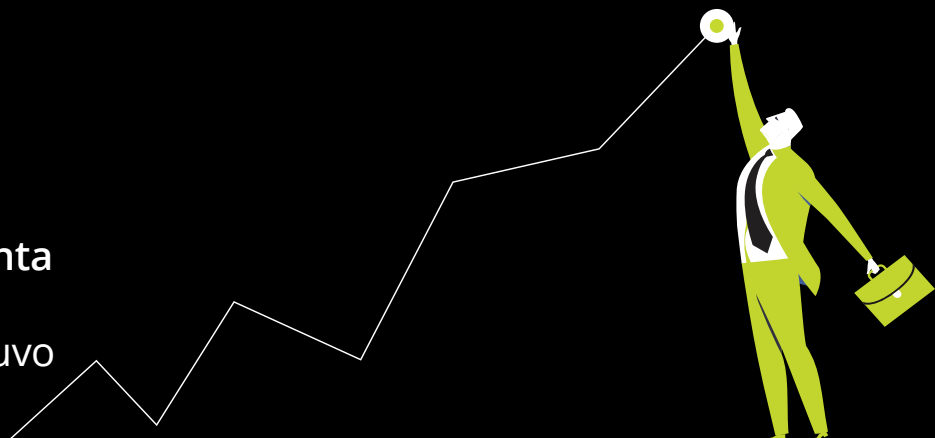




CFO Speaks



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1. Aditya Birla Nuvo is a diversified business across Telecom, Financial Services, Fashion & Lifestyle, IT&ITES and Manufacturing. As a CFO of such a diversified entity, how do you align the varied business strategies to the overall strategy of the group? How does the role differ from a CFO of an entity to diversified business CFO?

- We have business CEO concept. Each business has one business head who runs the business as a CEO and diverse businesses will have varied business strategies which will suit their respective market environment.
- However, the businesses do devise their strategies keeping in view the DNA of the group – eyeing for leadership position without losing focus on cash flows and bottom-line, investing for sustainable growth, deliver superior value to all the stakeholders and so on.
- At head office, our key endeavour is to partner with the businesses by providing strategic and financial support. However, we do regularly review the business strategies and make efforts to ensure that there is no deviation from the Group's strategy. This is achieved through regular business reviews backed by a strong MIS, maintaining dialogue and providing solutions to the businesses and actively participating in their planning and budgeting discussions.
- The role of a CFO in a conglomerate vis-a-vis a single product company can be quite challenging particularly in the areas of capital allocation and risk management. Capital allocation is strategically the most important decision, since it is strongly associated with an organization's success and sustainability. Given the complex business environment, capital allocation decisions become quite challenging, particularly for a conglomerate like ABNL, which has multiple investment

avenues. As capital resources are limited at any point of time, striking an optimum balance between the available resources and tapping into growth opportunities is quite a task. ABNL operates into various businesses, each one of which faces a different business risk environment. Hence, risk monitoring and implementation of effective controls across these businesses are areas of challenge.

2. What are the key learnings that you would like to share with other CFOs from the multiple M&A transactions you have witnessed during the last decade including the latest Aditya Birla Nuvo and Grasim?

- Don't be overly bothered by the short term challenges or criticism, if you are confident of the long term benefits of the transactions.
- Thorough due diligence before you enter the waters.
- Look for a win-win situation. The ideal scenario is one in which both sides stand to gain significantly.
- Keep plan ready for cross-functional or cross-cultural integration and ensure timely accomplishment of the same.
- Keep all the key decision makers involved right from the day one to avoid any aspect from being overlooked.
- Communicating with all the stakeholders proactively - the shareholders, customers, employees, regulators, etc. – is very important. Engaging with them to ensure that they are aligned with the strategy proposed by the management.

3. With the advent of technological changes including digitization, analytics, robotics, block chain, there is a huge change in the expectations from finance. What in your view, would be the logical path for finance function to be prepared for all the changes?

- When it comes to embracing new technologies, it is critical to understand that new technologies are an enabler for decision-making processes.
- Much has been spoken and written about finance becoming the analytics powerhouse of the organization. Unfortunately, this will not happen unless finance makes a firm a decision to change its identity and become the real business partner sought after by senior decision makers.
- The finance organization is used to reporting on what happened in the past. However, in today's fast-moving business environment, maintaining a competitive advantage requires the function to become forward-looking, as well as develop a real-time understanding of changing conditions and markets. This can be achieved by adopting more advanced analytics and digitization technologies and tools.

4. As a professional, you have moved up the chain leading various roles and becoming the first woman CFO of your organisation. How has been your journey? What are 'success mantras' you would like to share with other aspiring women?

- My journey with the Group has been quite eventful. In my entire career of more than 25

years working with the Aditya Birla Group, I have always got support from my seniors and team members. Aditya Birla Group has always worked for women empowerment and has been a firm believer that women bring in a lot in terms of creativity, commitment and performance. Working in varied roles, I got chance to utilize and hone my skill sets.

- As a key member of the Finance team at Aditya Birla Nuvo for about two decades, I handled varied portfolios and contributions in the areas of Taxation, MIS, Accounts, Legal and Secretarial. I have played an active role in the area of Demergers, Mergers and Acquisitions since 1998 viz., demerger of Cement; Joint Venture with Sun Life for Life Insurance business; acquisition of Madura Garments, Transworks, Minacs and Apollo Sindhoori. I have handled many complicated tax issues. While heading the Management Services Division of the Group for five years, I have executed many high-impact projects aimed at achieving commercial excellence, knowledge integration & future forecasting and leveraging cost synergies and competitive advantage.
- As Chief Financial Officer of Aditya Birla Nuvo Ltd. (ABNL), I completed the Demerger of Madura Garments with Pantaloon Fashion & Retail Limited creating the largest Fashion & Lifestyle Company in India in the listed space under the name of Aditya Birla Fashion & Retail Ltd. And now working on merger of ABNL into Grasim followed by listing of financial services business.
- My success mantra is - always believe in empowering your team by giving them the right degree of freedom. It will inculcate a sense of belongingness in your team. Invest in the developing yourself and your team

through structured training and cross-functional exposure.

5. We have seen women leadership growing in ranks in India and the world yet there are few women CFOs. What, in your view, are the key ingredients for women to succeed and grow in finance function?

- Should be strategic minded with ability to understand all aspects of the business, not only just the finance part. As I mentioned earlier, one should keep on developing oneself through cross functional experience.
- Ability to communicate well with all level of employees – since they contribute significantly in the success of an organization.
- Collaborative and team oriented – right degree of delegation and empowerment to ensure that people enjoy and learn while working.
- Proactive in decision making as the market and competition are ever changing.

These are few qualities which in my view will help women to grow in the finance function.

6. Has the growing regulatory challenges including GST, demonetization impacted the business positively or negatively? What are your key imperatives for your teams to manage these changes to build and maintain your company's competitiveness?

- The advent of GST is now almost a reality. The way Indian businesses operate would change as GST is not a just a tax reform but a business reform. To successfully implement GST, early preparation is the key. Timely recognition of GST impact and well planned implementation helps to minimize

interruption to businesses. More importantly, it will result in a smoother transition process.

- The GST implementation would require a realignment of system to account for the state-level taxation as well as change in valuation. Further GST will affect every aspect of business viz. system change for GST compliance, tax coding depending on place of supply, pricing strategies, registration and compliance process, credit policies etc. Hence early preparation helped team to identify the critical issues that will probably impact businesses during transition to GST regime.
- Demonetization had a mix impact on our manufacturing as well financial services business. It is a big positive for our financial services businesses viz. Life Insurance, Mutual Fund and NBFC etc. whereas it put a temporary strain on manufacturing businesses due to subdued consumer demand.
 - In the financial services businesses, it will certainly lead to shift of household savings from fixed deposits and physical assets to financial products like mutual funds and life insurance.
 - NBFC business will be able to optimize its borrowing mix. Further the expected boost to Infrastructure development should give a higher growth to NBFCs and HFCs.
 - In manufacturing businesses, temporary liquidity shortage in downstream players impacted demand scenario in the textiles value chain.

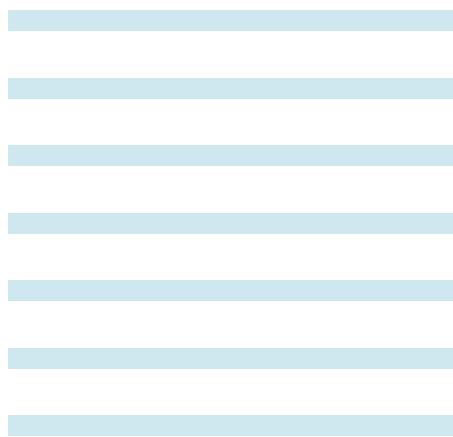


Expert Views

Understanding and Exploring Robotics
Process Automation (RPA)



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The world is changing faster than anyone could have envisioned at the beginning of the 21st century. With technology at the forefront of every disruption across industries today, every element of an organization's business model is being challenged. In this digital age of cognitive sciences, artificial intelligence, virtual reality, and robotics, organizations will need to balance multiple competing priorities to navigate through challenging times ahead and make optimal use of opportunities.

Automation presents one such opportunity. According to the World Economic Forum 5.1 MN jobs will be lost to automation by 2020 in 15 major countries, 2/3rds of which will be in the office and administrative sectors. Therefore for organizations, adoption of this wave of the digital workforce revolution is no longer a question of 'if' but 'when'.

Understanding the 'Automation Spectrum'

The spectrum of automation expands from simple rule-based automation to advanced cognitive and artificial intelligence automation. Hence, the task of exploring and understanding automation often appears more daunting than it is. Let's take a step back and deconstruct this spectrum of automation in detail. The ability of the tool/solution to automate depends on three factors: the type of input it can read; the amount data it can process; and the nature of output it

can generate. Typically, as the variability of the input increases, the amount of data to be processed multiplies and the output moves from being deterministic to predictive, i.e., the solution moves from left to right on the automation spectrum. Robotics Process Automation (often referred to 'RPA') lies at one end of this spectrum.

What is 'RPA'?

RPA is a technology that mimics the actions of a human performing simple rule-based processes. It interacts at the application/ interface layer of any application and performs the exact steps just like anyone working across multiple applications.

RPA is the natural evolution of labor arbitrage. It takes the Robot Out of the Human.

It is cost-effective, scalable, and easy to implement. This is the biggest difference and advantage that RPA has over traditional automation techniques that rely on back-end automation requiring massive IT transformation, huge investments, and complex decision-making/ approval cycles, given their susceptibility to security issues. The below figure highlights some of the benefits RPA has to offer; the tangible benefits in the form of a full-time employee (FTE) cost reduction and a host of other intangible benefits such as 24*7 availability, accuracy, efficiency, etc., that improves the overall quality of the work delivered out of the organization.

Key Critical Decisions and Success Factors

As the world is moving toward a resource crunch, organizations need to find ways to be optimal yet effective. Simply put, RPA is one step closer to making an organization lean. There are some critical decision points that an organization would face in its RPA journey, and these need careful evaluation with important stakeholders before implementing RPA. These are as follows:

Strategy:

- Who will lead the RPA Implementation within the organization—Business or IT?
- How do we retain 'tribal knowledge' from process experts on the floor?
- Should we go with a Single RPA Vendor or do we need to consider Multiple RPA Vendors?
- Often, many versions of the 'truth' of process execution exists. How do we capture all process unknowns, validate, and include it as a part of our automated process?

Implementation:

- Should we first "automate the process & then fix the process steps on a need basis" or should we "fix the process understand what can be automated and then go with automation"?

- Should we follow a "Top Down" or "Bottoms Up" implementation approach?
- How can we create 'Bot Login Ids' without affecting system security and privacy?
- While 'Testing' the bot, how much is enough?

Post Implementation:

- How do we handle frequent process and technology changes post RPA implementation?
- How do we manage employee communications on the operations floor?
- How do we effectively leverage 'freed up' FTE hours?

Having understood the challenges and decision points, leaders may have to think through during their RPA journey. We believe the following are some success parameters critical to maximize the benefits RPA has to offer.

These success milestones are as follows:

- Select the right set of processes to begin the RPA journey; the process mix consists of some easy wins with some processes of medium and high complexity.

- Choose the right tool to help you achieve your short, medium, and long-term objectives; the right tool will enable a balance between automation with control and achieving the right balance between 'ease of use' and 'robust security'.
- Select a partner who will be able to seamlessly bring together end-to-end process and RPA skills, program and change management, and operational risk management capabilities to deliver the program with minimal risk.
- Design and implement the right 'pilot' upfront that showcased the tool's features, the breath of processes RPA could tackle, and control mechanism it can have in place.
- Choose the right implementation approach; a stepped phase-wise approach where benefits obtained in one phase can be used as an investment to kick-start the next phase.
- Adopt an effective governance structure and redesign roles to align with new process and team structures, reporting, etc.
- Design an effective change management strategy in place that identifies areas and people that could be impacted due to change. Effective communication and hand off between stakeholders to incorporate changes without affecting execution.
- Adhere to common standards to ensure controlled and consistent implementation of RPA within minimal disruption; leveraging right methods, tools and skillsets, adhering to IT data / security norms.

To access the full report on "**The Digital Workforce is here- Understanding and Exploring Robotics Process Automation (RPA)**" click on the link: [Report](#)



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