Green to revamp Thermax", 28 April, 2000, Retrieved from <http://www.hindu.com/businessline/2000/04/28/stories/022818s4.htm> on 3rd December, 2012

⁵⁰ Roop Karnani, "Thermax's strategic Overhaul", Retrieved from <http://archives.digitaltoday.in/businesses/20000807/cf7.html> on 25th November, 2012

⁵¹ N. N. Sachitanand, "Turnaround at Thermax", September 10, 2001, Retrieved from <http://www.thehindujobs.com/thehindu/2001/09/10/stories/06100004.htm> on 1st December, 2012

⁵² Business Line: Internet Edition, "Thermax board steps down as part of `Project Green", July 22, 2000, Retrieved from <http://www.hindu.com/businessline/2000/04/28/stories/022818s4.htm> on 28th November, 2012

⁵³ Indal: It is a global brand present on five continents, specializing in the design and manufacture of lighting solutions. Founded in 1950, Indal has a strong reputation as a European leading lighting manufacturer with approximately 1,000 employees working in 11 countries.

⁵⁴ ENAM Financial Consultants: Founded in 1984 to provide knowledge-driven financial services at a time when the Indian economy was being redefined by market-oriented reforms. It was founded by Manek Bhansali, Nemish Shah, Vallabh Bhansali and Jagdish Master.

⁵⁵ Tata Chemicals: Tata Chemicals Limited is a global company with interests in businesses that focus on LIFE: Living, Industry and Farm Essentials. It started in Mithapur, Gujarat in western India with the creation of a plant that would raise a wealth of marine chemicals from the ocean, with the potential to touch human lives in many ways. Tata Chemicals is the pioneer and market leader in India's branded Iodised salt segment. It is the world's second largest producer of soda ash with manufacturing facilities in Asia, Europe, Africa and North America. The company's industry essentials product range provides key ingredients to some of the world's largest manufacturers of glass, detergents and other industrial products.

⁵⁶ Cummins India: Cummins India is a group of complementary businesses that design, manufacture, distribute and service engines, generators and related technologies.

⁵⁷ N. N. Sachitanand, "Turnaround at Thermax", 10th September, 2001, Retrieved from <http://www.thehindujobs.com/thehindu/2001/09/10/stories/06100004.htm> on 1st December, 2012

⁵⁸ N. N. Sachitanand, "Turnaround at Thermax", 10th September, 2001, Retrieved from <http://www.thehindujobs.com/thehindu/2001/09/10/stories/06100004.htm> on 1st December, 2012

⁵⁹ Business Line: Internet Edition, "Thermax drive to cut costs -- Hopes to break even this year", 2 February, 2001, Retrieved from <http://hindu.com/businessline/2001/02/02/stories/020218p2.htm> on 1st December, 2012

⁶⁰ PAT: Stands for Profit After Tax

⁶¹ EPS: The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability. Calculated as: (Net Income-Dividends on Preferred Stock)/ Average Outstanding Shares

⁶² For detailed information refer Table 2.

There are huge challenges ahead, said Pudumjee, like gearing up to face the buoyancy in the markets; pressure on margins; and the need to attract fresh talent. “We are spending Rs 50 crore on upgrading output from shop, but that’s only a small part of the exercise,” she said. Pudumjee who chose to be non-executive Chairperson to “look at areas that impact business in the long term,” said Thermax would tread the inorganic path to growth. “Acquiring companies is on our long horizon.” Also on the agenda are overseas bases in China, the Americas and Europe. Meher Pudumjee took Thermax from just Rs 850 crores in 2004-05 to a staggering Rs 3,300-crore. Thermax Ltd. has grown at a CAGR (compound annual growth rate) of 40 per cent under Meher Pudumjee. Thermax’s Vice Chairman (in 2002), she was instrumental in divesting the non-core businesses and restructuring the business portfolio. After the turnaround in 2004, Thermax went through a transformation phase and rose like a phoenix by not only successfully leveraging its competence and dominance in boiler Manufacturing, but also by growing its businesses in related areas of energy and environment. In 2008, Thermax achieved a net profit of more than Rs. 250crore. From 2004 to 2008, Thermax has grown at a rapid rate of 40% CAGR⁶³.

Commenting on the turnaround Pudumjee stated “From 2004 to 2008, Thermax has grown at a rapid rate of 40% CAGR.” Giving full credit to her team she adds, “My grandfather and father built Thermax with a ‘value based’ entrepreneurial approach and the people of Thermax have always been there to lead the way. We have a very committed team – be it our colleagues on the shop floor, the management, the Board or our business partners. People associated with Thermax genuinely feel for the company and strive for its success”⁶⁴.

The Aftermath

The turnaround at Thermax needed fixing the deep-seated problems, such as directionless diversification, boardroom brawls and the expanding costs. Thermax made a profit of Rs. 24 crores in the year ending March 2002. In the year 2003, it managed to turnaround its chiller business, improving bottom line in its chemical business with INR 90 cr contract for its co-generation group earning \$10 mn revenues from its international operations. After its turnaround, Thermax, emerged as the leading manufacturer of engineering products and systems for industries. With Meher Pudumjee at its

helm, Thermax became an industry leader in global energy and social responsibility. In the quarter ending December 2003, Thermax posted a net profit of Rs 9.55 crores. This was an 87 per cent rise over Rs 5.11 crore in the corresponding period of the previous year. This was a result of sales growth and a rise in order booking. Sales grew by 22 per cent at Rs 140 crore and order booking went up to Rs 266 crore from Rs 105 crore.

The Road Ahead:

Thermax was among 20 Indian companies featured in Forbes list of ‘Asia’s best under a billion’ companies in the year 2008. The company aimed at a 40- 45 per cent growth in its top-line through improved operational efficiencies, better quality of products, efficient delivery and increased competitiveness, besides focusing on innovation and R&D to multiply the application base of its products. After its successful turnaround, Thermax plans on exploring new business areas. It entered into a tie-up with Cummins for supply of heat recovery systems for their engines. There have been several global initiatives undertaken at Thermax. The reasons that aided it were Systematic Diversification, Alliances for market access and technology, Customer concentration risk and the Increasing rate of Global Competition in India. The company has also undertaken to reviewing and upgrading its products to gain competitive advantage for domestic and international markets.

The company planned to tap the Chinese market for sourcing components and chemicals; and to set up a production base in China in future. Another effort is to focus on its Brazilian subsidiary to tap the large South American market. These initiatives were expected to enable the company to increase share of exports in its total revenue to a great extent. The Company formed several subsidiaries, alliances and joint ventures in many countries to access key markets and technology for its products. The company recognized the risks associated with over dependence on any single customer or any single project. Hence, its businesses were well spread amongst numerous customers and geographies. Additionally, it created a well-documented credit policy for evaluation and authorization of all large credit exposures. Though the economic slowdown proved to be one of the toughest challenges⁶⁵, the company acted by focusing on the international markets especially Europe and US⁶⁶. Accordingly, the company has global operations

⁶³ Anon, “Meher Pudumjee- Power House”, Retrieved from <http://www.asianenterprise.biz/meher-pudumjee-power-house/full.html> on 5th November, 2012

⁶⁴ Anon “Meher Pudumjee - Power House”, Retrieved from <http://www.asianenterprise.biz/meher-pudumjee-power-house/full.html> on 5th November, 2012

through 19 International offices, 12 Sales & Service offices and 4 Manufacturing facilities - three of which are in India and one in China. It is present in 75 countries across Asia Pacific Africa and the Middle East, CIS countries, Europe, USA and South America⁶⁷.

Later, Meher shifted her focus from working towards balancing the 'know how' and the 'know why'. Renaming their R&D division, Research, Technology and Innovation Centre, Dr Mashelkar, the former Director-General of the Council of Scientific & Industrial Research⁶⁸ and scientific advisor to the government, was brought on board to lead the task. Pudumjee delegated a lot while steering Thermax towards a bigger vision. "We are looking to see how we can build clean coal technology and a green portfolio, stated Pudumjee, adding: "I would like to build an organisation where people really enjoy coming to work. She was not chasing haphazard growth. Talking about her company's achievements she said "we follow a strategy of sustainable profitable growth"⁶⁹. Pudumjee stated that currently the company was in an expansion mode. "I am glad that our chemicals manufacturing plant at Jhagadia, Gujarat, has been commissioned this year. We invested Rs 40 crore in the plant and it will produce 5,800 metric tonnes of performance chemicals annually and new paper chemicals to supplement the product portfolio of this new line of business. This plant will extend the capabilities of our chemical business"⁷⁰. The company set up two other manufacturing plants in Shirval and Sholapur in Maharashtra. The Shirval facility is a joint venture initiative with Babcock & Wilcox, USA, with an investment of Rs 800 crores. The facility in Sholapur was an assembly facility of Thermax's air pollution control business and set up with an investment of Rs 35 crore⁷¹.

TABLE 1. TIMELINE OF THERMAX

1966	Wanson India starts operations in Pune, manufacturing small coil-type packaged boilers (Vaporax) in collaboration with Wanson, Belgium. It was the first year of operations; the company employed 145 people and posted a turnover of INR 20.00 lakhs. A S Bhatena was appointed Managing Director
1973	Wanson receives its first export order for 10 paint booths to the former USSR. Multitherm, India's first packaged water tube boiler for Indian coal, is developed by Wanson R & D
1975	Thermax gets into the water treatment business, to complement its boiler business.
1976	Thermax acquires Tulsī Fine Chemicals, which later became the Chemical division of the company.
1979	In a synergistic move, Thermax starts the Enviro division for Air Pollution Control equipment
1980	Wanson India becomes Thermax Pvt Ltd. "Conserving energy, preserving the environment" was adopted as the corporate vision.
1981	R D Aga appointed Chairman and Managing Director of Thermax Pvt Ltd.
1985	Anu Aga begins her career in Thermax with the Human Resources department.
1986	The company launches the Thermax Service Franchise Scheme, a first of its kind in India.
1987	Thermax introduces vapour absorption machines in collaboration with Sanvo, Japan.
1989	The company forms the joint venture – Thermax Babcock & Wilcox Ltd.
1992	Combined Heating and Power Group (CHAP) is formed which later became the Cogen division.
1994	Tata McGraw-Hill publishes R D Aga's book "Changing the Mindset - Reflections of a Chief Executive".
1995	On February 15, 1995 Thermax goes public with an issue (IPO) of 60,88,700 equity shares. The issue was over-subscribed seven times.
1996	February 16 - R D Aga passes away after a heart attack in Mumbai. February 19 - Anu Aga is appointed as Executive Chairperson. August - Thermax bags the single largest contract for captive power, water treatment and absorption cooling from Arvind Mills. The order value - INR 136 crores. December - the Energy & Environment Research Centre is inaugurated
2000	June - Thermax acquires boiler company, M F Engineering Ltd, in UK July 21 - Prakash Kulkarni takes over as the Managing Director of the company. August 2000, the company forms its Executive Council. September - Thermax gets ISO 14001 certification for its manufacturing facility at Chinchwad.
2001	On January 15, 2001, the Thermax board is reconstituted with four independent directors, three non-executive promoter directors and one full-time director In March 2001, Thermax starts subsidiary company, Thermax Inc, in the US In June 2001, Thermax posts a net loss of INR 13.22 crores. In August 2001, Thermax announces a VRS scheme as part of its restructuring exercise. In all, 420 employees opted for the scheme.
2002	April - Thermax gets ISO 14001 certification for its chemical plant at Paudh. In the same month, Thermax announces turnaround results with a net profit of INR 24 crores. August 19 - Thermax declares 50% dividend, the highest since going public.
2003	February 13 - Dr. N D Joshi's Best innovator award Instituted. Shree Cement Project completed in a record time of 17 months. Thermax wins Performance bonus from the customer. March - Anu Aga honoured with Lifetime Achievement Award by Financial Express/Electrolux

⁶⁵ Anand Adhikari, "Meher Pudumjee's future gaze", 30th September, 2009, Retrieved from <http://vix.in/vid/meher-pudumjee-thermax-peeps-blistering-67477280> on 2nd December, 2012

⁶⁶ Anon, The Global CEO, "The Globalization of Indian Companies", Retrieved from <http://www.docstoc.com/documents/most-recent> on 25th November, 2012

⁶⁷ www.thermaxindia.com

⁶⁸ Council of Scientific & Industrial Research (CSIR): CSIR is the premier Industrial R&D organization in India constituted in 1942, by a resolution of the then Central Legislative Assembly. It is an autonomous body registered under the Registration of Societies Act of 1860.

⁶⁹ Anusha Subramanian, "Power-packed Performance - Meher Pudumjee: Meher Pudumjee prefers to talk about her company's achievements", 14 October, 2012, Retrieved from <http://businesstoday.intoday.in/story/india-most-powerful-business-women-thermax-meher-pudumjee/1/188306.html> on 25th November, 2012

⁷⁰ Meher Pudumjee, "Thermax plans to execute bigger projects: Meher Pudumjee", October 16, 2012, Retrieved from <http://businesstoday.intoday.in/story/thermax-plans-to-execute-bigger-projects-meher-pudumjee/1/189089.html> on 31 October, 2012.

⁷¹ Meher Pudumjee, "Thermax plans to execute bigger projects: Meher Pudumjee", 16 October, 2012, Retrieved from <http://businesstoday.intoday.in/story/thermax-plans-to-execute-bigger-projects-meher-pudumjee/1/189089.html> on 31 October, 2012.

2004	<p>Thermax registers highest ever profit after tax of INR 54 crores</p> <p>Launches Project Evergreen to consolidate its leadership position in India and prepare for global leadership in chosen fields. McKenzie appointed as consultants in this transformation exercise</p> <p>Thermax buys out Babcock & Wilcox stake in Joint venture; opens office in China. Thermax ranked No.3 among the top ten places to work (Business Today/Mercer Survey)</p> <p>Anu Aea retires as Chairperson and Meher Pudumjee takes over.</p>
2005	<p>Thermax top line grows by 62% and achieves a Group turnover of INR.1281 crores. International business of Thermax grew by 70% to INR 352 crores.</p> <p>Thermax launches 14 new products and applications during the year.</p> <p>To achieve synergies in related business, the company's six core businesses are restructured into three groups – Cooling & Heating, Chemicals & Water and Projects</p> <p>Thermax among the 20 Indian companies featured in the Forbes Asia List of "Asia's Best under a Billion" companies.</p> <p>Thermax wins a performance bonus cheque of INR 1 crore from Madras Cement Ltd for fast track completion of its captive power plant.</p>
2006	<p>Thermax posts a record profit of INR 123 crores, up by 77% over the previous year. Thermax group turnover touches INR 1606 crores.</p> <p>The Thermax R&D team wins the national award for the most innovative product at ACREX 2006, the HVAC event. The Award was for designing Trigenic, the dual-heat input absorption chiller that works on exhaust gas and other heat sources like steam or hot water.</p> <p>Meher Pudumjee honoured with the Young Achiever award by Financial Express</p> <p>Work begins on an additional manufacturing facility at Vadodara, Gujarat to cater to the growing business of the Boiler and Heating business.</p> <p>Incorporates wholly owned subsidiary in China (Thermax Zhajiang) to expand its China operations and begins work on a manufacturing plant for vapour absorption machines in Jaixing, near Shanghai.</p>
2007	<p>Thermax signs technology agreement with German Air Pollution Control leader 2008</p> <p>Thermax Ltd has informed that the Board of Directors of the Company at its meeting held on January 29, 2008, inter alia, has approved the appointment of Dr. R A Mashelkar, Independent Director as an Additional Director of the Company with immediate effect.</p> <p>Thermax signs 15-year pact with US firm.</p> <p>Thermax signs license pact with Babcock & Wilcox.</p> <p>Thermax receives an order of Rs 415 crore</p>
2009	<p>Thermax Ltd has received an order of Rs 255 crore from a leading business conglomerate for supply of 4 x 250 TPH coal cum washery rejects CFBC boilers (Circulating Fluidised Bed Combustion Boiler).</p> <p>Thermax on Sept 17 bagged an order for the supply of 270-MW power plant on a turnkey basis to be set up by a Hyderabad-based infrastructure company.</p> <p>Business Excellence award for Thermax</p> <p>Thermax wins order worth Rs. 1000 crore</p> <p>Thermax signs technology agreements for advanced wastewater treatment</p> <p>Thermax-SPX joint venture agreement signed</p>
2010	<p>November: Thermax acquired European boiler manufacturer Danstroker A/S, and its German subsidiary, Omnical Kessel for Euro 29.5M.</p>

SOURCE: www.thermaxindia.com

TABLE 2. THERMAX LIMITED: FINANCIALS (Rs. In Millions)

PARTICULARS	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Domestic Sales (Less excise duty)	2432	2299	2479	1735	1157	740	446	398	333	345
Exp. (Including Deemed Export)	656	912	678	402	308	176	118	116	107	101
% to Total Sale	21%	28%	21%	19%	21%	19%	21%	22%	24%	23%
Total Sales	3088	3211	3157	2137	1465	916	564	514	440	445
% Growth	(49%)	2%	48%	46%	60%	62%	10%	17%	(1%)	16%
Other Income	147	92	89	73	33	25	40	39	36	32
Total Income	3235	3303	3246	2210	1498	941	604	552	476	477
Total Expenses	2801	2850	2795	1894	1289	848	516	473	422	469
Profit before Dep. Int., Extra-ordinary Items and Tax	434	453	451	316	209	93	87	80	54	8
% to Total Inc.	13%	14%	14%	14%	14%	10%	14%	14%	11%	2%
Depreciation	40	32	22	19	15	9	9	10	12	12
Interest	2	3	1	1	1	1	0	1	3	4
Extraordinary Expenses	115	(1)	(2)	5	0	0	6	6	7	3
Profit before Tax/Loss	277	419	430	291	193	83	72	64	31	(10)
% to Total Inc.	9%	13%	13%	13%	13%	9%	12%	11%	6%	(2%)
Tax	136	132	150	103	69	28	18	15	7	3
Profit after Tax/Loss	141	287	281	188	123	55	54	48	24	(13)
% to Total Inc.	4%	9%	9%	8%	8%	6%	9%	9%	5%	(3%)
Gross Block	688	603	419	279	243	177	165	166	167	168
Net Block	505	458	326	170	138	102	83	81	87	99
Investments	378	176	580	578	417	316	276	240	189	158
Current Assets	1663	1287	1008	929	533	368	265	201	232	254
Curr. Liabilities	2044	1270	1163	1087	600	368	227	150	145	118
Net Curr. Assets	(381)	17	(155)	(158)	(67)	(0)	38	51	88	136
Def. Rev. Expn.	0	0	0	0	0	1	1	8	14	4
Cap. Employed	1051	962	736	579	474	402	383	356	344	393
Eq. Sh. Capital	24	24	24	24	24	24	24	24	24	23
Prof. Sh. Cap. \$	0	0	0	0	0	48	48	0	0	0
Res. & Surplus	1027	938	712	555	450	332	312	340	324	331
Networth	1051	962	736	579	474	355	335	356	333	350
Loan Funds	0	0	0	0	0	0	0	1	1	4
Fixed Asset Turnover Ratio	6.12	7.02	9.68	12.60	10.64	9.01	6.80	6.33	5.07	4.50
Working Cap. Turnover Ratio	0.00	187.74	0.00	0.00	0.00	0.00	14.74	9.98	5.03	3.28
Debt-Eq. Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.12
Current Ratio	0.81	1.01	0.87	0.85	0.89	1.00	1.17	1.34	1.60	2.15
ROCE	37%	44%	58%	51%	41%	21%	21%	20%	12%	(1%)
RONW	13%	30%	38%	32%	24%	15%	16%	14%	7%	(4%)
Cash Earnings per Share (Rs.)	15.26	26.81	25.39	17.34	10.97	5.14	5.13	4.86	3.05	(0.13)
Earnings per Share (Rs.)	11.87	24.11	23.56	15.76	9.69	4.37	4.40	4.05	2.02	(1.11)
Dividend (%)	250	250	400	300	170	120	120	120	50	10
Book Value per Share (Rs.)	88	81	62	49	40	30	28	30	28	30

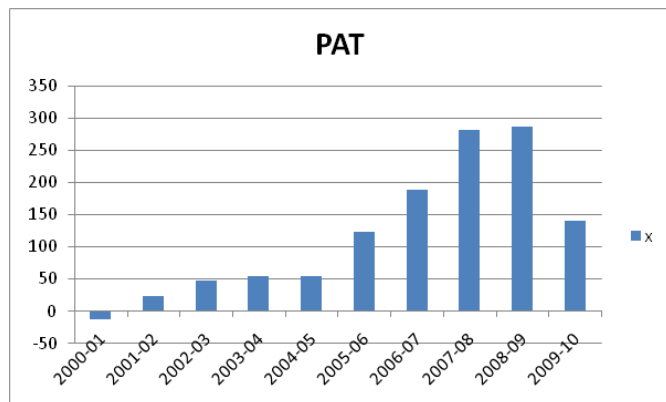
SOURCE: www.thermaxindia.com

...These two arguments for justice and mercy, then, make powerful and different cases. In Megrahi's case, you can justify the ethics of release (mercy) or the ethics of incarceration (justice). If, that is, you argue ethically. Which brings us back to tendentiousness.

My dictionary rather blandly defines tendentious as "marked by a tendency toward a particular point of view." In fact, the word is more pungent. A tendentious argument is intentionally built on bias, prejudice, or partisanship from the outset, sometimes overtly but usually subtly and invisibly. It describes a rhetorical style that knows where it "intends" to go, and then sets out to get there by slants and spins, ellipses and omissions, or earnest, well-meaning illogic. Rather than working its way toward a rational conclusion, it first adopts the conclusion and then looks for justification.

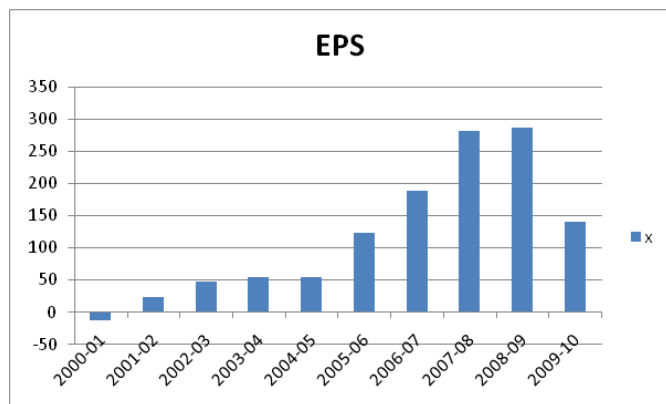
... to be continued page 44

TABLE 3. PAT 2000-01 to 2009-10



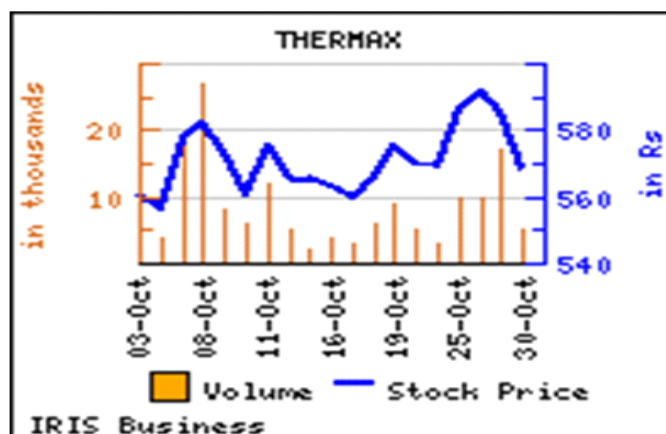
Source: Annual Report 2009-10, www.thermaxindia.com

Table 4. EPS 2000-01 to 2009-10



Source: Annual Report 2009-10, www.thermaxindia.com

Table 5. Thermax Stock prices for October, 2012



Source: <http://www.myiris.com/newsCentre/storyShow.php?fileR=20121031101155102&dir=2012/10/31>

Table 6. Balance Sheet of Thermax Ltd. For the last 5 years

	Mar '12	Mar '11	Mar '10	Mar '09	Mar '08
	12 mths	12 mths	12 mths	12 mths	12 mths
Sources Of Funds					
Total Share Capital	23.83	23.83	23.83	23.83	23.83
Equity Share Capital	23.83	23.83	23.83	23.83	23.83
Share Application Money	0.00	0.00	0.00	0.00	0.00
Preference Share Capital	0.00	0.00	0.00	0.00	0.00
Reserves	1,577.35	1,268.51	1,026.96	938.06	712.31
Revaluation Reserves	0.00	0.00	0.00	0.00	0.00
Networth	1,601.18	1,292.34	1,050.79	961.89	736.14
Secured Loans	3.64	0.00	0.00	0.00	0.00
Unsecured Loans	162.80	48.04	0.00	0.00	0.00
Total Debt	166.44	48.04	0.00	0.00	0.00
Total Liabilities	1,767.62	1,340.38	1,050.79	961.89	736.14
	Mar '12	Mar '11	Mar '10	Mar '09	Mar '08
	12 mths	12 mths	12 mths	12 mths	12 mths
Application Of Funds					
Gross Block	804.60	717.13	688.44	602.89	419.30
Less: Accum. Depreciation	272.98	230.52	194.59	162.98	140.70
Net Block	531.62	486.61	493.85	439.91	278.60
Capital Work in Progress	49.02	34.45	13.84	21.05	56.25
Investments	552.69	404.36	378.16	196.84	579.74
Inventories	279.22	282.31	246.36	266.42	199.52
Sundry Debtors	1,250.11	1,001.26	747.05	540.78	505.31
Cash and Bank Balance	13.92	66.34	40.09	11.96	27.85
Total Current Assets	1,543.25	1,349.91	1,033.50	819.16	732.68
Loans and Advances	770.18	1,663.27	653.85	482.50	283.96
Fixed Deposits	555.83	590.23	565.46	328.82	0.06
Total CA, Loans & Advances	2,869.26	3,603.41	2,252.81	1,630.48	1,016.70
Deffered Credit	0.00	0.00	0.00	0.00	0.00
Current Liabilities	1,989.24	2,117.03	1,990.42	1,211.09	1,058.67
Provisions	245.73	1,071.42	97.45	115.30	136.48
Total CL & Provisions	2,234.97	3,188.45	2,087.87	1,326.39	1,195.15
Net Current Assets	634.29	414.96	164.94	304.09	-178.45
Miscellaneous Expenses	0.00	0.00	0.00	0.00	0.00
Total Assets	1,767.62	1,340.38	1,050.79	961.89	736.14
Contingent Liabilities	354.14	300.57	227.72	221.38	184.20
Book Value (Rs)	134.38	108.46	88.19	80.73	61.78

Source : Dion Global Solutions Limited
http://www.moneycontrol.com/stocks/company_info/print_main.php

Questions:

1. What are the reasons behind the failure of Thermax?
2. How leadership styles prevailing in Thermax are different?
3. How these leadership styles affect its performance?
4. Was the turnaround strategy adopted correct?
5. Could Thermax have adopted different strategies to improve its performance?

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To Appraise or Not to Appraise that is the Question When we use Bell-Curve

Dr. Nisar Ahamad Nalband

Introduction

Appraising the performance of individuals, groups and organizations is a common practice of all societies. While in some instances these appraisal processes are structured and formally sanctioned, in other instances they are an informal and integral part of daily activities (Subba Rao, 1999)

Performance Appraisal is used for basically three purposes- remedial, maintenance and development. "A performance appraisal needs to cover all these three purposes with the same focus but the fundamental reality with forced ranking", says psychologist Kathy Jordan, executive coach for the global executive-development consulting firm KRW International (Minneapolis). She also says that "only a few people can be best performers. Similarly, some people have to be slotted into the lowest rank, even if their performance, using a competency-based assessment, is satisfactory."

Here is a case presented by changing the names and places.

Mr. Sampath was born and brought up in a traditional well knit family of South India. Throughout his schooling he studied in boy's school. He secured admission into engineering college, chose his favorite branch of electronics and communication. During his engineering days he befriended lot of boys, although he also interacted with the female class mates. After graduation, like most of classmates he got selected for a job in public sector firm and started working in Bangalore. Antiquated management techniques, bias, lethargy and slow growth prevailing in public sector made Sampath to leave the job after few years. He pursued better opportunities and found a suitable one in Saudi Arabia on his favorite network platform. During his stay in Saudi Arabia he enjoyed working with culturally diversified work force. He led the all-male team successfully, exposing him and colleagues to very good work environment. He used to spend his weekends by going to deserts of Saudi Arabia along with colleagues, encouraging team spirit.

His reputation as a good leader led him to an excellent offer from a US reputed company. Before relocating to USA, he got married to an educated girl from India. The marriage was arranged by his elders as per custom.

As an IT delivery manager Sampath had a small team of 10 technically sound people to work with. His team consists of nine men and one lady, Jennifer. Mr.Sampath believed in team work and was able to do wonders with his team, within six months his team was given a prestigious project with a time frame of one and half year. Due to the increased responsibility, he started working hard and spending long hours with his team which included parties with all male colleagues for a break.

During the six month individual performance reviews, Jennifer came to know that she was appraised a notch below one of her male colleagues. She is now a worried employee. To add fuel, one of her colleague in HR dept., casually gave the following comment "Jennifer are you jelling with your team properly?"

Now a few weeks after she started looking at the appraisal results and started inquiring with other female colleagues about their dynamics during and after the work, she found that all the team members are going out some times for night parties and with some teams she found that they are not going out together for parties but accidentally met at parties.

Ms. Jennifer, out of varied emotions she could not control, started discussing with her female counterparts of the company that her boss Mr. Sampath is moving out with male team members often so there might be a good chance for the male team members to jell with each other, know each other and she felt that if she would have been to parties of Mr.Sampath she too would have let Mr. Sampath and other team members know about her skills.

Mr.Sampath came to know about what's happening with Jennifer, spoke to Ms. Smith, HR Executive and explained the case. He felt that many bosses in USA are facing charges for allegations of making advances to

female employees so he want to be on the safer side with female employees; as well his upbringing and past never gave him a chance to move closely with female.

Meanwhile another six months lapsed by and Mr. Sampath who is very objective made sure that he did not do any mistake in performance appraisal; again Ms. Jennifer stood second. Mr. Sampath proposed two names from his team as best performers but his boss considered the first name only by saying that "you must be knowing Sampath we follow bell curve only 10% of employees can be best performers in your team and ten members in your team means one can be considered the first one Mr. James"

Now Jennifer is considering either to get rid of the boss or the company because there is at least one more year to go to complete the present project.

What do you suggest? In any case, one law suit, isn't it...??

No doubt in believing that whatever is manageable is measurable but numbers and neurons are not the same, at certain stage of the organization of Performance Management System there should be scope for human intervention to look into, to analyze and consider the spirit to maintain the enthusiasm because a "motivated employee is indispensable to the organization"

In the above case of Mr.Sampath, the computer system is programmed such that he cannot enter more than 10% employees as the best performers: this is not the case with Mr.Sampath's company alone. It is the case with many companies in the world which follow Bell Curve.

Conclusion

Beyond all the legal wrangling, however, there's a larger question: Is forced ranking the only, or best, means of improving the performance of HR of your company? Despite you have dimensional consistency, be based on objective data which produce rich analytical feedback.

It is widely criticized that though Performance Appraisal System meets various organizational requirements, it would be difficult rather impossible to make use of the system in practice for the organizational purpose in view of the various limitations. What should we think about a system, however, valuable for meeting the organizational needs, which produces such results in a wide range of companies with a variety of appraisal systems? The problem is one, which cannot be dismissed lightly (Douglas McGregor 1972)

Performance appraisal should be done primarily to develop employees as valuable resources. Only then it would show promising results. When management used it as a whip or fails to understand its limitations, it fails. The key is not which form or which method is used (Mathis and Jackson, 2008).

Hamlet says that I must be cruel for a better tomorrow, no doubt the bell curve adoption and application result in to cruelty but for the better tomorrow or litigant / sorrowful tomorrow the organizations need to examine closely.

Questions:

1. What is the most difficult thing about doing performance reviews?
2. Do to consider performance appraisal a valuable tool?
3. Does Performance appraisal promises better performance?

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Love To Leave Hate To Live - An Unusual Case Of Expatriates

Mr. Subhransu Panda
Dr. Sitansu Panda

“Expat Syndrome’ is a condition whereby many expatriates see mostly either the best of their own nationality and the worst of the locals, or sees the opposite.” - T. Crossley

Introduction

The increasing globalization and the rise of multinational firms has created a global workforce by providing many opportunities for trade, business, commerce, education, employment and over & above developing a better relationship among nations in the world. The ravages of wars, hatred, isolation, social castigation and blood-shed between and among countries are cause for unease, and unproductive events in the global history. Today’s global village provides a great platform for the mankind to flourish, vibrating with the symphonies of love, compassion, cooperation and cultural integrity forgetting the evil and cruelties of the past.

With globalization, the scope for the human resources to exhibit their talent and take the respective organizations to greater heights has increased. In this context, the management of cross-cultural issues is becoming more prominent challenge for the human resource management professionals. Keeping this in view, this anonymous case is developed to site, expedite and explore great avenues for organizational success through effective management of cultural diversity and some related HR issues.

Background

Lushgreen Botanica Pvt. Ltd. Established in the year 2007 in Bahirdar, Ethiopia was founded by Martin Anthony & Peter Sterwart who are eminent researchers in the field of Pharmacology and General Medicine respectively. They have taken several projects in their respective research areas to the different parts of the world. The company started full-fledged production from February, 2008.

Initially, they employed locally. As the local man power had inadequate skills and was relatively less competent

and experienced, the company was not able to achieve its organizational effectiveness in terms of quality, productivity, adjustment etc. It led further HR interventions.

From 2010 onwards, the company recruited employees from different countries. But some managerial positions are still being continued by the local employees being recruited earlier. The company has plans to set up plants in China and in some other African nations. Considering great market potentiality for its products making the business viable with better returns the current plant has been established in Ethiopia.

Ethiopia is the oldest independent country in Africa. It achieved international recognition in 1896. The people of this country belong to different ethnic groups as Orom, Amhara, Guage, Sidama, Wlatia, Somai, Tigray and other heterogeneous groups. It mostly exports coffee, leather and floriculture. It also exports cereals, pulses, cotton, sugarcane, potatoes in small scale. The country is rich in forest resources with vivid flora and fauna. It is budding to export electric powers as new dams and hydroelectric power projects have been constructed and some are in construction phase. The research team visited different places (See Annexure-I) and identified some rare plants having more medicinal utility. The availability of the plants in the Bahirdar region is one of the major factors for deciding to establish this pharmaceutical company in Ehtiopia.

Amongst all, Bahirdar region is advantageous and well connected than others. There is also one botanical research centre in this area which functions under the department of Biological Sciences, Bahirdar University since 2006 which provides some technical supports to this company.

The plants (Refer Annexure-VI) are rich in different vitamins which can be useful for malnutrition and other health problems. The company has mission to manufacture medicines in different forms especially to cater the needs of vitamins deficiency problems of the local people.

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Dr. Sitansu Panda, Post-Doctoral Research Scholar, Department of I.R. & P.M., Berhampur University, Odisha, India.

The company started with an initial investment of Rupees 25 crores. The manpower is 161, working in different departments. Around 80% of the work force is expatriates who do a major chunk of the work. The department-wise distribution of employees and the organizational structure is given in Annexure-II and III respectively.

The company manufactures different antibiotics, antacids, multivitamins, nutritious, anti-malarial and syrups. (See Annexure-IV) It has a planning to develop new products.

It has a sales turnover of Rs 67.5 crores and has incurred a profit of Rs 5.9 crores for the financial year 2010-11.

Current Scenario

Out of nine ethnically based and politically autonomous regional states of Ethiopia the survey was conducted in two regional states. The company engaged 125 field officers for the same with complete support from the Ministry of Health, Ethiopia.

The intensive survey took eight months to complete and revealed that the major health problems were communicable diseases caused by poor sanitation and malnutrition. The dearth of trained manpower and adequate health facilities is also one of the causes of this problem. There is great need for those country people to have more awareness programmes towards their health and sanitation measures. The modern health investigative machineries and sophisticated technology are not found in the prevailing hospitals.

The infant mortality rates and death rates are more in the rural areas. The lack of access to hospitals is a major concern. The life expectancy is around fifty eight in urban areas where as it is fifty three in rural areas. People migrate to the cities hoping better employment opportunities and better living conditions.

Undoubtedly the poor economic status of the country is a stumble stone leading to inadequate health measures to its people. However, the US has sanctioned \$ 260 billions as a part of the twenty years long-development project for the African nations including Ethiopia, Eritrea and Djibouti. The World Health Organization (WHO) is also working in order to develop the health conditions of the Ethiopians since 2008 with its full fledged team comprising of physicians specialized in General Medicine, Obstetrics & Gynecology, Social

Preventive Medicine, Tuberculosis, Pediatrics, Skin & VD, and Gastroenterologists. Professional Social workers are also in their team to create health awareness among the local commune and to counsel them properly.

The Bahirdar plant has been functioning since last two years from 1st May, 2007. The manufacturing process is being operated by the old technology which is mainly to generate more employment opportunities. The company has a great vision is to make the world healthy and happy. There is a great demand for its products. But, the internal company dynamics and the scenario are different.

Some of the employees in the production department are falling sick. Most of the field officers working in the Research & Department (R & D) are suffering from malaria and intestinal problems.

As practice in the company, there are monthly review meetings in all the departments. The field assistants and officers are directly reporting to the marketing manager. Some of the employees in the concerned department felt that their performance was not properly appraised. They commented that satisfaction to boss is the key factor to be rated high. And different parameters indicated in the appraisal forms have least role to play in evaluating their performance. Their sincerity, commitment, diligent efforts had been undervalued. The appraisal form for executives and non-executives is given in Annexure-V.

While rating the employees, the local employees were rated higher than the expatriates and work activities of the Ethiopian employees had been appreciated in the meetings. The Field Assistants, Officers and Production Assistants, of Ethiopia had been rewarded incentives and recommended for promotion. As a sequel to it, majority of remaining human resources including the managerial category were unhappy, showing less interest to share their ideas in different participative forums, some criticized the company policy also.

Binodin Jujumelaowe, the Head of the Marketing Department, formulates and implements strategies of his own. He discourages to discuss difficulties of the employees and never likes to interact with them. His style of leadership was like a dictator. Some Japanese field officers did not like this style. They believe in

interaction, friendly approach, inspiration by the boss & colleagues and strongly believe in work flow by Management By Wandering Around (MBWA) method. This method has been implemented by some non-Japanese companies which brought marvelous results. It helped in developing effective organizations.

Binodin Jujumelaowe belongs to Addis-Ababa and prior to working for this company; he lived and worked for an American company for around fifteen years. He always commands his staff and demands before his boss. He strongly believes in attaining results. Some Chinese and Sudanese employees did not like his approach. They remarked that the manager is working against the Zen Philosophy. And in long run the company would not achieve success. Some Japanese field officers are graduates and they are working with least involvement and participation in the company affairs and waiting for the completion of their contract tenure of two years as they are discontented with the management. It is to be mentioned that any employee who breaches the contract has to pay US \$5,000 - 10,000 as compensation. They do not have any alternatives as they cannot afford to pay such huge amount. It was found that in most of the senior level managerial positions in the organization have been taken by the local employees due to which the expatriates were unhappy. There is no clear policy on the career growth of the employees. The technical trainings are imparted but employees are dissatisfied and fail to understand the purpose. Equal care should be taken to create bondage among employees. The Japanese companies take measures strategically to create organizational membership among the employees.

“I don't feel any belongingness for the company.” – remarked by Muni Kwagzemi, who is a Sudanese sportsman. He could not participate in mega events after joining this company as the company does not give importance to such extra-mural welfare activities.

Ling Yang is a diligent field worker. He has nine years of experience working in different countries which includes Japan, Bhutan and China. He commented that the existing company does not provide an organizational climate where Organizational Citizenship Behaviour can be developed. “No Guanxi, No Zen, really hurts me and there is no value in working for the company. Nobody listens to my suggestions

which can save the operational cost. No scope for my development. I loved to travel but hate to live.” - Yang remarked. He was supported by one of his Ethiopian colleagues, Zumba Zeba who is a graduate in Social Science and working as a Senior Field Officer. He remarked that the organization is losing its intention and intensity of work when top brass is functioning for their own interests and I find no Ubuntu.

Majority of the employees criticized the company culture and its performance appraisal policy. In a recent study conducted by the HR Department it is revealed that around three fifth of the employees of the company are dissatisfied which has resulted in lowering their morale.

Suleman Latif, Senior Technician working in the production department had raised certain issues before the Manager-HR, in vain. He was discontented as his issues were not listened.

“Having twelve years of experience working in different countries, I have been treated differently which I have never expected from our Manager. My colleagues from different countries have no scope for better career. Our health sufferings are not being taken care of by the company. We are not being compensated for the deterioration of our health. Some of our company friends are not being sanctioned leave. The accommodation facilities are not hygienic. There is no system to redress our grievances. The local employees are well acquainted with the environment and their health sufferings are less than us. Is it wrong, if we bring our difficulties to the notice of the chief of the organization? We are being discussed and compared with the local employees. We cannot return to our country before completion of the contractual period. Have we come here to die? Who will be responsible if major crisis happens to us? It is unfortunate to work for this company. Why there is so much disparity? Why don't you provide platform where we can put forth our points? It is not the working days in our life, but the life in our working days that counts. We are culturally sensitive and ready to adapt. If the management feels why you don't arrange cultural training sessions.” - asked by Latif to G. Mathews, AGM of the company. Mathews immediately called Mezambini H., the Manager-HR of the company.

Teaching Objectives

Teaching objectives would include the following:

- Importance of organizational culture
- Expectation of expatriates
- Factors attributing to success of an organization
- Organizational Effectiveness
- Cultural adaptability by the employees
- Management of human resource having different cultural values
- Geocentric approach in recruiting employees
- Employee appraisal system
- Performance Management System
- Cultural compatibility especially between Western and Eastern culture
- Cultural values and its impact on organizational success
- Role congruence
- Leadership quality
- Performance rating
- Organizational Citizenship Behaviour
- Management By Wandering Around (MBWA)
- Employee Engagement
- Employee Compensation as social security measure
- Employee Satisfaction
- Ubuntu-culture of some African countries
- Zen and Sinto philosophy of Japan
- Guanxi Philosophy of China
- 5 S strategy of Japan to minimize operational cost

Suitability of the Case

This case can be used as part of university programme. It would be specifically applicable to the students pursuing undergraduate/post-graduate courses in management. This case is also useful to the students pursuing their Post- Graduate Diploma in Management. It can also be useful to be discussed among different forums especially among the HR fraternity.

It is mainly to hone the managerial skills and decision making ability of the budding managers (management

students). The case contains such pragmatic issues which need to be handled by the young managers to groom them rightly and to provide a wider exposure on the complexities, realities and challenges faced by the managers from international perspective. And based on this, initiatives and policy measures can be taken for the successful completion of projects by the expatriates and greater success of the organizations.

Sources and Methods of Collecting Case Material

This anonymous case has been developed purely for academic purpose (class discussion) and mainly to hone the managerial skills of the management students/Junior level managers. The name of the company and characters in the case are fictitious and the case does not contain information pertaining to the strategy or any other aspect that may give any advantage to the competitors. In no way, the case should be used as source of data regarding any organization or company or industry in any form. Different sources have been explored and interview method has been followed for the development of this case. Most importantly, the present form of the case is an outcome of different changes which have been incorporated periodically being analyzed among the management academic fraternity especially among the students. This case is fine tuned based on the discussions and analysis in the class room. Hence, the suitability of the case has been tested. It also provides scope for further exploration, incorporation and ramifications to the different aspects of management.

Questions to prepare students to initiate case discussion

- What issues are raised in this case?
- (Refer to the teaching objectives)
- What are the components of culture and how these are important for the employees?
- How culture is important for an organization?
- The success or failure of a company depends upon the strategic planning of the company. Discuss based on the facts illustrated in this case.
- What are the implications of fringe benefits provided to the employees in a company?
- Why statutory welfare measures are prescribed for the employees? How far such measures have relevance in the current business practices in industries?

- How the employees to be compensated and to be covered under social security measures?
- Expatriates need proper employee counseling and support from the family members to work effectively in organizations. Discuss in the light of the facts cited in the case?
- Interpersonal relationship is key factor in yielding better results in terms of minimizing conflicts at different levels. Do you agree, if yes/no, explain? How to measure interpersonal relationship among the employees in a company?
- How to create highly engaged workforce in an organization? Do you feel employee engagement measures have to be provided more to the employees in the company?
- What are the characteristics of effective organization and how to measure?
- What are the business opportunities in African continent? Discuss in the light of the resources available in this land? And do you feel, there is bright future for the labour and other resources which need to be explored for the betterment of the global economy?
- How far the comments of Ling Yang are justified?
- Why Zumba Zeba supported to Ling Yang?
- Why the company faced some problems in the beginning years and what steps would have been taken if you were the Manager-HR of the company?
- Why the employee morale in the company is low?

Use of Board/Forum for discussion

A small group comprising of five to eight students can be formed and asked to generalize the work system and cultural value system of a particular country followed by the difficulties faced by them while working for this company based on the facts, figures and the cues provided in the case.

In the similar way as mentioned above, two other small groups can be formed and assigned the activity with regard to two other countries.

A fourth group can be formed and shall be provided the work of commenting on the cultural aspects of employees belonging to different countries. They can

be asked to explore the avenues to accommodate different cultures to have a better organizational culture.

Another group comprising of two to three can be formed and assigned the work of listing all the problems and to design a sound HR Policy to accommodate, adapt and integrate different cultures and scope for overall employee development and success of the company.

Scope for Role Playing

The entire case has a scope for discussion by role playing method. The actors involved in the case and their activities can be performed by different students in the class room/different HR forums. In this way, the case provides platform for different forums. It is also suitable for activity based learning.

Questions

- 1 The HR policy of the company needs to be changed keeping the indispensable role to be played by the expatriates and for the long run success of the future projects of the company. Discuss from the problematic dimensions pertaining to this case for the effective leadership and management of cross-cultural issues.
- 2 Make a cultural analysis of the case.
- 3 How far the opinion of the Chinese employee is justified in the context of the diversity climate being prevailed in the company?
- 4 Geocentric recruitment approach is the best one for an organization. Comment.
- 5 What would be the consequences, if the same state of company affairs continues?

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Annexure-I: Major cities of Ethiopia explored for construction of Plant

Sl. No. (Rank-wise)	Name of the City	Region	Population
1	Addis Ababa	Addis Ababa	3,040,740
2	Mekele	Tigray	273,601
3	Adama	Oromia	271,562
4	Dire Dawa	Dire Dawa	262,884
5	Gondar	Amhara	254,450
6	Awasa	SNNPR	212,665
7	Bahir Dar	Amhara	191,015
8	Jimma	Oromia	149,166
9	Dessie	Amhara	147,592
10	Jijiga	Somali	147,482

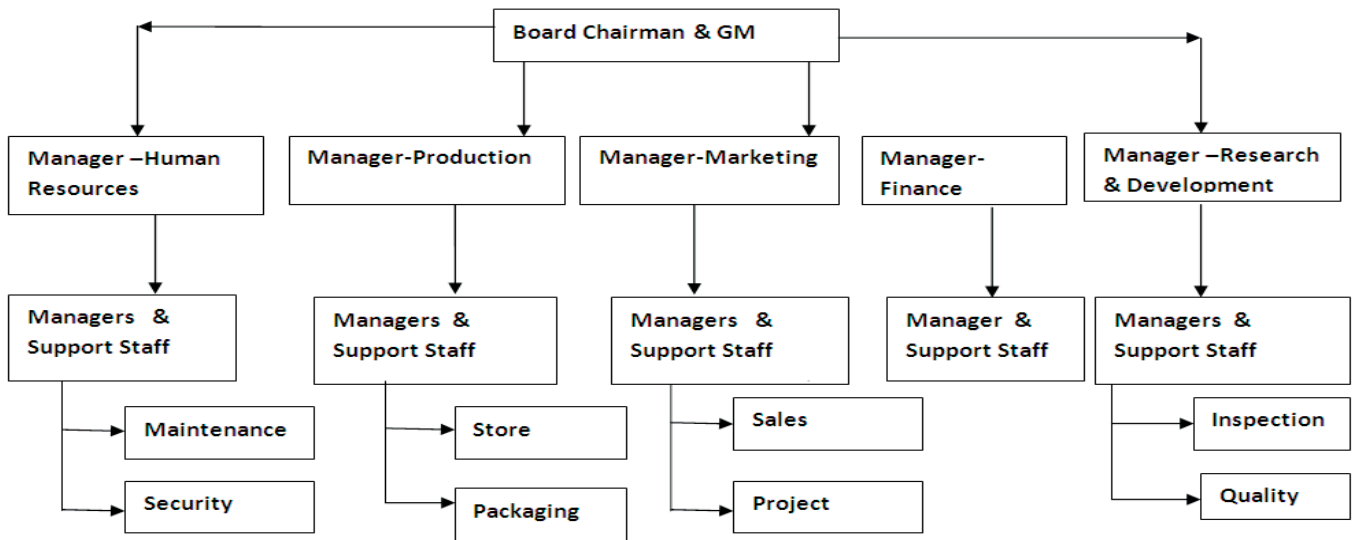
Source: Compiled from the data (as on 15.07.2011) available from CSA, Ethiopia

Annexure-II: Department-wise distribution of Manpower of the company(as on 15.07.2011)

Department	Number
Production	63
Marketing	47
Research & Development (R & D)	10
Packaging	7
Human Resource Management	5
Finance	3
Maintenance	8
Security	12
Store	6
Total	161

Source: HR Department

Annexure-III: Organizational structure of the company



Annexure-IV: List of the products manufactured by the company
(Source: Department of HR as on 15.07.2011)

Sl. No.	Name	Composition and Form
1	NXYP- 250 Tablet	Levofloxacin I.P. 250 MG (10 Tab Pack)
2	NXYP-500 Tablet	Levofloxacin I.P. 500 MG (10 Tab Pack)
3	NXYP-750 Tablet	Levofloxacin I. P. 750 MG (10 Tab Pack)
4	NXOP-200 Tablet	Cefpodoxime USP 200 MG (10 Tab Pack)
5	PXTH-250 Tablet	Azithromycin I.P. 100 MG (3 Tab Pack)
6	YOXACLAVE 375 Tablet	Amoxicillin 250 MG + Potassium Clavulanate IP 125 MG (10 Tab Pack)
7	YEXCUTE 200 Tablet (10 Tab)	Cefixime USP 200 MG
8	XEYXCUTE Dry Syrup	Each 5 ML. Contains Cefixime USP 50 Mg. (30 ML)
9	ULXYYZN Tablet	Pantoprazole 0.40 Mg + Sodium Bicarbonate (10 Tab)
10	XYZC-RD Capsule	Rabeprazole 20 Mg + Domperidone BP 30Mg. (10 Cap)
11	XYZC Tablet-2	Pantoprazole 0.40 Mg + Sodium Bicarbonate (20 Tab)
12	XYZC OS Suspension	Each 5 ML. Contains Sucralfate 1 GM + Oxetacain 10 Mg. (100 ML.)
13	RESPIXYZCURE-Syrup	Each 5 ML. Contains Dextromethorpan BP 10 Mg. + C.P.M. USP 2 Mg + Phenylephrine BP 5 Mg. + Paracetamol BP 250 Mg (100 ML BOT)
14	XYZOTHER Tablet	Artesunate 50 Mg. (6 Tab Pack)
15	XYZOTHER 2ML Inj	L Arteether 75Mg./ML (2 ML.)
16	XYZOTHER-MLF Tablet	Artemther 80 MG + Lumefantrine 480 Mg. (6 Tab Pack)
17	XYZOTHER Plus Inj	Artesunate 60 MG Vial (Combi Pack)
18	XYZOLID IV	Linezolid 600 MG Infusion (300 ML Bottle)
19	XYZR – Infusion	Levofloxacin 500 Mg (100 ML.)
20	VitXYarich Forte	Multivitamin (10 Tab Pack)
21	XYaDreamoran	Haematinic Syrup, Iron, Folic Acid & Vitamin-B12

(Source: Company Profile as on 15.07.2011)

Annexure-V (A): Performance Appraisal (Non-Executives (as on 15.07.2011))

PERFORMANCE APPRAISAL (NON-EXECUTIVES)
YEAR.....

PART-A
Name:
Designation: **JobID Number:**
Department: **Grade:**

Date of Entry in the Grade: **Qualification:**

Employment Status:
(A) Permanent (B) Contract (C) Expatriate (D) Others

PART-B ASSESSMENT OF PERFORMANCE
(1 TO 5 Scale: Poor, Very Poor Average, Good, Very Good)

I.	Personality-----	(1/2/3/4/5)	_____
ii.	Integrity-----	(1/2/3/4/5)	_____
iii.	Intelligence & Generalability-----	(1/2/3/4/5)	_____
iv.	Initiative & resourcefulness-----	(1/2/3/4/5)	_____
v.	Devotion to duty & industry-----	(1/2/3/4/5)	_____
vi.	Promptness & accuracy in doing the job-----	(1/2/3/4/5)	_____
vii.	Relationship with other employees-----	(1/2/3/4/5)	_____
viii.	Punctuality-----	(1/2/3/4/5)	_____
ix.	Work Deviation incurred-----	(1/2/3/4/5)	_____
x.	Attendance		
xi.	Integrity		

Signature of the Boss

Source: Department of HR, 15.07.2011

Is that unethical? Yes, when knowingly used to distort an otherwise fair field of play. And that, in the end, is the suspicion underlying the recent Lockerbie arguments. Was a genuine right-versus-right process hijacked by a false ethic? Was the whole thing, as many observers believe, a deal by the British government to win better trade terms from oil-rich Libya? Was “compassionate grounds” used selectively for Megrahi but not for other prisoners?

... to be continued page 45

Annexure-V (B): Appraisal Forms of the company (as on 15.07.2011)

PERFORMANCE APPRAISAL (EXECUTIVES/OFFICERS)	
YEAR.....	
<u>PART-A</u>	
Name:	
Designation:	JobID Number:
Department:	Grade:
Date of Entry in the Grade:	Qualification:
Employment Status:	
(A) Permanent (B) Contract (C) Expatriate (D) Others	
<u>PART-B</u> ASSESSMENT OF PERFORMANCE (Very Good/Good/Average/Poor/Very Poor)	
INDICATORS	Weight Self Rating Reporting Officer
Reviewing Officer	
I. Quantity of Output -----	
ii. Quality of Output-----	
iii. Cost Control-----	
iv. Job Knowledge and skill-----	
v. Team spirit and coordination-----	
vi. Discipline-----	
vii. Communication-----	
viii. Commitment-----	
ix. Decision Making-----	
x. Problem solving-----	
xi. Managing the resources-----	
xii. Miscellaneous-----	
Signature of the Manager (HR)	(To be promoted: Yes/No)

Source: Department of HR, as on 15.07.2011

More important, will this gesture make a mockery of other terrorist trials? On Monday, a British court found three men guilty of planning to blow up several transatlantic flights in 2006. If they are imprisoned, will the promise of punishment be kept? Or might they also be granted release if and when it suits the diplomatic environment of the moment? That could be the most sobering trend of all. If the “tendency” is now to regard prisoners as pawns in international trade — Give back my convicted terrorists, and I'll give you more oil! — you can be sure that the tendentious arguments have only just begun.

..the end ” ”

Annexure-VI: List of Plants available in Bahirdar Region used by the company

Sl. No.	Botanical name	Vernacular name	Growing sites	Parts used	Uses
1	Korarima (<i>Aframomum corrorima</i>)	Offio (K)	Natural vegetation	Seed	Spices/condiment (Vitamin)
2	Wild Korarima (<i>Aframomum spp.</i>)	Sheeti Ogio (K)	Natural Vegetation	-	-
3	Tumeric (<i>Curcuma domestic</i>)	Irdo (K)	home garden	rhizome	spice cosmetics (Vitamin)
4	Basil (<i>Ocimum basilicum</i>)	Diro	home garden	leaf, soft stem	herb (Anti-biotic)
5	Mustard (<i>Lepidium sativum</i>)	Shipho	home garden	seed	Spice (Tissue Reform)
6	Coriander (<i>Coriandrum sativum</i>)	Depo	home garden	seed, fruit, leaf	spice condiment (Ptylin Stimulator)
7	Ruc (<i>Ruta chalepensis</i>)	Chedramo	home garden	seed, soft stem	herbs, spice, medic. Condiment (Dental recovery)
8	Long pepper (<i>Piper cappense</i>)	Turfo	Natural vegetation	seed	spice, condiment (Digestive)
9	Ginger (<i>Zingiber officinale</i>)	Yanjibelo	Cultivated	rhizome	spice, medicinal (Intestine Problem Recovery)
10	Chillies (<i>Capsicum frutescence</i>)	Mito	home garden	fruit	spice
13	Wild black pepper (<i>Piper guineense</i>)	-	Natural vegetation	-	close relative to pepper
14	Anethum (<i>Anethum graveolens</i>)	Mechwolago	home garden	seeds, soft stem	spices, herbs
15	Black cumin (<i>Nigella sativa</i>)	Acfo	Field	seed	spices, condiment, medicinal
16	Fenugreek (<i>Trigonella foenum graecum</i>)	Abish	Field	seed	spices, medicinal
17	Ethiopian caraway (<i>Trachspemem ammi</i>)	-	home garden	seed	herb
18	Laurel or bay leaf (<i>Laurel nobilis</i>)	-	research center	leaf	spices, condiment, medicinal
20	Pepper (<i>Piper nigrum</i>)	-	research center	fruit, seeds	spices, condiment
21	Rosemary (<i>Rosemarinus officinalis</i>)	-	home garden	leaf soft stem	herbs /condiment
22	Cinnanmon (<i>Cinnamomum verum</i>)	-	research center	bark, leaf	spices /condiment
23	Cardamom (<i>Ellettaria cardamoum</i>)	-	research center	seed	spices
24	<i>Majorama spp.</i>	-	research center	leaf, soft stem	herbs, spices
25	Vanilla (<i>Vanilla fragrance</i>)	-	research center	seed bean	spices /condiment
26	Annato (<i>Bixa orellana</i>)	-	research center	seed outer part	dying, cosmetics
27	Cocoa (<i>Theobroma cacao</i>)	-	research center	bean	stimulant
28	Lavender (<i>Lavandulla spp.</i>)	-	research center	leaf	condiment, herb, cosmetics
29	Mint (<i>Mentha spp.</i>)	-	home garden	leaf	condiment
30	Majoram (<i>Origanum spp.</i>)	-	research center	leaf	medicinal, cosmetics

Source: Research & Development of the company as on 15.07.2011

AHIMSA - An Initiative Based on Oriental Wisdom

What is AHIMSA?

AHIMSA is an acronym for - Axis-Hyderabad Indian Management Systems Academy. It is an initiative on the part of DHRUVA to create a forum for development indigenous models of management based on Oriental wisdom - as reflected in our ancient scriptures and treatises - that have universal appeal and relevance.

A management forum espoused to the cause of promoting Indian Management Thought culled out from the limitless repertoire of the timeless Indian traditions, culture and ethos as relevant to the contemporary management context.

Why AHIMSA?

- cause, that is the basic tenet / core of all human endeavors - whatever be the sphere of activity
- cause, that is what signifies the manifestation of the much-needed 'spiritual quotient' in the gamut of all human actions
- cause, “denigrating another's culture is a form of 'himsa' (harm) and violates the dharmic principle - ahimsa”

Objectives of AHIMSA

To provide a forum for promoting Indian Management Thought thru a conscious and concerted effort broadly aimed at:

- generating interest in Indian and Oriental Management Thought
- facilitating cross-fertilization of ideas from wide across - through seminars, symposia
- encouraging research into vast oeuvre of Indian scriptures and treatises to unearth indigenous management models relevant to contemporary context
- disseminating of the knowledge of Indian Management Systems - thru journals, webzines, conventions and conferences etc
- fostering environment for developing integrated management models drawing on the principles

AHIMSA - Action Plan

- Identify and constitute Project Think-Tank to set direction and guide through the course
- Identify the sources and themes for research
- Identify the sources for funding of research
- Identify and forge linkages with institutions of similar nature
- Identify and establish linkages with institutions for publicity and publication
- Design and launch Axis-Hyderabad website

An appeal: The esteemed readers are requested to ponder over the above action plan and contribute whatever they can in making AHIMSA a center of excellence in ushering in Indian taught into modern management philosophy.

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