

CHANDRA TAKES CHARGE  
OF TATA EMPIRE

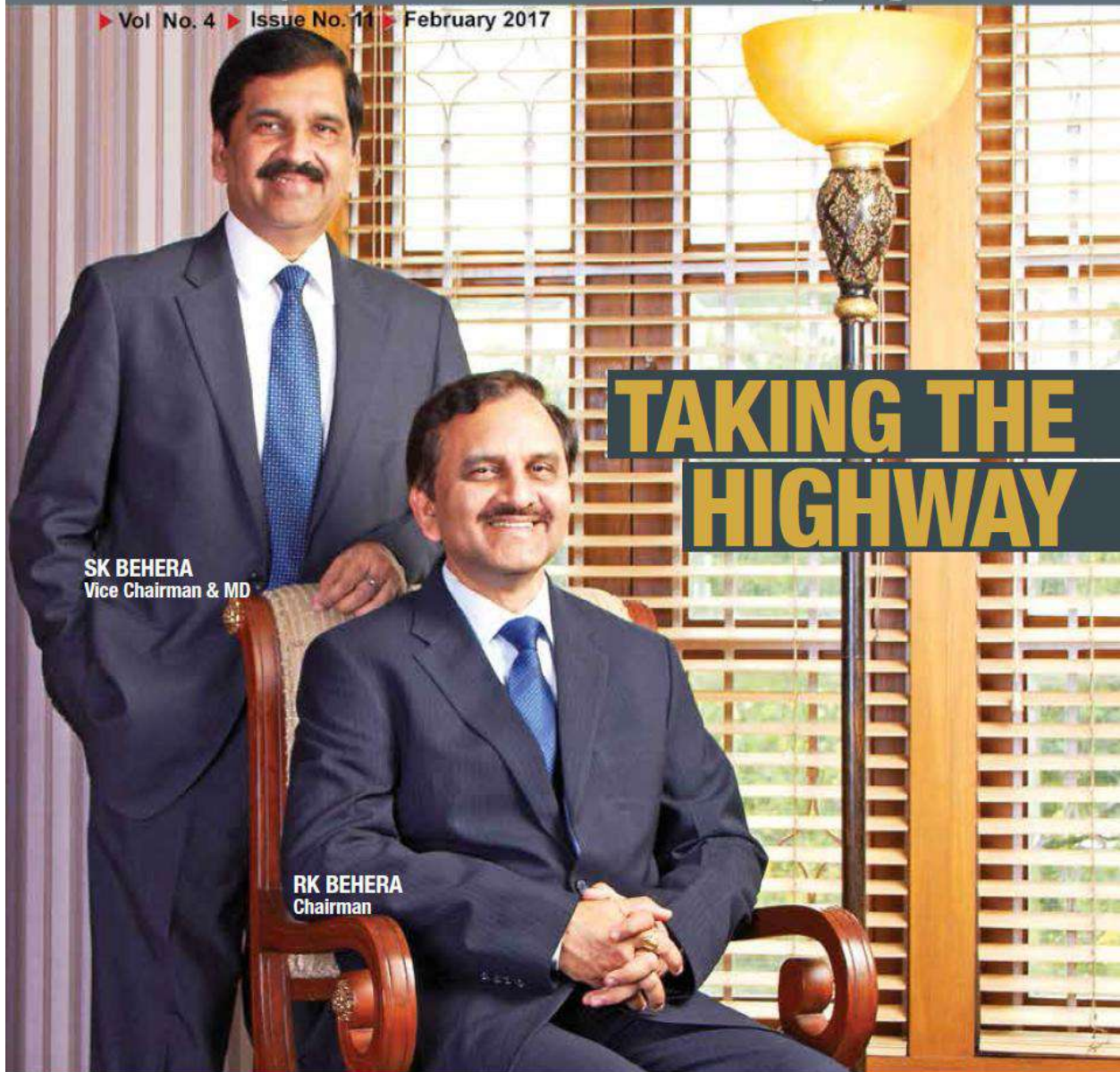
GST WILL BE INDIA'S  
TAX REFORM

BUDGET AIMS TO  
SPUR GROWTH

# Corporate Tycoons

The Complete Business Leader Networking Magazine

► Vol No. 4 ► Issue No. 11 ► February 2017



**SK BEHERA**  
Vice Chairman & MD

**RK BEHERA**  
Chairman

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We were expecting more incentives for small merchants on MDR charges either directly or indirectly so that digital payment acceptance network can further increase especially in rural and smaller cities.



# The Cutting Edge



Consulting Editor  
Sekhar Seshan, who  
meets this dynamic  
man R. K. Behera,  
Chairman RSB Group,  
who has managed  
to carve out a niche  
for himself in the  
business world

The story of R. K. Behera who co-founded RSB Group and serves as its Chairman is indeed an inspiring saga of tenacity, grit and perseverance. He is the only one of seven brothers who thought of starting his own business, with hardly any capital. Many were sceptical and advised him to take up a job rather than venture into entrepreneurship. Seeing the burning desire in him, his father borrowed Rs 15,000 from his friends to give him his starting capital. His elder brother Narendra Kumar, who was working for the Life Insurance Corporation of India (LIC), also supported him in those early days 40 years ago. Since then there has been no looking back.

Consulting Editor Sekhar Seshan meets this dynamic man who with no experience of business has managed to carve out a niche for himself in the business world. Headquartered at Pune and established in 2000, RSB Industries Ltd is the parent company of the RSB Group. Besides its core business of manufacturing all types of axles for trucks and buses, it also makes aggregates for construction equipment as well as a range of machined castings.

Executive Editor T N Ashok analyses the 2017-18 budget presented by the Modi government and describes how it was different from others. He also explains how Modi's budget has two challenges. First, to promote growth in a cash-strapped economy since the demonetisation of high-value notes undertaken in November last year and second, to meet the challenge of the upcoming Assembly elections in five key states where BJP has a high stake. The government has to placate a large number of voters who had been hard hit by demonetisation and the consequent cash crunch which left them standing in long queues and unable to spend on their daily needs.

Another story by Joyeeta Dey describes how tax evasion is suspected in Rs 3-4 lakh crore deposit post note ban. The story gives a vivid account of how the Income Tax department has unearthed a black money racket of over Rs 1,550 crore and a maze of shell firms and entities, perpetrated by entry operators and hawala dealers in the wake of demonetisation.

Shameera Somani, travel journalist, visits the magnificent rock-cut caves of Ajanta and Ellora in Aurangabad district of Maharashtra and gives a vivid account of its eternal beauty. She also visits the magnificent meteorite impact crater of Lonar in Buldhana district of Maharashtra and describes her experience in her travelogue.

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# Taking The Highway

There are speed-breakers on the way to increased growth but the RSB group has got over most of them though there are still ups and downs.

-By Sekhar Seshan

The economy, R.K. Behera points out, has not been good since 2011-12 when the business cycle hit a trough. "It has now stabilised a little. This year started with a bang as vehicle production jumped, and we sold 40-50 per cent of our annual numbers in the first two months alone. But after that there was a slump again, till October, then one more jump; and now it is down again!" says the chairman of the RSB Group which makes a range of axles for commercial vehicles (CVs), as well as machined castings. "However, construction equipment is doing really well this year – so much so that we are not able to meet the requirement."

The latest downtrend, of course, is ascribed to the same action of the Narendra Modi government: demonetisation. The Rs280,000-crore Tata Motors Ltd (TML), the biggest manufacturer of trucks in the country, has been badly affected with a fall of 40 per cent in offtake, while the others – Ashok Leyland, Daimler Benz and Volvo – have all been badly affected too. Data from the Automotive Component Manufacturers' Association (ACMA) also shows that passenger car sales are up – but, as Behera points out, "we are more into CVs and construction equipment".

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RK Behera has a hands-on approach to manufacturing

At its first manufacturing facility in Jamshedpur, set up 40 years ago to be conveniently sited close to its biggest customer TML, it has also set up a unit for everything from design to delivery of propeller shafts. "We already make axles for trailers, tag and dead axles, and what is called an 'axle B' for TML," Behera says. "We have also started manufacturing the fifth-wheel coupling, which is our own design." The company also makes machined castings at the plant, as well as construction equipment aggregates for majors like Hitachi and Caterpillar. Over the years, it has set up factories in Pune, Chennai, Dharwar, Lucknow and Pantnagar, besides a forging unit in Cuttack, to which it has added a foundry last year. The forging unit, he explains, was set up six years ago as part of the backward integration for propellers.

Abroad, the group has units in Mexico and the US. It also took over a sick unit in Brazil in 2013 to make passenger car steering assemblies. "We turned the company around, but the Brazil economy suddenly took a downturn," Behera says. "We are waiting for the right time to get it back on its feet."

The RSB story's roots go back more than eight decades ago, when the group's present chairman Rabintra Kumar Behera's grandfather, who was a farmer in Orissa (now Odisha) moved across the state border into Bihar and took up a





Left to Right (standing): **Rajnikant Behera, Nishant Behera, Nirmala Udgata, Nishit Behera, Rituraj Behera & Rabindra Kumar Behera** Left to Right(sitting): **SK Behera & RK Behera**

job with the Tatas in what was then a fledgling township, Jamshedpur (also known as Tatanagar, especially in the Indian Railways' network). "My father Bhramarbar Behera, who was 11 years old then, went to school in Jamshedpur. My brothers and I, and all our children, have studied in the same school," he says. "My father finished his studies and joined Tata Steel – not in a very high position."

The only one of the seven brothers who thought of starting

his own business, R.K. Behera had the support of his father, who borrowed Rs15,000 from his friends to give him his starting capital. Those friends gave the money grudgingly - why couldn't the boy join Bokaro Steel Plant where he was getting a job? But the 'boy' was determined – and his elder brother Narendra Kumar, who was working for the Life Insurance Corporation of India (LIC), also supported him in those early days 40 years ago.

Things weren't easy. "I struggled for the first six years, and



couldn't pay a single paisa to my family," recalls the RSB founder chairman. His brother, who is also a lyricist for bhajans and devotional music and the author of a number of books in the Oriya language, was unstinting in his help. "And I myself had very strong will-power, tolerance and perseverance," he smiles. His entrepreneurial journey is a shining example of what these qualities in anyone can help him or her achieve in the face of adversity.

With no experience of business, Behera saw his first venture International Auto Products - which he established in 1975 at Jamshedpur with 15 people and 500 sqft. of work space - becoming a sick company in four years. He couldn't pay back the money he had borrowed from Bihar State Finance Corporation (BSFC), his bank and the Small Industries Service Institute. Friends continued to advise him to give up. But he did not quit. The bank later gave him a good loan package, and he found a mentor in A.K. Chowdhury, managing director of an Asset Management Company, who fought for Behera and got him an additional loan of Rs1 lakh with no security. Once this came through, BSFC also gave a good package, and he was back in business. Eventually, his company became the first in the industrial area to repay BSFC fully.

Behera stuck to his knitting, and was joined by his younger brother Suvendra Kumar (S.K. Behera, vice chairman and managing director, RSB) who stayed on in Jamshedpur while big brother moved to Pune and set up a manufacturing facility - again to stay close to Tata Motors. RSB had managed to get a breakthrough with TML in 1980 thanks to the founder's quality and customer-centric approach. And there was no looking back after that: growth hit 80-100 per cent a year till 1995. But Behera is nothing if not straightforward in what he says: "We started from a small base, so the percentage is not as great as it sounds," he admits. The best thing about this was that he was soon earning enough to support his family.

Heading what is today a Rs1,200-crore business with operations all over India and a number of countries abroad, Behera says he could not have achieved what he has without the support of his customers and banks. Obviously, however, his own personal commitment in the face of all odds counted for much.



The Chairman inspects the products...

When he decided to start manufacturing propeller shaft components, for instance, he couldn't afford a consultant's fees; so he prepared the project report on his own. "That helped me to learn finance!" he says. And when IDBI once turned down his loan application on the ground that he was not eligible because he already had one unit, he again didn't go to a lawyer or consultant, but studied the eligibility criteria in detail - and found that he was. Burning with fever and 'very disturbed', he faced a major grilling session by 21 interviewers, but emerged triumphant - though he got a loan of only Rs12 lakh against the Rs 15 lakh for which he had applied.



...proving his personal commitment to quality





SK Behera launching a range of fully-assembled manual and power steering gears

Even after the Tata Motors relationship began, there were various obstacles. "The challenge was to take their equipment, dismantle and re-install it in our plant, and start production of the prop shafts within 45 days. We took it up, and did it in 25 days!" Behera says. But every time he made a major new investment, a recession seemed to be just waiting around the corner to hit him immediately. "We kept investing in adverse situations, but came out of them every time," he says.

**"I struggled for the first six years, and couldn't pay a single paisa to my family," recalls the RSB founder chairman. His brother, who is also a lyricist for bhajans and devotional music and the author of a number of books in the Oriya language, was unstinting in his help. "And I myself had very strong will-power, tolerance and perseverance"**

Having faced challenges all through his career, he says only an entrepreneur can face such risks. "You have to believe in yourself and have strong will-power and self-confidence. After that, you have to surrender yourself totally to God's will," he adds. "That will let you satisfy all your stake-holders, not just the share-holders."

In 2016, Behera received the 'Super Entrepreneur' award for the previous year from Union minister of state for Micro, Small and Medium Enterprises Kalraj Mishra in Pune. The citation describes him as having "added great value to the industry in particular, and the economy as well as society in general, with his vision and leadership". His 'extraordinary journey of entrepreneurship', which he began in a humble way in 1975 with a meagre capital of Rs15,000 that his father gave him, has taken RSB to the position of a multi-product, multi-location global engineering company.

All humility, the man himself gives full credit to his younger brother, who he says has been "co-piloting this entrepreneurial journey". He adds: "I thank my parents who have been a major source of inspiration, as well as our customers, bankers and investors for reposing faith in me," he says. "My 4,000 fellow RSBIans are also greatly responsible for my success."



A couple of years earlier, RSB also won the prestigious Deming Prize for quality – another achievement he ascribes to his employees' hard work. For all the high-tech facilities he has set up and the precision engineering that goes into his products, Behera remains essentially old-fashioned when it comes to his people. "Many of them have been with us for 25 to 30 years," he points out. "We don't subscribe to a hire-fire culture."

His family members who have joined the business apparently see eye to eye with him in this philosophy. Says his niece Nirmala Behera Udgata, who is head – group HR: "Every human relations activity we undertake is directed to see 'enduring smiles on the faces of every employee and his or her family members. We are all happy members of one family. Nirmala, who is the eldest of the next generation in the joint family, won the HR Excellence award for 2013 from the Chicago-based Manufacturing Today magazine, which recognises Indian industry professionals in fields like operations, HR, technology and innovation with such awards every year.

The Group believes, according to its mission statement for corporate social responsibility (CSR), that "true happiness comes when the good fortune is shared with those who are not as fortunate as we are". CSR is, therefore, an essential fabric of business life – trying to think not just with the head, but from the heart too. "We believe the business of business is not about making money, but creating social values and doing public good – an obligation beyond the requirement of law to pursue long-term business goals that are good and bring about positive impact to the society," it says.

**"The challenge was to take their equipment, dismantle and re-install it in our plant, and start production of the prop shafts within 45 days. We took it up, and did it in 25 days!" Behera says. But every time he made a major new investment, a recession seemed to be just waiting around the corner to hit him immediately. "We kept investing in adverse situations, but came out of the situation every time."**

Besides conducting business in an ethical way, RSB also makes various efforts to bring about a positive difference in the lives of those around it by pursuing the triple imperatives of protecting the environment, socio-economic upliftment and sustainable developmental models for growth.

It not only carries out CSR activities, but also monitors and reviews them from time to time to assess their effectiveness and impact. There are green initiatives, like tree plantation, in RSB's various plant locations, adopting technology and best practices to conserve the environment and the ecology, including ensuring that all RSB premises being constructed or renovated are made more environment-friendly with site sustainability, minimum disturbance to local conditions and minimum refilling of earth. Local, recycled, reused waste and environment friendly material







are used as much as possible. Newer buildings will use the environment-friendly air-conditioning gas R407 C, while conventional bulbs, tube lights and halogen lights have been replaced by CFL in all the plants and natural light is harvested by using transparent sheets for roofing.

Her brother Rituraj Behera, project director of group company Medha Edutainment, believes that the world misunderstands Maya as illusion, but it is actually a three-fold reality that has enveloped the whole of mankind. "This needs to be learnt as a life science and wisdom from India," he says. "Our game Maya is an attempt to help people understand this reality." The game is a challenging one while at the same time carrying some unique plays to change trends through values, he says. "It is a blend of spirituality and technology aimed at projecting India's rich culture and values. Its theme focuses on players of all age groups imbibing values and soft skills," he adds.

Medha Edutainment believes that the entertainment industry should encourage positive values and align them to future product development for gen-next. It concentrates on aspects like attitudinal evolution out of the core Indian value system, integrating global cultural diversity, and knowledge-in-action forming the internal core substance of its products. The company is targeting segments in online marketing like FaceBook, Twitter and LinkedIn, as well as offline selling through various media.

Today, besides the original International Auto – which now makes construction equipment aggregates – and the group major RSB Transmissions – manufacturing propeller shafts, transmission systems, gears and shafts, LCV axles and engine components, there are also two more companies: I-Design, for product design and simulations, as well as prototype development and testing, and I-Vitesse, which looks after IT solutions and ERP implementation.

Back in the parent company, S.K. Behera – who looks after all the operations and customer contact for the group – has of late signed a technical assistance agreement with Jidosha Buhin Kogyo (JBK) of Japan to enable RSB Transmissions to improve its propeller shafts market share all over India as well as overseas. "This venture will give us the use of the latest state-of-the-art technology from our Japanese partner, to manufacture and sell the latest in a range of commercial and utility vehicles," he says. "It will give us a technological edge to make inroads into hitherto untapped markets." Adds JBK president Masatoshi Ito: "We are delighted to work with RSB, a leading autocomp manufacturer

**"It is a blend of spirituality and technology aimed at projecting India's rich culture and values. Its theme focuses on players of all age groups imbibing values and soft skills" – Rituraj Behera**

which is already well known for propeller shafts, with a global presence. This tie-up will mutually boost our share globally." Like its Indian partner, JBK too makes auto components and engines for industrial as well as construction machinery. Its propeller shafts for heavy, medium and light duty truck trailers, SUVs and pick-up trucks, and construction machinery have a global market niche for their quality and ruggedness.

The RSB vice-chairman also launched a range of fully-assembled manual and power steering gears and other auto components like steering rack-and-pinion sets, tie rods, hydraulic and aluminium pumps, manufactured by the group's joint venture with the DHB Automotivos of Brazil. DHB is the largest manufacturer of passenger car steering systems in Latin America. "In addition to giving us a gateway to the region, the JV will also cater to our existing OEMs like GM, Renault, Volkswagen, Ford, Fiat and PSA Peugeot Citroen besides the after-sales market," he says.

The group has also launched fifth-wheel couplings under the brand name RSB-Fontaine, for both the domestic market and export to Fontaine, UK under another JV. Fontaine president Royston Cooper looks at the JV boosting his company's presence in North America and Europe, where RSB has a good presence.

Boasting the highest market share in both heavy and medium commercial vehicle markets, RSB has an impressive customer list that includes global majors like Tata Motors, Ashok Leyland, Mahindra & Mahindra, John Deere, Fiat, Ford, American Axle, Eaton, Daimler, Renault Nissan, Caterpillar and JCB. "We are now concentrating on consolidating our market position and facilities, and cutting out unnecessary expansion," says R.K. Behera. "We are focussing on our existing products, and not setting up any greenfield projects."

RSB, however, continues to be focussed on its vision statement, which is "To be amongst the most admired organisations with a significant global presence". ★