

BRUNSWICK CHAIRMAN **SIR ALAN PARKER** TALKS WITH **CYRIL SHROFF**, THE LEADING CORPORATE LAWYER IN MUMBAI, ABOUT THE PROSPECTS FOR THE COUNTRY'S JOURNEY AND THE OPPORTUNITIES AHEAD.

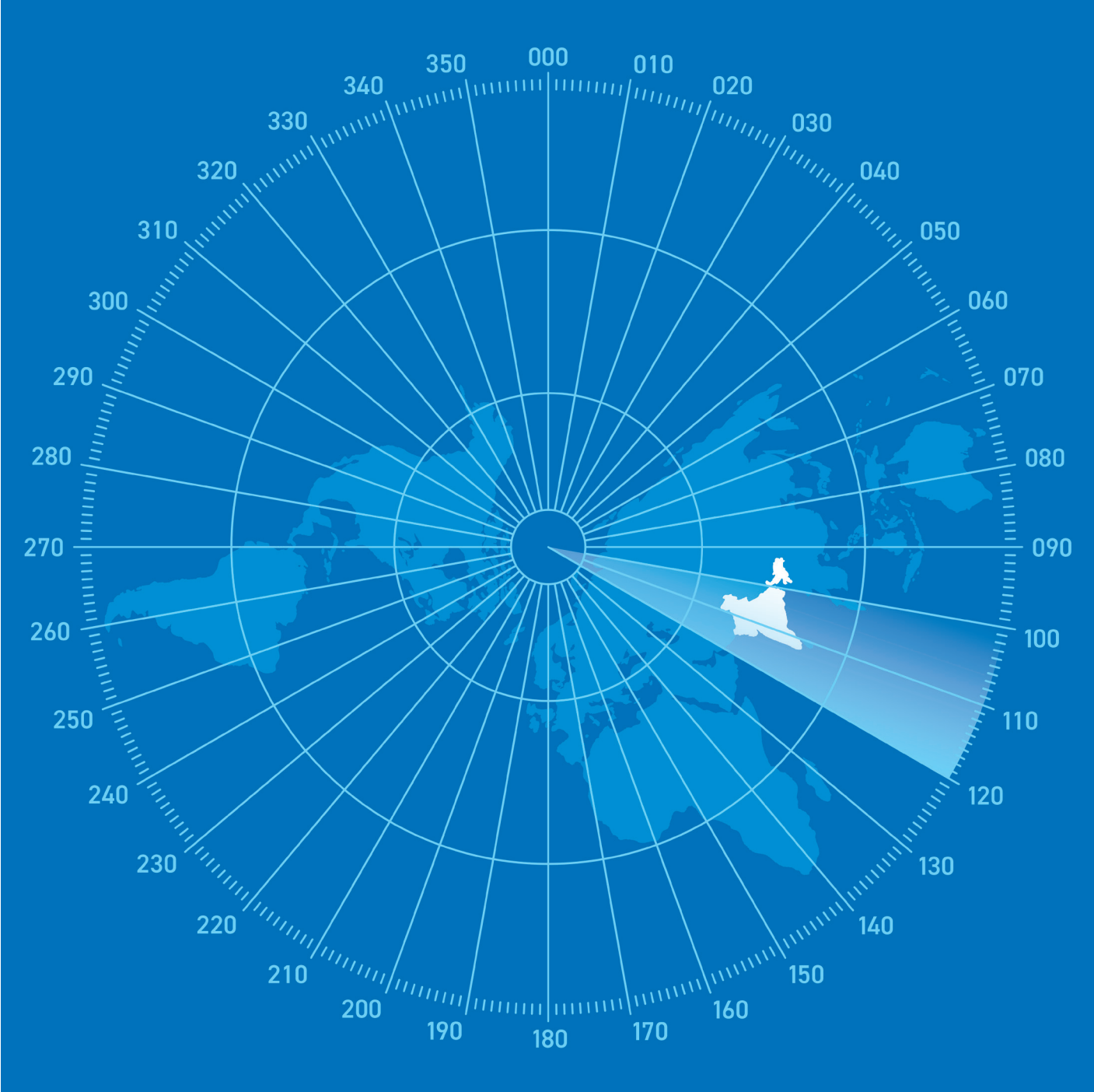


ILLUSTRATION: TOMASZ WALENTA

INDIA SUDDENLY HAS THE WORLD'S ATTENTION. Decades in the making, the country's moment in the international spotlight is marked by a flurry of milestones. It is the world's fastest growing large economy for the last two years, and the fifth-largest by GDP—S&P Global Market Intelligence expects it to become third-largest by 2030, surpassing Germany and Japan. A so-called "brain drain" of long standing has shown signs of a reversal, feeding an explosion of domestic entrepreneurialism—particularly in tech—supported by

a national investment in digital infrastructure. The diaspora has borne rich fruit, positioning Indian leadership at major universities and corporations around the world; in the summer of 2023, 25 of the S&P 500 CEOs were India-born, according to *The Economist*.

India for the first time held the presidency of the G20, hosting more than 200 meetings in September and October last year between leaders and representatives of member nations in some 60 cities across India. More than 100,000 people representing 135 nationalities participated in person.

Sir Alan Parker, Chairman of Brunswick Group, recently sat down in Mumbai with Cyril Shroff, named India's top corporate, banking and project finance lawyer by the International Financial Law Review, Euromoney, Asia Law and others. The two discussed the view of this moment from inside and outside India, the country's immediate future and its role on the international stage.

ALAN PARKER: I haven't been to India since before COVID, and it's dramatically different now. The mood is different, visually things have changed. It's seeing an old friend after having been away, but the thing is, my friend India hasn't gotten older, only younger. There's a sort of vigor.

CYRIL SHROFF: Yes, India feels younger than its 75 years. Just look at our demographics.

AP: There's a deepening awareness with the businesses around the world that I talk to, that, more than ever, leaders can't just be running their

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business. They've got to be up, looking at the world, and understanding what so many different stakeholders are doing. So, I find a new generation of leadership way more focused externally, interested in outside events, interested in dynamics. You must find the same thing in India.

CS: That's a great point. Businesses are responding to these seismic changes. There are many layers here: Let me start with geopolitics, which is discussed at every board meeting. Geopolitics is no longer one of those peripheral issues. We're in the middle of two wars, it's a very dystopian moment.

But I think India, to be perfectly honest, is a bit insulated. We've played our cards smartly. Everyone is acutely aware of the risks of geopolitics, and the commonest risk is the impact on oil prices, especially in India where we import about two thirds of our energy. But other than that, I think we are largely insulated. It is on the horizon and scary, but it's not something making us tremble at the moment.

There are other factors at play. One is technology and its own seismic changes. People are a bit like deer in the headlights right now. It's just moving so fast. Everybody's studying the impact of AI. I don't think we've found the right path to take, except just to keep up to date. So, at every major corporation, the conversation is how technology is going to affect them.

Another is the energy transition. That's a very big change playing out and frankly, one that India Inc. views as an opportunity. Many of our large corporations have big plans to embrace the transition following the government's commitment to net zero at COP26, with either hydrogen or renewables or some combination.

The third is elections. In the next calendar year, there will be many major elections worldwide. We are one of those. That is one of those unpredictable factors round the corner. There is caution but also a sense of opportunity.

AP: I agree on geopolitics. There's real tension everywhere, with the two wars and, obviously, around China. What's very interesting is that we're finding more clients want to be fully informed all the time. It's really interesting that you're saying you find geopolitics discussed on every board. We feel that most major companies will end up with a head of geopolitics in the same way that they have a head of investor relations or government affairs. I do feel it is part of a shift to a multipolar world more generally. India has a big position in that.

CS: We are psychologically part of the global West. Yet we have also become the voice of the global



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South. We had a big G20—it was a big moment, one of the most inclusive G20s. We even added Africa. And so I think we are playing our international cards very smartly.

AP: On your second big point, technology, it is pretty clear that India is now a digital superpower, both within and beyond its own borders. What India has created as a digital backbone is the envy of the world. So now when you face enormous unknowns, like AI, you're coming from a point of confidence, a way of looking for opportunities in a different way wherever you go across the globe.

CS: Yes. What we did was first to create a digital public infrastructure domestically which benefited Indian entrepreneurs enormously. And, as we announced at the G20, we are ready to export it. That gives us soft power as well. And we have 1.4 billion people—the most populous country on earth. So that's a lot of data.

AP: So those three points—geopolitics, energy and elections—are exactly the three we also see on boardrooms everywhere. On energy transition in itself, we are seeing a lot of commitment now. People are telling their sustainability story as a growth story. They are seeing it much more embedded in the future of their businesses. It's not just a cost or a problem. That's a different mindset that wasn't there a few years ago, was it?

CS: No, this is a change in the last two and half,

three years. After COP26, once the government made its net-zero commitment, I think India Inc. said, “OK, we’ve got to really embrace this,” and they set about trying to find the capital. We’re still working our way through some of the contradictions of being one of the biggest users of coal and also being the renewables capital of the world at the same time.

AP: I would say that most of our major clients coming to India accept that, to be successful, you have to play the long game. Technology makes everything feel faster, moving quickly but actually the relationship it takes to really succeed in this huge market has to be long term, you have to commit long, stay long, build relationships.

CS: It’s not for no reason that we are projected to be among the top three economies in the not-too-distant future. We took almost 60 years to become a trillion-dollar economy, about 20 for the second, and now we are adding a trillion dollars every 18 months to our economy.

AP: Do you think Indian companies will keep expanding globally?

CS: I’m a little skeptical about that. We’ll create more global scale organizations, but I still see the primary playground, at least for a while, being in India. They will be opportunistically acquisitive overseas as well, but the game is still not international yet. India is where the opportunity is first. Let’s digest that properly.

AP: To do well in India—to do well anywhere—you have to understand the ecosystem, all the complicated stakeholders. We are a stakeholder business. Funnily enough, we’ve found a lot of Indian companies understand what we do because if they want to go to America, or Europe, or Japan, you have to understand the stakeholders there.

I do think there is a lot of goodwill toward India worldwide. India now is a different business, it’s a different country, it’s a different world. But I think for a lot of people, still, it is very confusing.

Do you see more global business coming directly into India, or do you think they will continue to go through partnerships and joint ventures?

CS: Great question. I think India is one of the top two conversations in every global board. India can’t be ignored. But India is complex. It’s hard to succeed here entirely by yourself. You need alliances here. So in the short term, that is resulting in more JVs and partnerships.

The 100% acquisitions are slower, principally because it’s just too difficult to understand the country. There’s the centre-state dynamic [between the national government, or “centre,” and the



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governments of the individual states]. There are so many layers of society as well. Regulation is not always clear. There are shades of gray in everything. But there’s always a way forward. As you said, if you are ready to play the long game, there’s always gold at the end of the rainbow.

AP: Some of the most successful companies that come to India, their core competence is not a sector or a service area; it’s actually doing business in India. And that is a valuable thing. Choosing the right partners is important. Thinking long is important. Engaging with the state, I feel the state—the centre and the regions—are more open to looking at that in a different way.

CS: It is, very much. The political thinking has moved to the right. The bureaucracy is still somewhere in the middle or more to the left; change hasn’t percolated down yet to the bureaucracy, it is a work in progress.

AP: Will technology change that in India? Because most of the world does want that feeling of regulatory certainty and greater clarity.

CS: It is changing, yes. For example, a lot of our tax assessments are now moving in this direction. But it’s a big country, so technology takes a little while to seep through. But technology is the answer. A lot of applications are made online, tax cases are decided online and IP is mostly online.

The direction of travel is very clear, but there is

still a journey to be made.

AP: And tell me, is the new technological capability creating a more fertile environment for new entrepreneurs? Or is it still the growth of the major houses?

CS: I see Indian entrepreneurs divided essentially into three or four buckets. First there is the public sector, where the state is the primary entrepreneur. That story has played itself out. Ultimately, privatization is the answer.

On the private side, we have several types. There's the traditional, where the business may be new, but it's more old-fashioned ownership—a family or a founder group in control where they drive the business. Then there's the new age entrepreneurs, either a different generation from the founder family, or a generation new to business having raised institutional funding, private equity and venture capital as well. And then there's a third, a small sliver group that has large public shareholding and no clear share, no clear founder, no clear institutional shareholders. This is a small band, often in the financial sector and within it, each has its own dynamic.

In my mind, the most interesting private category is the first one, where they're going through seismic change, generational transition, portfolio selection. They are resetting, figuring out whether they want to be in control or whether they want to be rich. It's difficult to be both. The founder's dilemma is playing out.

AP: That generational jump isn't just an Indian problem, that's all over the world.

CS: It's interesting because they are the businesses founded in the early stages of India's independence. There is the post-1991 liberalization generation, hugely rich entrepreneurs who, 30 years on, are going through a generational transition of their own. Our younger generation also has a different view: They may or may not want to get into the family business, but they want to use family capital for new businesses.

AP: And is there a management cadre growing that can offer that opportunity to switch to non-family management?

CS: Yes, I think India has always been blessed with exceptional intellect and talent. Going back 20, 30 years, a young graduate who didn't have a family backing would typically think of going to the West and making a career there. I think now they are more likely to think of making a career here. I think the "brain drain" has more or less reversed. We're looking at a brain gain now. People who have left 20 or 30 years ago probably won't come back, but the

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next generation is very much thinking that India is the opportunity.

AP: Meanwhile we are seeing leaders of some of the greatest corporations in the world, in America, all being of Indian origin, particularly in tech.

CS: Yes, and financial services. Culture plays a part here: Middle class India instills behavioral patterns of hard work, diligence, hunger for advancement, to do whatever it takes to make your parents proud. And at the same time, they are all global citizens. They're not necessarily carrying the Indian flag wherever they are. They're citizens of the world.

AP: That must help. India does need to attract global clients and they will be attracted by the market size, but also by talent, by the rule of law, clearer regulation, greater transparency. That is a pretty good mix if you can pull it off.

CS: Yes, I characterize it as the "four Ds" that are currently driving India. Demography, our 1.4 billion people. Democracy, which despite flaws, remains genuine. Every five years we have a real election, which is an extraordinary dance of democracy. The third is Data—partly linked to demographics. And I think that is what the West and global capital see as one of our most treasured assets. Finally, arising from that, is Demand. Global businesses just see the opportunity of being able to sell anything in India.

AP: As I said, we find a huge amount of goodwill for India all over the world. People want India to win. The democracy point is a big part of that. They do feel it is still a beacon.

CS: We've seen the attitude of the world change. I travel a lot and when I meet folks abroad, I used to always explain that India has potential, that India is going to happen. I don't have to explain that anymore. The general realization is that India is actually happening right now as we speak. That's the big change.

AP: Now, the big question is where India and its great businesses sit on social? We are believers in business as a force of positive change, and we are seeing across global business a startling consistency: Social is a business issue.

CS: I agree. I think one of the biggest challenges remains for India to tell its true story, to convince global investors that India has its own kind challenges and systems. You can't just take western solutions and thrust them on India. We need a very nuanced approach and you have to understand it, both with head and heart. If you don't understand that you won't succeed in India.

AP: Head and heart, that's a lovely line. It is also a very profound point. Thank you very much. ♦