

POORNAPRAJNA BUSINESS TEACHING CASE STUDIES-2025



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Preface

We are pleased to present the 2025 edition of the *Poornaprajna Business Teaching Case Studies-2025*, an academic endeavor that continues to uphold the legacy of excellence at the Poornaprajna Institute of Management, Udupi. This year's compilation reflects an even broader spectrum of business challenges—strategic, financial, behavioral, technological, and ethical—captured through 23 original case studies authored by our dedicated faculty members.

Each case in this edition addresses real and evolving dilemmas drawn from Indian and global business contexts. From issues of **insurance disputes, income tax evasion, and GST fraud**, to **global expansion, digital transformation, and human resource restructuring**, the volume offers multifaceted perspectives across industries such as **hospitality, pharmaceuticals, IT, manufacturing, FMCG, fintech**, and more. The inclusion of cases like *Dr. Reddy's Laboratories' currency risk*, *MakeMyTrip's NASDAQ listing*, *Maytas Infra's financial misreporting*, and *Café Coffee Day's downfall* reflects our effort to blend theoretical frameworks with practical complexity.

This collection goes beyond traditional case methods to include studies in **behavioral economics, rural marketing, compensation design, corporate governance, and financial decision-making**, offering learners opportunities to engage in critical analysis, debate, and strategic planning.

We believe that such diversity in cases is essential for preparing students and professionals to lead in today's volatile and uncertain world. The 2025 edition is designed to foster **analytical thinking, ethical awareness, and real-world application**—cornerstones of impactful management education.

We extend our heartfelt appreciation to our faculty authors for their intellectual rigor and dedication, and to our academic community for continuously inspiring us to innovate in pedagogy. We hope this volume becomes a valuable tool in classrooms, boardrooms, and beyond—equipping readers with insights, frameworks, and confidence to navigate the complexities of the business world.

Warm regards

Editors

Poornaprajna Institute of Management, Udupi

INDEX

Serial No.	Title	Page No.
1	Case Study: Insurance Claim – The Case of Damaged Goods in Transit - Bharath V	1
2	Case Study: Taj Hotels – Delivering Premium Hospitality Services - Bharath V	6
3	Case Study: Dr. Reddy's Laboratories – Global Strategy and Currency Risk -Bharathi Karanth	10
4	Infosys and the Challenge of Managing a Strong Rupee -Bharathi Karanth	15
5	MakeMyTrip – Listing on NASDAQ: A Strategic Leap into International Equity Markets -Bharathi Karanth	22
6	Case Study on Financial Statements Manipulation at Maytas Infra Ltd. -Naveen Kumar K. R.	27
7	Dividend Policy of Reliance Industries Ltd and Its Impact on Share Price -Naveen Kumar K. R.	30
8	Survey or stereotype? Uncovering Customer Insights at Aahana Organics -Diana Saldanha	34
9	Anchored Incentives: Behavioural Biases in Compensation Strategy at Rydex Technologies -Diana Saldanha	39
10	FinServe or FinStrain? Strategic Dilemma at Sahasra FinCorp -Diana Saldanha	44
11	Case Study: "Navigating the Indian Business Environment: Challenges and Opportunities for Global Enterprises" -Santhosh N. Prabhu	49
12	Case Study: "Leveraging IT Solutions to Scale a Small IT Consultancy Business: A Global Perspective" -Santhosh N. Prabhu	55

13	Trendy Tech's Dilemma: Why Gen Z Isn't Buying In -Shivanand M Bhandarkar	62
14	Expanding Globally: Should AgroGreen Go Organic in Europe or Asia -Shivanand M Bhandarkar	64
15	Appraising Potential or Just Performance? The Dilemma at Sigma Tech Solutions -Shivanand M Bhandarkar	66
16	Case Study: "Exploring Rural Marketing in India: Strategies, Challenges, and Opportunities for Global Businesses" -Santhosh N. Prabhu	68
17	Bindu Beverages: From Local Favourite to Emerging FMCG Contender -Sujatha G L	75
18	The Launch and Lessons of Maggi Dal Atta Noodles -Sujatha G L	83
19	Reward or Risk? Navigating Pay Restructuring at Zenith Textiles Ltd. -Venkatesh Shetty	89
20	Managing Change at Arya FinServ: A Human Resource Transformation Challenge -Venkatesh Shetty	93
21	Make in India or Made Overseas? Strategic Dilemmas of ElectroPlus Pvt. Ltd. -Venkatesh Shetty	97
22	The Rise and Fall of Café Coffee Day: Uncovering Income Tax Evasion in India's Retail Coffee Giant -Ramakrishna Nayak	102
23	The Phantom Invoices: Unraveling the ₹1,000 Crore GST Scam of Bhanu Constructions Pvt. Ltd. -Ramakrishna Nayak	108

Case Study: Insurance Claim – The Case of Damaged Goods in Transit

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1. BACKGROUND:

Mr. Rajesh Mehta, the proprietor of Mehta Electronics Pvt. Ltd., a medium-scale enterprise dealing in LED TV distribution, insured a consignment of 300 LED TVs through XYZ General Insurance Ltd. The Marine Cargo Insurance Policy was intended to cover the shipment from Mumbai to Kolkata.

2. THE INCIDENT:

During road transit, the consignment truck encountered an accident on a national highway due to adverse weather conditions and deteriorating road infrastructure. Upon arrival in Kolkata, 180 of the 300 LED TVs were found damaged—either physically or functionally. Mr. Mehta promptly filed a claim of ₹45,00,000, reflecting the invoice value of the damaged goods.

3. INSURANCE CLAIM PROCESS:

- **Survey & Assessment:** XYZ General Insurance appointed a licensed surveyor to inspect the damages.
- **Findings:** The surveyor reported suboptimal packing and inadequate securing of items within the truck. Additionally, the truck driver was deemed insufficiently trained to handle fragile electronics.
- **Insurer's Settlement:** Based on the report, the insurer approved a partial claim settlement of ₹20,00,000, attributing the remaining loss to Mr. Mehta's contributory negligence.

- Dispute: Mr. Mehta contested the partial settlement, arguing the loss was primarily caused by external, uncontrollable events—poor roads and inclement weather—rather than internal procedural lapses.

4. KEY ISSUES:

- Was the rejection of the full claim by XYZ General Insurance Ltd. justified?
- To what extent did Mr. Mehta fulfill his responsibilities under the policy?
- What role did the surveyor's findings play in shaping the settlement?
- How do insurance policy clauses regarding packaging standards and "Acts of God" influence claim eligibility?

5. QUESTIONS FOR DISCUSSION:

1. What types of insurance policies are applicable for transit-related goods?
2. What are the respective responsibilities of the insured and insurer in this situation?
3. Was XYZ General Insurance Ltd.'s partial settlement decision fair and valid?
4. How can businesses minimize disputes in insurance claim processes?
5. What legal remedies are available to policyholders dissatisfied with claim outcomes?

6. SUGGESTED ANALYSIS & RESOLUTION:

6.1 Relevant Insurance Policies:

- Marine Cargo Insurance: Standard for goods transported over long distances, covering risks during shipment.

- Inland Transit Insurance: Covers goods transported by road, rail, or inland waterways.
- Multi-modal Insurance: For goods moved through a combination of transport modes.
- Open Policy: Blanket coverage for recurring shipments over a year.
- Specific Voyage Policy: One-time coverage for a defined journey.

6.2 Responsibilities:

Insured (Mr. Mehta):

- Ensure proper packaging and securing of goods.
- Disclose all relevant information to the insurer.
- Promptly notify of damage and submit necessary documentation.

Insurer (XYZ General Insurance Ltd.):

- Evaluate claims based on policy conditions.
- Appoint a neutral surveyor and transparently process claims.
- Provide justifications for rejections or partial settlements.

7. EVALUATION OF THE SETTLEMENT DECISION:

XYZ General Insurance's partial rejection of the ₹45,00,000 claim rests primarily on contributory negligence due to inadequate packaging. While poor road conditions and weather may be considered "Acts of God" and generally covered, the insurer's defense hinges on whether the insured failed to take reasonable preventive measures.

7.1 Assessment Parameters:

- Causation: Was the primary cause of damage external (accident) or internal (negligent packing)?

- Policy Clauses: Most marine policies exclude coverage for damages arising from poor packaging unless explicitly included.
- Surveyor's Role: The report significantly influences the claim outcome, yet must be unbiased and thorough.

8. SAFEGUARDS AGAINST DISPUTES:

- Thorough understanding of policy terms and exclusions.
- Proper documentation (e.g., packing process, photographic evidence).
- Trained logistics personnel and certified transport partners.
- Consider "All Risk" or broader coverage policies.
- Use of third-party insurance advisors for complex logistics chains.

9. LEGAL RECOURSE FOR MR. MEHTA:

If Mr. Mehta remains dissatisfied, the following escalation path is available:

1. Internal Grievance Mechanism
File a formal complaint with the insurer's grievance cell.
2. Insurance Ombudsman
 - For claims up to ₹30 lakhs.
 - Free and faster alternative to litigation.
3. Consumer Disputes Redressal Forum
 - District, State, or National level, based on the claim amount.
 - Requires documentary proof of the claim and insurer's response.
4. Arbitration or Civil Litigation
 - If arbitration clause exists in the policy.
 - Otherwise, a breach of contract suit may be filed in civil court.

10. CONCLUSION:

This case highlights the critical interplay between policy compliance, risk management, and insurance claim resolution. While XYZ General Insurance's decision to reduce the settlement may be technically justified under standard exclusions, the situation underscores the importance of:

- Proactive packaging practices,
- Transparent claim processing,
- Proper training for handling electronics in transit,
- And awareness of available legal protections.

Mr. Mehta must evaluate whether the insurer's decision aligns with the policy terms. If not, he should pursue structured grievance redressal mechanisms to seek full or fairer compensation.

Case Study: Taj Hotels – Delivering Premium Hospitality Services

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Company Overview

Taj Hotels, a flagship brand of the Indian Hotels Company Limited (IHCL), is one of India's most iconic and time-honored hospitality enterprises. Renowned for its luxurious accommodations and exceptional service quality, Taj Hotels caters primarily to high-end leisure and business travelers. With a portfolio that includes heritage properties, city hotels, and exotic resorts, the brand has established a strong domestic and global presence.

1. THE 7 PS OF SERVICE MARKETING AT TAJ HOTELS:

Element	Application in Taj Hotels
Product	Luxury rooms, themed suites, fine dining, wellness spas, curated travel experiences
Price	Premium pricing strategy aligned with brand positioning; value-added seasonal offers and loyalty rewards
Place	Prime urban locations, heritage sites, and exotic getaways across India and abroad
Promotion	Integrated marketing including celebrity endorsements, digital ads, loyalty initiatives (Taj InnerCircle), and strong social media engagement
People	Expertly trained staff—concierges, chefs, guest service associates—ensuring personalized guest experiences

Process	Streamlined processes like digital check-ins, concierge service protocols, and structured feedback systems
Physical Evidence	Grand architectural design, elegant interiors, branded staff uniforms, premium toiletries, and rich ambiance reinforcing luxury

2. SERVICE CHARACTERISTICS AND TAJ'S STRATEGIC RESPONSES

Characteristic	Taj Hotels' Strategy
Intangibility	Builds strong brand perception through consistent guest experiences and reputation
Inseparability	Focus on human touch—staff interactions, warmth, and culture-driven service
Variability	SOPs, continuous staff training, regular service audits, and mystery audits
Perishability	Dynamic pricing, bundling, and yield management to optimize occupancy

3. CUSTOMER RELATIONSHIP MANAGEMENT (CRM):

Taj Hotels leverages advanced CRM technologies to ensure personalized guest experiences. Guest data is used to remember preferences, tailor communication, and reward loyalty. The Taj InnerCircle program is central to guest retention, enabling tiered benefits, upgrades, and exclusive privileges for frequent patrons.

4. SERVICE QUALITY: THE SERVQUAL MODEL AT TAJ HOTELS:

Dimension	Implementation at Taj Hotels
Tangibles	Opulent room decor, modern amenities, luxury linens, and classic uniforms

Reliability	Timely service, accurate billing, consistent quality across locations
Responsiveness	24/7 concierge, rapid complaint resolution, proactive service culture
Assurance	Highly trained professionals, secure environments, long-standing brand trust
Empathy	Personalized welcomes, custom room setups, and emotional engagement with guests

5. DIGITAL TRANSFORMATION IN SERVICE DELIVERY:

Taj Hotels is embracing digital innovation to enhance the guest journey:

- Mobile app for booking, digital check-in/check-out
- AI-powered chatbots for customer inquiries
- QR-code menus and digital feedback forms post-pandemic
- Smart room controls in select properties

These enhancements aim to balance luxury with convenience and safety.

6. STRATEGIC ANALYSIS:

6.1 Strengths:

- Prestigious brand image and deep-rooted legacy
- Deep focus on service personalization and cultural richness
- Diverse portfolio across global destinations
- Strong loyalty ecosystem through Taj InnerCircle

6.2 Challenges:

- High fixed and operational costs

- Competitive pressures from budget brands and digital aggregators (e.g., OYO, Airbnb)
- Seasonal demand variation
- Maintaining consistent service across varied geographies

6.3 Strategic Recommendations:

1. Brand Diversification
Continue developing mid-range and economy segments via Vivanta and Ginger to capture wider demographics.
2. Technology Integration
Invest in AI, predictive analytics, and IoT to improve personalization, efficiency, and guest engagement.
3. Sustainable Hospitality
Adopt and promote eco-conscious practices like energy-efficient systems, zero plastic use, and local sourcing.
4. Experience-Driven Marketing
Offer immersive packages—heritage walks, culinary classes, destination weddings—to enrich the guest experience.

7.CONCLUSION:

Taj Hotels exemplifies how service-driven enterprises can differentiate through deep customer engagement, service excellence, and emotional connection. In an industry where the tangible product is limited, the quality of service and memory of experience define brand success. Taj's strategic blend of heritage, innovation, and hospitality positions it as a global benchmark in premium service marketing.s

Case Study: Dr. Reddy's Laboratories – Global Strategy and Currency Risk

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ABSTRACT

- **Purpose of the Case Study:** This case explores how Dr. Reddy's Laboratories, a global pharmaceutical company headquartered in India, manages foreign exchange exposure and global pricing strategies amidst fluctuating currency markets. It focuses on how the company balances profitability and compliance while reporting consolidated financials across jurisdictions.
- **Key Highlights:** Dr. Reddy's derives over 60% of its revenues from international markets, primarily the U.S. and Europe. Currency volatility affects both pricing and profitability. The case discusses translation and transaction exposure, the use of natural and financial hedging, and global pricing adjustments. Stakeholders include finance managers, country heads, regulators, investors, and auditors.
- **Learning Objectives:**
 - Understand the distinction between transaction and translation exposure.
 - Analyze forex hedging tools and techniques.
 - Explore pricing and financial reporting in a multinational business.
 - Evaluate consolidation challenges under IFRS and GAAP.
- **Keywords:** Forex risk, Hedging, Global pricing, Financial consolidation, Translation exposure, Dr. Reddy's

1. INTRODUCTION:

- **Background Context:** Founded in 1984, Dr. Reddy's Laboratories is a leading Indian pharmaceutical company with a strong global footprint. The firm manufactures and markets generic medicines, active pharmaceutical ingredients (APIs), and biosimilars across the U.S., Europe, and emerging markets. With increasing dependence on international sales, managing foreign exchange risk and maintaining pricing competitiveness became key financial priorities.
- **Key Players:**
 - **Global CFO:** Oversees currency exposure and financial reporting.

- **Country Heads (U.S. and Europe):** Set localized pricing strategies.
- **Treasury Team:** Implements hedging strategies.
- **External Auditors:** Ensure compliance with IFRS/GAAP.
- **Investors and Shareholders:** Concerned with earnings volatility.
- **Relevance:** This case is highly relevant for courses in **International Financial Management, Corporate Finance, and Multinational Accounting**. It offers real-world insight into currency risk management, financial consolidation, and the strategic use of hedging.

2. MAIN BODY:

2.1 Detailed Problem Description:

Dr. Reddy's operates in over 30 countries, billing customers in local currencies while reporting consolidated results in Indian Rupees under IFRS. With 40% of revenue from the U.S. (billed in USD) and 20% from Europe (in EUR and GBP), currency appreciation or depreciation significantly affects revenue realization. The company faces two forms of exposure:

- **Transaction Exposure:** Due to receivables and payables in foreign currencies.
- **Translation Exposure:** While consolidating foreign operations in INR.

2.2 Challenges:

- Frequent currency fluctuations (e.g., INR/USD volatility)
- Choosing between financial hedging (forwards/options) and natural hedging (matching revenue and expenses)
- Aligning pricing strategies with changing exchange rates
- Navigating dual reporting standards (IFRS and U.S. GAAP)

2.3 Situation Analysis:

2.3.1 External Analysis:

- **Global Trends:** Currency volatility heightened by geopolitical shifts and inflation trends.
- **Pharma Market:** Pricing pressure in U.S. generics market; regulatory pricing controls in Europe.
- **Regulatory:** IFRS and GAAP differences in consolidation and hedge accounting.

2.3.2 Internal Analysis:

- **Strengths:**
 - Diversified geographic revenue base
 - Strong treasury expertise
 - Operational presence in low-cost manufacturing hubs
- **Weaknesses:**
 - High exposure to USD and EUR
 - Limited local sourcing in foreign markets
 - Reliance on short-term hedging instruments
- **Opportunities:**
 - Expansion into LATAM and APAC to diversify currency risk
 - Use of structured currency derivatives
- **Challenges:**
 - Managing long-term pricing amid volatile exchange rates
 - Harmonizing reports across multiple accounting standards

2.4 Decision Points:

- Should Dr. Reddy's increase its hedging ratio to cover more of its foreign receivables?
- How can the company use pricing strategies to offset currency depreciation?
- Should they adopt longer-term contracts or floating price mechanisms?
- What is the most efficient approach to consolidate financials across jurisdictions with minimal volatility?

3. SUPPORTING DATA AND EXHIBITS:

Exhibit A: Revenue by Region (FY 2023)

Region	% of Revenue	Currency Used
United States	40%	USD
Europe	20%	EUR/GBP
India	25%	INR
RoW	15%	Mixed

Exhibit B: Exchange Rate Movements (2019–2023)

Year	INR/USD	INR/EUR
2019	69.5	78.3
2020	74.0	84.1
2021	72.5	86.0
2022	79.2	88.5

2023	82.3	90.4
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Exhibit C: SWOC Analysis

Strengths	Weaknesses
Geographic revenue diversification	Limited long-term forex contracts
Skilled treasury and finance team	High USD/EUR exposure
Opportunities	Challenges
Hedging innovation with derivatives	IFRS/GAAP compliance complexities
Expansion in new markets	Price rigidity in regulated markets

4. TEACHING NOTE:

Instructor Guidelines:

- Use this case in discussions on forex exposure management.
- Encourage students to simulate hedging scenarios using historical exchange rate data.

Time Required: 75 minutes (Case analysis: 30 min, Group work: 30 min, Debrief: 15 min)

Recommended Analysis Tools:

- SWOC Matrix
- Sensitivity Analysis (Exchange rate impacts on revenue)
- Transaction vs. Translation Exposure Framework
- Hedge Effectiveness Analysis

5. QUESTIONS FOR CLASSROOM DISCUSSION:

1. Research and Analysis:

- What further data would help you quantify Dr. Reddy's exposure to exchange rate risk?
- How would you assess the effectiveness of the company's current hedging policy?

2. Strategic Decision-Making:

- Should Dr. Reddy's increase its financial hedging coverage or rely more on natural hedges?
- What pricing strategies could help mitigate currency risk in price-regulated markets?

3. Implementation and Impact:

- What are the operational risks of implementing longer-term pricing or hedging contracts?
- How would you measure the success of risk mitigation strategies?

4. Broader Perspectives:

- What can other Indian pharmaceutical firms learn from Dr. Reddy's global strategy?
- How does this case highlight the complexities of cross-border financial reporting?

8. CONCLUSION:

- **Wrap-Up Summary:** Dr. Reddy's Laboratories illustrates the complexity of managing a globally diversified revenue stream. The company must constantly balance financial performance, compliance, and pricing competitiveness while mitigating currency risk through both financial and strategic tools. Its approach provides a valuable learning model for multinational enterprises navigating global financial uncertainty.
- **Open-Ended Problem:** Should Dr. Reddy's consider currency risk-sharing clauses in its contracts with international buyers? What would be the long-term strategic and financial implications of such a shift?

Infosys and the Challenge of Managing a Strong Rupee

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ABSTRACT

- **Purpose of the Case Study:**

This case study explores the strategic financial decisions faced by Infosys Technologies Limited in response to the appreciation of the Indian rupee. As a leading exporter in the IT services industry, Infosys's profitability was significantly impacted by currency fluctuations, particularly a strengthening rupee. The case investigates how Infosys identified, assessed, and responded to this challenge through foreign exchange risk management and hedging strategies.

- **Key Highlights:**

Infosys, one of India's top IT service providers, generates the bulk of its revenue in foreign currencies, primarily USD, while incurring a significant portion of its costs in Indian rupees. With the rupee appreciating during key periods, the company experienced margin compression, prompting its finance and treasury teams to explore structured hedging solutions such as forward contracts and options. The case involves key stakeholders including the CFO, treasury managers, institutional investors, and regulators. It highlights the operational and financial complexities faced by export-driven Indian firms in a volatile forex environment.

- **Learning Objectives:**

- Understand the impact of exchange rate movements on the financial performance of export-oriented firms.
- Analyze different types of foreign exchange exposures (transaction, translation, and economic).
- Evaluate the role of hedging instruments in mitigating currency risk.
- Assess corporate strategies in treasury and risk management in a global business context.

- **Keywords:**

Foreign exchange exposure, Hedging strategies, Infosys, Rupee appreciation, Treasury management, IT exports

1. INTRODUCTION:

- **Background Context:**

Infosys Technologies Limited, founded in 1981 and headquartered in Bengaluru, India, is one of the country's leading information technology (IT) services companies. With a strong global presence and a reputation for innovation and excellence, Infosys delivers IT consulting, software development, and business process outsourcing services to clients worldwide—particularly in the United States and Europe. As a pioneer in the Indian IT outsourcing industry, Infosys has consistently ranked among the top exporters in the sector. The company earns over 90% of its revenue in foreign currencies, especially the US dollar, while incurring a majority of its operating expenses in Indian rupees. This business model exposes Infosys to significant foreign exchange risk, particularly during periods when the Indian rupee strengthens against major currencies.

- **Key Players:**

The primary stakeholders in this case include:

- **Mr. Narayana Murthy** (Co-founder and former CEO): His strategic vision shaped Infosys's global footprint.
- **Chief Financial Officer (CFO)**: Responsible for designing and executing the company's foreign exchange risk management policy.
- **Treasury and Risk Management Team**: Tasked with implementing hedging strategies and advising leadership on financial exposure.
- **Clients (mainly from North America and Europe)**: Their billing is mostly done in foreign currencies, particularly USD.
- **Shareholders and Investors**: Concerned with profitability and return on investment, especially during rupee appreciation phases.
- **Competitors**: Other Indian IT firms like TCS, Wipro, and HCL face similar challenges, creating a competitive benchmarking context.

- **Relevance:**

This case is highly relevant for courses in **International Financial Management**, **Corporate Finance**, and **Strategic Risk Management**. It provides real-world insight into how export-oriented businesses in emerging markets are affected by currency fluctuations. Through this case, students gain an understanding of foreign exchange exposure types, the importance of hedging strategies in multinational corporations, and the broader financial implications of currency volatility. It also encourages discussion on strategic financial planning, treasury operations, and global risk management.

2. MAIN BODY:

2.1 Detailed Problem Description:

Infosys, a global leader in IT services, derives over 90% of its revenues from overseas markets, especially the U.S. and Europe. However, in periods when the Indian rupee appreciates against the U.S. dollar, the value of Infosys's dollar-denominated revenues reduces when converted to rupees. This currency fluctuation poses a significant threat to its operating margins and profitability.

2.2 Key Challenges:

- **Rupee Appreciation:** Between 2006 and 2008, the rupee appreciated from ₹46/USD to ₹39/USD, reducing Infosys's net earnings despite strong operational performance.
- **Hedging Decisions:** Choosing appropriate hedging instruments (forwards, options, swaps) while balancing costs and effectiveness.
- **Forecasting Volatility:** Difficulty in predicting long-term trends in forex markets and their impact on pricing contracts.

2.3 Quantitative Snapshot (Illustrative Data):

Year	INR/USD Exchange Rate	Revenue (USD Billion)	Profit Margin (%)	Hedging Coverage (%)
FY 2006	45.9	2.15	27.3	30
FY 2007	44.1	3.09	26.1	40
FY 2008	39.3	4.18	22.7	65

2.4 Situation Analysis:

2.4.1 External Analysis:

- **Market Trends:** Rising demand for offshore IT services post-2000; growing competition from other Indian IT majors.
- **Exchange Rate Volatility:** The rupee's appreciation affected all Indian exporters' competitiveness.
- **Regulatory Environment:** RBI guidelines on derivative contracts, ECB (external commercial borrowings), and capital controls shaped Infosys's hedging practices.

2.4.2 Internal Analysis:

- **Strengths:**
 - Strong brand value and client trust.
 - Robust financial performance and zero-debt status.
 - Experienced treasury and finance team.
- **Weaknesses:**
 - High dependence on USD-denominated revenues.
 - Limited pricing flexibility due to contract structures.
 - Reactive rather than proactive hedging policies (in earlier years).

2.5 Decision Points:

1. **To Hedge or Not to Hedge:** Should Infosys hedge all its foreign exchange exposure or a part of it?
2. **Instrument Choice:** Which hedging tools offer the best balance of risk coverage and cost-efficiency?
3. **Strategic Pricing:** Can Infosys renegotiate pricing terms with clients to include currency risk-sharing clauses?
4. **Treasury Structure:** Should Infosys set up a more centralized treasury model for managing global currency exposure?

2.6 Conflicting Viewpoints:

- **CFO vs. Treasury Team:** Balancing short-term earnings protection vs. long-term strategy.
- **Investors vs. Operations Team:** Pressure to maintain margins vs. delivery excellence in contracts.

3. SUPPORTING DATA AND EXHIBITS:

Exhibit A: Exchange Rate Trend (2005–2010)

Graph showing INR/USD movement

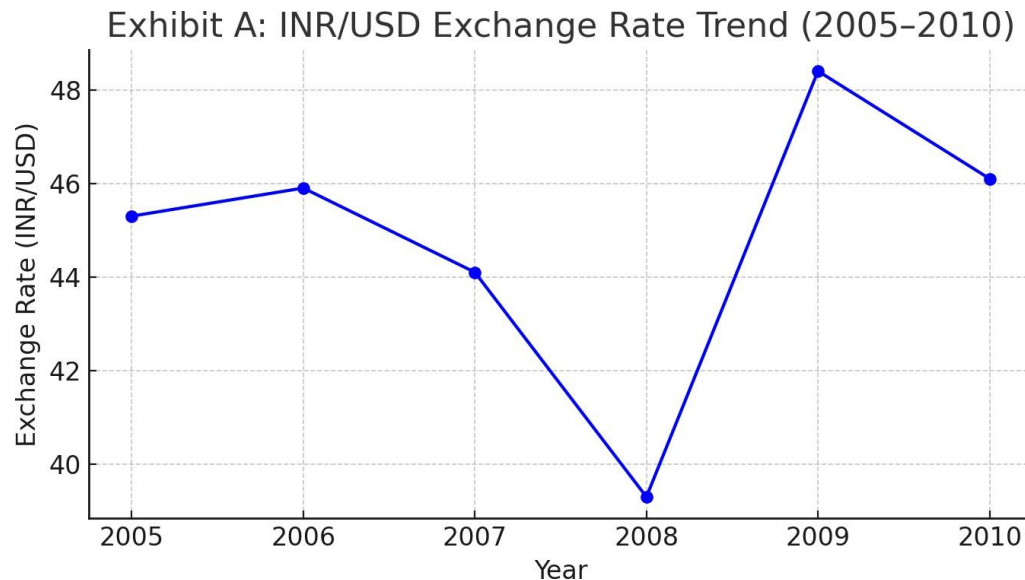


Exhibit B: Infosys Hedging Strategy (Forward Cover %)

Line graph showing increase in forward cover from 30% to 70%

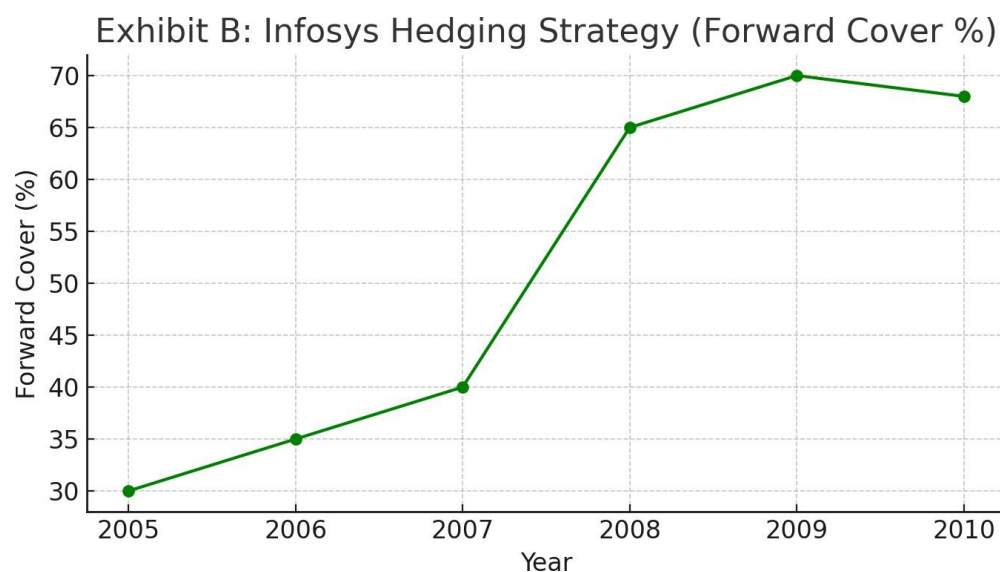


Exhibit C: SWOC Analysis of Infosys's Currency Exposure Strategy

Strengths	Weaknesses
Leading exporter	USD-heavy contracts
Cash-rich company	Limited diversification
Opportunities	Challenges
Use of currency derivatives	Volatile currency markets
Expansion into Euro/GBP zones	Cost of hedging instruments

4. TEACHING NOTE:

Instructor Guidelines:

- Begin with a 5-minute summary of Infosys and the IT export context.
- Split students into groups to analyze Infosys's exposure and propose hedging strategies.
- Encourage debate: "Is hedging always the best strategy?"

Time Required: 60–75 minutes

- Introduction & case read: 15 min
- Group discussion: 30 min
- Class debrief and instructor insights: 20–30 min

Recommended Analysis Tools:

- SWOC Analysis
- PESTLE (for external context)
- Risk-Return Matrix
- Cost-Benefit of Hedging Techniques
- Sensitivity Analysis (on exchange rate scenarios)

5. QUESTIONS FOR CLASSROOM DISCUSSION:

1. What types of foreign exchange exposure does Infosys face, and how do they impact financial performance?
2. Evaluate the pros and cons of forward contracts vs. options for Infosys's context.
3. Should Infosys hedge all, partial, or none of its foreign exchange exposure? Justify your answer.
4. What changes would you recommend to Infosys's treasury management structure to manage future currency risk more effectively?

5. Can Infosys influence pricing strategies or client contracts to share currency risk? How realistic is this in the IT services sector?
 6. How should Indian IT firms balance global competitiveness with financial risk management?
-

6.CONCLUSION:

- **Wrap-Up Summary:**

Infosys's journey through the challenge of a strengthening Indian rupee highlights the vulnerability of export-dependent firms to foreign exchange fluctuations. While the company demonstrated resilience through progressive hedging strategies, its experience underscores the importance of proactive financial planning in a globally interconnected economy. The case presents key learning on managing transaction exposure, designing effective treasury operations, and aligning risk management practices with strategic business objectives.

Through its adaptive approach—shifting from minimal cover to robust forward contracts—Infosys offers a practical model for emerging market multinationals seeking to stabilize earnings in a volatile forex environment. It also illustrates the trade-offs between cost, coverage, and strategic flexibility.

- **Open-Ended Problem:**

As India's economy matures and the rupee continues to experience volatility, should Infosys move beyond traditional hedging and consider alternative strategies such as currency diversification, dynamic pricing models, or establishing delivery centers in client geographies?

What long-term currency risk mitigation strategies should Infosys adopt to remain competitive in an increasingly uncertain global financial landscape?

MakeMyTrip – Listing on NASDAQ: A Strategic Leap into International Equity Markets

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ABSTRACT

Purpose of the Case Study:

This case study explores MakeMyTrip's strategic decision to list on the NASDAQ, becoming one of the first Indian internet startups to raise equity capital through an international stock exchange. It delves into the key challenges of valuation, regulatory compliance, investor communication, and financial reporting in a foreign currency.

- **Key Highlights:**

MakeMyTrip, a pioneer in Indian online travel services, faced limited access to capital in the Indian market during its growth phase. Seeking expansion and investor trust, the company chose to go public on the NASDAQ in 2010. Key stakeholders include the CEO, CFO, underwriters, U.S. investors, and Indian regulators. The case discusses American Depositary Receipts (ADRs), exchange rate translation issues, and the challenge of building investor confidence across borders.

- **Learning Objectives:**

- Understand the process and implications of international equity financing.
- Examine the benefits and risks of ADRs and foreign listings.
- Analyze financial reporting challenges involving currency translation.
- Evaluate strategic financing decisions for high-growth startups.

- **Keywords:**

ADRs, International equity financing, MakeMyTrip, NASDAQ, Currency translation, IPO strat

1. INTRODUCTION:

- **Background Context:**

Founded in 2000, MakeMyTrip emerged as a market leader in India's rapidly evolving online travel industry. Initially targeting NRIs for India travel bookings, it expanded into domestic flights, hotel bookings, and

holiday packages. By 2010, with rising competition and increasing capital requirements, MakeMyTrip sought international funding to fuel growth.

- **Key Players:**

- **Deep Kalra** – Founder and CEO, leading the strategic vision.
- **Underwriters** – Investment banks managing the IPO process.
- **U.S. Institutional Investors** – Key target audience for the ADRs.
- **Indian Regulators and SEBI** – Ensuring compliance with foreign listings.
- **Competitors** – Yatra, Cleartrip, and Expedia India, influencing market dynamics.

- **Relevance:**

This case ties closely to **International Financial Management** and **Corporate Strategy** courses. It offers real-world insight into how Indian startups navigate global capital markets, balancing domestic constraints and global opportunities.

2. MAIN BODY:

2.1 Detailed Problem Description:

MakeMyTrip needed capital to expand its offerings, scale operations, and enhance technology. Indian capital markets were not sufficiently mature for tech IPOs, and foreign investors showed greater appetite for emerging market tech plays. The company considered various financing routes before deciding to list on the NASDAQ using ADRs.

2.2 Challenges:

- Determining a fair valuation amidst limited comparables.
- Complying with U.S. SEC regulations, Sarbanes-Oxley Act, and GAAP reporting.
- Managing investor expectations in a foreign market.
- Currency translation issues in consolidated financial statements.

2.3 Situation Analysis:

2.3.1 External Analysis:

- **Market Trends:** Rapid growth in online travel booking globally and in India.
- **Technology:** Rising internet penetration and mobile booking platforms.
- **Competition:** Increasing pressure from domestic and international players.

- **Regulatory Environment:** Indian exchange control rules; U.S. compliance regulations.

2.3.2 Internal Analysis:

- **Strengths:** Market leadership, strong brand recognition, experienced leadership.
- **Weaknesses:** Thin profit margins, lack of domestic investor confidence in tech IPOs.
- **Opportunities:** Access to global capital, brand positioning as an emerging markets growth story.
- **Challenges:** Currency risk, maintaining compliance with dual reporting standards.

2.4 Decision Points:

- Should MakeMyTrip list in India or abroad?
- How should it manage investor communication across different financial systems?
- What valuation approach should be used to reflect its growth potential?
- How can the company mitigate the risks of currency volatility post-listing?

3. SUPPORTING DATA AND EXHIBITS:

Exhibit A: MakeMyTrip Financial Snapshot (Pre-IPO)

Metric	FY 2009	FY 2010
Revenue (USD mn)	38.4	64.6
Net Loss (USD mn)	-6.2	-6.3
Gross Bookings	\$255 mn	\$447 mn
Market Share (India)	35%	40%

Exhibit B: Comparison of Domestic vs. NASDAQ Listing

Criteria	Indian Exchange	NASDAQ
Investor Base	Domestic retail/institutions	Global tech investors
Regulatory Requirements	SEBI, Indian GAAP	SEC, SOX, US GAAP
Valuation Multiples	Conservative	Growth-oriented
Reporting Currency	INR	USD

4. TEACHING NOTE:

Instructor Guidelines:

- Use this case in discussions about international fundraising options.
- Pair with topics on ADR mechanisms and capital market globalization.

Time Required: 60 minutes (40 mins group discussion + 20 mins class debrief)

Recommended Analysis Tools:

- PESTLE Analysis
- SWOC Matrix
- Risk-Return Tradeoff
- Capital Structure Comparison

5. QUESTIONS FOR CLASSROOM DISCUSSION:

1. Research and Analysis:

- What additional information would you need to estimate MakeMyTrip's valuation pre-IPO?
- How would you structure market research to evaluate investor perception abroad?

2. Strategic Decision-Making:

- Should MakeMyTrip have considered a dual listing? Why or why not?
- What alternative funding options were available and why were they rejected?

3. Implementation and Impact:

- What post-IPO risks might affect performance (e.g., exchange rates, compliance)?
- How can MakeMyTrip measure the success of its NASDAQ listing in the long term?

4. Broader Perspectives:

- How does MakeMyTrip's case reflect the globalization of capital markets?
- What parallels can be drawn between MakeMyTrip and other Indian startups seeking international funding?

6. CONCLUSION:

- **Wrap-Up Summary:** MakeMyTrip's NASDAQ listing marked a turning point for Indian startups accessing global capital. The move brought both opportunities and responsibilities, from valuation benefits and broader visibility to increased compliance and currency risk. It represents a strategic financing choice that blended ambition with calculated risk.
- **Open-Ended Problem:** As MakeMyTrip scales further, should it consider shifting to a dual listing or even returning to Indian markets for future capital needs? How can it continuously align its capital strategy with global market dynamics?

Case Study on Financial Statements Manipulation at Maytas Infra Ltd.

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1. INTRODUCTION:

Maytas Infra Ltd., a Hyderabad-based infrastructure development company, was embroiled in a significant financial scandal in 2009. Founded by B. Ramalinga Raju, the same individual behind the infamous Satyam Computer Services fraud, Maytas Infra became the center of attention due to its financial irregularities. This case study delves into the events surrounding the financial statement manipulation at Maytas Infra, examining the methods employed, the consequences faced, and the lessons learned.

2. BACKGROUND:

Maytas Infra was established as a subsidiary of Satyam Computer Services, focusing on infrastructure projects such as roads, bridges, and urban development. The company's operations were closely linked to Satyam, with both entities sharing leadership and resources. In December 2008, Satyam announced plans to acquire Maytas Infra and Maytas Properties for \$1.6 billion, a move that was met with shareholder opposition and eventually called off. However, the connection between the two companies would soon lead to financial scrutiny.

3. FINANCIAL IRREGULARITIES AT MAYTAS INFRA

In January 2009, following the revelation of a massive financial fraud at Satyam, investigations into Maytas Infra's financials were initiated. The company's statutory auditors discovered discrepancies in its financial statements, including:

- **Understatement of Profits:** In the April-June 2008 quarter, Maytas Infra understated its profit by Rs 1.6 million due to under-provisioning for service tax liability and excess provision for deferred tax liability. These adjustments were later corrected in the September 2008 quarter.

- **Diversion of Funds:** Reports emerged suggesting that Maytas Infra had diverted approximately Rs 1,200 crore to Satyam, raising concerns about fund mismanagement and potential fraudulent activities.
- **Losses and Operational Challenges:** For the fiscal year 2008-09, Maytas Infra reported a net loss of Rs 489.79 crore, attributing the poor performance to the fallout from the Satyam scandal. The company's revenue declined by 19%, and it faced increased costs and operational disruptions.

4. LEGAL AND REGULATORY ACTIONS:

In response to the financial irregularities, several legal and regulatory measures were undertaken:

- **Government Intervention:** The Company Law Board appointed four nominee directors to the board of Maytas Infra to oversee its operations and ensure compliance with corporate governance standards.
- **Acquisition by IL&FS:** In August 2009, Infrastructure Leasing & Financial Services (IL&FS) replaced the Raju family as promoters of Maytas Infra, aiming to stabilize the company and restore investor confidence.
- **Securities and Exchange Board of India (SEBI) Actions:** SEBI initially directed Maytas Infra to disgorge unlawful gains amounting to Rs 59 crore in connection with the Satyam scam. However, the Securities Appellate Tribunal later revoked this order, stating that the company's directors could not be considered insiders in the Satyam matter.

5. CONSEQUENCES AND REPERCUSSIONS:

The financial statement manipulation at Maytas Infra had far-reaching consequences:

- **Reputation Damage:** The scandal tarnished the reputation of Maytas Infra and its leadership, leading to a loss of investor trust and a decline in stock value.
- **Project Cancellations:** The company lost significant projects, including the Hyderabad Metro Rail project, due to its involvement in the financial controversy.

- **Legal and Financial Scrutiny:** Maytas Infra faced intense scrutiny from regulatory authorities, leading to legal battles and financial audits that further strained its operations.

6. LESSONS LEARNED:

The Maytas Infra case underscores several critical lessons in corporate governance and financial management:

- **Importance of Auditor Independence:** Independent and diligent auditing is crucial in detecting and preventing financial irregularities.
- **Need for Robust Internal Controls:** Companies must establish strong internal controls to monitor financial transactions and prevent fraudulent activities.
- **Transparency and Accountability:** Maintaining transparency in financial reporting and holding management accountable is essential for sustaining investor confidence and corporate integrity.

7. CONCLUSION:

The financial statement manipulation at Maytas Infra Ltd. serves as a cautionary tale about the risks associated with inadequate corporate governance and financial oversight. While the company has since been rebranded as IL&FS Engineering and Construction Company Ltd, the lessons from this episode remain pertinent for businesses striving to uphold ethical standards and financial integrity.

Discussion Questions

1. How did the connection between Maytas Infra and Satyam Computer Services contribute to the financial irregularities at Maytas Infra?
2. What role did the statutory auditors play in identifying and reporting the financial discrepancies at Maytas Infra?
3. What measures can companies implement to prevent similar financial statement manipulations in the future?

Dividend Policy of Reliance Industries Ltd and Its Impact on Share Price

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1. INTRODUCTION:

Reliance Industries Ltd (RIL), India's largest conglomerate, has consistently been a significant player in the Indian stock market. One of the key aspects that investors closely monitor is the company's dividend policy. Dividends serve as a direct return on investment for shareholders and can influence investor sentiment and stock performance. This case study examines RIL's dividend policy, its historical trends, and the subsequent impact on its share price.

2. OVERVIEW OF RELIANCE INDUSTRIES LTD:

Founded in 1958 by Dhirubhai Ambani, RIL has grown into a diversified conglomerate with interests spanning petrochemicals, refining, oil, telecommunications, retail, and digital services. The company is listed on both the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) and is a constituent of major indices like the S&P BSE SENSEX and NSE NIFTY 50.

As of 2025, RIL's market capitalization stands at approximately ₹15 lakh crore, making it the most valuable company in India. The company's diverse business portfolio and strong financial performance have contributed to its stature in the market.

3. DIVIDEND POLICY OF RIL:

RIL has maintained a progressive dividend policy over the years, aiming to provide consistent returns to its shareholders while balancing the need for reinvestment in business expansion. The company's dividend policy is influenced by several factors, including:

- **Profitability:** RIL's ability to generate consistent profits enables it to distribute dividends regularly.
- **Capital Expenditure Plans:** The company's investment in growth initiatives may impact the amount available for dividend distribution.
- **Debt Levels:** Maintaining an optimal debt-equity ratio is crucial for financial stability and affects dividend decisions.
- **Regulatory Requirements:** Compliance with statutory requirements and corporate governance norms influences dividend payouts.

Dividend History (2015–2024):

Year	Dividend (%)	Dividend (₹)
2024	100	10.00
2023	90	9.00
2022	80	8.00
2021	70	7.00
2020	65	6.50
2019	65	6.50
2018	60	6.00
2017	110	11.00
2016	105	10.50
2015	100	10.00

Source: Moneycontrol

The above table illustrates RIL's consistent dividend payouts over the years, reflecting its commitment to shareholder returns.

4. IMPACT OF DIVIDEND ANNOUNCEMENTS ON SHARE PRICE:

Dividend announcements can significantly influence a company's stock price. The relationship between dividend announcements and share price movements is often analyzed using the "Dividend Signaling Hypothesis," which posits that changes in dividend payouts convey information about a company's future prospects.

Case Analysis:

- **April 2024 Dividend Announcement:** On April 22, 2024, RIL declared a final dividend of 100% (₹10 per share). The announcement was well-received by the market, leading to a positive movement in the stock price. The ex-dividend date was set for August 19, 2024, and the record date for August 21, 2024.
- **July 2023 Dividend Announcement:** In July 2023, RIL declared a final dividend of 90% (₹9 per share). The announcement coincided with strong quarterly earnings, boosting investor confidence and resulting in a rise in the stock price.
- **March 2016 Interim Dividend:** RIL declared an interim dividend of 105% (₹10.50 per share) in March 2016. The announcement was perceived as a sign of the company's robust financial health, leading to a surge in the stock price.

Dividend Yield Analysis:

Dividend yield is a key metric for investors seeking income from their investments. It is calculated as:

$$\text{Dividend Yield} = \left(\frac{\text{Dividend Per Share}}{\text{Market Price Per Share}} \right) \times 100$$

For instance, in 2024, with a dividend of ₹10 per share and a market price of ₹2925.10, the dividend yield was approximately 0.34%. While this yield may seem modest, it is consistent with RIL's strategy of balancing dividend payouts with reinvestment needs.

5. INVESTOR PERCEPTION AND MARKET SENTIMENT:

RIL's dividend policy plays a crucial role in shaping investor perception. A consistent and progressive dividend policy signals financial stability and a commitment to returning value to shareholders. This can enhance investor confidence and attract long-term investors.

However, it's essential to note that dividend decisions are also influenced by broader market conditions and the company's strategic objectives. For instance, during periods of significant capital expenditure or acquisitions, RIL may opt for lower dividend payouts to conserve cash.

6. COMPARATIVE ANALYSIS WITH INDUSTRY PEERS:

When compared to other major Indian companies, RIL's dividend yield is relatively modest. For example, companies in the public sector or those in mature industries often offer higher dividend yields. However, RIL's diversified business model and growth prospects may justify its lower dividend yield, as investors anticipate capital appreciation and long-term value creation.

7. CHALLENGES AND CONSIDERATIONS:

While RIL's dividend policy has generally been well-received, several challenges and considerations exist:

- **Economic Downturns:** In times of economic uncertainty, maintaining dividend payouts can strain financial resources.
- **Regulatory Changes:** Changes in tax laws or corporate governance norms can impact dividend decisions.
- **Investor Expectations:** Balancing the expectations of income-seeking investors with those seeking capital gains can be challenging.

8. CONCLUSION:

Reliance Industries Ltd's dividend policy reflects a strategic approach to balancing shareholder returns with the need for reinvestment in business growth. The company's consistent dividend payouts have positively influenced investor sentiment and contributed to its strong market position. However, it is essential

for RIL to continuously assess its dividend policy in the context of changing market dynamics and business objectives.

Discussion Questions

1. Dividend Policy and Shareholder Value:

How does RIL's dividend policy contribute to shareholder value? Discuss the trade-offs between dividend payouts and reinvestment in business growth.

2. Market Reactions to Dividend Announcements:

Analyze the market's reaction to RIL's dividend announcements. How do such announcements influence investor perception and stock price movements?

3. Comparative Dividend Strategies:

Compare RIL's dividend policy with that of other major Indian companies. What factors influence the differences in dividend strategies across companies?

“Survey or Stereotype? Uncovering Customer Insights at Aahana Organics”

Diana Saldanha

Assistant Professor, Poornaprajna Institute of Management

ABSTRACT

Purpose of the Case Study:

To explore the challenges in conducting effective customer research in a growing organic FMCG firm, with a focus on research design, data collection, sampling, and interpretation.

Key Highlights:

- Aahana Organics, a premium organic food brand, plans a new product line based on customer preferences.
- The marketing team faces dilemmas in sampling methods, survey design, and data interpretation.
- A poorly executed pilot survey led to misleading insights.
- Management must decide how to redesign the research to support business decisions.

Learning Objectives:

- Understand the stages of the business research process.
- Evaluate tools and methods of primary data collection.
- Identify sampling errors and biases in research.
- Learn the value of pre-testing and improved research design.

1. INTRODUCTION:

Background Context:

Founded in 2017, Aahana Organics is a Bengaluru-based brand with over 150 SKUs in organic groceries and wellness. With plans to enter the ready-to-eat

(RTE) health meals category, the team conducted a pilot survey to guide product decisions. However, contradictions in results led to confusion at the board level.

Key Players:

- Ms. Kritika Rao – Head of Marketing, leading the research.
- Mr. Shreyas Iyer – CEO, pushing for quick validation of product investment.
- Mr. Manish Balan – Research Associate, responsible for survey and analysis.
- Urban Millennials – Target consumers of the new RTE line.

Relevance:

This case applies directly to Business Research Methods, covering research problem formulation, tool design, sampling strategies, and data interpretation.

2. MAIN BODY

Problem Description:

The pilot survey reached 150 people via Google Forms (WhatsApp, Email). However, results included high dropout rates and contradictory data:

- 73% preferred vegan meals, yet 58% liked paneer dishes.
- Raised concerns about data reliability, delaying the product launch.

Quantitative Findings:

Metric	Value
Response Rate	61%
Drop-out after Q10	39%
Location Bias	70% Bangalore-based
Quick Responses (<3 min)	42%
Estimated Margin of Error	±12%

Situation Analysis:

Research Design Flaws:

- Problem Definition: Vague target segment.
- Sampling: Non-probability (convenience).
- Questionnaire: 28 items, no skip logic, poor sequencing.
- Pre-testing: Conducted with 5 interns, feedback ignored.
- Analysis: Only descriptive stats; no segmentation.

Identified Research Errors:

- Sampling Bias: Overrepresentation of one city.
- Measurement Error: Confusing and double-barreled questions.
- Nonresponse Bias: High dropout.
- Interpretation Error: Drawing conclusions from flawed data.

3. SUPPORTING DATA AND EXHIBITS:

Exhibit A: Sample Questionnaire Excerpt

- Q7: "How often do you consume RTE meals and what price would you pay for organic ones?" → *Double-barreled*.
- Q14: "I prefer vegan meals but also love cheese dishes." → *Contradictory*.

Exhibit B: Respondent Demographics

Parameter Distribution (%)

City Bangalore (70), Mumbai (20), Delhi (10)

Age 20–30 (85), 31–40 (10), 41+ (5)

Profession Students (48), Working Professionals (42), Others (10)

Exhibit C: Research Redesign Checklist

- Clearly define objectives
- Use stratified random sampling
- Shorten and pre-test the questionnaire
- Employ Likert scales, skip logic, and open-ended questions
- Pilot test with feedback loop

- Use focus groups in exploratory phase

4. TEACHING NOTE:

Instructor Guidelines:

- Begin with defining clear research objectives.
- Assign group activities for:
 - Sampling strategy redesign
 - Survey tool evaluation
 - Mock pre-testing with analysis
- Debate: Online surveys vs. focus groups

Time Required:

- Class Discussion: 2 hours
- Assignment: Redesign the survey tool & sampling

Recommended Tools:

- Questionnaire Evaluation Framework
- Sampling Error Calculator
- Validity and Reliability Checklist
- Business Research Design Template

5. QUESTIONS FOR CLASSROOM DISCUSSION:

Research Design:

- What was flawed in Aahana's initial research problem?
- How could the research better align with business goals?

Sampling & Tool Evaluation:

- Which sampling method should Aahana adopt and why?
- How would you redesign ambiguous survey questions?

Interpretation & Ethics:

- What risks emerge from biased or misleading data?
- How can researcher bias impact decision-making?

Broader Considerations:

- When to use qualitative vs. quantitative methods?
- Why is ethical disclosure and pre-testing critical in research?

6. CONCLUSION:

Aahana Organics' case is a cautionary tale of how poor research design can derail decision-making. While the intent was data-driven strategy, the flawed execution led to skewed insights and strategic delays. This scenario highlights the importance of asking the right questions, using reliable tools, and respecting the science of research methodology in business.

“Anchored Incentives: Behavioural Biases in Compensation Strategy at Rydex Technologies”

Diana Saldanha

Assistant Professor, Poornaprajna Institute of Management

ABSTRACT

Purpose of the Case Study:

To examine how behavioural biases influence employee responses to compensation restructuring at a mid-sized tech firm and how these biases complicate rational compensation decisions.

Key Highlights:

- Rydex Technologies is facing productivity stagnation and rising internal discontent despite generous compensation.
- A behavioural finance lens reveals biases such as loss aversion, anchoring, and fairness perceptions at play.
- Management’s new incentive scheme is scientifically sound but psychologically resisted.

Learning Objectives:

- Understand the behavioural aspects of financial decision-making within organizations.
- Identify how cognitive biases affect perceptions of fairness and motivation.
- Evaluate incentive structures beyond pure economic rationality.
- Apply behavioural finance theories (e.g., Prospect Theory, Mental Accounting) to HR strategy.

1. INTRODUCTION:

1.1 Background Context:

Rydex Technologies, a 20-year-old IT solutions company based in Bengaluru, recently shifted from a seniority-based bonus system to a performance-linked incentive (PLI) plan. While intended to reward productivity, the new structure led to confusion, disappointment, and accusations of favoritism.

1.2 Key Players:

- Mr. Deepak Srinivasan – HR Director and architect of the new incentive plan.
- Ms. Ritu Arora – Senior Software Developer and informal team leader.
- Mr. Karthik Menon – CEO, observing performance dip despite reform.
- Middle Managers – tasked with implementing subjective performance ratings.

1.3 Relevance:

The case highlights how employees often do not behave as rational economic agents. Their reactions to compensation changes are deeply influenced by cognitive biases and perceptions of equity, making it a relevant case for behavioural finance discussions in organizational contexts.

2. MAIN BODY:

2.1 Detailed Problem Description:

The original bonus model at Rydex rewarded tenure over output, leading to underperformance by high-potential young employees. After HR introduced a PLI system, several senior employees felt “cheated” despite the firm’s total payout remaining unchanged. Informal workplace tensions increased, especially as subjective performance reviews became the basis for bonus decisions.

2.2 Quantitative Data:

- Original bonus (seniority-based): Avg. ₹1.5L/year across all staff
- New PLI scheme: 20% of salary variable based on ratings
- Drop in internal satisfaction scores: from 7.8 to 5.4 (scale of 10)
- Voluntary exits in Q1: 9 employees (vs. 2 last year same quarter)

2.3 Behavioural Diagnosis:

- Loss Aversion: Employees viewed the removal of tenure bonuses as a *loss*, even though high performers stood to gain more.
- Anchoring: Older staff compared current payoffs to previous fixed bonuses, anchoring expectations accordingly.
- Fairness Heuristic: Ratings based on subjective assessments (by team leads) led to accusations of unfair treatment.
- Mental Accounting: Employees perceived the new variable component as “gambling” with their pay.

2.4 Decision Points:

1. How should HR redesign the compensation plan to reduce psychological friction?
2. Should a portion of fixed bonus be retained to reduce perceived loss?
3. How can performance metrics be made more transparent to overcome fairness concerns?
4. What role can behavioural nudges play in easing the transition?

3. SUPPORTING DATA AND EXHIBITS:

Exhibit A: Bonus Structure Comparison

Component	Previous System	New PLI System
Fixed Pay (₹)	8,00,000	8,00,000
Bonus Criteria	Tenure-Based	Performance Ratings (0–5 scale)
Avg. Bonus Paid (₹)	1,50,000	Range: ₹0 – ₹2,00,000

Exhibit B: Employee Sentiment Survey (n=120)

Statement	Agree (%)
“I don’t understand how my performance is rated”	62%
“I feel financially insecure under the new system”	58%
“I prefer the old bonus system even if I earn less”	45%

Exhibit C: Bias Framework Applied to Rydex

Bias	Manifestation at Rydex	Impact
Loss Aversion	Negative reaction to loss of seniority-based bonus	Decreased morale
Anchoring	Comparing to previous bonuses	Resentment
Mental Accounting	Viewing variable pay as risky or uncertain	Demotivation
Fairness Heuristic	Distrust of performance rating system	Internal conflict

4. TEACHING NOTE:

Instructor Guidelines:

- Introduce key behavioural finance theories: Prospect Theory, Mental Accounting, and Equity Theory.

- Facilitate a roleplay: HR vs. Employees to explore perceptions of fairness.
- Conduct an in-class simulation using Excel to calculate payoffs under both systems.

Time Required:

2 classroom hours + reflection assignment

Recommended Analysis Tools:

- Prospect Theory
- Mental Accounting
- Equity Theory
- Bias Identification Matrix

5. QUESTIONS FOR CLASSROOM DISCUSSION:

Behavioural Insight and Diagnosis:

- What behavioural biases are evident in employee reactions at Rydex?
- How does loss aversion explain resistance to the new incentive scheme?

Strategic Recommendations:

- Should Rydex blend fixed and variable components? If so, how?
- How can transparency be improved in performance ratings?

Implementation Issues:

- What behavioural nudges or communication strategies could reduce employee resistance?
- How should HR handle anchor-based salary expectations in older employees?

Broader Perspectives:

- How can organizations pre-empt behavioural reactions during policy changes?
- What lessons does this case offer for tech start-ups and mid-level firms facing generational workforce shifts?

8. CONCLUSION:

Rydex Technologies' well-intentioned reform illustrates that compensation systems cannot be designed solely on rational models. Employees respond not just to payoffs, but to *perceptions*, *anchors*, and *emotions*. Behavioural finance brings these psychological dimensions into focus, allowing companies to align strategy with human behaviour. The case leaves students with a pivotal question: *Can data-driven policies succeed if they ignore the human mind's irrational corners?*

“FinServe or FinStrain? Strategic Dilemma at Sahasra FinCorp”

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ABSTRACT

Purpose of the Case Study:

To explore the strategic, regulatory, and operational challenges faced by Sahasra FinCorp, a mid-sized NBFC (Non-Banking Financial Company), as it attempts to scale its digital financial services in underserved rural markets while managing compliance, credit risk, and investor pressure.

Key Highlights:

- Sahasra FinCorp, an NBFC focused on micro-loans, aims to expand its footprint using fintech solutions.
- Regulatory tightening by RBI, rising NPAs, and digital competition put pressure on profitability.
- Management is torn between pursuing aggressive digital inclusion goals and maintaining fiscal discipline.

Learning Objectives:

- Understand the structure and functioning of NBFCs in India.
- Examine the interplay of financial innovation, regulation, and risk in financial services.
- Analyze asset-liability mismatches and credit risk in financial institutions.
- Explore fintech-driven models for inclusive finance.

1. INTRODUCTION:

1.1 Background Context:

Sahasra FinCorp, established in 2009 and headquartered in Mysuru, Karnataka, has grown from a small microcredit lender to a ₹1,200 crore asset NBFC serving over 3 lakh customers in tier-2 and rural areas. With rising digital adoption, the company plans to launch a mobile-based lending and savings platform. However, concerns around credit quality, RBI's revised regulatory framework, and investor demands for stable returns raise serious dilemmas for management.

1.2 Key Players:

- Mr. Prakash Shenoy – Founder and Managing Director, visionary behind the fintech push.
- Ms. Naina Desai – CFO, cautious about financial sustainability and risk exposure.
- Mr. Ravi Purohit – Board member and VC representative, demanding aggressive growth.
- Rural Loan Officers – Critical to credit assessment and collections.

1.3 Relevance:

The case aligns with the Financial Services curriculum covering topics like NBFC operations, credit risk management, regulatory norms, fintech in finance, and financial inclusion.

2. MAIN BODY:

2.1 Detailed Problem Description:

Sahasra FinCorp's new fintech initiative aims to reduce processing time from 5 days to 5 minutes, targeting 1 million users in 2 years. However, digital lending introduces new credit risks, especially in geographies with low financial literacy. RBI's scale-based regulations now require stricter capital adequacy and governance norms. The company must decide whether to invest ₹75 crore in digital infrastructure now or delay and focus on stabilizing its current loan book.

2.2 Quantitative Data:

- Assets under Management (AUM): ₹1,200 crore
- NPA (90+ DPD) ratio: 6.8% (vs. industry average 4.2%)
- Digital Loan Disbursal Target: ₹500 crore in 18 months
- Required Tech Investment: ₹75 crore
- Regulatory Capital Adequacy Ratio: 17.2% (min. 15% required)

2.3 Situation Analysis:

2.3.1 External Analysis:

- RBI's digital lending guidelines emphasize data protection, transparency, and partner accountability.
- Digital-first fintech firms like KreditEase and PayPe are eating into Sahasra's market.
- Rural customers show increasing smartphone penetration but still lack formal credit history.

2.3.2 Internal Analysis:

- Strong rural loan origination team with deep community ties.
- Weak internal tech infrastructure and analytics capability.
- Mixed investor expectations: profitability vs. social impact.

2.4 Decision Points:

1. Should Sahasra invest in a fintech platform now or wait until NPAs stabilize?
2. How can it ensure credit quality in a low-touch digital lending model?
3. What regulatory compliance systems need to be put in place?
4. Should it partner with a fintech startup or build its own digital system?

3. SUPPORTING DATA AND EXHIBITS

Exhibit A: Financial Summary (FY 2024)

Metric	Value
Gross NPA (%)	6.8%
Net Interest Margin (NIM)	9.1%
Capital Adequacy Ratio	17.2%
Return on Assets (ROA)	1.9%

Exhibit B: Regulatory Snapshot – RBI’s Digital Lending Norms (2022 Update)

- Loans must be reported to CICs and executed via RBI-registered REs.
- Loan service fees to be disclosed upfront.
- Customer data cannot be shared without explicit consent.

Exhibit C: SWOT Analysis of Sahasra FinCorp

Strengths	Weaknesses
Strong rural presence	High NPA levels
Loyal borrower base	Weak tech infrastructure
Opportunities	Threats
Digital penetration	Regulatory risk
Government’s financial inclusion push	Competition from agile fintechs

4. TEACHING NOTE:

4.1 Instructor Guidelines:

- Begin with a quick recap of NBFC structures and functions.
- Use Sahasra's numbers to simulate NPA impact on profitability and capital requirements.
- Divide the class: Fintech Advocates vs. Traditionalists for a strategy debate.
- Discuss risk management techniques in financial services.

4.2 Recommended Analysis Tools:

- CAMEL Framework (Capital Adequacy, Asset Quality, etc.)
- Cost-Benefit Analysis
- Risk-Reward Matrix
- RBI Regulatory Matrix

5. QUESTIONS FOR CLASSROOM DISCUSSION:

Strategic Finance and Growth:

- Should Sahasra prioritize digital transformation or risk control?
- How do financial services balance innovation with regulation?

Regulatory and Risk Perspective:

- What new risks emerge from digital lending?
- How can Sahasra meet RBI compliance while maintaining agility?

Investor and Market View:

- How should Sahasra handle investor pressure for short-term returns?
- Should the company raise capital now to fund the expansion, or delay?

Broader Implications:

- What lessons does this case offer about financial inclusion and fintech in India?
- How do NBFCs stay competitive against well-funded fintech startups?

6. CONCLUSION

Sahasra FinCorp stands at a crossroads—between its legacy of high-touch microfinance and the future of algorithm-driven lending. While its mission to

serve the underserved remains unchanged, the method must evolve. The case challenges students to think like financial strategists navigating a world where regulation, innovation, and social responsibility converge. Will fintech fuel Sahasra's growth—or strain its foundation?

Case Study: "Navigating the Indian Business Environment: Challenges and Opportunities for Global Enterprises"

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OBJECTIVES OF THE CASE STUDY

1. Analyze the Key Challenges in the Indian Business Environment

The goal is to identify the regulatory, infrastructural, social, and economic hurdles foreign businesses face when entering the Indian market. This involves exploring the complexities of India's bureaucracy, legal systems, and rich cultural diversity.

2. Examine the Opportunities for Global Enterprises in India

We'll take a closer look at sectors such as IT, consumer goods, manufacturing, and infrastructure that are booming in India. The aim here is to uncover how companies can leverage India's large consumer base, fast-growing digital space, and the government's pro-investment policies.

3. Assess the Impact of Government Policies on Business Operations

This includes evaluating initiatives like "Make in India," "Digital India," and GST, to understand how they are changing the landscape for foreign businesses and facilitating smoother market entry.

4. Explore Strategies for Foreign Companies to Navigate the Indian Market

This objective focuses on proposing strategies for international firms looking to expand into India—touching on market entry tactics, local partnerships, and understanding the regional diversity in consumer behaviour.

5. Illustrate the Role of Technology and Innovation in India's Business Growth

India's evolving technological and innovation landscape has been pivotal in business growth. This section highlights how digital transformation, advancements in tech, and the startup ecosystem present fresh avenues for international businesses.

6. Provide a Real-World Example of Successful Business Expansion in India

Using a case study (such as TechGlobal's entry into India), this section demonstrates how foreign companies can overcome barriers and seize opportunities in India's distinctive business landscape.

7. Offer Insights into the Long-Term Prospects of Operating in India

This will focus on offering key recommendations for developing a long-term strategy in India, ensuring sustainable growth and adaptability amid the shifting market dynamics.

1. INTRODUCTION: OVERVIEW OF INDIA'S BUSINESS LANDSCAPE:

India stands out as one of the world's fastest-growing economies, home to over 1.4 billion people. Its vast consumer base, dynamic industries, and entrepreneurial culture make it a prime destination for global businesses. However, its business environment, marked by complexity, requires a deep understanding of both the opportunities and challenges at play.

- **Economic Overview:** India's economy blends market-driven and state-controlled sectors, with growth seen across IT services, manufacturing, agriculture, and consumer goods. The IT, telecommunications, pharmaceutical, and consumer sectors are particularly promising for foreign firms.
- **Government Policies:** Over recent decades, India has been liberalizing its economy, streamlining processes, and promoting foreign investment. The government's initiatives like "Make in India," "Digital India," and GST are key drivers behind the evolving business environment.

2. CHALLENGES IN THE INDIAN BUSINESS ENVIRONMENT:

1. Regulatory Complexity

Despite efforts to streamline regulations, India's business laws can still be tricky to navigate. Overlapping central, state, and local rules often lead to delays in obtaining necessary approvals and compliance, particularly in areas such as taxes, labour laws, and environmental regulations.

2. Bureaucracy and Corruption

Bureaucratic inefficiency is a hurdle that businesses have to deal with, and despite strides to reduce red tape, long waits for clearances can stall

operations. Additionally, corruption remains a concern in some sectors, which can affect deal execution and operations.

3. Infrastructure and Logistics Issues

While progress has been made, India's infrastructure, particularly in transportation and logistics, still faces challenges. Poor road conditions, congested urban areas, and port delays are common, all of which can disrupt supply chains and raise operational costs.

4. Cultural and Social Diversity

India's vast cultural, linguistic, and regional diversity means that companies must be mindful of varying consumer preferences, customs, and business practices. The ability to adapt to these regional differences is key to success.

5. Skilled Labor Shortage

While India has a large labor pool, there's often a gap between the skills available and those required by businesses, especially in fields like AI, engineering, and research. This often forces foreign companies to invest in upskilling or to face hiring challenges.

3. OPPORTUNITIES IN THE INDIAN BUSINESS ENVIRONMENT:

1. Booming Consumer Market

With a rapidly expanding middle class and over 1.4 billion potential customers, India offers immense market potential. E-commerce, retail, luxury goods, and digital services are seeing heightened demand.

2. Rapid Technological Advancements

India is quickly becoming a tech hub, particularly in IT services, fintech, and software development. Government initiatives like "Digital India" are accelerating this trend, and sectors like e-commerce, mobile apps, and AI offer substantial growth opportunities.

3. Government Incentives for Foreign Investment

India's policies encouraging Foreign Direct Investment (FDI) have significantly improved the business climate, especially in sectors like

retail, aviation, and defense. Initiatives such as “Make in India” further promote manufacturing.

4. Strategic Geographic Location

India’s position in the Asia-Pacific region makes it an ideal hub for trade between the Middle East, Southeast Asia, and East Asia. Its access to crucial maritime routes opens up a wealth of possibilities for businesses looking to expand globally.

5. Expanding Infrastructure and Urbanization

India is heavily investing in infrastructure projects—like highways, smart cities, and airports—that create opportunities for businesses in real estate, construction, and energy, particularly as urbanization continues to accelerate.

3. CONCLUSION:

Summary

India presents both significant challenges and immense opportunities. Its evolving market, favourable government policies, and expanding consumer base make it an attractive destination for global businesses. However, to succeed, companies must navigate regulatory complexities, infrastructure barriers, and labor challenges.

Recommendations

- **Adaptation:** Tailor products and services to suit regional preferences.
- **Strategic Partnerships:** Local collaborations can help mitigate regulatory and operational challenges.
- **Long-Term Vision:** Companies should think long-term, planning for sustained growth in a rapidly changing market.

Recommendation: The case study offers a deep dive into the intricacies of doing business in India, giving practical insights for companies looking to enter the market. The addition of humanizing elements, such as strategic advice and softening of technical jargon, enhances the accessibility of the content without losing its informative nature.

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- McKinsey & Company, "The Future of India's Digital Economy," 2022.
- Deloitte Insights, "India's Consumer Market: An Emerging Power," 2021.
- World Bank, "Ease of Doing Business in India," 2023.

QUESTIONS FOR DISCUSSION

1. What are the main challenges faced by foreign businesses when entering the Indian market, and how do these challenges differ from those encountered in other emerging markets?
2. How do India's regulatory complexities, including local laws, bureaucracy, and tax structures, impact foreign businesses? What steps can companies take to navigate these regulatory barriers effectively?
3. In what ways do India's cultural and social diversity influence business practices? How can foreign companies tailor their strategies to address regional differences in consumer behavior, language, and customs?
4. What are the major government initiatives in India that support foreign direct investment (FDI)? How have initiatives like "Make in India" and "Digital India" shaped the business landscape for foreign enterprises?
5. How does India's infrastructure, particularly in logistics and transportation, impact the efficiency of global supply chains? What are some strategies companies can use to mitigate infrastructure-related challenges?
6. What role does India's booming consumer market play in attracting international businesses? How can companies take advantage of the growing middle class and rising disposable income?
7. How do technological advancements and the startup ecosystem in India present opportunities for innovation-driven businesses? What sectors within technology (e.g., IT services, fintech, e-commerce) are most conducive to foreign investment?
8. Considering the rapid urbanization and infrastructure development in India, how can businesses in real estate, construction, and energy sectors benefit from these changes?

9. What are some of the challenges related to talent acquisition and skill shortages in India? How can global companies address the mismatch between skills demanded and available talent in sectors like technology and engineering?
10. What were the key strategies employed by TechGlobal to successfully expand into the Indian market? How did their approach to local partnerships, talent development, and market localization contribute to their success?
11. How can foreign businesses effectively adapt their products and services to meet the unique needs of Indian consumers, and what role does market research play in this adaptation?
12. What are the advantages and risks associated with forming joint ventures or partnerships with local firms in India? How do such partnerships help foreign businesses overcome operational and regulatory barriers?
13. Given the diverse socio-economic landscape in India, how can businesses ensure they are inclusive in their approach, both in terms of their product offerings and their workforce management?
14. India's growing focus on sustainability and green technologies presents new opportunities. How can businesses in sectors such as energy, manufacturing, and agriculture tap into India's commitment to sustainable growth?
15. What recommendations would you give to a global enterprise considering entering India in the next five years? What factors should they prioritize in their market entry strategy to ensure long-term success?
16. What do you think are the most significant economic trends that will shape the Indian business environment in the next decade, and how should international companies prepare for these changes?
17. How do trade agreements, international relations, and India's role in the global supply chain influence business operations for foreign companies?

Case Study: "Leveraging IT Solutions to Scale a Small IT Consultancy Business: A Global Perspective"

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1. INTRODUCTION:

1.1 Company Overview:

TechSolutions Ltd. is an up-and-coming IT consultancy based in a major city, providing tailored technology services like network setup, cloud computing, and cybersecurity to small and medium-sized businesses (SMBs). Founded just five years ago, the company quickly expanded by offering high-quality solutions that directly address the unique needs of local businesses. However, with growth came a set of operational hurdles that made it increasingly difficult to handle the growing volume of work.

1.2 Challenges Faced:

As the company's services and client base expanded, a few key issues emerged:

- **Lack of Centralized CRM System:** Without a dedicated CRM system, keeping track of client relationships became chaotic. Missed follow-ups and inconsistent communication became the norm.
- **Administrative Overload:** Manual processes for billing, invoicing, and project tracking led to human errors, late payments, and missed deadlines.
- **Inefficient Project Management:** The absence of a solid project management system meant teams struggled to monitor progress and allocate resources effectively. Deadlines were often missed due to poor visibility.

These operational inefficiencies directly impacted client satisfaction and made scaling operations more difficult.

2. PROBLEM STATEMENT

2.1 Operational Issues:

TechSolutions faced a growing challenge in managing client data, tracking project progress, and streamlining billing. Without automated systems and a centralized platform, their operations became inefficient, making it harder to deliver the quality of service clients had come to expect. As the business grew, the need for advanced IT solutions became clear.

2.2 Client Expectations:

The market was becoming more competitive, and client expectations were on the rise. Clients now demanded:

- Faster response times and better communication.
- Transparent, accurate billing.
- Quicker project deliveries.

To stay competitive and meet these expectations, it was clear that TechSolutions needed to implement more sophisticated IT systems to improve both internal processes and client relationships.

3. OBJECTIVES

3.1 Primary Objective:

The main goal was to implement IT solutions that would:

- Streamline internal processes to improve efficiency.
- Enhance client relationship management for better long-term partnerships.
- Improve team collaboration and project management to handle growing workloads and meet deadlines.

3.2 Specific Goals:

- Implement a CRM system to centralize client data and track interactions efficiently.
- Adopt project management software to monitor and track project progress in real-time.
- Automate billing and invoicing to reduce errors and speed up financial processes.

- Improve internal communication with collaboration tools to enhance team performance.

4. METHODOLOGY

4.1 Solution Chosen

After researching various options, TechSolutions selected the following tools based on their scalability, ease of integration, and reliability:

- **HubSpot CRM:** For managing client interactions and centralizing customer service processes.
- **Asana:** A project management tool for real-time task tracking and team collaboration.
- **QuickBooks:** A globally recognized billing software to automate invoicing and ensure accuracy.
- **Slack:** A communication tool to facilitate team collaboration and boost internal communication.

4.2 Process

5. Needs Assessment:

An internal audit was conducted to identify the bottlenecks in the current system and highlight the pain points.

6. Vendor Selection:

After reviewing several options, TechSolutions chose these tools based on their proven track record and compatibility with existing workflows.

7. Customization & Integration:

The tools were customized to TechSolutions' specific needs, ensuring seamless integration between HubSpot, Asana, and QuickBooks.

8. Employee Training:

The implementation was phased, with key staff trained initially, followed by broader training as the system was rolled out.

5. IMPLEMENTATION

5.1 Project Timeline

The full implementation spanned six months:

- **Phase 1 (Month 1-2):** Customization and system integration.
- **Phase 2 (Month 3):** Pilot testing and training of key staff.
- **Phase 3 (Month 4-6):** Full company rollout and adoption.

5.2 Key Phases:

- **Customization & Integration:** The selected tools were tailored to TechSolutions' operations, with integrations between HubSpot, Asana, and QuickBooks ensuring smooth workflows.
- **Testing & Training:** A small group of employees piloted the new system, and comprehensive training materials were developed to ensure smooth adoption.
- **Full Rollout:** After successful testing, the new systems were rolled out company wide. A dedicated support team was available to assist with any issues during the transition.

5.3 Challenges:

- **Resistance to Change:** Some employees were hesitant to adopt new software, so extensive training and leadership support were provided to ease the transition.
- **Data Migration:** Migrating client data from spreadsheets to HubSpot CRM was a time-consuming but necessary task to ensure data accuracy.
- **Integration Issues:** Minor hiccups occurred when integrating HubSpot with QuickBooks, but IT support was able to resolve these quickly.

6. RESULTS AND DISCUSSION

6.1 Quantitative Results:

- **Productivity Gains:** The implementation of Asana led to a 25% increase in productivity, thanks to better task tracking and resource management.

- **Improved Response Times:** HubSpot CRM helped improve client response times by 30%, making it easier for teams to follow up and track interactions.
- **Billing Accuracy:** QuickBooks automated billing, reducing errors by 40% and cutting the billing cycle time in half.

6.2 Qualitative Results:

- **Employee Satisfaction:** Collaboration tools like Slack and Asana boosted internal communication, leading to higher employee satisfaction and improved team cohesion.
- **Client Satisfaction:** Clients noticed the improved communication and faster response times, which resulted in stronger relationships and more repeat business.

6.3 Challenges & Solutions:

- **Resistance to Change:** Employee resistance was minimized by emphasizing the benefits of the new systems and providing strong support from leadership.
- **Data Migration:** An external consultant assisted with the data migration, ensuring all client data was transferred accurately.

7. CONCLUSION

Key Takeaways

- Implementing IT solutions like CRM systems, project management tools, and automated billing can drastically improve operational efficiency and customer satisfaction, especially for small businesses.
- Proper planning, training, and integration are critical to ensuring a smooth transition and maximizing the benefits of the new tools.

Recommendations

- Small businesses, particularly in the IT services sector, should evaluate their operational bottlenecks and adopt IT solutions that align with their growth trajectory.

- Ongoing employee support and training are essential to fully leverage new systems and achieve long-term success.

Future Outlook

Looking forward, TechSolutions plans to explore AI-driven analytics in HubSpot CRM to gain deeper insights into client behavior and improve service delivery. Additionally, as the company grows, these tools will help manage an increasing number of international clients, supporting global expansion

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- **HubSpot CRM Overview**, 2023.
- **Asana for Project Management: A Guide**, 2022.
- **QuickBooks Billing Automation Case Studies**, 2023.

QUESTIONS FOR DISCUSSION

1. What were the primary operational challenges faced by TechSolutions Ltd. before implementing the IT solutions? How did these challenges impact the company's ability to scale?
2. How did the lack of a CRM system specifically affect TechSolutions' ability to manage client relationships and track sales leads?
3. What were the key factors TechSolutions considered when selecting IT solutions such as HubSpot CRM, Asana, QuickBooks, and Slack? Why were these tools chosen over others?
4. Describe the challenges TechSolutions faced during the data migration process. How did the company ensure the accuracy and integrity of client data during this transition?
5. What role did employee training and change management play in ensuring the successful implementation of the new IT solutions? What strategies were used to overcome resistance to change within the company?
6. How did the implementation of HubSpot CRM and Asana impact TechSolutions' internal operations? Provide specific examples of how productivity and project management were improved.
7. Discuss the role of QuickBooks in automating billing and invoicing. What tangible improvements in billing accuracy and efficiency were seen after its implementation?
8. In what ways did the adoption of Slack improve team communication and collaboration? How did this contribute to employee satisfaction and overall business performance?

9. What were the measurable results of TechSolutions' IT solution implementation? How did these results align with the company's goals of improving operational efficiency and client satisfaction?
10. Considering TechSolutions' future plans to explore AI-driven analytics, how could these technologies further enhance the company's CRM system and client relationships?
11. What recommendations would you give to other small IT service providers looking to adopt similar IT solutions? What key lessons can be learned from TechSolutions' experience?
12. How did TechSolutions balance the need for immediate operational improvements with the long-term scalability of the IT solutions it chose?
13. Given the global perspective of the case, what aspects of TechSolutions' IT adoption strategy could be applied to other industries or countries with similar small business challenges?
14. How can TechSolutions leverage the data gathered from HubSpot CRM and QuickBooks to optimize its marketing efforts and client retention strategies?
15. What potential risks could TechSolutions face in the future as they continue to scale, and how can they mitigate those risks using the IT tools they have implemented?

“Trendy Tech’s Dilemma: Why Gen Z Isn’t Buying In”

Shivanand M Bhandarkar

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ABSTRACT

To analyze shifting consumer behavior, particularly among Gen Z, and how it affects brand loyalty and digital marketing strategies.

Key Highlights:

- TrendyTech, a youth-focused smartwatch brand, faces declining sales.
- Market research shows Gen Z values sustainability and authenticity.
- The company’s influencer strategy seems to be losing impact.

Learning Objectives:

- Understand the buying process and decision influences.
- Analyse internal and external stimuli in consumer behaviour.
- Evaluate how digital behaviour affects brand perception.

1. INTRODUCTION:

Trendy Tech launched in 2020 and grew rapidly via social media campaigns. However, in 2025, despite high ad spending, conversions are falling. Competitors with sustainability claims are gaining ground.

Key Players:

- Ms. Kriti Arora – CMO
- Mr. Aditya Menon – Consumer Insights Head
- Target Consumers – Gen Z (age 18–25)

Relevance:

Ideal for marketing and consumer behaviour courses, exploring perception, learning, and psychographic segmentation.

2. MAIN BODY:

2.1 Detailed Problem Description:

Consumers report Trendy Tech’s products are over-marketed and not environmentally responsible. Reviews mention lack of authenticity. The brand’s celebrity partnerships are no longer driving interest.

2.2 Quantitative Data:

- CTR down from 5.2% to 2.1%
- 70% of surveyed customers said they prefer "sustainable brands"
- Repeat purchase rate dropped from 36% to 18% in a year

2.3 Decision Points:

- Should Trendy Tech rebrand for eco-conscious buyers?
- Is influencer marketing still relevant for Gen Z?
- What information sources are trusted by Gen Z consumers?

3. SUPPORTING EXHIBITS:

- Survey: Gen Z purchase triggers
- Comparative ad engagement metrics
- Consumer feedback screenshots

4. TEACHING NOTE:

Include ZMOT (Zero Moment of Truth), perception theory, and customer journey mapping.

5. QUESTIONS FOR CLASSROOM DISCUSSION:

- How does motivation differ across generations?
- What role does perception play in Trendy Tech's decline?
- How can companies learn from online behaviour and feedback?

6. CONCLUSION:

Trendy Tech must confront its disconnect with evolving Gen Z values. Will rebranding as an eco-conscious brand be enough, or has the brand's identity already lost its appeal?

“Expanding Globally: Should AgroGreen Go Organic in Europe or Asia?”

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ABSTRACT

Purpose:

To evaluate international expansion strategies of a mid-sized Indian agri-startup deciding between Europe’s mature organic market and Asia’s growing middle class.

Key Highlights:

- AgroGreen produces organic fertilizers.
- European market offers regulatory hurdles but higher pricing.
- Asia offers volume but lacks premium price acceptance.

Learning Objectives:

- Understand internationalization approaches: Export, JV, Franchising, Licensing, FDI
- Evaluate country attractiveness using CAGE or PESTEL
- Apply entry mode decision frameworks

1. INTRODUCTION:

AgroGreen has saturated Indian metros and is planning international expansion. The company must choose between Europe (Germany, France) and Asia (Vietnam, Thailand) based on demand, regulations, and fit.

Key Players:

- Mr. Raghav Nayak – Founder
- Ms. Latha Reddy – International Strategy Head
- Foreign Distributors and Agricultural Bodies

Relevance:

For IB and strategy courses, covering risk analysis, market entry, global branding, and economic environments.

2. MAIN BODY:

2.1 Detailed Problem Description:

While Europe has clear demand for organic inputs, it also has strict certification processes. Asia offers fast growth but demands price competitiveness. The decision affects AgroGreen's capital planning and branding.

2.2 Quantitative Snapshot:

- Cost of EU Certification: ₹45 lakhs
- Potential EU premium: 35%
- Asia projected CAGR: 12% vs. EU 5%
- Required investment: Asia ₹70L (JV), EU ₹1.2Cr (export + certification)

2.3 Decision Points:

- Should AgroGreen enter via JV, export, or licensing?
- Which region offers better long-term strategic fit?
- Can it manage regulatory and logistical complexity?

3. SUPPORTING EXHIBITS:

- PESTEL comparison: EU vs. Asia
- Export logistics cost chart
- Customer demographics by region

4. TEACHING NOTE:

Use CAGE distance framework, entry mode matrix, and SWOT comparison.

5. QUESTIONS FOR CLASSROOM DISCUSSION:

- What are the pros and cons of each region?
- Which international business approach suits AgroGreen's size and capabilities?
- How can the firm mitigate cultural and legal barriers?

6. CONCLUSION:

AgroGreen's choice will shape its global identity. Should it play safe in Asia or build a premium presence in Europe?

“Appraising Potential or Just Performance? The Dilemma at Sigma Tech Solutions”

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ABSTRACT

Purpose of the Case Study:

To explore the challenges of implementing a robust performance appraisal system in a mid-sized IT firm facing employee dissatisfaction and stagnating productivity.

Key Highlights:

- Employees feel annual appraisals are biased and lack transparency.
- Management is considering a 360-degree feedback system.
- Resistance from middle management and cultural hesitancy present roadblocks.

Learning Objectives:

- Understand different appraisal methods.
- Evaluate fairness, transparency, and effectiveness in performance evaluation.
- Assess implementation barriers in a performance management system.

1. INTRODUCTION:

SigmaTech Solutions, based in Hyderabad, is a fast-growing IT firm with 300+ employees. Despite strong revenue, it is facing a rise in attrition and disengagement, especially among mid-level developers.

Key Players:

- Mr. Arvind Rao – HR Manager
- Ms. Neha Patil – Project Lead
- Mr. Kiran Deshmukh – Senior Developer

Relevance:

Ideal for HRM and OB courses covering appraisal systems, employee motivation, feedback culture, and organizational change.

2. MAIN BODY:

Detailed Problem Description:

The existing appraisal process is manager-driven and done annually, with little input from peers or clients. Employees believe promotions are politically influenced. Management is evaluating whether a 360-degree appraisal would boost fairness and engagement.

Quantitative Data:

- Attrition rate: 15%
- Only 45% of employees agree that appraisals are fair
- 62% say feedback is vague and delayed

Decision Points:

- Should Sigma Tech move to 360-degree feedback?
- How to ensure objectivity in multi-rater systems?
- What training is required for appraisers and ratees?

3. SUPPORTING DATA AND EXHIBITS:

- Employee survey results
- Sample performance review forms
- Benchmarking data from peer IT firms

4. TEACHING NOTE:

Use real-world case debates on appraisal systems, role-play rater/ratee feedback sessions.

5. QUESTIONS FOR CLASSROOM DISCUSSION:

- What are the pros and cons of 360-degree feedback?
- How do we minimize bias in subjective appraisals?
- What HR policies help link performance to development?

6. CONCLUSION:

Sigma Tech must choose between continuing with its traditional system or risking a cultural shift through 360-degree feedback. The core question remains: Can a process change improve engagement without eroding trust?

Case Study: "Exploring Rural Marketing in India: Strategies, Challenges, and Opportunities for Global Businesses"

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OBJECTIVES OF THE CASE STUDY:

1. Examine Key Challenges in Rural Marketing:

To delve into the unique challenges businesses face when entering India's rural markets, such as infrastructure gaps, price sensitivity, cultural diversity, and limited access to retail and technology.

2. Identify Opportunities in Rural India:

To explore emerging opportunities arising from growing incomes, shifting consumer aspirations, government support, and increased digital connectivity, highlighting how businesses can take advantage of these shifts.

3. Evaluate Government Policies on Rural Market Development:

To assess the impact of government initiatives like Pradhan Mantri Jan Dhan Yojana, Digital India, and Make in India in transforming rural markets, easing business entry, and driving growth.

4. Analyze Effective Rural Marketing Strategies:

To propose actionable strategies for businesses aiming to effectively market in rural India, such as localized communication, adapting products, innovative distribution, and leveraging digital platforms.

5. Understand Consumer Behaviour in Rural India:

To examine the purchasing habits, brand preferences, and influences, like

family and community leaders, among rural consumers, and how businesses can tailor their marketing campaigns to these preferences.

6. Highlight Technology's Role in Rural Marketing:

To understand how increasing smartphone usage and digital penetration are reshaping rural marketing, and how businesses can use technology to engage and sell to rural consumers.

7. Provide Recommendations for Global Businesses in Rural India:

To offer insights and strategies for international companies looking to expand in rural India, focusing on key success factors, risks to avoid, and aligning business models with rural needs.

1. INTRODUCTION:

1.1 Rural Marketing in India:

India's rural market represents a major growth opportunity, with over 65% of the population living in rural areas. Once viewed as economically stagnant, rural India has become a promising consumer base. The growth of the economy, higher disposable incomes, and greater access to technology are pushing rural markets to the forefront. However, despite its potential, rural India presents unique challenges for businesses looking to expand outside urban areas.

1.2 Market Dynamics:

- **Demographics and Consumption Trends:** Rural India's diverse population demands different products and services. Rural consumers are adopting urbanized lifestyles, leading to increased demand for modern consumer goods.
- **Economic Transition:** Rural India's economy is diversifying beyond agriculture, with more people participating in non-farm sectors. This shift is driving up income levels and fostering a greater appetite for diverse products.

2. CHALLENGES IN RURAL MARKETING

1. Infrastructure & Logistics:

The lack of reliable infrastructure, such as poor road connectivity and limited power supply, creates logistical challenges that hinder efficient delivery and distribution of goods.

2. Fragmented Consumer Base:

Rural India is a patchwork of cultures, languages, and preferences. This diversity makes it hard for businesses to create mass-market strategies. Tailored, region-specific marketing and product offerings are often necessary.

3. Price Sensitivity:

With generally lower incomes, rural consumers are highly price-conscious. Companies must offer products that provide excellent value for money, as even small price increases can limit market acceptance.

4. Limited Access to Technology & Media:

While mobile penetration is growing, there's still a significant digital divide. The low level of internet connectivity and digital literacy makes digital marketing less effective in many areas.

5. Reliance on Traditional Retail:

Most rural markets still depend on local shops (Kirana stores), making it hard for businesses to distribute their products effectively in these areas without tapping into local retail networks.

3. OPPORTUNITIES IN RURAL MARKETS:

1. Expanding Rural Consumer Base:

Sectors like FMCG, agriculture, healthcare, and technology are thriving in rural areas. Rising incomes and changing consumption patterns are fueling demand for goods previously only available in urban areas.

2. Government Support:

Initiatives like Pradhan Mantri Jan Dhan Yojana, Digital India, and Make in India are improving infrastructure, financial access, and digital literacy, offering businesses a conducive environment for expansion.

3. Increased Digital Connectivity:

The rise of mobile phones and improved internet access has opened new marketing channels for businesses, allowing them to engage with rural consumers through mobile apps, social media, and e-commerce.

4. Changing Consumer Aspirations:

With exposure to urban lifestyles, rural consumers are increasingly seeking aspirational products such as smartphones, home appliances, branded clothing, and packaged foods.

5. Financial Inclusion:

Government efforts have brought financial services to rural areas. Mobile banking and credit-based purchasing models enable rural consumers to afford higher-value goods.

4. STRATEGIC APPROACHES FOR RURAL MARKETING:

1. Product Customization & Innovation:

Businesses should adapt their products to meet local needs. Strategies like offering smaller, more affordable packaging, and products tailored to regional preferences can help products resonate with rural consumers.

2. Developing Distribution Networks:

Building a robust distribution system is key. Using local retailers,

innovative delivery models (like mobile vans), and e-commerce can ensure product availability in remote areas.

3. Localized Communication:

Communicating in local languages and dialects builds trust. Partnering with local influencers or community leaders can also help establish credibility and loyalty in rural markets.

4. Financial Flexibility:

Offering flexible payment options such as microloans, EMIs, and cash-on-delivery can make high-value products more accessible to rural buyers. Mobile banking can simplify payments for consumers who may lack access to traditional banking.

5. Government Collaboration:

Businesses should consider partnering with government initiatives that focus on rural development, agriculture, education, or healthcare. This can enhance brand visibility and create goodwill among rural consumers.

5. CONCLUSION:

Summary:

Rural India is a vast and growing market. While businesses face challenges such as infrastructure issues and diverse consumer preferences, the opportunities presented by rising incomes, government support, and increased digital connectivity make rural markets highly promising.

Recommendations:

- Adapt products and services to meet the needs and price sensitivities of rural consumers.
 - Strengthen distribution networks through local partnerships and digital platforms.
 - Implement flexible payment solutions to ease purchasing.
- By embracing these strategies, businesses can successfully tap into India's rural market and unlock significant growth opportunities.

6. References

- India Brand Equity Foundation (IBEF), "Rural Market in India," 2022.
- KPMG India, "Rural Consumer Insights," 2023.
- McKinsey & Company, "Unlocking Rural India's Market Potential," 2021.

Discussion Questions

1. What are the key infrastructural challenges that businesses encounter when attempting to penetrate rural markets in India, and how can they resolve these challenges?
2. How does the cultural diversity across rural India affect the development of marketing strategies? What actions should businesses take to ensure their campaigns resonate with rural consumers?
3. How crucial is product customization in rural marketing? What specific product adaptations could enhance consumer acceptance in rural areas?
4. In what ways do government initiatives like Digital India and Pradhan Mantri Jan Dhan Yojana generate opportunities for businesses in rural India? How can businesses align their strategies with these government programs?
5. Considering the price sensitivity of rural consumers, how can businesses strike a balance between offering affordable products and maintaining profitability? What pricing strategies would be most effective for rural markets?
6. What role does digital connectivity play in shaping rural marketing strategies in India? How can businesses utilize digital platforms and mobile apps to effectively reach rural consumers?
7. How does the rise of mobile banking and digital payments influence the purchasing behavior of rural consumers? In what ways can businesses leverage this trend to boost sales and accessibility?
8. What are the main factors driving the changing aspirations of rural consumers, and how can businesses tap into this trend to address growing demands for modern products and services?
9. How can businesses establish trust and brand loyalty among rural consumers, who often rely on community-based recommendations and local influencers? What strategies can be implemented to nurture these relationships?

10. What role do traditional retail outlets like Kirana shops play in the rural economy, and how can businesses collaborate with these local retailers to expand their market reach?
11. What are the primary barriers to e-commerce adoption in rural India, and how can businesses overcome them to effectively implement an online sales strategy?
12. How can businesses ensure the sustainability of their rural marketing strategies? What long-term investments should they make to continue growing in these markets?
13. What ethical considerations must businesses address when marketing to rural populations, particularly concerning transparency in pricing and data privacy?
14. How can businesses successfully scale their operations in rural markets while ensuring the quality and consistency of their products and services? What logistical strategies are necessary for long-term success?
15. How should businesses balance national marketing strategies with localized approaches to effectively engage the rural population? What elements of rural culture, behaviour, and lifestyle must be incorporated into marketing campaigns?
16. What lessons can businesses learn from the experiences of companies that have successfully entered rural markets in India? Are there any notable best practices they could adopt?
17. What role does financial inclusion play in rural marketing, and how can businesses utilize microfinance or credit-based models to make products more accessible to rural consumers?

"Bindu Beverages: From Local Favourite to Emerging FMCG Contender"

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1. INTRODUCTION

India's fast-moving consumer goods (FMCG) sector is characterized by intense competition, rapid innovation, and ever-evolving consumer preferences. Due to the dominance of national and multinational giants, regional players frequently find it difficult to leave a lasting impression in this dynamic landscape.

However, Bindu Beverages, a Karnataka-based home-grown brand, has overcome the odds and grown steadily from a regional soft drink brand to a rising force in the Indian beverage market.

2. HISTORY AND ORIGIN:

Established in 1987 by Mr. Sathya Shankar, Bindu began its journey in the automotive sector before venturing into beverages with the launch of Bindu Mineral Water in 2000. The subsequent introduction of Bindu Fizz Jeera Masala in 2002 marked a significant milestone, capturing the essence of traditional Indian flavors.

A modern, carbonated beverage that appeals to consumers in India and abroad, Bindu Fizz Jeera Masala is a testament to Sathya Shankar's entrepreneurial spirit. The adventure started in the early 2000s when Shankar was moved by the local jaljeera drink, a cumin-flavored beverage with digestive qualities, following a trip to North India. Bindu Fizz Jeera Masala was created in 2002 as a result of his innovative decision to carbonate this traditional flavor after realizing its potential.

Distributors and consumers alike were initially skeptical of the product, with many questioning the viability of a soda with a jeera flavor. However, Shankar used grassroots marketing techniques like free tastings and word-of-mouth promotions because he was so confident in his product. These efforts gradually paid off, as consumers began to appreciate the unique blend of traditional spices with a fizzy twist .

From being a local favorite in Karnataka, Bindu Fizz Jeera Masala has expanded over the years to become a global brand that exports to nations like Malaysia, Singapore, and the United Arab Emirates. A major turning point in the brand's history was reached in 2023 when its parent company, SG Corporates, was valued at ₹800 crore.

Today, Bindu Fizz Jeera Masala is a representation of innovation with a traditional foundation, providing customers with a cool drink that combines their cultural heritage with contemporary preferences.

3.BUSINESS MODEL OF BINDU:

- **Product-Centric and Regional Focus:** Bindu Beverages follows a product-led model with a regional-first strategy. It places a strong emphasis on producing affordable drinks with classic Indian flavors for tier-2, tier-3, and rural markets. After initially focusing its operations in Karnataka, the brand progressively extended to neighboring states and export markets.
- **Low Production Costs and High Sales Volume:** In order to keep operating costs down, the company uses a cost-effective manufacturing process that makes use of semi-automated bottling plants and local production facilities. This enables them to price their products competitively against both regional and global beverage giants.
- **Unique Flavor Positioning:** The use of Indian ethnic flavors (such as masala and jeera) in carbonated beverages is a crucial differentiator in Bindu's business strategy. Because of this, it appeals to a specific segment of Indian consumers who are looking for local tastes in modern packaging.
- **Multi-Channel Distribution:** Bindu Beverages uses a wide distribution network, including traditional kirana stores, rural and urban retail outlets, institutional sales (canteens, cafes), export channels (UAE, Singapore, Malaysia, etc.) They also rely heavily on local distributors and dealers who have established relationships with retailers in smaller towns.
- **Targeted but Restricted Branding:** Bindu maintains comparatively low branding and promotional expenses. It depends more on word-of-mouth advertising, free sampling, and product placement, especially during events, festivals, and local fairs. Taste consistency and affordability are the main pillars of the brand image.

- **Targeted Innovation:** Bindu concentrates on enhancing current flavors, packaging designs, and shelf-life improvements rather than broad-scale innovation across segments. While preserving product familiarity, it reinvests in raising production quality.

4.PRODUCT PORTFOLIO:

Bindu Beverages offers a diverse yet strategically focused range of products tailored to Indian tastes, especially in semi-urban and rural markets. It stands out in the beverage market with its flagship product, Bindu Fizz Jeera Masala, a carbonated cumin-flavored beverage that combines traditional Indian spices with a contemporary fizzy twist. With flavors like orange, lime and cola, all of which are reasonably priced, the company has also established a significant presence in the carbonated soft drink market. These beverages serve customers looking for well-known, tasty, refreshing options that are based on local tastes.

Bindu has branched out from soft drinks into non-carbonated drinks like club soda, which is frequently used in homes and restaurants, and fruit drinks (mango, litchi, mixed fruit). Targeting a younger, urban demographic, the brand is also experimenting with packaged drinking water and energy drinks in a few markets. Bindu's portfolio is carefully curated to deliver high-volume, fast-moving products with strong local appeal and price accessibility, even though the product range is not as extensive as that of national FMCG giants.

Although still in the early stages, Bindu has shown interest in branching out into the snacks segment to complement its beverages. The details of these offerings remain limited, but the company appears to be testing products aligned with its taste-focused, regional appeal.

5. MARKET PRESENCE AND DISTRIBUTION:

With its flagship product, Bindu Fizz Jeera Masala, the brand first gained popularity in South India. Since then, it has spread to several other states, including Andhra Pradesh, Telangana, Tamil Nadu, Kerala, Goa, and West Bengal. In order to ensure consistent year-round revenue, Bindu diversified its portfolio by introducing snack products in 2009 after realizing the seasonality of the beverage industry. This calculated action, along with an emphasis on local tastes and affordable prices, has established Bindu as a reliable option for customers. With a goal of reaching a ₹1,000 crore milestone, the company is preparing for a significant pan-Indian expansion by 2025, focusing on major metropolitan and Tier-2 cities nationwide.

Bindu has made great progress abroad, exporting its goods to more than 15 nations, including Singapore, Malaysia, and the United Arab Emirates. The company's manufacturing facilities in Hyderabad and Chennai, as well as plans to open a third facility in Bengaluru, further support its growth trajectory. In addition to embracing digital transformation, Bindu has used quick commerce platforms to interact directly with customers, providing flavors that are popular in the area and fostering a strong sense of community. This diverse strategy strengthens Bindu's position both domestically and abroad by highlighting its dedication to fusing innovation and tradition.

6. CHALLENGES AND STRATEGIC RESPONSES OF BINDU:

6.1 Limited Market Awareness (Early Years):

Bindu initially struggled with low brand recognition outside its core markets. Its flagship product, jeera soda, had a distinct regional flavor that many consumers in other parts of India were unfamiliar with, leading to hesitancy in adoption. Bindu focused on grassroots marketing by distributing free samples and relying on word-of-mouth promotions to generate interest. Over time, this built local trust and brand familiarity, especially in rural and semi-urban areas. As the brand scaled, it adopted digital marketing strategies to reach younger, health-conscious consumers.

6.2 Logistics and Distribution Challenges:

Operating from a rural base in Karnataka meant higher transportation costs and difficulty in managing logistics. The company also faced shortages of skilled labor, which hampered efficient operations. Bindu invested in decentralized warehousing and built a network of over 20 warehouses across seven states to improve delivery efficiency. It developed a robust distribution network of 1,500+ active distributors and ensured presence in 200,000+ retail outlets, helping it streamline logistics and reduce lead time to market.

6.3 Financial Constraints:

As a regional player with limited funding, Bindu could not initially afford large-scale advertising campaigns or invest heavily in infrastructure. The company took a lean approach to growth, carefully managing costs and opting for cost-effective marketing strategies like in-store promotions and targeted regional advertising. Once growth stabilized, Bindu partnered with digital marketing

agencies (e.g., PivotRoots in 2025) to scale outreach through social media and influencer campaigns.

6.4 Competition from Established Brands:

Bindu had to compete with beverage giants like Coca-Cola and Pepsi, which dominate the Indian market with extensive budgets and national reach. Rather than going head-to-head, Bindu positioned itself as a unique, culturally rooted alternative. The jeera (cumin) soda served as a differentiated product that appealed to Indian taste sensibilities, especially in Tier 2 and Tier 3 cities. The brand leaned into its “homegrown and authentic” identity, which resonated with consumers seeking regional and functional beverages.

6.5 Regulatory and Compliance Issues:

As Bindu expanded into new regions, it had to navigate complex regulatory requirements related to food safety, labeling, packaging, and distribution. Bindu strengthened its quality control and compliance teams to ensure adherence to FSSAI (Food Safety and Standards Authority of India) guidelines. It adopted more transparent labeling and focused on meeting both regional and national food and beverage compliance standards, helping build consumer trust.

6.6 Flavor Familiarity and Urban Penetration:

Jeera soda, while popular in some parts of India, was not universally accepted across all regions or among urban millennials who preferred international flavors. Bindu expanded its product portfolio to include fruit-based drinks, lime and ginger sodas, and other regional flavors. This diversification strategy helped broaden its appeal and allowed the brand to test different product-market fits across geographies.

7. COMMITMENT TO INDEPENDENCE:

Bindu, a regional beverage brand originating from Karnataka, has consistently showcased a strong commitment to remaining independent in its operations and ownership. Founded in 1987 by Sathya Shankar, the company has stayed privately owned and family-run, choosing to grow organically rather than seeking acquisition or large-scale investment from corporate entities. This independence has allowed Bindu to retain full control over its strategic direction, product development, and brand values, which are deeply rooted in regional identity and cultural authenticity.

Unlike many fast-scaling brands that rely on venture capital or corporate partnerships, Bindu has taken a self-funded, step-by-step approach to expansion. It has reinvested its profits into enhancing its distribution infrastructure, expanding its product line, and modernizing its marketing strategy—all without compromising its autonomy. This has enabled the company to maintain its original flavor profile and focus on traditional Indian tastes, particularly its flagship jeera (cumin) soda, which continues to be a unique offering in the broader FMCG market.

Moreover, Bindu's independence has empowered it to make bold decisions without external shareholder pressure. This includes exploring new product innovations and expanding into new regions at a sustainable pace. The brand's operations continue to be based in semi-rural Karnataka, reinforcing its commitment to local employment and regional economic development. By staying true to its roots and refusing to dilute its identity for mass appeal, Bindu has built a loyal customer base and emerged as a rare example of a homegrown, independently operated success story in India's competitive beverage industry.

8.COMMUNITY ENGAGEMENT AND CSR:

Bindu has demonstrated a strong commitment to corporate social responsibility (CSR) through its multifaceted community engagement initiatives. Under the leadership of founder Sathya Shankar, Bindu has focused on uplifting local communities, preserving cultural heritage, and promoting social equity.

One of Bindu's key CSR endeavors is its support for education in underserved areas. The company contributes to building schools, providing scholarships, and implementing educational programs, thereby paving the way for a brighter future for children in these communities.

In addition to educational initiatives, Bindu actively promotes rural sports by sponsoring events that foster talent and encourage physical well-being. This involvement not only nurtures athletic skills but also strengthens community bonds through shared activities. Cultural preservation is another cornerstone of Bindu's CSR strategy. The company supports conservation projects, promotes traditional art forms, and works towards preserving historical landmarks, thereby safeguarding the rich cultural heritage of the region.

Bindu also emphasizes social inclusion through initiatives aimed at women's empowerment and reducing inequalities. The company focuses on skill

development, entrepreneurship support, and creating a thriving environment for women in both urban and rural settings. Furthermore, Bindu engages in various social activities and awareness programs, including organizing health camps and supporting environmental awareness campaigns, to create a well-informed and healthier society.

Through these comprehensive CSR efforts, Bindu not only contributes to the socio-economic development of its communities but also reinforces its brand identity as a socially responsible and culturally rooted company

9.FUTURE OUTLOOK:

Bindu, the South India-based beverage brand renowned for its signature Jeera Fizz, is poised for significant growth in the coming years. Under the leadership of founder Sathya Shankar, Bindu has evolved from a regional favorite to a national contender in the Indian FMCG sector

A pivotal aspect of Bindu's future strategy is its partnership with PivotRoots, a Havas company, appointed as its digital agency in April 2025. This collaboration aims to enhance Bindu's digital presence, deepen consumer engagement, and reinforce its leadership in the Jeera beverage category. The strategy focuses on establishing Bindu as the 'OG' of Jeera Fizz, deploying content-driven brand awareness, and expanding market reach through emerging digital channels

In addition to digital expansion, Bindu is exploring opportunities in the functional beverages market, which is experiencing rapid growth due to increasing health consciousness among consumers. The brand is considering the introduction of products that offer health benefits, such as prebiotic sodas made with Indian superfoods, to cater to the evolving preferences of Gen Z and millennial consumers.

Bindu's commitment to innovation is also reflected in its product diversification efforts. The brand is expanding its portfolio to include a variety of beverages and snacks that align with the growing demand for healthier, functional drinks and snacks. This approach not only broadens Bindu's market appeal but also positions it as a forward-thinking player in the competitive industry

Looking ahead, Bindu's strategic focus on digital transformation, product innovation, and market expansion is expected to solidify its position as a leading brand in the Indian beverage market. By staying true to its roots while embracing modern trends, Bindu is well-equipped to navigate the dynamic landscape of the FMCG sector and achieve sustained growth.

Discussion Questions:

1. How has Bindu balanced traditional flavors with modern business practices to achieve growth?
2. What strategies can regional brands like Bindu employ to compete with multinational corporations?
3. How does Bindu's commitment to community engagement influence its brand image and customer loyalty?
4. What are the potential risks and rewards of Bindu's decision to remain independent in a consolidating industry?
5. How can Bindu leverage digital marketing to enhance its national and international presence?

“The Launch and Lessons of Maggi Dal Atta Noodles”

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1.INTRODUCTION:

Maggi, a flagship brand of Nestlé, has held a dominant position in the Indian instant noodle market for decades. Synonymous with quick, tasty meals, Maggi became a household name with its original “2-Minute Noodles,” primarily targeting children and young adults. However, with rising awareness of health and nutrition among Indian consumers—especially parents concerned about their children’s dietary habits—Nestlé India identified a critical need to diversify its product portfolio to include healthier options without sacrificing taste or convenience.

2.PRODUCT CONCEPTUALIZATION AND LAUNCH:

In 2006, Nestlé India introduced a new variant: Maggi Dal Atta Noodles with Sambar Flavour. This product aimed to combine the traditional South Indian taste of sambar with the convenience of instant noodles. This variant was crafted using a blend of whole wheat flour (atta) and legumes (dal), both staples in Indian diets, to increase the product’s fiber and protein content. The positioning aimed to tap into the growing trend of functional foods and “better-for-you” snacks, especially in the children's segment. It was also marketed as a way to help parents feel better about what they were serving their families—balancing indulgence with nutrition.

The noodles were positioned as a nutritious option, providing 20% of the daily recommended dietary allowance of fiber and protein for children aged 7 to 9. However, consumer reception was lukewarm, with taste preferences and the entrenched popularity of traditional Maggi variants posing obstacles. Additionally, the broader market for healthy instant noodles was still developing, limiting the product's appeal

3.MARKETING STRATEGY:

Nestlé India employed a localized marketing approach to promote the Dal Atta Noodles with Sambar Flavour. The campaign highlighted the product's unique

flavor profile, emphasizing its authenticity and connection to South Indian cuisine. Advertisements showcased the product as a modern twist on traditional sambar, appealing to both nostalgic sentiments and contemporary convenience. The packaging featured vibrant colors and imagery associated with South Indian culture to reinforce the product's regional appeal.

Nestlé India's marketing strategy for Maggi Dal Atta Noodles was rooted in combining health and taste—a powerful approach aimed primarily at health-conscious parents, especially mothers. The product was positioned as a “healthier twist” on the iconic Maggi noodles, highlighting the use of whole wheat (atta) and pulses (dal), which are considered wholesome, traditional ingredients in Indian households. Through this, Nestlé aimed to appeal to families looking for better nutritional choices for their children without compromising on the flavor and convenience that made Maggi a household name.

The brand's messaging leaned heavily on the emotional connection between mothers and children. Advertisements often featured stories where children refused typical healthy foods but happily ate Maggi Dal Atta Noodles, reassuring parents that they were making a balanced choice—offering “taste bhi, health bhi” (taste as well as health). These campaigns framed the product as the perfect middle ground for modern parenting, where children's preferences and parents' concerns could both be addressed.

Nestlé also leveraged the strong brand loyalty of Maggi by introducing Dal Atta Noodles under the existing Maggi umbrella. This created an instant trust factor and made it easier to introduce the health-oriented variant without alienating the core customer base. The packaging reinforced this health narrative by using earthy tones and featuring visible depictions of wheat and pulses. It also included clear nutritional messaging, such as fiber and protein content, prominently on the front of the pack.

To support this positioning, Nestlé integrated traditional media (TV and print) with digital campaigns, including influencer promotions targeting urban, educated parents. In retail environments, the brand utilized in-store displays and shelf placement strategies to place the product alongside traditional Maggi noodles, increasing visibility and encouraging trial purchases.

Additionally, the launch of Maggi Dal Atta Noodles aligned with Nestlé India's post-2015 crisis strategy. Following the backlash over alleged food safety

concerns, the company worked to rebuild consumer trust through transparency and a renewed focus on nutritional value. The Dal Atta variant, along with other health-centric launches like Oats and Vegetable Atta noodles, was part of Nestlé's broader "Simply Good" initiative—aimed at improving the nutritional profile of its food products and educating consumers about healthy eating.

4.CONSUMER RECEPTION:

When Nestlé India launched Maggi Dal Atta Noodles, it was met with a mix of curiosity and skepticism from consumers. The product was introduced as a healthier alternative to the classic Maggi noodles, with the promise of added nutrition from whole wheat (atta) and pulses (dal)—two ingredients already associated with health in Indian diets. However, despite this positive health proposition, consumer perception was largely lukewarm.

On the positive side, health-conscious parents, particularly mothers, appreciated the intent behind the product. Many saw it as a better option for their children compared to the original Maggi, which had long been criticized for its lack of nutritional value. The fact that it was marketed under the trusted Maggi brand helped it gain initial traction. Some early adopters welcomed the product as a guilt-free way to indulge in a favorite snack, and the packaging's emphasis on fiber and protein content was seen as a reassuring sign of improved nutrition.

However, the major point of resistance among a large segment of consumers was taste. Maggi has a deep emotional and sensory connection with Indian consumers, and any deviation from the classic taste profile was viewed critically. Many consumers felt that Dal Atta Noodles lacked the familiar flavor and texture of regular Maggi. The slightly coarser texture of whole wheat and the subtle change in flavor due to pulses led some to label it as "less tasty" or "bland." As a result, while it was tried by many out of curiosity or health motives, repeat purchases were relatively low.

Another factor that limited consumer enthusiasm was the price-to-value perception. Some consumers questioned whether the marginal health benefits justified the change in taste and possibly a slightly higher price point. Additionally, for a segment of the market still primarily driven by taste, indulgence, and affordability, health claims alone weren't a compelling reason to switch.

In the broader context of Maggi's brand recovery after the 2015 crisis, the Dal Atta variant was seen as a well-meaning but transitional product. It symbolized Nestlé's efforts to reposition Maggi as more responsible and nutrition-aware, but it didn't strike a strong emotional chord with mass consumers the way the original had. Over time, other variants like Maggi Vegetable Atta Noodles and Oats Noodles, which offered a better balance of taste and health, gained slightly more favor.

5. CHALLENGES ENCOUNTERED

Several factors contributed to the challenges faced by the Dal Atta Noodles with Sambar Flavour:

- **Taste vs. Health Trade-Off**

One of the most significant challenges was the compromise on taste. Indian consumers, especially loyal Maggi fans, are deeply attached to the original taste and texture of classic Maggi noodles. The introduction of whole wheat and pulses altered the texture (making it coarser) and slightly changed the flavor profile, which did not meet the taste expectations of many regular consumers. In the instant noodles category, where taste is a major driver of purchase, this posed a major barrier to repeat sales.

- **Low Repeat Purchase Rate**

While many health-conscious parents tried the product at least once, repeat purchases remained low. This was primarily due to the taste issue, but also because consumers didn't find the health benefits compelling enough to justify switching from their favorite original Maggi or other variants. In the mass market, most buyers still prioritized indulgence, convenience, and familiarity over minor nutritional gains.

- **Perception of “Forced Health” in a Comfort Food**

Maggi is considered a comfort and indulgence food, not necessarily a health food. Introducing a “healthy” variant created a perception mismatch—consumers viewed it as Nestlé trying to make Maggi into something it was never meant to be. Many didn't associate noodles with nutrition, which made it hard for Maggi Dal Atta Noodles to carve out a distinct identity without alienating its traditional base.

- **Market Maturity and Awareness**

When the product was launched, the Indian market was still evolving in terms of health food awareness. Urban consumers in metros were slowly warming up to concepts like whole grain, fiber, and protein-rich snacks, but mass-market penetration of such ideas was limited. For a product to scale successfully, both awareness and willingness to pay for healthier options needed to be higher.

- **Intense Brand Legacy and Expectations**

Maggi has an iconic status in India. Any variant that deviates from the core product faces extremely high consumer expectations. Maggi Dal Atta Noodles, though positioned carefully, struggled under the weight of these expectations, with many people unfairly comparing it directly to the original variant rather than evaluating it as a different offering.

- **Competition from Regular and New Players**

The health-food segment in India became more competitive with the rise of brands like Patanjali, Sunfeast Yippee!, and even regional or organic brands offering “healthy” instant noodle options. At the same time, the original Maggi continued to dominate shelf space, meaning that the Dal Atta variant had to fight for both visibility and relevance within its own brand family.

- **Limited Marketing After Initial Push**

After the initial launch and promotional campaigns, the product did not receive consistent marketing support. This led to a decline in visibility. While other variants like Maggi Vegetable Atta Noodles or Oats Noodles continued to get brand attention, Dal Atta Noodles slowly faded from focus, further limiting its market traction.

- **Post-2015 Crisis Sensitivities**

Though Maggi Dal Atta Noodles was part of Nestlé’s post-crisis recovery efforts, consumer skepticism about safety and nutrition remained. Even though the product was safe and aligned with health trends, the timing meant it had to fight both reputational baggage and market inertia.

6.PRODUCT WITHDRAWAL:

In response to the product's underperformance and consumer feedback, Nestlé India decided to withdraw the Dal Atta Noodles with Sambar Flavour from the market. The decision underscored the importance of aligning product offerings

with consumer expectations and cultural preferences. Nestlé India refocused its efforts on strengthening its core product lines and exploring new innovations that resonated more effectively with its target audience.

7. CONCLUSION:

Maggi Dal Atta Noodles with Sambar Flavour represents an ambitious attempt by Nestlé India to innovate and cater to regional tastes. While the product did not achieve commercial success, it provided valuable insights into consumer preferences and the complexities of introducing fusion products in culturally diverse markets. The lessons learned from this venture have likely informed Nestlé India's subsequent product development strategies, ensuring a more nuanced approach to catering to India's diverse culinary landscape.

Discussion Questions

1. Was the product concept of fusing South Indian flavors with instant noodles fundamentally flawed, or was it an issue of execution? Why?
2. How important is cultural authenticity in food product development, especially in a diverse market like India?
3. What role does consumer perception play in the success or failure of health-positioned convenience foods?
4. Could a different marketing strategy or celebrity endorsement have helped change public perception of the product? Why or why not?
5. How might Nestlé have better validated the product concept before a full-scale launch?
6. What alternate product could Maggi have launched to appeal to South Indian consumers without compromising on authenticity or brand trust?

“Reward or Risk? Navigating Pay Restructuring at Zenith Textiles Ltd.”

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ABSTRACT

Purpose of the Case Study:

To analyze the challenges faced by Zenith Textiles Ltd. in restructuring its compensation strategy to attract and retain skilled workers amid rising industry wages and labor attrition.

Key Highlights:

- A traditional Indian textile firm is facing high attrition and low employee satisfaction due to outdated pay practices.
- Management is considering switching to a performance-linked incentive plan.
- The shift must balance cost implications, union reactions, and employee morale.

Learning Objectives:

- Understand key elements of compensation management.
- Evaluate the trade-offs in adopting variable pay systems.
- Apply compensation theories in practical decision-making.
- Assess internal vs. external equity in wage design.

1. INTRODUCTION:

1.1 Background Context:

Zenith Textiles Ltd. is a 35-year-old, family-owned textile manufacturing company based in Surat, Gujarat. With over 600 employees and a legacy of operating in traditional ways, the company is being challenged by increased labor turnover and the pressure to match wages offered by newer textile startups.

1.2 Key Players:

- **Mr. Rajan Shetty** – HR Head, leading the compensation reform.
- **Ms. Anjali Kapoor** – Union Leader.
- **Mr. Vivek Jain** – CEO of Zenith Textiles.

- **Production Line Employees** – 400+ workers affected by changes.

1.3 Relevance:

The case reflects real-world compensation dilemmas in traditional industries and links directly to the HRM syllabus topic of **Compensation Management**, especially wage structures, incentives, fairness, and motivation theories.

2. MAIN BODY:

2.1 Detailed Problem Description:

Zenith has been following a fixed-wage structure for decades. However, its competitors offer performance-based pay and bonuses, attracting Zenith's trained labor force. Additionally, worker morale has declined due to perceived wage stagnation. Management is considering a shift to a **variable pay component** based on productivity metrics but faces resistance from the trade union and skepticism from senior workers.

2.2 Quantitative Data:

- Current average salary: ₹18,000/month
- Industry average: ₹22,000/month with 15% performance incentives
- Attrition rate: 18% (vs. 8% industry norm)

2.3 Situation Analysis:

2.3.1 External Analysis:

- Increased competition from emerging textile firms.
- Labor law amendments supporting incentive-based pay.
- Industry shift toward technology and efficiency metrics.

2.3.2 Internal Analysis:

- Strong but outdated hierarchical wage system.
- Lack of motivation among mid-level skilled workers.
- No formal performance appraisal mechanisms in place.

2.4 Decision Points:

1. Should Zenith shift to a performance-based pay structure despite union resistance?
2. How to align the compensation package with organizational goals without increasing overall costs?

3. What training or policy changes are needed to implement and monitor performance-based pay?
4. How should management manage communication and conflict with stakeholders?

3. SUPPORTING DATA AND EXHIBITS:

Exhibit A: Current Compensation Comparison

Company	Avg. Fixed Pay (₹)	Variable Pay (%)	Total Compensation (₹)
Zenith Textiles	18,000	0%	18,000
Competitor A	20,000	10%	22,000
Competitor B	19,000	15%	21,850

Exhibit B: Employee Feedback Survey (n=200)

Statement	Agree (%)
"Our pay is fair compared to other firms"	28%
"Performance should be rewarded more"	64%
"I'm considering leaving for better pay"	52%

Exhibit C: SWOT Analysis

- **Strengths:** Legacy reputation, skilled labor force
- **Weaknesses:** Rigid wage structure, lack of performance tracking
- **Opportunities:** Government support for upskilling and productivity schemes
- **Threats:** Poaching by startups, high attrition

4. TEACHING NOTE:

Instructor Guidelines:

- Begin with a discussion on equity theory and expectancy theory.
- Ask students to simulate wage redesign based on industry benchmarks.
- Divide students to represent management, union, and employees for a mock negotiation.

Time Required:

2 classroom hours + assignment time

Recommended Analysis Tools:

- SWOT Analysis
- Equity Theory
- Herzberg's Two-Factor Theory
- CTC Breakup Analysis

5. QUESTIONS FOR CLASSROOM DISCUSSION:

Research and Analysis:

- What additional data would help Zenith make a better compensation decision?
- How does employee perception of fairness influence motivation?

Strategic Decision-Making:

- Should Zenith adopt a hybrid model of fixed + variable pay?
- How can HR mitigate resistance to change?

Implementation and Impact:

- What are the risks of implementing performance-based incentives?
- How should success be measured—attrition, productivity, or morale?

Broader Perspectives:

- What lessons can be drawn from this case for other traditional manufacturing sectors?
- How do generational expectations affect compensation strategies?

6. CONCLUSION:

Zenith Textiles finds itself at a critical junction where modernizing its compensation strategy could either energize its workforce or destabilize its industrial harmony. The central question remains: Can performance-linked pay be the silver bullet for motivation and retention, or will it break the trust built over years of fixed wages? The solution lies in a balanced, data-driven, and inclusive approach to compensation redesign.

“Managing Change at Arya FinServ: A Human Resource Transformation Challenge”

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ABSTRACT

Purpose of the Case Study:

This case explores how Arya FinServ Pvt. Ltd., a mid-sized Indian financial services firm, faces the complex challenge of managing organizational change through its human resources during a transition to digital operations.

Key Highlights:

- Arya FinServ plans to go fully digital by 2026.
- Resistance to change from legacy employees threatens HR initiatives.
- The HR team must realign policies, develop training, and manage attrition risks while maintaining productivity.

Learning Objectives:

- Understand the role of HR in managing organizational change.
- Analyze HR strategies for talent reskilling, performance management, and culture change.
- Evaluate the use of communication, leadership, and motivation in employee engagement.

1 INTRODUCTION:

1.1 Background Context:

Arya FinServ Pvt. Ltd., established in 1998, is a reputed NBFC operating in Tier 2 and Tier 3 cities. Traditionally reliant on manual operations, the company decided to implement an enterprise-wide digital transformation after-market disruptions and FinTech competition intensified.

1.2 Key Players:

- **Mr. Ashok Vyas** – CEO and Change Champion

- **Ms. Shruti Deshpande** – HR Director
- **Mr. Manish Verma** – Branch Manager with 20 years at the company
- **New Recruits** – Young, tech-savvy professionals hired in 2024

1.3 Relevance:

This case is ideal for HRM discussions, covering topics like change management, employee resistance, workforce planning, training and development, and HR strategy formulation.

2. MAIN BODY:

2.1 Detailed Problem Description:

Arya FinServ's leadership announced a company-wide shift to digital lending, e-KYC, AI-driven underwriting, and CRM platforms. However, this shift is being met with:

- **Employee resistance** to technology due to lack of skills.
- **Cultural mismatch** between old guard and new hires.
- **Attrition spike** in mid-level management due to fear of redundancy.
- **Customer complaints** due to transition-phase delays and poor digital service delivery.

2.2 Quantitative Data:

- 45% of staff have < basic digital literacy.
- Attrition rose from 9% to 18% in 12 months.
- Branch productivity dropped by 14% post-announcement.

2.3 Situation Analysis:

2.3.1 External Analysis:

- Emergence of FinTech disruptors.
- Government mandate for paperless finance.
- Growing demand for speed and mobile-first banking.

2.3.2 Internal Analysis:

- Hierarchical organizational structure.
- Poor digital infrastructure readiness.
- Mistrust between senior managers and millennial hires.

2.4 Decision Points:

1. How should the HR department lead the transformation?
2. Should HR focus more on training or talent replacement?
3. How to manage resistance from loyal but under-skilled employees?
4. What HR strategies ensure both operational success and human well-being?

3. SUPPORTING DATA AND EXHIBITS:

Exhibit A: Employee Sentiment Survey (n=150)

Statement	Agree (%)
"I feel confident using new digital tools"	38%
"My job is secure during the transition"	29%
"HR has communicated changes clearly"	52%

Exhibit B: HR Dashboard Pre and Post Change

Metric	Pre-Digital (2023)	Post-Announcement (2025)
Employee Turnover	9%	18%
Training Hours/Employee	8 hrs	20 hrs
Employee Engagement Score	72%	61%
Customer Complaints	112/month	198/month

Exhibit C: SWOT Analysis of HR Transition

- **Strengths:** Supportive leadership, budget for training
- **Weaknesses:** Low digital fluency, poor communication flow
- **Opportunities:** Digital talent pool, industry growth
- **Threats:** Cultural misalignment, poaching by competitors

4. TEACHING NOTE:

Instructor Guidelines:

- Open with discussion on **Lewin's Change Model** or **Kotter's 8-Step Change Model**.
- Assign student groups HR strategies for training, communication, and workforce alignment.
- Role-play exercise with stakeholders (CEO, HR, mid-level managers, employees).

Time Required:

1.5 hours for case discussion + 30 min for role-play or debate.

Recommended Analysis Tools:

- Change Management Models
- Maslow's Hierarchy of Needs
- Force Field Analysis
- HR Scorecards

5. QUESTIONS FOR CLASSROOM DISCUSSION:

Research and Analysis:

- What additional information should HR gather before finalizing the change strategy?
- What employee needs are being overlooked during the transformation?

Strategic Decision-Making:

- Should HR lay off resistant employees or train them?
- How can HR create alignment between senior employees and new digital talent?

Implementation and Impact:

- How should HR measure the success of this digital HRM transition?
- What risks exist in retraining vs. hiring new employees?

Broader Perspectives:

- What HRM lessons from Arya FinServ apply to other industries (e.g., education, healthcare)?
- How does HR act as a bridge between strategy and execution?

6. CONCLUSION:

Arya FinServ's transformation is not merely technological but deeply human. The HR department must shift from being an administrative support function to a strategic change agent. The unresolved question remains: **How can HR balance empathy with efficiency to lead a successful digital transformation without losing its people?**

“Make in India or Made Overseas? Strategic Dilemmas of ElectroPlus Pvt. Ltd.”

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ABSTRACT

Purpose of the Case Study:

This case explores how changes in the Indian business environment, including government policies like *Make in India*, geopolitical shifts, and regulatory reforms, influenced ElectroPlus Pvt. Ltd.’s decision about local vs. international manufacturing.

Key Highlights:

- ElectroPlus, an Indian electronics startup, imports parts from China but faces new import duties and policy incentives for local production.
- Management is under pressure to align with the Make in India campaign but lacks infrastructure for domestic production.
- Regulatory uncertainty, infrastructure challenges, and global competition complicate decision-making.

Learning Objectives:

- Analyze the interaction between government policy and business strategy.
- Understand economic, legal, and political environmental factors in India.
- Apply frameworks like PESTLE to evaluate business decisions in changing environments.

1. INTRODUCTION:

1.1 Background Context:

ElectroPlus Pvt. Ltd. is a five-year-old Bangalore-based startup that assembles and sells smart home devices. Initially sourcing most components from Chinese and Taiwanese suppliers, ElectroPlus grew rapidly due to affordability and technological innovation.

With the Indian government promoting local manufacturing and raising import tariffs, the company must now decide whether to shift production domestically or continue relying on imports despite policy friction.

1.2 Key Players:

- **Rohit Bansal** – Founder & CEO
- **Sneha Iyer** – COO
- **Department for Promotion of Industry and Internal Trade (DPIIT)**
- **Chinese Suppliers & Local MSME Partners**

1.3 Relevance:

This case highlights real-world application of the Indian business environment, especially the impact of policies, infrastructure, taxation, and international trade relations on business decision-making.

2. MAIN BODY:

2.1 Detailed Problem Description:

In 2024, ElectroPlus received a government notice imposing a 20% import duty on electronic components from non-FTA countries. The DPIIT also offered incentives under the Production Linked Incentive (PLI) scheme for companies shifting to local manufacturing.

However, India's local component ecosystem lacks the scale and quality standards of international players. ElectroPlus faces dilemmas around:

- Cost of shifting production to India
- Delays in supply chain due to new partners
- Regulatory compliance in new SEZ zones
- The risk of losing time-to-market advantage

2.2 Quantitative Snapshot:

Indicator	Value (2023)	Expected (2025 - with domestic shift)
Avg. unit cost	₹2,100	₹2,450
Avg. delivery time	10 days	22 days
Import duty impact	5%	20%
PLI incentive	0	8% rebate on value-added products

2.3 Situation Analysis:

2.3.1 External Analysis (PESTLE):

- **Political:** Stable policy with strong Make in India narrative.
- **Economic:** Rising import duties; slow infrastructure development.

- **Social:** Growing preference for “Made in India” products.
- **Technological:** Domestic component suppliers lag global quality.
- **Legal:** Complex tax and compliance requirements in SEZs.
- **Environmental:** E-waste compliance is stricter for local plants.

2.3.2 Internal Analysis:

- Lean structure and agile management.
- No in-house manufacturing experience.
- Limited capital for large fixed asset investments.

3. DECISION POINTS:

1. Should ElectroPlus shift to local production or maintain imports and pay duties?
2. Is it strategically wise to partner with MSMEs despite lower quality assurance?
3. Can ElectroPlus leverage the PLI scheme without compromising on innovation?
4. How can the company navigate policy uncertainty over the next 3–5 years?

4. SUPPORTING DATA AND EXHIBITS:

Exhibit A: Import Cost Breakdown (Pre-Duty and Post-Duty)

Component	Pre-duty Cost	Post-duty Cost (with 20% duty)
Motherboard	₹500	₹600
Sensors	₹400	₹480
Batteries	₹300	₹360

Exhibit B: SWOT Analysis of Going Local

- **Strengths:** Government support, tax rebates
- **Weaknesses:** Lack of quality vendors, longer lead times
- **Opportunities:** National branding, CSR recognition
- **Threats:** Policy reversal, global competition, customer dissatisfaction due to delays

5. TEACHING NOTE:

Instructor Guidelines:

- Begin with a PESTLE analysis discussion.

- Assign students stakeholder roles (CEO, COO, Govt. representative, MSME supplier).
- Use the case to compare **domestic policy pressure** with **economic realities**.

Time Required:

1 hour case discussion + 30-minute strategy simulation exercise

Recommended Tools:

- PESTLE Analysis
- Cost-Benefit Analysis
- Strategic Mapping
- Porter's Diamond (to assess competitiveness of Indian ecosystem)

6. QUESTIONS FOR CLASSROOM DISCUSSION:

Research and Analysis:

- What data should ElectroPlus collect before deciding on domestic production?
- How reliable is the PLI scheme for long-term strategy planning?

Strategic Decision-Making:

- Should ElectroPlus adopt a hybrid supply strategy?
- What can be the long-term risks of continuing to import?

Implementation and Impact:

- What could be the HR and operational implications of setting up a domestic plant?
- How should ElectroPlus prepare for potential policy reversals?

Broader Perspectives:

- How does this case reflect the role of the Indian business environment in shaping entrepreneurship?
- What lessons can global firms learn from India's push for economic self-reliance?

7. CONCLUSION:

The ElectroPlus dilemma highlights the complex interplay between policy incentives and business practicality. As India pushes for self-reliance, startups must evaluate not only profitability but also policy alignment and long-term competitiveness. The final question remains:

Should ElectroPlus bet on “Make in India” now, or wait for the ecosystem to mature?

“The Rise and Fall of Café Coffee Day: Uncovering Income Tax Evasion in India’s Retail Coffee Giant”

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ABSTRACT

Purpose of the Case Study:

To examine the tax evasion practices and financial mismanagement that led to the downfall of Café Coffee Day (CCD) and triggered one of the most significant Income Tax investigations in Indian corporate history.

Key Highlights:

- CCD’s parent company was found to have routed Rs. 2,000+ crore to tax havens.
- A suicide note by founder V.G. Siddhartha revealed pressure from tax authorities.
- IT Department unearthed shell companies, unaccounted income, and bogus transactions.

Learning Objectives:

- Understand the concept of income tax evasion and how it is investigated.
- Analyze how corporate governance and ethics influence tax behavior.
- Evaluate the role of Income Tax Department, SEBI, and RBI in curbing fraud.
- Explore legal frameworks such as the Income Tax Act, Benami Transactions Act, and PMLA.

1. INTRODUCTION

1.1 Background Context:

Café Coffee Day (CCD), founded in 1996 by V.G. Siddhartha, grew to become India's largest coffee retail chain with over 1,700 outlets across the country. However, behind the success lay complex financial arrangements involving shell firms and foreign fund transfers. In 2019, Siddhartha went missing and was later found dead—his suicide note cited harassment by tax officials and business pressure.

1.2 Key Players:

- V.G. Siddhartha – Founder of CCD
- Income Tax Department of India
- Coffee Day Enterprises Ltd. Board of Directors
- Enforcement Directorate & SEBI

1.3 Relevance:

This case is ideal for understanding taxation compliance, corporate ethics, and regulatory enforcement. It ties directly to Income Tax laws, anti-money laundering measures, and corporate governance principles in India.

2. MAIN BODY:

2.1 Detailed Problem Description:

Between 2014–2019, CCD's group entities were alleged to have evaded taxes by:

- Routing money through 25+ shell companies.
- Undisclosed foreign assets and bank accounts.
- Incomplete accounting of revenue and profits.

Following a major search in 2017, the IT Department claimed unaccounted income of over ₹650 crore and financial manipulation worth ₹2,000 crore. After Siddhartha's death in 2019, investigations intensified, revealing governance lapses and regulatory violations.

2.2 Quantitative Data:

- Undisclosed income: Rs. 650 crores
- Tax evaded (est.): Rs. 300+ crore
- Number of shell firms involved: 25+
- CCD's market value drops post-incident: 90%

2.3 Situation Analysis:

2.3.1 External Analysis:

- Rising scrutiny of foreign transactions under Black Money Act
- RBI tightening rules for overseas remittances
- Increased digitization of financial data by tax authorities

2.3.2 Internal Analysis:

- Over-leveraged business model
- Poor internal financial controls
- Lack of whistleblower framework

2.4 Decision Points:

1. How could the company have prevented such large-scale tax evasion?
2. What tax regulations were violated, and what penalties apply under the Income Tax Act?
3. How should the government ensure balance between enforcement and business sentiment?
4. Could SEBI and RBI have intervened earlier through audit flags or disclosures?

3. SUPPORTING DATA AND EXHIBITS:

Exhibit A: Timeline of Events

Year	Event
1996	CCD launched by Siddhartha
2017	IT Department raids CCD offices
2019	Siddhartha's suicide and recovery of note
2020	IT Department discloses ₹650+ crore in unaccounted income
2021	CCD board restructures company debt and operations

Exhibit B: Financial Snapshot

Metric	FY 2018	FY 2019
Revenue	Rs.4,264 crore	Rs.4,200 crore
Net Profit	Rs.55 crore	- Rs.75 crore
Debt	Rs.3,000+ crore	Rs.3,500+ crore

Exhibit C: Key Laws Invoked

- Income Tax Act (Sec. 132 & 271) – Search, seizure, and penalty provisions
- Benami Transactions (Prohibition) Act – Shell firms and proxies
- Prevention of Money Laundering Act (PMLA) – Illicit routing of funds
- FEMA – Foreign asset non-disclosures

4. TEACHING NOTE:

Instructor Guidelines:

- Begin with a discussion on ethical tax planning vs. tax evasion.
- Introduce Sections 132 and 271 of the IT Act (Search & Penalty).
- Group students into CCD management, auditors, and tax authorities for role play.

Time Required:

2 hours for case + assignment

Recommended Tools:

- Corporate Governance Frameworks
- Tax Risk Matrix
- Forensic Accounting Indicators
- Income Tax Compliance Checklist

5. QUESTIONS FOR CLASSROOM DISCUSSION:

Research and Analysis:

- What red flags were ignored by CCD's Board and auditors?
- How do tax raids affect public companies' investor confidence?

Strategic Decision-Making:

- Could CCD have restructured its debt and tax obligations legally?
- How should large companies handle tax scrutiny and compliance proactively?

Implementation and Impact:

- What governance reforms are needed in Indian startups and family businesses?

- How does public perception shape post-crisis recovery of a brand?

Broader Perspectives:

- What lessons can MNCs learn from this in navigating Indian tax laws?
- How should India's tax authorities balance enforcement with ease of doing business?

6. CONCLUSION:

The CCD case is a compelling lesson in how rapid business expansion, when paired with poor governance and aggressive tax evasion, can lead to catastrophic outcomes—not just financially but morally. It highlights the growing power of Indian tax authorities, the need for ethical leadership, and the importance of compliance in an era of transparency. Ultimately, it asks whether India's tax ecosystem encourages reform, or simply punishes failure.

“The Phantom Invoices: Unraveling the ₹1,000 Crore GST Scam of Bhanu Constructions Pvt. Ltd.”

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ABSTRACT

Purpose of the Case Study:

To investigate how Bhanu Constructions Pvt. Ltd., a mid-sized infrastructure firm, orchestrated a fake invoice racket to fraudulently claim GST input tax credit (ITC), and the systemic response from GST authorities and forensic teams.

Key Highlights:

- The company created a network of 115 fake firms to issue invoices without actual supply of goods/services.
- Fraudulent ITC claims crossed ₹1,000 crore.
- Multiple arrests, including the CA who helped design the scam.

Learning Objectives:

- Understand how GST ITC mechanism can be misused.
- Analyze the detection process and legal consequences of GST fraud.
- Explore internal controls and compliance protocols under GST.
- Evaluate systemic responses such as e-invoicing and data analytics by GSTN.

1. INTRODUCTION:

1.1 Background Context:

Bhanu Constructions Pvt. Ltd., based in Hyderabad, was a fast-growing construction firm executing several state infrastructures projects. In 2023, GST authorities began receiving alerts from data analytics tools indicating suspicious patterns in its GST returns, including high-value ITC claims and non-existent transport documents.

1.2 Key Players:

- Mr. Ajay Bhanu – MD of Bhanu Constructions
- GST Intelligence Unit (DGGI) – Investigation team
- Mr. Gopal Reddy – Chartered Accountant of the firm
- Fake Vendors – Shell companies created for invoice circulation

1.3 Relevance:

The case is a real-world example of GST fraud in the construction sector and highlights the need for transparency, audit trails, and compliance in the indirect tax ecosystem.

2. MAIN BODY:

2.1 Detailed Problem Description:

Between 2021 and 2023, Bhanu Constructions claimed input tax credits from over 100 vendors. However, scrutiny revealed that:

- The vendors had no physical office or GST filing records.
- No actual construction materials were moved—only invoices.
- ITC worth Rs.1,020 crore was claimed across 18 months fraudulently.

The fraud was uncovered using data triangulation by the GSTN, vehicle movement analysis via E-Way Bill system, and IT return mismatches.

2.2 Quantitative Data:

- Number of bogus invoices: 5,000+
- Value of fake purchases: Rs.4,500 crore
- Fraudulent ITC claimed: Rs.1,020 crore
- Number of fake entities: 115

2.3 Situation Analysis:

2.3.1 External Analysis:

- Lax initial GST registration norms enabled dummy entities.
- GSTN's lack of early verification tools delayed detection.
- Judicial system delay in penal proceedings.

2.3.2 Internal Analysis:

- Lack of internal audit mechanisms within Bhanu Constructions.
- Collusion between promoters and financial advisors.
- No vendor due diligence practices.

2.4 Decision Points:

1. What GST sections were violated, and what are the penalty provisions?
2. How can businesses strengthen ITC compliance mechanisms?
3. What policy changes can prevent such frauds in high-cash sectors?
4. Should CA professionals be held legally accountable in such cases?

3. SUPPORTING DATA AND EXHIBITS:

Exhibit A: Input Tax Credit Flow Chart (2022–23)

Illustration of how Bhanu Constructions routed invoices through fake vendors and received ITC without actual supply.

Exhibit B: ITC Fraud Detection Timeline

Month	Action Taken
Jan 2023	GSTN analytics flagged mismatch
Feb 2023	Physical verification revealed ghost addresses
Mar 2023	Arrest of CA and promoter
June 2023	ITC blocked under Rule 86A

Exhibit C: GST Legal Provisions Involved

Section	Description
Sec 132	Punishment for tax fraud > Rs.5 crore (non-bailable offense)
Rule 86A	Power to block fraudulent ITC
Sec 16(2)	Conditions to claim ITC (actual receipt of goods/services)

4. TEACHING NOTE:

Instructor Guidelines:

- Start with basic explanation of Input Tax Credit under GST.
- Use a flowchart to show how layering of transactions hid the fraud.

- Conduct a mock audit or investigation role-play (GST officer, CA, promoter).

Time Required:

2 classroom hours + 1-hour assignment

Recommended Analysis Tools:

- GST Compliance Checklist
- ITC Reconciliation Template
- Risk-Based Audit Framework

5. QUESTIONS FOR CLASSROOM DISCUSSION:

Research and Analysis:

- What audit mechanisms could have caught this fraud earlier?
- How can GSTN enhance risk profiling of returns?

Strategic Decision-Making:

- Should government make e-invoicing mandatory for all sectors?
- How should companies verify their vendors' GST authenticity?

Implementation and Impact:

- What are the long-term impacts of such fraud on government revenues and honest taxpayers?
- How can technology be used to create red-flag alerts in real time?

Broader Perspectives:

- What lessons does this case offer to tax consultants and accounting professionals?
- Should GST compliance be part of every business school curriculum?

6. CONCLUSION:

The Bhanu Constructions GST scam reveals the dark side of a reform-driven tax system—how digital compliance, when misused, can be manipulated to steal public money. It also highlights the growing use of AI and analytics by the GST Council to identify red flags. The challenge is not only in detection but in prevention and accountability.

The question remains: Can Indian businesses build a culture of tax transparency before stricter laws do it for them?