

+ COMPANIES REBUFF QUOTA TALK | E-COMMERCE MARKET PLACE RULES PLEASE NOBODY

# BW BUSINESSWORLD

www.businessworld.in

ISSN 0970819-7

Rs 60

RNI NO. 39847/81 | 2 MAY 2016

**SNOOPGATE LOOMS LARGE**  
 Making Aadhaar mandatory has put citizens on a digital leash and their privacy under threat. Are new regulations institutionalising cyber snooping?

**CFO CHAMPIONS**  
 YES BANK-BW BEST CFO AWARDS





## Are CFOs The New CEOs?

**THE JOB OF THE CFO** has gotten increasingly sexier with the passage of time. The Chief Financial Officer (CFO) is no more the company 'scorekeeper' as was once the popular perception of the post. He is in fact the 'key strategist' responsible for the most important acquisitions or a string of cost-saving measures that turn around a struggling company. He, therefore, personifies the company's perspective and discipline. Very often, more than the CEO, he becomes the front face of the company.

Examples abound. Twitter's Anthony Noto — the highest paid CFO in CY14 with an annual compensation of \$78.2 million — was credited with driving the company's unique revenue model. Macy's Karen Hoguet became an icon for pulling up the retailer in the face of the massive e-commerce onslaught, and pushing key disinvestments to repay Macy's \$3 billion debt. In 2014, the *CFO Journal* had named her top in the class.

If you want a glimpse of the modern CFO, take a look at IBM's Mark Loughridge. After he took over in 2004, he stitched together an aggressive acquisition strategy for the company which helped seal nearly 100 deals and by 2011 took IBM past \$100 billion. He also helmed the company's exit from the PC business in 2005, seen as a major clean up. His mix of finance and strategy made him the epitome of the modern CFO earning him *WSJ's* crown for the best CFO in 2012.

So is the CFO the No. 2 guy at the staging post to become the CEO? Surveys indicate that the CFO has an independent and unique role. The Economist Intelligence Unit's survey of over 600 CFOs from all over the world, including India, showed that 73 per cent wanted to remain in that role, and become bigger and better CFOs.

Having said that, it isn't that CFOs don't aspire to become CEOs; and many of them do reach that final step on the corporate ladder. The most significant is the career graph of Indra Nooyi, who joined PepsiCo in 1994, was elevated as CFO in 2001 and made the final cut as CEO on the back of great acquisitions like *Tropicana* and *Quaker Oats* in 2006.

For *BW Businessworld*, this is the first time we are presenting the YES Bank-BW CFO Awards, featuring the best of India's financial strategists. It has been a rigorous process — the Yes Bank-IPSOS market research team first distilled the BW 500 list to come up with 139 companies in the race and then shortlisted it down to 35. The final 14 'Champion CFOs', decided by a distinguished jury, has some great names — P.B. Balaji of Hindustan Unilever, who won not only the Best MNC (Large) CFO award, but also recognition for his sustained value creation through CSR work. The other big hitters included Gopinath of TCS, the overall 'Champion' CFO; and Naresh Bhansali, CEO & CFO of Emami. Editorially, the work was anchored by senior editor Ashish Sinha and special correspondent Monica Behura.

On another front, with Aadhaar being made mandatory comes the danger of increased snooping by 'Big Brother' and the consequent erosion of citizens' privacy. Neville Roy Singham, founder and CEO of IT consultancy firm ThoughtWorks and one of US' Ed Snowden's supporters, told a Mumbai audience in 2013 that US security agencies had gleaned 97 billion bytes of information hacked from millions of Internet users and digital device owners, of which 20 per cent was sourced from India and Pakistan. As cyber access to people's lives and habits become more accessible to governments, what are the legal and personal implications? Abraham Mathew, former journalist and lawyer, examines the subject in detail.

A handwritten signature in black ink, appearing to read 'Gurbir Singh'.

**GURBIR SINGH**

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# MAKING THE CONSUMER KING

**H**

**E JOINED AS** a management trainee and has risen through the ranks to his current position of CEO, finance, strategy and business development. Under Naresh H. Bhansali, Kolkata-based FMCG major Emami has really come into its own.

Bhansali has played a major role in restructuring the organisation over the years. He has also closely monitored mergers and acquisitions and business development along with finance for the last 23 years.

Over the last few years, Emami has completed as many as 13 acquisitions, including Zandu Pharmaceutical Works. But the biggest feather in its cap remains the takeover of Kesh King, a shampoo and hair oil brand. Emami acquired the brand in

June 2015 for Rs 1,651 crore from SBS Biotech, offering a valuation equal to 5.5 times its sales.

Emami has plans to reduce the debt it raised to fund the Kesh King acquisition by the end of this fiscal year. It wants to cut it down to Rs 600 crore by this fiscal end and to be completely debt-free in the next two years.

However, Bhansali says Emami will have to write off Rs 62 crore every quarter towards amortisation costs of the Kesh King intangibles for the next six to seven years, as it did in the December quarter.

But despite all this, the company is hopeful of achieving 15-16 per cent revenue growth in the next few years.

## A String Of Acquisitions

Under Bhansali, the company has truly donned the colours of a multinational as it set about making local and global acquisitions.

In June 2014, Emami acquired brand She Comfort with an investment of Rs 25 crore. In January 2015, Emami got 66.67 per cent controlling



**OVERALL CHAMPION  
(JURY CHOICE)**

**NARESH H.  
BHANSALI**  
CFO & CEO-FINANCE,  
STRATEGY, BUSINESS  
DEVELOPMENT, EMAMI

QUALIFICATION

**CA**

WORK EXPERIENCE

**23 yrs-plus**

AT CURRENT POSITION

**6 yrs-plus**

HOBBIES

**Reading**





In 2010,  
he split the equity  
shares of face value  
Rs 2 each to Re 1 each  
so a wider investor base  
could find the  
shares of Emami  
affordable

stake in Australian organic personal care products maker Fravin through a Dubai subsidiary, for Rs 13.70 crore. The acquisition marks Emami's entry into the organic personal care products segment, which is growing at a rapid pace across the world and is expected to double in six years.

The fact that Emami has adequate borrowing room to drive organic and acquisition initiatives has also helped.

Industry analysts believe that Bhansali has not only focused on cost rationalisation but has also endeavoured to bring about tax efficiency in the company. Besides being operationally efficient, units and businesses have always been able to operate enjoying the highest fiscal benefits.

"In the last decade, the company has paid tax under Minimum Alternate Tax only with huge carry forward balance due to meticulous planning, and appropriate fiscal and tax policies," says Vivek Veda, an independent FMCG analyst.

### Fast Growth

Emami has maintained a five-year CAGR of 17 per cent in its revenue, emerging as one of the fastest growing Indian FMCG companies. This is because of the differentiated business model and the idea of going public that was initiated by Bhansali. It has also enhanced shareholders' wealth over the decades. An Emami share that was offered at Rs 70 in the public issue in March 2005 had appreciated over 43 times at the close of 2014-15.

Looking back, in 2010, Bhansali decided to split the equity shares of face value Rs 2 each to face value Re 1 each so that a wider investor base could find the shares of Emami affordable. The decision resulted in significant growth of market capitalisation, which went from Rs 4,700 crore to Rs 23,000 crore by the end of 2015.

Besides heading the FMCG business, Bhansali spearheads the strategies, funds raising and financial structuring of the group companies. The plan for the next five years has been mapped out: acquiring more companies and brands, large and small, in India or abroad.

— Monica Behura

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**YES BANK - BW BUSINESSWORLD BEST CFO AWARDS 2015-16\***

	WINNER	FIRST RUNNER-UP	2ND RUNNER-UP
<b>SUSTAINED WEALTH CREATION</b>			
Large	Rajesh Gopinathan - TCS	Ramesh Swaminathan - Lupin	Jayesh Merchant - Asian Paints
Mid	Pius Thomas - Page	Naresh Bhansali - Emami	Arvind Agarwal - Ajanta Pharma
<b>HEALTHY BALANCE SHEET MGMT</b>			
Large	Saumen Chakraborty - DRL	Nitin Parekh - Cadila	Srijit Dasgupta - Berger Paints
Mid	Gopi Kishan Thirukonda - Atul	R.S. Srivatsan - Kirloskar Ferrous	R Kumar - Gateway Distriparks
<b>CONSISTENT LIQUIDITY MGMT</b>			
Large	Anil George - Voltas	Vivek Karve - Marico	Lalit Malik - Dabur
Mid	Naresh Bhansali - Emami	Mahesh Vishwanathan - Finolex	R. Kumar - Gateway Distriparks
<b>BEST TRANSFORMATION AGENT</b>			
Large	Rajesh Gupta - Havell's	Subbu Subramaniam - Titan	Jayesh Merchant - Asian Paints
Mid	Arvind Agarwal - Ajanta	Pius Thomas - Page Industries	Tajesh Kanani - Hexaware
<b>BEST PSU</b>			
Large	P. Balasubramaniam - BPCL	Chandan Dey - Coal India	AK Srinivasan - ONGC
Mid	Supratik Basu - Tide Water Oil	Rajesh Agrawal - Indraprastha	AS Bindra - SJVN
<b>BEST MNC</b>			
Large	P.B. Balaji - HUL	Ajay Seth - Maruti	Shobhinder Duggal - Nestle
Mid	Rajeev Sonalker - Abbott	Sameer Agarwal - 3M	Satish Patel - Fag
<b>BEST WOMAN CFO</b>			
	Rashmi Joshi - Castrol	P. Alli Rani - CCIL	Rupshikha Borah - Oil India
<b>BEST INORGANIC GROWTH STRATEGY</b>			
	Ashok Modi - Torrent Pharma	Vinay Gupta - Jindal Saw	Rajesh Laddha - Piramal Enterprises
<b>BEST CREATOR OF SHARED VALUE</b>			
	P.B. Balaji - HUL	Rajesh Gopinathan - TCS	Ramesh Swaminathan - Lupin

**OVERALL CHAMPION - CFO**  
**RAJESH GOPINATHAN,**  
**CFO, TCS**



**OVERALL CHAMPION - CFO**  
**JURY AWARD**  
**NARESH BHANSALI, Emami**

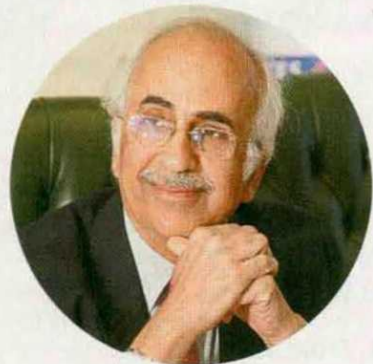
\*WINNERS HAVE BEEN SELECTED BY JURY MEMBERS BASED ON SCORES AND DELIBERATIONS AT THE JURY MEET



# BEST OF THE BEST

Best known for managing finances, CFOs are truly the backbone of companies. It's time to celebrate them

By Ashish Sinha & Monica Behura



**A CFO has to look at long-term sustained progress, value addition and wealth creation and that's what the jury has tried to focus on**

Ashok Chawla,  
Chairman, Teri



**Y**ES, IT IS THAT TIME OF THE YEAR when YES BANK, India's fifth largest private sector bank, and *BW Businessworld* join hands to recognise and acknowledge the exemplary achievements and the professional contributions made by the chief financial officer's (CFOs) of India Inc. The YES BANK *BW Businessworld* Best CFO Awards 2015-16 will recognise country's top financial officers, hand-picked by a distinguished panel of jury after thorough scrutiny and a strict selection process. Expanding on the role of the jury panel in finalising the winners, Ashok Chawla,



**THE JURY:** (From left to right): Haigreve Khaitan, Senior Partner, Khaitan & Co, Deepak Kapoor, Chairman, PwC India, Amit Shah, President & Country Head, Corporate Marketing, Brand & Communications, Yes Bank, Ashok Chawla, Chairman, TERI, Rajiv K. Luthra, founder, Luthra & Luthra, Anurag Batra, Chairman, *BW Businessworld*, Naresh Takkar, MD, ICRA, and Madhurima Bhatia, Head of Media Engagement & Business Development, Ipsos.



**With the changing global economy the role of a CFO has changed over the years. CFOs now have to evolve into what the need is**  
Deepak Kapoor, Chairman,  
PwC India

chairman of The Energy & Resources Institute (Teri), and the chairman of the jury panel, says: "The role of a CFO keeps changing with changing environment and conditions. That essentially means that a CFO has to look at long-term sustained progress, value addition and wealth creation and that's what the jury has tried to focus on."

The jury members deliberated for over three hours and evaluated 30 finalist CFOs, from which 14 winners across 16 categories were handpicked including the two *Overall Champion CFOs*.

Commenting on the difficult choices the jury had to make while picking winners for each of the categories, Rajiv Luthra, founder and managing partner of law firm Luthra & Luthra says: "There was enough compe-

petition amongst the jury members and it is a very fair process; we deliberated and went into a detailed discussions. The jury had some highly enlightened specialists in this area." This was duly seconded by another esteemed panel member — Haigreve Khaitan, senior partner, Khaitan & Co. He says: "In these challenging times where the world economy and Indian companies are in a challenging position, a CFO is truly put to test." Khaitan says it is the ability of a CFO to manage business environment, finances and company strategy altogether. Deepak Kapoor, chairman of PwC India says that with the changing global economy the role of a CFO has changed over the years. "CFOs now have to evolve into what the need is."

Naresh Takkar, CEO of ICRA and another esteemed



jury panel member termed the jury meet and the entire process as “objective”. “We not only focused on the quantitative criteria but also supplemented it with the survey process which made the process very comprehensive,” says Takkar.

**Redefining CFOs**

The key responsibility of a CFO is not limited to finance, accounting and the company’s investment activities. Today, CFOs are the nerve centre of any business operation. They are expected to perform in the core execution of corporate strategy — both organic and inorganic. The CFOs, over the years have increasingly become the chief flag bearer of corporate transparency, governance and corporate social responsibility (CSR) of the company they represent.

The YES BANK *BW Businessworld* Best CFO Awards for 2015-16 will recognise and reward 14 winners in a glittering ceremony that takes place in the capital.

Some of the key categories include Leading CFO-PSU, Leading CFO-MNC, Best Woman Leader CFO, Best CFO for ‘Creating Shared Value’, Best CFO for



**We not only focused on the quantitative criteria but also supplemented it with the survey process which made the process very comprehensive**

**Naresh Takkar  
CEO,  
ICRA**

‘Orchestrating the Best Inorganic Growth Strategy’ and Overall Champion CFO among others.

**The Process**

The consideration set comprised top 500 companies from *BW 1000* list (2015 edition; total income + total assets ranked) and top 500 companies by market cap in the financial year 2015 (FY15). The financial performance in FY15 formed the basis of segregating companies. The list, however, did not include companies from the banking, financial services and insurance sector and those where CFOs belong to the promoter’s family.

The first phase (phase-1) of quantitative analysis involved shortlisting companies on the basis of consolidated financials for FY12-FY15. The list was segregated into large companies (net sales over Rs 3,000 crore) and mid-size companies (net sales under Rs 3,000 crore); public sector undertakings (large/ medium threshold modified to Rs 10,000 crore) and multinational companies (controlling stake held by a foreign company and not headquartered in India).

The analysis was performed on the basis of data (capi-





tal markets) provided by Capitaline Databases. The analysis of the company financials was done along three parameters: sustained value generation, leverage management and liquidity management. In order to factor in the sectoral nuances and differences and characteristics, a peer set comparison was made and the top performers from each sector were shortlisted for the next phase of evaluation. For mergers and acquisitions (M&A), companies from the base set that completed M&A's in FY15, were considered. For the *Woman CFO* category, it was noticed that women leaders at the CFO level in large Indian companies were far and few between. Hence, a separate category to award women finance leaders who made it to the top was constituted. For the category, the consideration set was extended to the *BW1000* companies.

Since MNCs and government entities (PSUs) have a different governance and operating environment compared to their private sector Indian counterparts, a separate category was created. While the financial analysis was performed with the audited financials of FY15, due weightage was accorded to FY14 and FY13 numbers to ensure that consistency in financial performance was rewarded.

The second phase (phase-2) shortlisting was undertaken on the basis of inputs from primary survey conducted by Ipsos, a global market research company. Ipsos administered the primary survey to over 100 qualified chartered accountants, brokers and fund managers. External survey was administered to large-sized corporates, mid-sized corporates, PSUs (large/medium), MNCs (large/medium), M&A Category and Woman CFOs.

Plus, a CSR survey was administered by sustainability sector industry experts. The survey was administered "in person" over the month of January and February 2016 with an intent to capture the recency in perception of the company and its management



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challenging times  
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truly put to test**

**Haigreve Khaitan,  
Senior partner, Khaitan & Co**

amongst the market participants.

CFOs serving more than three years with a company and more than a year as CFO (as on April 2015) were considered for evaluation. However, for *Woman CFO* and *Triple Bottom-line* categories, the time period of having served on the position was kept at one year.

### **Jury Deliberations**

The findings of the two phases were shared with the esteemed jury, comprising Teri's Chawla, PwC India's Kapoor, ICRA's Takkar, Khaitan & Co's Khaitan, Luthra & Luthra's Luthra and S. B. Mainak, managing director of LIC of India. Since Mainak couldn't personally join, he shared his detailed feedback and scoring over email. The jury met on 22 February in New Delhi and deliberated for long

hours. After a gruelling session, the chairman of the jury disclosed the names of the winners to the organising team. *BW Businessworld* and YES BANK abstained from voting, but participated in the jury meet as non-voting members.

The jury commended the highly systematic and thorough process of evaluation undertaken in phase-1 and phase-2 surveys. It observed how in certain companies and categories the objective assessment and market feedback derived from the two phases were convergent in some cases, while in others the market feedback was quite contrasting to the pure financial performance. Jury also felt that in recognising the contribution of the CFO and his team, the overall role of the company, its promoters, brands, etc., could not be fully delineated as a CFO's performance, in several ways, is dependent on the same. It was interesting to note that the jury laid very high importance on the CFOs' (and therefore the company's) focus on CSR and sustainability, beyond just the financial performance of the company. **BW**

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