

Y.C. Deveshwar bids adieu leaving behind a rich legacy

ITC's longest-serving chairman wanted the firm to be known as an entity that looked at creation of sustainable livelihoods

INDRANI DUTTA
KOLKATA
Yogesh Chander Deveshwar, ITC's longest-serving chairman, passed away this morning in Delhi. He was 72.

Mr. Deveshwar stood tall among his peers and that was not due to his height alone.

It was a stature acquired through years of hard work, during which he set his sights on changing the course of ITC, which was till recently known as a cigarette company.

His vision extended beyond the corporate staple of topline and bottomlines.

He wanted ITC to be known as an entity that looked at creation of sustainable livelihoods and value-chains that would help society and enrich environment.

Thus, his speeches, very frequently, revolved around terms like water-positive, carbon-positive and solid waste recycling positive, despite the group's increased investments in water and energy-intensive segment like paperboard or even hotels.

"See, many had questioned my drive towards

creating a strong FMCG portfolio (beyond cigarettes) .. today that segment is growing," he observed during his customary post-AGM press meet last year.

ITC's non-cigarette businesses now constitute nearly 59% of total revenue, he said, adding that over 80% of the operating capital is now deployed in the non-cigarette segment. It is for this transformation, as also his thrust on sustainability for which he will be best remembered. He was conferred the Padma Bhushan for his service to the nation in 2011, while his corporate vision led the Harvard Business School to rank him among the ten best performing CEOs globally.

He steered ITC during the turbulent times of the mid-nineties when a battle for control with its overseas shareholder amid reports of FE-RA violation engulfed the company. He steadied the company and worked to reposition it to withstand the increasing competition in a globalised Indian market.

Mr. Deveshwar, an alumnus of IIT Delhi and Harvard Business School, joined ITC

in 1968. Between 1991 and 1994, he was invited by the government to serve as the chairman and managing director of Air India, a period that is remembered for a turnaround in the national carrier. His stewardship over the last two decades has guided ITC to become India's foremost FMCG marketer, the country's largest paperboards and packaging company and a corporate enabler in farmer-empowerment, through its wide-ranging agri-business. It also has the second largest hotel chain in India.

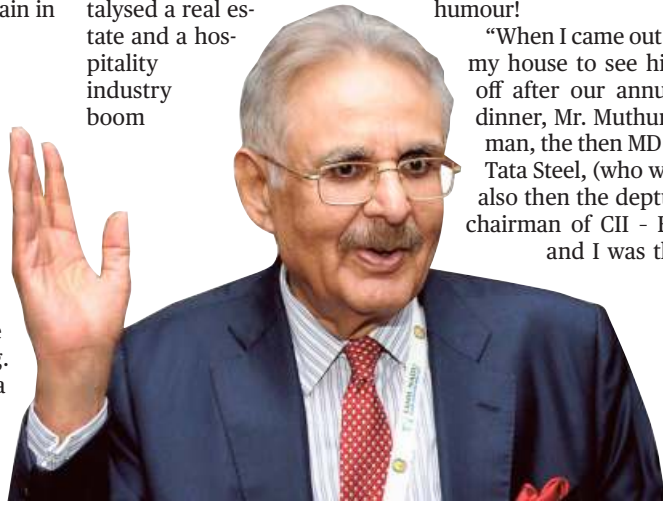
Reminiscences

Yogi or YCD, as he was known among his friends and peers, was remembered as a fun person with a sharp wit. An anecdote on his decision to set up the ITC Sonar in Kolkata may illustrate his visionary thinking. Mr. Sampath Kumar, a leather industry expert and Mr. Deveshwar's companion on many official trade delega-

OBITUARY

tions narrates, "When I got to know about ITC's decision to set up a hotel on the eastern fringes of the city, amid a tannery area, I asked what made you think of a hotel in this area.. there is nothing around."

Mr. Deveshwar's answer was, "You see, it is when the industry puts up a project in the middle of nothing, then that area begins to develop and soon, there is everything coming up around." Today his foresight has catalysed a real estate and a hospitality industry boom



around, even as ITC gets ready to launch its second hotel close by. Mr. Kumar also remembers his friend as a sheet-anchor of any trip. "He was a different person in the board room and an affable fun-person in a relaxed mood," he reminisced. Agrees Sanjay Budhia, MD, of Patton Group.

"His big box of Diwali greetings with ITC products was much awaited and getting bigger and bigger over the years. More than an industry icon, he was a friend who had a very good sense of humour!"

"When I came out of my house to see him off after our annual dinner, Mr. Muthuraman, the then MD of Tata Steel, (who was also then the deputy chairman of CII - ER and I was the

regional chair) was walking in. YCD, with a twinkle in his eyes said Sanjay, your deputy has come." Mr. Muthuraman was equally sportive and we three had a hearty laugh!

"His stature did not take away his humility. Once, on one of the delegations, he came to my hotel room for a quick nap, saying why take another room for one hour!"

Tributes pour in

Prime Minister Narendra Modi and Chief Minister Mamata Banerjee tweeted their condolences with Mr Modi mentioning his contribution to Indian industry and Ms. Banerjee describing him as a giant in the corporate world. CII president Vikram Kirloskar described Mr. Deveshwar, a past president, as a titan and a guiding luminary of Indian industry. Sanjiv Goenka chairman, RP-SG Group, said: "Yogi was a tall leader and a visionary. I have lost a friend." Mayank Jalan, CMD, Keventer's Agro said that Mr. Deveshwar was instrumental in putting Kolkata on the global business map. In 2017, Mr. Devesh-

war's helmsman position saw a small shift with the executive chairman role becoming a non-executive one. He seemed to be preparing to hand over the baton to Sanjiv Puri, ITC's managing director.

"Inspired by a patriotic fervour, manifest in his clarion call 'lets put India first,' he led ITC's strategic thrust to create an exemplary Indian enterprise dedicated to serving national priorities," Mr. Puri wrote in a statement today.

During the 107th AGM on July 27, 2018, Mr. Deveshwar had said: "Today, it gives me immense pride that your company has truly emerged as an exemplary national institution. It is indeed fulfilling to witness the enormous value that your company has created across so many dimensions. However, as I have always said, the best is yet to come. The foundations are in place."

Mr. Y. C. Deveshwar, who usually stood through the nearly three hours of the AGM, was found seated last year. It was perhaps a portent of things to come.

SRF to sell engineering plastics unit for ₹320 cr.

PRESS TRUST OF INDIA
NEW DELHI

Chemicals firm SRF Ltd. on Saturday said it will sell its engineering plastics business to DSM for ₹320 crore, as part of a strategy to focus on core operations.

The Gurugram-based SRF is engaged in the manufacturing of industrial and specialty intermediates.

The company has entered into a definitive agreement to sell its engineering plastics business to DSM, a life sciences and materials sciences company, in an all-cash transaction, amounting to ₹320 crore.

SRF's engineering plastics business manufactures multiple grades of engineering plastic compounds.

"Today marks a significant milestone for our company, as we take another step along our strategic direction of focusing on our core businesses," said Ashish Bharat Ram, MD, SRF.

HCL to hire 12,000 freshers this fiscal

IT services major increases focus on employing women

MINI TEJASWI
BENGALURU

HCL Technologies will hire 12,000 fresh graduates from campuses during the current fiscal. The company said it would hire (net) another 20,000 people in the 2-10 years' experience category during this year.

HCL chief human resources officer Apparao V. V. told *The Hindu*, "We are very bullish on campus hiring this year. In fact, we are doubling it. We will hire 10,000 freshers from Indian campuses and another 2,000 from U.S. universities. Our lateral hiring will be in tune with our revenue guidance."

The company said it has increased its focus on hiring women. Last year, it had only eight women in the vice-president (VP) category and in the last fiscal, it hired eight more women in senior positions taking the number of women VPs at HCL to 16.



Beyond borders: HCL will hire 10,000 freshers from Indian campuses and another 2,000 from U.S. universities. ■ REUTERS

"We have been focussing on gender diversity across the board." For the fiscal ended March 31, HCL reported gross hiring of 51,589 and a net addition of 17,884 people. In the fourth quarter, it hired 14,249 people with a net addition of 5,637. HCL reported an increase in attrition to 17.7% against 15.5% LTM (last twelve months).

"A 15% attrition is good. We are putting in all efforts to understand what the pain

points are that result in attrition. In some cases, there are customer requests for employees and in such cases, we let them go. Salary is another factor that leads to attrition. Some 60% of our attrition was voluntary," confirmed Mr. Apparao.

HCL had conducted 1,77,351 sessions of training and reskilling in digital technologies during the fiscal. The quarter saw 84,900 of such training sessions. Un-

der these, 31,140 people in the six months to 15 years' experience category were trained. In addition, the company trained 79,970 people in general skills during the fiscal.

HCL's localisation

HCL now has 36,478 people outside India, of which 16,931 are in the U.S. Currently, some 67% of its U.S. staff are locals compared with 64% a year ago. "We will see a further increase in our localisation activities as we expect a lot of business growth coming up in key customer markets. We are in need of diversified skillsets."

"We are also setting up customer experience centres and proof of concept (POC) kiosks in customer markets and we are doing it in collaboration with local authorities, local talent and in conjunction with local cultures," added Mr. Apparao.

Equitas Holdings' net profit slides

SPECIAL CORRESPONDENT
CHENNAI

Equitas Holdings Limited's (EHL) standalone net profit in the fourth quarter ended March 2019 dropped to ₹84 lakh from ₹2.15 crore in the year-earlier period due to an impairment of investment in a subsidiary amounting to ₹4.68 crore.

Total income fell to ₹5.33 crore from ₹5.93 crore.

EIH said net interest income grew 34% to ₹333 crore while the net interest margin stood at 8.85%. Advances grew 44% to ₹11,835 crore. Deposits rose 70% to ₹8,016 crore. The firm had a capital adequacy ratio of 22.44%.

Gross non-performing assets ratio stood at 2.52% against 2.72% in the corresponding quarter last year. Net NPAs came down marginally to 1.43% from 1.44%.

Raw jute availability set to increase

A crop size of 112 lakh bales is estimated for 2019-20

INDRANI DUTTA
KOLKATA

Raw jute availability is expected to improve in 2019-20 with an almost 10% increase being projected for the crop.

Estimates are about 79 lakh bales in 2019-20 against 72 lakh bales final estimate for 2018-19. Taken together with the opening stock and imports, the total supply is estimated at 101.4 lakh bales against 97.4 lakh bales.

The figures were arrived at after the latest meeting of the Jute Advisory Board (JAB) under the Union Textiles Ministry.

The meeting, chaired by the Union Textiles Secretary was attended by the Jute Commissioner, Director of Jute Development, Chairman and Managing Director of the procurement agency, the Jute Corporation of India, chairman of industry body, the Indian Jute Mills



No knots here: Farmers got good prices amid rumours of a crop shortage in 2018-19. ■ RITU, RAJ, KONWAR

Association (IJMA), officials of Jute Balers Association, the raw jute traders body and State government officials.

Although the crop estimates given by the various agencies have differed, indications were that this year would be good for jute farmers, a senior IJMA member told *The Hindu*. At the meet-

ing, the Director of the Jute Development Directorate said that in 2019-20, the area coverage and production would be normal and a crop size of 112 lakh bales was estimated.

Crop ready

Sources said that sowing started in April. Crop is ready after about four months of cultivation.

The fibre is available after a long process called retting which involves the extraction of the fibre from the plant through washing and drying.

Farmers also got good prices, amid rumours of a crop shortage in 2018-19, it was learnt. Jute mills, too, have consumed more (69 lakh bales against 68 lakh bales estimated earlier for 2018-19 by JAB) with good order for foodgrain sacks, under the mandatory Jute Packaging Order.

INTERVIEW | SACHIN TRIVEDI

‘Over the long term, equity has given better returns’

One must follow good asset allocation strategy, not trade on a short-term basis, says UTI AMC's SVP

OOMMEN A. NINAN

With the streamlining of the GST system, businesses should start accelerating, especially the organised ones, says Sachin Trivedi, senior vice-president (SVP), head-research and fund manager, UTI AMC.

What will this financial year be like for the Indian equity markets? Which sectors, do you think, are the right places to be in right now?

■ Broad market earnings for the next two years are expected to grow at 20%-plus CAGR (compounded annual growth rate) on Bloomberg consensus.

Unlike the past few years when we start the year with similar expectation but end up with single-digit growth, this time earnings visibility is better as the chunk of growth contribution could come in from normalisation of profitability of banking space. However, valuations for the broad market are on the higher side (Nifty is trading at 18x (having a price to earnings, or P/E ratio of 18) plus one year forward on Bloomberg consensus), leaving little room for disappointment.

At present, private sector banks with adequate capitalisation are better placed. Cement is the other area we like, where volume growth has been healthy and the sector has also seen some pricing power with moderation on raw materials.

Going by fundamentals, do you think the Indian market is trading at fair value?

■ In the last couple of years, businesses have faced certain challenges due to certain policy decision like demonetisation and uniform tax system (Goods and Services Tax or GST). Now, with the streamlining of the GST system, businesses should start to accelerate, especially the organised ones. In which case, there is a possibility of earnings growth momentum improving in the coming years. Although valuations for the broad market are on the expensive side when compared to longer term averages, better growth visibility should lend support to these valuations.

Have you seen any change in the investment patterns of investors in mutual funds (MFs) in recent times?

■ On the equity side, one clear trend visible is contribution of systematic investment plans (SIP) to the overall industry flows. SIP flows on monthly basis has increased from around ₹3,000 crore in April 2016 to ₹8,000 crore-plus in March 2019.

At the current run rate, SIP inflows could contribute about ₹1 lakh crore to the equity AUM (assets under management) per annum. This money is a lot more stable and is allocated by inves-



There is hardly any correlation between strength of the government and stock market returns

tors as longer term savings. Even in times when lump sum flows are negative, these flows add to the stability of the market.

What are the major challenges and opportunities for the MF industry in India now?

■ The mutual fund industry has grown significantly since 2004, but its share in financial savings is still relatively small (low single digit of around 3%) compared to some of the developed markets like the U.S.

This low contribution is despite investor-friendly taxation and regulatory framework in the country. While real estate, gold and fixed income products are the preferred choice of investment for a majority of households, some of the equity schemes have delivered superior per-

formance to these alternate asset classes. Further, equity MF schemes offer better liquidity and are more tax efficient. In order to pull more savings into this asset class, the MF industry has to continue to focus on greater investor education.

What kind of equity funds would you advise for investors at this point in time?

■ Equity, as an asset class, is volatile in nature. The way to approach this market is to follow good asset allocation strategy and not trade on a short-term basis. Over the long term, equity has given better relative returns. My suggestion to investors is that they should firm up their asset allocation plan and rebalance the portfolio regularly.

Could you tell us about the performance of UTI Transportation & Logistics Fund and UTI Focussed Equity Fund?

■ UTI Transportation and Logistics Fund is a unique play on rising income levels and improving aspirations of Indians. Further, it also pro-

vides an opportunity to invest in the "Make in India" theme as a large vendor base, which is catering to the needs of India's auto OEMs, has also developed capabilities to serve the demand of global OEMs. The fund also invests in the logistics space wherein, after GST, business opportunities will be significant and are likely to endure over many years to come. UTI Transportation and Logistics Index, ending FY19, has given 4.03% and 8.76% returns in three and five years respectively whereas UTI Transportation and Logistics Fund has given 4.26% and 15.34% return in three and five years respectively.

What impact will elections have on stock markets?

■ The markets certainly watch out for political developments in the run up to the elections. Events such as general elections lead to a lot of noise and consequently, volatility is seen in the markets for a few months on pre and post-election outcome. However, for long-term investors wanting to generate wealth, it would be advisable to shut his or her eyes and ears and control the urge to act.

Past data suggests that apart from the initial knee jerk reaction, there is hardly any positive correlation between the strength of the government and the stock market returns over the tenure of that government.