

# THE ECONOMIC TIMES

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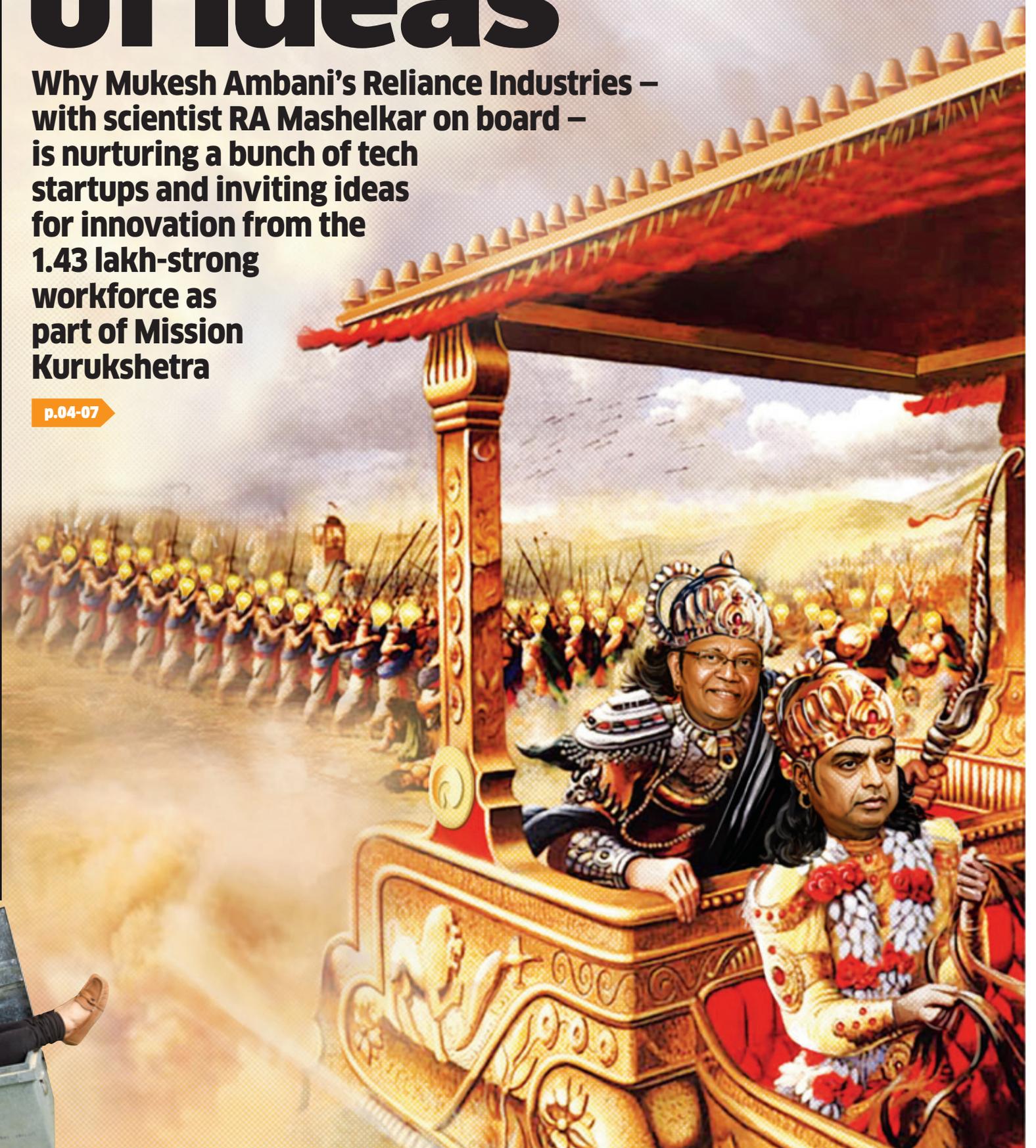
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# Battleground of Ideas

**Why Mukesh Ambani's Reliance Industries – with scientist RA Mashelkar on board – is nurturing a bunch of tech startups and inviting ideas for innovation from the 1.43 lakh-strong workforce as part of Mission Kurukshetra**

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# GenNext Rising

Why Reliance, which has been perpetually obsessed with size, scale and gargantuan asset creation, is playing mentor and investor to a bunch of fledgling tech ventures

**:: Satish John**

**A**t the recent annual general meeting of shareholders of Reliance Industries Ltd (RIL), at the very fag end of his speech enumerating the big strides made by his bread-and-butter businesses – refinery and petrochemicals – and holding forth a little longer on RelianceJio, Mukesh Ambani revealed his next dream project.

“It (RIL) will be known in the coming decade as an enterprise with lakhs of partners, supporting the small and young entrepreneurs and an enabler of a large ecosystem of entrepreneurs in India,” he told shareholders at the fortieth AGM. He did not elaborate much.

As you read this, an ecosystem for entrepreneurs is taking shape on the outskirts of Mumbai, and the coming months might see it gain scale. In the 100-acre Reliance Corporate Park, the nerve centre of the ₹3,39,000 crore enterprise, a nondescript, two-storey structure called the MAB, or the main administrative building, is home to a batch of 20 entrepreneurs testing products and honing business plans. The accelerator for the startups is under the auspices of GenNext Hub.

Much of what RIL is betting on are businesses that have linkages with the telecom venture, but there are a few that may well open new frontiers. In less than four years, the 51 startups that have gone through GenNext have raised about ₹285 crore; about ₹100 crore was raised at the time of entering GenNext, which is a benchmark for investors.

In recent times, RIL has picked up stakes in six startups. In the public domain are investments it made in Netradyne, Videonetics and EdCast, startups in segments as diverse as artificial intelligence and video analytics. The GenNext project, though, goes way beyond just investing.

To be sure, RIL is not the only Indian company to nurture startups. Mahindra & Mahindra, Marico, the Tata Group are also mentoring young ventures. Banks such as ICICI Bank, Kotak Bank, Yes Bank and even a few NBFCs such as Edelweiss are mentoring fintech startups. What makes RIL stand apart is the sheer breadth of entrepreneurship it is backing.

In a recent interaction, a chairman of a leading conglomerate told this writer why corporates are backing startups. He explained that this is the fourth phase of

entrepreneurship; it started with Edison inventing the bulb in his garage in the late 1800s. From those days, entrepreneurship and innovation have picked up speed. Companies born in garages like Hewlett-Packard spawned innovation back in the 1930s. Entrepreneurs were soon courted by venture capital firms, giving birth to companies like Google, Amazon and Facebook. The startup culture has now entered the fourth phase, where big corporates are facilitating their domain knowledge to nurture startups. Abroad, this trend is called the Corporate Garage.

## Startup ‘Graduates’ at GenNext Hub

Total funds raised by all 51 graduates so far: **₹285 crore**



Total funds raised by these 51 after the programme (with direct or mentoring-based intervention): **about ₹200 crore**, while ₹100 crore was raised before they got into the programme

Total Startups in Proof of Concept Execution with RIL: **10**

Startups that Reached Series B: **4**

Startups that Reached Series A: **19**

The rest is either bootstrapped, in seed stage, acquired or in stealth mode

The NextGen Hub that houses an accelerator and a ‘scalerator’ has **20 firms in the current batch**. Their funding and proof of concept status are not included here





PHOTOS: BHARAT CHANDA

### Lightbulb Moments

At RIL, Amey Mashelkar, 38, is leading the initiative to identify the best of the startups via GenNext Hub. His father, the renowned academic Raghunath A Mashelkar, is spearheading innovation among employees (see *Battle-ground of Ideas*). The presence of the next-gen Mashelkar sits well with the Ambani scions, Akash and Isha, on the board of Reliance Jio. Akash, who is chief of strategy at Reliance Jio, will get actively involved in the coming months, as the Reliance GenNext Hub brings in ventures that have synergies with the Reliance Jio platform.

This is GenNext's third year, in which it has received almost 1,000 applications from entrepreneurs keen to board the accelerator. The proposals have come even from non-metros like Kochi and Jaipur, other than the big cities.

This year's statement of purpose by the chairman of India's largest private-sector firm by revenues on partnering entrepreneurs follows up on his September 2016 address. Ambani had then declared that RIL will have a ₹5,000 crore corpus to invest in startups. The plan to play mentor and accelerator may also include setting up camps at Palo Alto, the world's startup capital, and in Tel Aviv in Israel, a hotbed for innovation.

One of the mentors for GenNext's chosen startups is serial entrepreneur Ravi Gururaj, his latest venture being QikPod, an e-commerce locker startup. "RIL is pushing on many fronts, Jio being the biggest new addition, and I think they need to be very nimble too. After all, despite being big, they do have competitors."

What Gururaj is saying is that RIL will need to find innovative solutions to offer customers; mentoring startups is their way to experiment by building an ecosystem of tech ventures.

For entrepreneurs, feeding off the Jio ecosystem makes immense sense. With 100 million customers, RIL's telecom megaproject makes for an ideal testing ground and marketplace. "They (RIL) are pushing the barriers on the size of the device, reach, footprint, bandwidth. All of these can be catalysts for startup growth," says Gururaj. "RIL is a large industrial group and any opportunity to engage with them through an organised programme is a great opportunity. Otherwise, you can get lost in the mail."

Mashelkar, while low-profile, becomes fervent when he rattles off the number of startups that have gone through the MAB. "This is the place to be in," he says. "If any of the startups grows into a unicorn, it will give us much

satisfaction, and be a feather in our cap."

RIL, which straddles sectors, recognises the need to keep innovating. "All large companies have realised that no one company can do it on its own. And that's because of the pace of innovation. By the time they do it on their own, it may be too late," explains Gururaj.

Most of the startups come early in their life to GenNext Hub, getting seed-funded or Series A-funded while at the accelerator. Nobody is facilitating an accelerator like us, says Mashelkar, taking pains to describe how startups with nothing but bright ideas and a beta product have scaled up under GenNext Hub.

Jio and Reliance Retail will help startups test the proof of concept. Take, for instance, HeadSpin, a startup that helps developers test an app in different mobile networks and devices. Mashelkar says Jio enables that to happen, and app developers love this tool because they can test remotely in a 100-device lab set up in the MAB. Streaming plat-

**Manisha Raisinghani** is a cofounder of LogiNext. It grew from scratch out of GenNext Hub and is now present in 10 countries



At RIL, **Amey Mashelkar**, 38, is leading the initiative to identify the best of the startups via GenNext Ventures. This is its third year and it has received almost 1,000 applications from entrepreneurs keen to board the accelerator

form Hotstar, for one, is trying out their offerings through this lab.

Investments in these startups are strategic rather than for just financial gains. Mashelkar says: "Picking up stakes is not our core objective; our objective is to foster the ecosystem."

Investing, of course, comes easy for RIL, a company with a net profit of ₹31,425 crore in 2016-17. "There are a range of possibilities. Ambani has planned to put together a fund; that in combination with GenNext Hub will be very powerful," says Gururaj. He knows a thing or two about investments and exits. In his 26-year career, Gururaj has founded six technology ventures, two of which have been acquired by Nasdaq-listed companies. One of the many hats he wears now is that of an angel investor.

"If you look at funding as a matrix, we have three startups that have reached Series B level, typically a raise of \$10-15 million. And about 15-16 startups, which are at the seed stage to Series A, will typically garner \$5 million," says Mashelkar. "We have had a fair amount of success in advancing these goals."

### The Big Finds

Mashelkar gets passionate when he talks about Kochi-based startup RecipeBook, which was discovered during a workshop in the city. The artificial intelligence and image

**Satish Kashyap** is the cofounder of Algo Engines, which has forayed into international markets and seen its revenue doubling



recognition venture firm, which is less than two years old, has scaled up so fast that it has now entered the Google launch pad accelerator in Silicon Valley, ready for its next phase of growth. "It came from our GenNext Hub," says Mashelkar, with pride. "We built the whole model from business to consumer and business to business. When they came in, they had eight lakh downloads; now they have crossed 4 million downloads, with 40,000 to 50,000 active users."

Does Ambani track these startups? "He loves to hear the ideas coming out of this hub," says Mashelkar.

Sanjay Mehta, an angel investor who has been actively involved as a mentor at GenNext Hub, talks of how some of the firms that he has invested benefited from the GenNext Hub. One such venture is PayTunes, which replaces ringtones and caller tunes with ad

jingles, allowing the user to get 10 paise for every incoming call. Mehta says this concept was tested by Jio. "Getting into Reliance would be very difficult for a startup, but GenNext gives us access

without any hindrance. Amey has been instrumental in building that bridge," he adds.

Two apprehensions, from the angel investor perspective, were the prospect of a sustained deal flow, and whether the big corporation would take over sooner than later. "A lot of comfort was given by GenNext Hub (on these two fronts)," says

Mehta, who has a portfolio of about 60 ventures. There's also plenty of hand-holding, and Mehta cites the example of a drone startup, where RIL helped in wading through the policy framework.

Manisha Raisinghani and Dhruvil Sanghvi, cofounders of LogiNext, a logistics software startup, have Paytm as their investor. After growing from scratch out of the GenNext Hub, the firm, which has developed a software that can track anything that moves, is now present in 10 countries. Deal ticket sizes have surged five-fold from \$20,000 in the initial years. "Reliance helped us scale up," says Raisinghani. Alumni of Carnegie Mellon University where they did their master's in big data analytics and optimisation, they returned to India and founded LogiNext.

Satish Kashyap is the cofounder of Algo Engines, which has conceived a product for improving the performance of wind turbine, solar and hydroelectric plants. "We take sensor data, ascertain which turbine is underperforming and prepare a body mass index report, which reveals the gear box fitness score and the effect on the turbine." After the programme with GenNext Hub, it forayed into international markets and saw its revenue doubling.

At the Nasscom 2017 summit, Ambani quoted his favourite professor from the University Department of Chemical Technology, Man Mohan Sharma: "You find a problem and then I will grade you on the quality of the problem that you find and then I will grade you on the quality of solution that you actually do." Ambani said the same rules apply to an entrepreneur; it is not about solving problems, it is about first finding problems. "Once you find the problem then you solve it." His GenNext Hub enables entrepreneurs to solve problems. ■



Investments in startups are strategic rather than for financial gains. Mashelkar says picking up stakes is not the core objective

# Battleground of Ideas

How Mukesh Ambani hopes to make Reliance Industries the most innovative company in the world by inviting groundbreaking ideas from 1.43 lakh employees – a crucial prong of his “grand challenge” in Mission Kurukshetra

**:: Satish John**

**M**ukesh Ambani, the chairman of Reliance Industries Ltd (RIL), India’s largest company by revenues, is preparing to throw the gauntlet at his people. Called the chairman’s “grand challenge”, it will be open to 1.43 lakh Reliance employees and is a crucial part of the company’s Mission Kurukshetra (MK).

Ambani’s challenge is aimed at seeking innovative ideas for the company’s next engines of growth. The challenge would have been sent sooner to employees, but for Ambani’s reluctance to distract the workforce when his other big idea in telecom was being rolled out, disrupting the carefully laid out businesses of his peers.

MK was flagged off in 2009-10, and relaunched in May 2014 to invoke the “warrior spirits” of his people. This is a dream project of Ambani, often known to root for grandiose plans. It straddles his mega-projects, from petrochemicals and refining to oil and gas exploration and production. The vision: to make Reliance the most innovative company in the world.

MK has paid surprising dividends, only to make Ambani and his team want more. In 2016-17, the project would have contributed a percentage point to the bottom line of the company, which reported ₹31,425 crore as net profit.

## The Genesis

Raghunath A Mashelkar remembers vividly how Ambani inspired him to take on the innovation project nearly a decade ago. MK is mentored by the former director-general of the Council of Scientific & Industrial Research (CSIR), now an independent board member at RIL. It is to encourage employees to come up with ideas that can substantially change the way they do business.

It was just after the collapse of Lehman Brothers in 2008. Global financial behemoths were crumbling, pulling along with them other industries into a quagmire. Ambani viewed the rapidly unfolding financial upheaval that was spreading across continents with a different lens.

“Mukesh has a peculiar style. When a crisis comes, he will challenge us to do the impossible. After every board meeting, he has these brainstorming sessions, from a minimum 30 minutes to two hours, depending on the time he has. After each meeting, I’ll come out charged. If you touch me, you may get an electric shock,” Mashelkar explains and laughs.

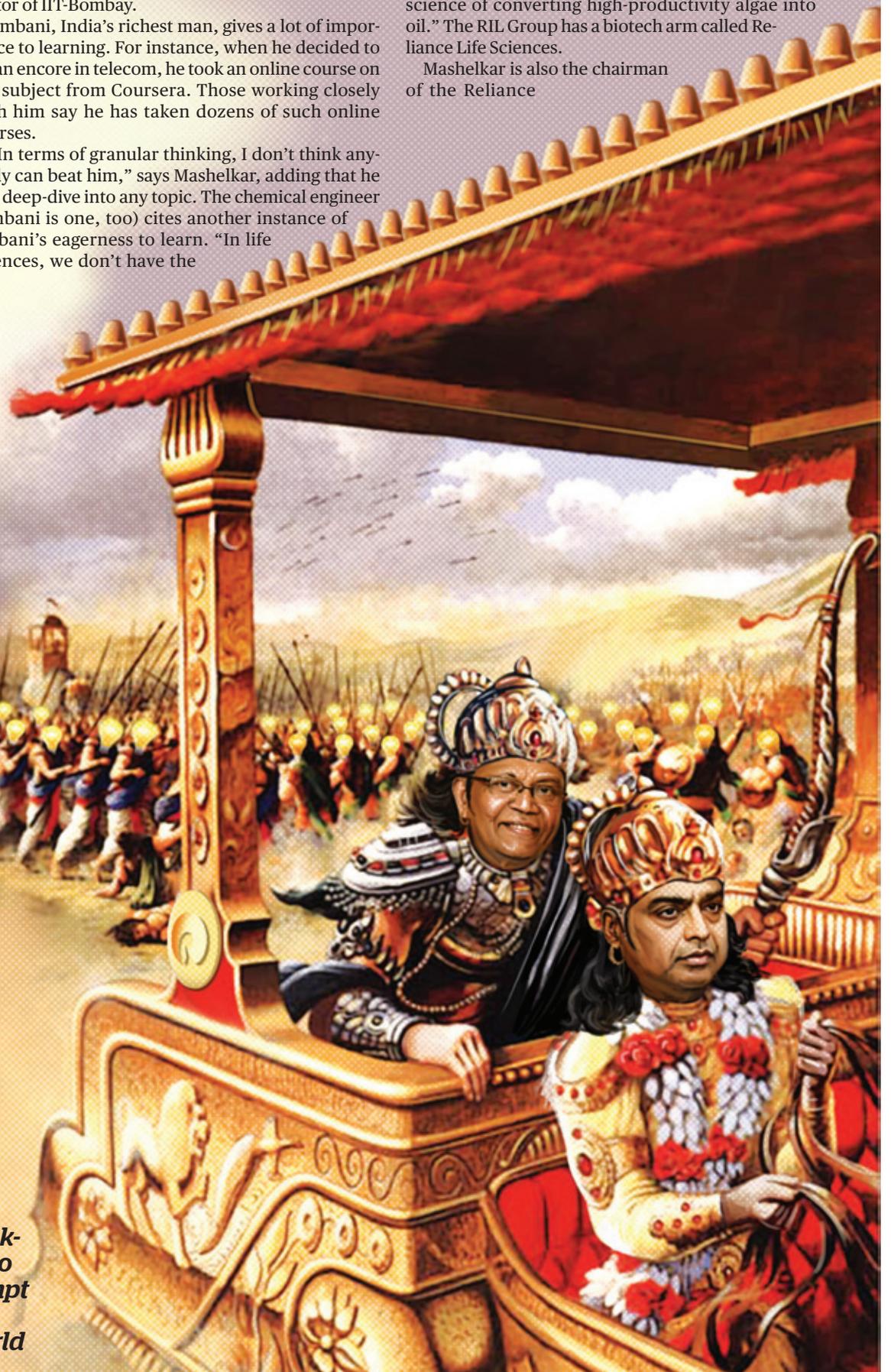
Mashelkar is one of the three academics on RIL board, along with Dipak Jain, former dean of Kellogg School of Management, and Ashok Misra, former director of IIT-Bombay.

Ambani, India’s richest man, gives a lot of importance to learning. For instance, when he decided to do an encore in telecom, he took an online course on the subject from Coursera. Those working closely with him say he has taken dozens of such online courses.

“In terms of granular thinking, I don’t think anybody can beat him,” says Mashelkar, adding that he can deep-dive into any topic. The chemical engineer (Ambani is one, too) cites another instance of Ambani’s eagerness to learn. “In life sciences, we don’t have the

expertise. He (Ambani) is not a life sciences person, but the way he reads scholars, he has stumped everyone with his knowledge and questions on the latest science of converting high-productivity algae into oil.” The RIL Group has a biotech arm called Reliance Life Sciences.

Mashelkar is also the chairman of the Reliance



**Sushil Borde says Mission Kurukshetra is a war against status quo and complacency; and an attempt to stave off corporate obsolescence in a rapidly changing world**



### Krishna Award

For a truly innovative idea, which is simple, original, non-obvious and makes a significant contribution to or has a big impact on the organisation

### Karna Award

To individuals that have submitted the highest number of approved innovative ideas to functions other than their own

### Yukti Award

To individuals who submit ideas, which are approved and implemented, of maximum value

### Champion of Champions

For high-performing and enthusiastic Idea Champions

### Senapati Award

To leaders who go out of their way to encourage Mission Kurukshetra participation in their function

### Campaign Award

To Idea Champions who have launched campaigns that have pushed the boundaries of innovation at Reliance and provoked people to think innovatively

### Dhananjaya Award

Given to a department, function or a site for implementing the highest number of ideas

### Kalpana Sena

Given to a function that has displayed overall excellence and outstanding performance in Mission Kurukshetra



BHARAT CHANDA

**Mission Kurukshetra is being mentored by Mashelkar, former director-general of CSIR and now a board member at RIL**

Innovation Council, which he credits as “Mukesh’s idea, not mine”. “I remember the discussion. He (Ambani) is a very hands-on person. He knows more about what is happening in a Reliance factory than his factory manager would know.”

“Doc, even you have to be hands-on,” Ambani implored Mashelkar in the wake of the global financial crisis. When companies were retracting investments, culling workforce and hunkering down, Ambani seemed inspired. He saw it as an opportunity, to reimagine and reinvent RIL. To be sure, it was during that tumultuous period of 2008 that Ambani and other RIL promoters invested ₹16,824 crore, coinciding with a global sell-off in the equity market.

### War Against Status Quo

Ambani’s and Mashelkar’s endeavour has been to take Mission Kurukshetra, a place where ideas are born, to a logical conclusion by executing ideas for impact. Sushil Borde, a key facilitator of the Reliance Innovation Council – which has laid the ground for Mission Kurukshetra – explains that the project is a war against status quo and complacency; as well as an attempt to stave off corporate obsolescence in a rapidly changing world.

“Since inception, its popularity within Reliance has increased by leaps and bounds. This can be gauged by the steadily rising number of ideas that are submitted. Till date, it has elicited 17,800 ideas, which is an average of about 500 ideas per month, since May 2014,” says Borde. From these, the group has adopted 3,350 ideas. About 64% of these are under various stages of implementation, says Borde.

While the going has been good, the people at the helm of the project say the focus will now be to make sure that the quality of ideas is consistent. Mashelkar is pushing for it, calling it the next step and the chairman too has invoked quality as a key requisite for the future.

Mashelkar prides himself on being a “dangerous optimist”, but says Ambani beats him hollow on that count. “Reliance stands apart because of its leadership – Dhirubhai and then Mukesh – which looks at every adversity as an opportunity.” And this in turns inspires the entire organisation. It stays united, says Mashelkar.

The basic philosophy that, in India, we don’t have 1.25 billion mouths but minds, and the dictum that everyone is someone at Reliance, were put to work. “Everyone is capable of generating an idea. That RIL had tapped the power of technology allowed the company to do that on a scale that is unprecedented. Otherwise, the idea box has been around for donkey’s years at other companies,” quips Mashelkar.

But this is different. It is not just about spouting ideas but managing the entire process until an idea fructifies. Under Mashelkar, the council came up with

three principles. War on waste, be it human talent or material, or energy. The second big push was to derive maximum value out of everything Reliance does. And the last is extreme efficiency – ensuring that businesses are cost-effective and have operating margins, every quarter and every year, that set the benchmarks for other industries.

More important was an underlying subtle message for a social behavioural change to shake up the system and RIL’s gargantuan workforce. It was no longer about ideas generated by the top echelons and executed by the rest. Each employee, intern upward, is capable of generating an idea – that was the message sent out. The progress of the idea can be monitored on the MK portal.

Paraphrasing former US president John F Kennedy’s famous speech, Mashelkar says: “It was about ‘What can I do for Reliance?’ The idea of one Reliance, Team Reliance, came about. Suppose I am in a particular department, then I think only about it. How someone from the shop floor can give an idea to Reliance’s research department (was the objective).”

Specialists in the respective sectors choose ideas based on their efficacy. Those that fall short are politely referred to as “parked” ideas.

Tarun Khanna, Jorge Paulo Lemann professor at Harvard Business School, says, “Firing up the competitive spirit, and using it to ferret out talent and direct it towards creative activity can contribute to a groundswell of excitement. Ultimately, that’s the way to create a grass roots movement for entrepreneurship.” He adds that, lately, companies have realised that a good way to get their problems solved is to source talent from outside their boundaries. “Not even the largest organisations have all the answers readily available in-house.”

Borde understands that it is the next step: widen the dragnet so that the company gets a diversified spread of ideas.

What is MK’s objective? Ambani is on the hunt for the next big idea to grow the company, whose market capitalisation doubles every three years. There is an interesting linkage. During Dhirubhai’s time, the philosophy was “Growth is Life”. Later, other facets were added to the company’s philosophy of innovation-led growth and innovation as a way of life.

Ambani is known to think ahead. “He believes in one dictum: ‘I only think of the future because that’s where I spend the rest of my life,’” recalls Mashelkar. So when everybody is thinking of 4.0 he’s thinking of 5.0. “That’s the challenge we face while brainstorming with him.”

Why call it Mission Kurukshetra? Borde says it was meant to link it with Indian ethos. “It’s the battle between good and the evil – innovation versus inhibition and imitation,” says Shrikant Deo, general manager, innovations, RIL, in an interaction at Reliance Corporate Park. Deo is with colleagues Piyush Gupta, senior executive vice-president, and Vivek J Pophale, vice-president, who were recognised for their role in MK.

It is democratic. As the late strategy guru CK Prahalad, hearing about MK, confessed to Mashelkar: “(When it came to) democratising innovation, it was the best I’ve seen.”

How it works makes it easy for anyone to contribute without fear. Ideators submit ideas not to their managers, but to Idea Champions assigned to each domain or department. The respective Idea Champion reviews the idea, and it is implemented after discussions with the leadership of that domain or department. For example, through MK, an employee at the Jamnagar refinery can submit ideas to the retail or Jio business. Thus, MK has proved effective in cross-pollination of ideas across Reliance, points out a member of the Innovation Council.

Meanwhile Ambani, who calls it a day at 2 am, is scouting for the next lever for growth. “Few people can create time. He’s one of them,” says an executive who works closely with the chairman. ■

## AN IDEA THAT PAID OFF BIG TIME

The Idea:

**Optimisation of facilities for ethane pipeline project**

Ideator:

**S Jayachandran, Reliance E&P**

Idea Summary:

There is a need for various permanent facilities in ethane pipeline corridors – mainline valves, intermediate pigging stations and tap-off stations – for immediate isolation and intervention activities due to the hazardous nature of ethane. This idea proposes the use of pre-existing infrastructure in parallel pipelines to house the control equipment for a new ethane pipeline, eliminating the need for new construction. It also proposes the use of compact, low-power control equipment (electro-hydraulic actuated valves), used for the first time in a cross-country pipeline. The compact size and low-energy requirement would reduce the size of land parcel, fire suppression systems and electrical supply systems. The energy load was further reduced by incorporating solar panels with battery packs.

Benefit:

**₹90 crore**