



Given the performance indications in the current year we could project an earnings growth of around 12% annually in the next three years. A look at the PEG of different markets globally suggests we are not very over priced at current levels. SENSEX is likely to hover around 18500 19000 levels over the next three years.

NP Murali (NP) holds a Bachelors degree in Mechanical Engineering from College of Engineering, Guindy (CEG) and has a Masters Degree in Business Administration from Bharatidasan Institute of Management (BIM), Trichy. He has worked with Tata Consultancy Services (TCS) for 5+ years executing projects in Activity Based Management (ABM), Business Process Reengineering (BPR) and BPO delivery. His areas of expertise include capital markets, equity investment, relationship management, transition management, process mapping, development of new business lines in BPO and conceptualizing service guidelines for Finance & Accounting (F&A) processes. NP has 11+ years of industry experience and has worked in IDBI Bank, ISRO and India Pistons Ltd.

"SENSEX is likely to hover around 18500 19000 levels over the next three years" : Murali Pasupathy

Edited transcript of Murali Pasupathy's interview with V Share Editorial Team

What is your outlook about Indian software industry? Are they really doing core IT work in India?

The Indian IT industry has grown in leaps and bounds over the last couple of decades. The growth was primarily fuelled through outsourcing by large western corporations. However, going forward, the domestic industry along with Small and Medium Enterprises (SME's) in western markets will present a huge growth opportunity.

This will cascade down the food chain and provide numerous avenues for new entrepreneurs to innovate in the IT products area and also in the services sphere. I am very excited about the growth phase that we are going to witness in the next few years.

The big Indian IT companies have been focusing on the overseas markets all along because that was where the business was coming from. But, they will have to start focussing on the domestic opportunities to move to the next level. To be successful in the Indian market, they will have to adopt a sustained product based approach rather than a staff augmentation model.

How does the present rupee depreciation impact Indian IT Industry (export services)?

Rupee has depreciated over 18% against the US Dollar in the last four months (September thru December 2011). High levels of inflation, lower GDP growth expectations and expanding imports could be causes for depreciation. Inflows have stagnated and FIIs have been steadily withdrawing investments from the market in view of these concerns. IT companies who have significant export services should stand to benefit in the short term. The benefit could be neutralized by wage increases and moderation of business growth of export services in the medium term.

India's GDP growth is falling from last couple of years, how can you link it with global markets?

Global GDP growth rates have been hovering around 3.5 to 4% annually during the last two decades. India has been able to achieve about double this growth rate and sustain it. It is interesting to note that our fluctuations in



growth rates are much less than the global performance. With increased globalization there is a closer link today of our growth rates with those of other countries. However, we have a strong domestic consumption story. A young



The big Indian IT companies have been focusing on the overseas markets all along because that was where the business was coming from. But, they will have to start focussing on the domestic opportunities to move to the next level. To be successful in the Indian market, they will have to adopt a sustained product based approach rather than a staff augmentation model.

population with rising income levels and aspirations are demanding products and services that match global standards. This will provide abundant opportunities within the country and will provide reasonable a cushion against global fluctuations. Moderation of growth rates to around 6 to 7 percent annually would, ironically, be good for us. This would help us achieve all round growth with moderate inflation levels. On the other hand, high levels of GDP growth could fuel inflation and may work to the detriment of the common man.

How do you interpret Strengths of Indian economy?

Indian economy is at the cusp of delivering an economic miracle. Our vast natural resources coupled with improvement in education levels have contributed to our growth in niche sectors. A huge population with expanding income levels provides the world with a growing market place. On the other hand, we are far away from being a free market economy. There is a dithering political class with allegations of mass scale corruption and non focused growth across segments. Basic needs such as safe drinking water, basic sanitary and health facilities are yet to reach a vast majority of the population. Transportation and infrastructure facilities are woefully inadequate today need serious investment. In short we have been thriving and succeeding on 'chaos' thus far. We need to achieve a coordinated and targeted growth across segments with focus on successful implementation of these plans.

Where does Sensex head in mid-term (2-3yrs)?

The trailing twelve month (TTM) price earnings multiple of the market is hovering around the long

term averages today and at a discount of over 10% to the last 5 year averages. Given the performance indications in the current year we could project an earnings growth of around 12% annually in the

next three years. A look at the PEG of different markets globally suggests we are not very over priced at current levels. SENSEX is likely to hover around 18500 19000 levels over the next three years.

What are the reasons motivated you to become a first generation entrepreneur and started your own venture Naethra Technologies (P) Ltd?

I am a Mechanical Engineer by profession and have an MBA degree from BIM, Trichy. I worked in the Manufacturing and Banking industries for about six years before joining TCS. After spending about 5 years in TCS, I felt that corporate life confines people to a golden cage and greatly limits the way you operate. You are completely cocooned from real life issues and get tuned to thinking in a restricted sort of way. The primary reason for going down the entrepreneurship path is to leverage my Engineering/Design skills and provide cutting edge technology solutions to anyone who walks through our doors. I started this company along with my former TCS colleague, Murali Ramakrishnan, who is the CEO of our company. We share several common principles which form the bedrock of a relationship that has weathered the ups and downs of our journey so far.

How is Genie™ helpful in investment decision making?

Genie is software that helps in long term equity investment decision making. Genie generates objective investment recommendations based on a well researched and transparent methodology. It gives recommendations for most of the actively traded scrips in NSE and BSE. Genie develops an optimized portfolio of equity stocks across diverse

performing sectors. A new rebalancer module that is due for Beta testing in the first Quarter of 2012 would rebalance portfolios and help investors manage their equity investments without having to turn to anyone for advice.

Who is the brain behind Genie™?

N Kumar, ex Senior Vice President, UTI, conceptualized the idea of Genie in 2006. Kumar is a Cost Accountant by profession with extensive experience in banking and finance sectors. He has over two decades of experience in Financial Services. He said "This idea occurred to me back in 1994 when I was attending a seminar on securities analysis in New York. Since then, I have analyzed, researched and developed a methodology which should give attractive returns to the investors in the long term".

The idea was to build a reliable and objective tool for stock recommendations and also build a well diversified portfolio of stocks. Gut feel in fund management has always had its merits and demerits. Genie was built to do away with gut feel

and use the speed of technology to analyse vast amounts of data quickly to provide the cutting edge in investment decision making. It brings in transparency to the stock selection process and seeks to reduce the risks associated with investment in equity.

How does ReDYM© operate?

ReDYM is a software tool that helps implement Total Productive Maintenance (TPM) on the shop floor. It is built on a Client Server architecture. Key features:

Acts as a driver in Plant Maintenance management and helps to establish a robust platform for TPM implementation/practice and maintenance operations

Reduces TPM implementation time by up to 50% and helps align an organization's work culture to practice TPM

ReDYM provides real time information to improve operational efficiency and helps in informed decision making