

Audio_MohandasPai

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SPEAKERS

Siddhartha Ahluwalia, Mohandas Pai

Mohandas Pai 00:00

Pandit Nehru from '50 to '80 suppressed private capital and because of that we become poorer. Look if people like me, respect me I'm fine. If they dislike me and don't like me, I'm fine. I don't live my life based on whether people like me or not. I live my life based on whether I helped to make the world a better place. I worked in a family enterprise earlier where they told me 'Mohan you are a servant.' (SPEAKS HINDI). Traditional family enterprise who think they can buy people and everybody is a servant but them. Only their children should rule. All of them are facing competition and many of them are winding up. There's good news. The market is creating a level playing field for everybody. Prime Minister Modi has done more for the poor of this country than any prime minister in India's history. The data is evident. We, Indians have not learned the art of marketing. An American kid will sell at \$25 stuff for \$100 and make the customer feel he's got a great deal. An Indian will sell \$100 stuff for \$25 and feel sorry for the customer. You should not feel sorry for the customer man! The job creation is not a problem in this country. The problem is the wages and for the wages to go up, there must be bigger growth, more industries, more in our services, etc. So we're getting there.

Siddhartha Ahluwalia 00:58

Hi, this is Siddhartha Ahluwalia! Welcome to the Neon Show. Today's guest is one of the founding members of Infosys, who built it with Mr. Narayana Murthy. In 2000, he created India's largest midday meal program for school children. He also produced the world's first Sanskrit animated film in 2020. Along with all these titles, he is a Padma Shri awardee as well. We welcome Mohandas Pai sir on the Neon Show! I would like to thank our sponsors Prime Venture Partners for sponsoring the Neon Show. Hope you enjoy it.

Siddhartha Ahluwalia 01:34

Hi, this is Siddhartha Ahluwalia. Welcome to the Neon Show.

Mohandas Pai 01:37

Thank you.

Siddhartha Ahluwalia 01:37

Today, I have with me one of my idols, T.V. Mohandas Pai . Sir you have done so much for the country, right? First at Infosys then Akshaya Patra. And that's part of building the initial guardrails for the Indian venture capital ecosystem, right? Most of the venture capital system in India has been exported from U.S to India. And you started building nuts and bolts of it in 2011. So to start the podcast I would like to, you know, go back to your childhood, right? What are some of the memories from your childhood. The place that you grew up in?

Mohandas Pai 02:12

No, no, I grew up in Bangalore. Born in Bangalore. My parents were... My mother was a school teacher. My father used to work in an office. So we had a good upbringing. Went to the local school and weekends we used to go play in the playground—

Mohandas Pai 02:27

In Nehru Nagar, Seshadripuram. We used to put our mouths to the municipal tap and drink water. Those days you could drink tap water straight away. Life was simple. There's not much traffic. We used to play cricket. Weekends, go to the nearby library; read for five-six hours. Anything that you get to read. And then school and college in Bangalore. I got a commerce degree and a law degree and I did my CA then I started my practice and then joined... then started a company called Prakash Leasing Limited. I worked there as an executive director, joined Infosys in '94 so I'm a Bangalore boy.

Siddhartha Ahluwalia 02:28

Which part of Bangalore you were in?

Siddhartha Ahluwalia 03:06

So, you have seen that transition of Bangalore happen from people used to consider it as a retirement place. As a hill station to now one of the most popular city and I think in some period of time, we will overcome the you know, GDP of Mumbai. So how has the transition been sir? You have seen it since childhood, the rise of Bangalore—

Siddhartha Ahluwalia 03:25

And then Infosys happened to Bangalore—

Mohandas Pai 03:25

No, Bangalore was a very sleepy place. We wore woolens in summer. We went for morning shows as young people. You know our morning shows used to be three rupee 50 paise. I still remember when I got my Yezdi in 1978, a full liter— full tank of 14 liters cost some 57 rupees or something like that. So, it was a very different era. Everything was quiet. Nothing much happened and we were happy cause life was very quiet.

Mohandas Pai 03:35

No that's later. And then what happened, Bangalore had the public sector undertakings come. See Bangalore is a middle class town. It does not have a traditional business class like Bombay has, Chennai has, Calcutta has and maybe Delhi. So it is a middle class town and it all started with the

public sector undertakings coming after Independence. Finally, because you wanted to be away far from the border. HMT came. BL came. BEML came. Then we had ITI and all of them hired people, and they built colonies. They built their big campuses with government money, and people came from all over. So that created a very cosmopolitan culture in Bangalore. And then their children grew up and then in response to that, engineering colleges were started in Bangalore by the politicians and others. Politicians saw a place to make money so they all started and Bangalore grew. So by the 1970s and '80s, we also saw an influx of investment from Calcutta. It is a naxalite movement, so many of the industries there shut up shop and came to Bangalore and that happened. And then I think in 1982, Infosys came to Bangalore and I think 1978 or nine I think Texas Instruments started an operation in Sona building in Mission Road where they had a 64 kbps linked line and slowly I think it built up. So '94, when I joined... Bangalore was still a small place. Infosys built their first campus outside Bangalore in a place called Electronic City. It was a two-lane road and we put a campus for 1000 people. I remember Montek Singh Ahluwalia came there once and we asked him why you come here? He said, 'No, no, I went to the Aid-India consortium in Paris and they were not speaking about Suzuki and the Maruti car. They were speaking about IT in India, so I came to see what happened. The government never knew what happened. We set up this campus; 1000 people. It became attractive. Everybody came there, then we expanded. And that's the time when Infosys started setting standards, because our mantra was, we have to be the best in the industry in every aspect of our work, whether it has to do with HR, with technology, with training, with education for our staff, with work facilities, finance... We have to be the best and we set standards. Most of the things that you see in corporate governance, were set by Infosys. And we used to report our results within 10-11 days. So I'm very disappointed at this new internet companies who call themselves internet companies. Supposed to have information, declaring the results after 45-60 days yet... I mean, to me is ridiculous. They are supposed to set standards. Not one of them has set a standard. They have all been hammered in the market because they don't understand the market. They thought that the market is the place where the rich pickings, people are queuing up to buy the shares and IPO that great you know, reformers, big people. They never understood the market is a very brutal place. The market values you every single day. It is not like a private market where people come and keep on piling money because they want a higher valuation. Here market values and it is wisdom of the crowd. So I think we set standards then we had the Y2K boom, then it went away. So I think it's been a very exhilarating journey. And I stepped down from being a CFO of Infosys in 2006. I got the first best CFO award ever given to a CFO in India. We set standards. And then I shifted from finance and to HR because Murthy told me to shift and I spent five years. Hired 200,000 people in the five years. Trained 250,000 people. Set up the corporate university in Mysore. Did a lot of things. Essentially, I've seen the rise of a great country after liberalisation. I seen the rise of a great industry, the IT industry. I seen the rise of a great company like Infosys, and we participated in growing. We were open. We give stock options. We shared wealth with everybody. We created infrastructure, which is best in class. The Infosys campus, all across are wonderful, best in class. I don't think global companies had the same standards. And we set the standard in India for others to follow. And it was a very exhilarating experience. Please remember, in '91, our GDP was 275 billion. Today, it is 3.4 trillion. We grown 8.2% a year for 32 years. Not many countries have done that. And then GDP has grown from five lakh 32,000 crores to 273 lakh crores. 13.2% a year. In the software industry today, it exports \$200 billion. Employs 55 lakh or 5.5 million people. Last year they added 500,000 people the year before and we export more software than Saudi Arabia exports oil. It's just 1% of India's workforce and 60% of global outsourcing comes here. Of the top 10 software service

companies in market value, five are Indian India. Of the top five, three are Indian. Of the 3.2 million employees in the top 10 about 2.3 million are Indians. Of the 6 million people working in software in America, 1 million are Indians. Of the 10 million working for American companies globally, 4 million are Indians. Bangalore has 2.3 million software people and technology people. Largest in the world, more than Silicon Valley. By 2025-26, we probably will have more people working in technology than the United States. So what is happening in Bangalore is unbelievable. About 1.1 crore people, one crore vehicles, 65 lakh two-wheelers, 25 lakh four-wheelers. So, wealth has come in. Bangalore GDP today should be maybe \$15,000. Karnataka is about 330 billion. Bangalore is about 60% so it should be \$15,000. It's a very rich city. Paid the second highest quantum of individual income tax... Third highest quantum of bank deposit... Fourth highest quantum of bank lending. So, we've seen the rise of Bangalore, the talents of Bangalore and government is oblivious to the growth. They don't understand what is happening. They use our taxes to cater to their constituency outside, subsidise them like this government is doing. Giving away 52,000 crores to many people who may not need it because giving to the poor, nobody objects. You give everything free because you want to come to power and you're destroying the future of this country. Future of the state, so they don't understand how big this is, how valuable it is. So I think the industry has done well and given India's place in the world today. Today, the net surplus from the export of software of \$135-140 billion is more than the net amount we pay for oil so this industry has taken care of India in a substantially big way. If the Indian passport has respect globally, is because of IT services. So I stepped down in 2011 from Infosys, because I said I wanted my life back after working 12 hour days, seven days a week, etc. And then I joined with Ranjan Pai of Manipal, to be chairman of an education service company. It was not an executive post, nor executive chairman. And then we started adding capital. We started a fund where both of us put money. We gave the first check to Byju's, nine million or 20 million pre. Then after some time, we had 30 investments. We found it to be too much so we said we'll promote many funds. So promoted about 14 funds. Put in some money as GPs and LPs and the funds have grown. Then we had a small investments in my name, so Pranav came back. We put that into a family fund and 3one4 Pranav and Siddarth have done extremely well. They grew 3one4. So but in all those companies we have more than 450 investments, I think they're worth more than maybe one and a half- \$2 billion between all the funds. Not that entire thing is our money. We have a decent stake, but that's what the ecosystem is. I'm happy we built the ecosystem. I worked with iSPIRT and government to start the sidbi fund of funds. We went to Delhi and we met with the Modi government. They were very eager. Then we suggested sidbi. Sidbi started the fund and then I sat on the first investment committee and told government to start more funds. And we brought in many resolutions. He fought for the industry against the angel tax. So a lot of work we've done with the government to bring in the kind of ecosystem for growth. There's still a long way to go because the tax authorities are very—

Siddhartha Ahluwalia 12:07

They still don't understand—

Mohandas Pai 12:09

They do it deliberately. I mean, you know many of them are rent seeking. They harass you and all that. So government shouldn't give them the power to harass people. And we have told them but they're very... Finance minister is very insensitive. They don't care. I've been to a finance ministry after complaint, the PMO and I met the finance then finance secretary and said Chairman and explained to

them what is angel tax. They're laughing in my face. And remember, I'm not an ordinary person but that's the way they treat people. They don't care a damn. So I think you know, we have this bad kind of a extortive system in this country, which young people don't understand. And we have been talking to government to question the Prime Minister into it. Let's see what happens, but today we are much better than what it was because Prime Minister Modi in 2015 said 'Digital India, Startup India, Stand up India.' Nobody understood what it meant but today we see the results. About 95,000 startups, 21,000 got capital or funded, about 108 unicorns, \$500 billion of value created \$132 billion has come in till '22. And now I think you know things are quiet but hopefully money will start coming in. We'll see more unicorns happen in this country. So we have built the third largest ecosystem. So we are in the midst of the digital revolution today.

Mohandas Pai 13:24

When the industrial revolution took place, 250 years ago, Great Britain drove it with the invention of the steam engine and they dominated. Europe became rich exploiting the colonies, exploiting all of us, looting our wealth, etc. Utsa Patnaik of Columbia University has written that Great Britain took away \$45 trillion in wealth in today's money from 1757 to 1947, when they left. So I think we've gone through very brutal phases and many things and Pandit Nehru from '50 to '80 suppressed private capital and because of that, we became poorer. In the 1950s, we are the richest economy in Asia because China was destroyed. Southeast Asia was destroyed. Japan was destroyed. Of the five richest families in Asia, three were Indian. we are 1.5 billion pounds in debt from Great Britain for the war effort. Of course, Great Britain devalued the currency and duped us in many ways and we fell for it but Nehru suppressed private capital. He did not allow private industry to grow up in a market as free market throughout history. We were a rich country throughout history barring the last 250 years till '47 primarily because of the fact we are agriculture rich. We had to build a trading nation. We exported and we had high number of skilled artisans. And the skill people have is incredible. So I think you know, we become poorer. We had Islamic invasion for a long time, but we, you know, suffered many things. But I think he suppressed us so in 1950 to 1980, we grew at 3.5%. Population grew at 2.5%. Asia grew at 6.5%. The world grew at 4.5%. In '80, we are poorer than in 1950 and this is very destructive. And that's the time when I was coming into the workforce. We grew... Per capita income grew 1% a year for 30 years. We are impoverished. And we never focus on primary education, primary health. Our literacy rates are pathetic. When Mao took over China in 1949, he said women hold up half of heaven. Educated China is woman. So the literacy rate is 97% there and today, India still about 77% and women are lower. So I think we have messed up many things because the first 30 years were bad socialistic policies, which created corruption, which created centralization economic power, but from '80 when we started opening up, we grew at 5.5%. '80 to '90 debt grew from 20 billion to 80 billion, and we were broke in '91. In '91, we opened up and the magic happened, because the Indian entrepreneur could start industries. Restrictions had been removed. Licence quota raj went away. There's still a problem of lack of infrastructure within but I think we've done well and the last 10 years, the Modi government has been extraordinary. Prime Minister Modi has done more for the poor of this country than any prime minister in India's history. The data is evident. GDP has grown from 113 lakh crores to 272 lakh crores, March 23, to about 305 lakh crores next year is huge. Per capita income has more than doubled in the last 10 years and we have seen extraordinary achievements in GST, business reforms, etc. We've seen extraordinary achievements in infrastructure. 30 lakh crore of GDP has gone to poor people. We've seen huge amounts of money go to the poor people and we are seeing every Indian have a roof over

the head, water in the tap, power in the switch, a gas stove, money in the bank, bank account, money in the bank, education for the children, food on the table, a health insurance, etc. And it's been extraordinary. So last 10 years have been extraordinary. India has revived. So next five years is going to be good. I think by 2026, we should reach \$5 trillion GDP if rupee-dollar remains the same. It's always about rupee-dollar, it's not about our growth and by 2032, we could be at \$10 trillion. And I see great growth in the next 10 years.

Siddhartha Ahluwalia 17:08

And we could be a third largest economy—

Mohandas Pai 17:10

We will be the third largest economy because today we are 3.4 trillion. By March '24, we will be 3.7 trillion. Germany is 4.3 and Japan is 4.4. So we'll overtake them. In the next two-three years, we'll overtake them. They're not growing. I think the next 10 years hold crucial for India, because in the last 10 years the entire startup boom happened to India right? Well it's not only startups. Startups had a small impact, but they helped digitisation of India. The digital revolution is sweeping the world. The United States, the biggest power followed by China and India and Europe is last. Europe is an aging digital colony for the US. So I think in this world because of technology, because of the software industry, young people, our huge engineering output etc. India has done well and India will do well but we need good government policies, less restriction, less corruption in the state. All states have become more corrupt. In center there is no corruption but today all states have become more corrupt. The level of corruption in Karnataka, Tamil Nadu Maharashtra is extraordinary.

Siddhartha Ahluwalia 18:10

I would love to know right? Pranav and Siddarth have followed your suit, right? How's your family like? Like? Do you discuss startups at dinner?

Mohandas Pai 18:18

No, they're very independent. I don't discuss startup at dinner. They decide between themselves. They got four partners. They decide, they decide. Whenever they want, they ask me to meet some companies. Many companies come and see me directly so I refer to them. They decide. I don't decide anything for them. I mean, I'm there as a partner in the plan, because they want me there but it's their firm. They built it up. I mean, you know, that's one of the wrong things that happens that I get credit for something I have not done. And I must say that Pranav and Siddarth have worked extremely hard to build up a very good venture capital fund, which has done so well. The matrix is there for everybody to see. But I had a very small role in that. So I can't claim any credit. I don't want to claim credit. They're independent.

Siddhartha Ahluwalia 18:58

But it has functioned really well. The funds that have blossomed under you. You've set up Aarin in 2011 and then suite of funds followed and built a domestic capital in India. There was never any domestic capital in India—

Mohandas Pai 19:11

Yeah, you have to put your money to work and I wish this billionaires from IT like the Infosys founders, Premji put more money to work in India. That's one of the tragedies of the country that people who build technology have not invested enough in the startup ecosystem. And Indian capitalists always look at real estate, stock market. They should invest in technology and innovation. For example, out of the 132 billion dollars that's come in the last 10 years, last eight years, is only about 10 or 15% which is Indian Capital so we've got Canadian pension fund come and invest \$10 billion and take stakes in many companies. LIC has done nothing. It's pathetic for LIC not do anything. Pathetic. Totally pathetic. So I think there are structural issues. It's a question of educating them and understanding where the West understands innovation. They're very large economies. They're very advanced. Here we are too much in the public sector. The private sector banks are under capitalised. Now they got capital. So we're seeing change, but you know we could do much better. But we are there. We are a very strange country with you know, let me give some more data. Out of 1.4 billion people, 1 billion live on \$1,000 a year. That means 400 million live on \$6,000 a year. That's 3.4 trillion. And out of this 400 million, the top 100 million have \$10,000 a year income and the 300 million are \$5000. That's come to 3.4, right? Nearly that. So this top 100 million is the one that is buying cars, houses, driving the economy. They've got income. More people will join. We have to create high quality jobs. We create one and half crore jobs a year. But 75-80% pay less than 25,000 rupees a month. The job creation not a problem in this country. The problem is the wages and for the wages to go up, there must be bigger growth, more industries, more in our services, etc. So we're getting there.

Siddhartha Ahluwalia 19:40

Sir, you have been big time into philanthropy. You don't talk about at all, like Akshay Patra has been started by you. Punyakoti, right, India's first Sanskrit animation film, like you incubated that. Want to understand, one is the capitalistic side of Mr. Mohandas Pai and the other is a —

Mohandas Pai 21:19

See I believe in compassionate capitalism. I have been the beneficiary of a state subsidised education. I have benefited. So if I do well, it is my duty to give it back. Give it back to others. Not because you want a name or a fame. It's just because you want to satisfy your own conscience. You cannot have a society where a child has to beg for food. You can't have a society where a child can't get good education, because the parents are poor. We need a society where every Indian has the necessities of life and all of us have to do it by paying taxes. Government has to do, we have to do it privately. And we have to create a society where every child can realise his or her dream. And that the society we are to create. So we need a social conscience. First, you must focus on business to make a lot of money. So don't focus on saying oh, I'm doing social good. No, that's rubbish. Focus on business. Be very efficient. Be very productive. Make a lot of money. And after make money, give it away. What are you going to do, you're not going to take it with you. Have a good life, give away the rest, help people and don't take credit. Don't stand and say I'm the greatest philanthropist. Carry a card saying I'm philanthropist. Just give it away and keep quiet and people should benefit.

Siddhartha Ahluwalia 22:32

And you drive a very normal car...

Mohandas Pai 22:34

I mean, see I've never had this thing that I must have a very big house, I must have a very big car, travel first class. Those are not my aspirations. So that's not the culture I was born with. I'm an ordinary middle class person who happened to do very well. Got lucky breaks. I've done well. So I pay my debt back to society to please my conscience. I'm very outspoken. I'm happy. And both my children have done extremely well and I realised that after you cross 60, and you have built your career, the most important thing in life is to make sure children do well. Whatever position you have, however big you grow, whatever respect you have in society. If your children have not done well after you, your life is a disaster because they're the future, right? And your upbringing, everything depends on you as a parent, that means you're not done work as a parent. Not that I did many things for my two boys while they were growing up. My wife held them or did took care of them. But whatever it is, I'm happy that they're done well, and whatever I can do to help society, the ecosystem I keep doing, because I want to do it.

Siddhartha Ahluwalia 23:38

Sir you were 48 I believe, right in 2006 when you stepped down from the CFO position, and when you stepped down as a head of HR for Infosys in 2011... 53. So you could have easily retired right? We talk about PayPal Mafia in the US. We never talk about Infosys mafia, here in India, and the Infosys mafia has silently done so much for India, right? Aadhaar, policymaking. Everywhere we see right to seed sown by—

Mohandas Pai 24:05

No I think that's because we are an extra set of people and an extraordinary person called Narayana Murthy. You know after independence, there have been five great business leaders who deserve Bharat Ratna. One is J.R.D Tata in the first two decades and he's got a Bharat Ratna. Dhirubhai Ambani. Dhirubhai taught Indians how to dream big. He broke all the rules those days to show how to do big. He created the equity market, everything else and he was a dreamer. And he changed India. And after that, in the '90s came Narayana Murthy and his team who got India global respect for good corporate governance standards. Building a globally competitive technology industry from India. I think extraordinary person who set the highest standards. He won the World Entrepreneurship Award, and then came Mukesh Ambani, who did Jio and Jio laid the foundation for the digital revolution in India and Mukesh has done extraordinary Well. \$50 billion invested. Look at what Jio has done. It's a great story and he's built his business empire and he deserves a Bharat Ratna. And then Nandan Nilekani. Nandan was a very good CEO and did well but after stepping down as CEO, Aadhar and the India's Stack, UPI, and ONDC and you know the treads platform. Everything else he has done to create a digital layer in a public-private partnership with iSPIRT and other volunteers for the last 12 years. Extraordinary man. He should get a Bharat Ratna because these are the people who build India and impacted India in a way not that many people have done. There have been other great entrepreneurs, business leaders but these people have changed and transform India. J.R.D transformed India. J.R.D could have done better if Nehru had not harassed him and not given him or harassed him and prevented him from growing. And then Dhirubhai Ambani. Extraordinary man. Those days starting with nothing, and building the biggest empire in India. He deserves all credit. And then of course Narayana Murthy. And then Mukesh Ambani and Nandan Nilekani. They are the people who have defined India in business in last 75 years. So we had this ambition to do well. So the thing Infosys hired the best in-class people, created an environment which is open, transparent, collegial, where you could debate and you could oppose Murthy openly in front of everybody, listen to people. There was no 'Dadagiri'

culture, no master-slave culture. I've worked in a family enterprise earlier, where they told me 'Mohan you are a servant!'. As a professional I didn't understand what a servant was, then it hit me what, how can they treat me like this. I've served better than you or done anything better than you, but you are family so you think I'm a servant. That was the time I said I want to leave, and I left, soon after, but that's the way they treat you. This traditional family enterprise who think they can buy people and everybody's a servant but them. Only their children should rule. All of them are facing competition, and many of them are winding up. That's good news. The market is creating a level playing field for everybody. And the technology industry and startup industry is giving money to young people and giving them capital so we're seeing a new entrepreneur class who are not traditional business, and much of the business in the 50s and 60s, made a lot of money by, you know, using regulations to their benefit and doing all kinds of things, crony capitalism, all kinds of stuff they have done. But the new crowd has not done anything like that. And when the middle class of a country become entrepreneurs, they get capital, they grow. That is the country that is developing, because that creates competition. That gives the dream to every young person that they can succeed. And that to me is most important. Every young person in this country should dream of great things and work to achieve them. Yes, many of them are not achieved, but at least they tried and they're better off for trying. Many of them will succeed in India, globally. Today, we have seven lakh 50,000 Students studying outside, out of which maybe one lakh 50,000 are gone for genuine education, the balance have sold lands and gone for... emigrated, let them go. Send 2 million people out. What does it matter? We should become the biggest global diaspora... We are and we got so many CEOs in the US that are all Americans. I wish them all the best. They are not Indian citizens. They will not do anything for India, that's fine. But people have gone out. People become the richest community in many countries in the West, and they've done well and we should do that. So we got to create opportunities for young people. They must dream, either in India or outside and build something for themselves and that is what we should do. And we must have multiple opportunities for everybody.

Siddhartha Ahluwalia 24:51

You mentioned that you have been outspoken. So while growing up, were you always so—

Mohandas Pai 28:44

Yeah, I was a rebel. In college, we were rebels. We went on a strike the first time in St. Joseph commerce college and my father had to come and meet the principal but we went on a strike. The law college you know, we fought against the principal for some things and went to the vice chancellor. We fought for revaluation in the university because they messed up my mark. They gave me 55, I should have got 95. I got 92 in accounting. And it's always been a streak that a rebel that's why I started practice. I didn't want to join a job. I got 11 job offers but I didn't do that. Got a job in Bangalore, of course. But then I started practice. I didn't earn much money because nobody paid money those days. It paid very little. And then joined this company and of course, I didn't make much money in the company. They never paid a good salary, but it is okay. So I was the boss, even though it was a family enterprise, and then Infosys, which gave that environment for everybody to come up. That open, transparent, collegial culture is what Infosys has done and I think that's been fantastic. So all the people who grew up during the time, the more than 100 people became CEOs of small, mid-sized, big companies, and many more will become CEOs in the future.

Siddhartha Ahluwalia 29:55

And you joined I think Infosys as the youngest CFO there?

Mohandas Pai 29:57

Yeah... '94 yes. There was nobody called a CFO those days.

Siddhartha Ahluwalia 30:05

It was just pure finance department and you were asked to—

Mohandas Pai 30:08

Head of Finance. Yeah, then I became CFO because there we started using the title.

Siddhartha Ahluwalia 30:13

Mr. Murthy would have asked, right, 'Mohan you please lead the finance department.' and that's another story that you went on to one of their public, you know, hearings. They were discussing results and you asked so many questions—

Mohandas Pai 30:25

That's how Nandan met me and Murthy said why don't you come and join and answer the question? It's a great story. Look, I've been lucky. Am I the brightest guy in India? No. I've been lucky. God has given me many breaks. I used the brakes, I worked very hard. I succeeded.

Siddhartha Ahluwalia 30:42

There was a streak of rebel, right?

Mohandas Pai 30:44

There is always streak of rebellion even now. I mean, I and maybe Bala were the only people who spoke back to Murthy and quarrel with him and everything else, and sometimes I used to get bored and we go to Murthy's room and tickle him up and come because you know, he will always give you back. He will always stand his ground. He's an extraordinary man to work with. But very tough guy. No forgiveness. Performance. Performance is the only reality. You perform, you exist. You don't perform, you don't exist for him. He's very clear in his mind. He is brutal. Brutally honest, brutally straight. No forgiveness, if we don't perform. You can't suck up to him. He is very smart. In fact, 1994, when I joined, I said, I'll give you a p&l account with 99.5% accuracy at three o'clock on the last working day. Till the day I used to do it and let me tell you at 3:15 If I don't come and meet him in his room, he called me and said, 'Are you sleeping? Why you are not coming?' That was the standard we expected. And that's what made us all much better. Because we are held to a high standard constantly. No slip up. Can't slip up! And growth. Anyways...

Siddhartha Ahluwalia 31:53

And at the time that you joined right, Mr. Murthy, I remember, right, seeing public interviews of him. Obviously I've never met him in person. He's like your other idol right? [chuckles] Mohandas Karamchand Gandhi. Very calm, exterior, but as you say, right, his interior is very tough.

Mohandas Pai 32:08

No, I know. But you know, Gandhi has been a role model. I read this as my spiritual truth. Because he, Gandhi was a man of immense courage. You know, his life was an experiment about finding himself. Understanding himself is a journey. That's what all Indians have to be. Good Indians have to do. That's our culture or civilization. We have to find ourselves and he was courageous. He stood for his principles. He stood for the poor of this country. And he had the courage to pull back the freedom movement after Chauri Chaura. He fought against the British, and he was brilliant in his strategy. The Dandi march was brilliant, and very articulate, he could communicate well. And at the right time he walked off. He said, I don't want power. I mean, look at Nehru. He took power, he put his daughter in and the whole family is suffering because of that right? Family who is not good in politics and he'd destroyed his own family so nobody has come into politics. Nobody knows who his children are. We all know the children of Nehru because he deliberately did everything, and we still suffer as a country. So I think he's a great guy, one of a type and very human. He made many errors. He made many mistakes.

Siddhartha Ahluwalia 33:16

And he admitted those mistakes—

Mohandas Pai 33:18

He admitted it because he was a human being. He was not arrogant, intellectually arrogant, a brown saheb like Nehru. Nehru was a remnant of the British Raj. He was educated in Harrow, the elite rich. He looked down upon the poor of this country and always sucked up to the British and tried to put India destroying our armed forces. So China came and rubbed our nose in the ground. So many mistakes the man made. Yes, he did some good things, but we are paying for it. Yeah, we're paying for this mistakes. Because of his personality and arrogance. He destroyed the Congress Party. Removed all the leadership so his daughter could come. I mean, how can you put your own daughter as Head of the Congress Party when you're the most powerful person and everybody sucked up to him. Nehru this, Nehru that. People have to be honest. Yes, he was a good leader. He was part of the freedom movement. He was young. Gandhi chose him as against Patel and in others because they said we need a young man who is in tune with the new world of Independence. Maybe Gandhi was right. Maybe Gandhi was wrong. But during this years, he messed up so many things. Suppressed private capital. If we had grown 1-1.5% more per year in the first 30 years we'll be somewhere. If you had educated India's children and women like Mao did, literacy, population are much less. We had only 33 crore people in 1947. We are now 140 crore people. This land cannot take it. And we have not been able to educate them. We have not been able to give them the basic necessities except for what Modi has done. I mean, we have suffered. We have bad governance and bad ideas. We didn't know it. We didn't know anything better. We never saw a different world. We had the same ambassador car because they didn't allow anybody else. We have the same rotary phone. It's crazy... You have to stand in line for; I remember I had to stand in line for milk and for water, and there's not much power and for a telephone and ration everything you're standing in queue. That was a different world. You people are not grown up in the world so I have seen in both worlds and this world is better, and I hope you people have a much better future than I had when I was growing up. Not that we thought of a better future because our dreams were not there yet.

Siddhartha Ahluwalia 35:26

And you never aspired, right? So like to, to build so much for other than for yourself, right? When you started your journey at Infosys? Would you have thought that you would be chairman of Aarin capital and you want to—

Mohandas Pai 35:41

Look, we started... I was in Infosys, we wanted the best and we grew and grew and grew and grew and grew. We won all the awards and everything and it will happen on itself. If you look back, said did you don't think all this will happen? No, nobody thought will happen. It happened. We made it happen. We took all the breaks. Made it happen. It happened.

Siddhartha Ahluwalia 35:59

And in 2011, when you were retiring out of Infosys,

Mohandas Pai 36:02

I was stepping down not retiring—

Siddhartha Ahluwalia 36:04

My bad. When you were stepping down out of Infosys—

Mohandas Pai 36:07

I wanted my life back. Because look, I told people when I stepped down that I want to spend 1/3 of my time with my family. 1/3 of the time for myself really and 1/3 doing some other work. Now it's all become like 90% work.

Siddhartha Ahluwalia 36:28

So how did Aarin Capital... You could have easily said I will not do any work, right?

Mohandas Pai 36:32

No, no, no. Look, look, we have to be busy. You have to be mentally alert. You need problems to solve. Until the day you die, you need that. You need to have that energy to change. You are self-motivated. You can't sit quietly, and have coffee in the morning at coffee and tea in the morning and go to sleep and work. Yes, I tried to do that I got a grandson and I tried to play with him. And my grandson has taught me something which I never knew I will learn: patience. I never had patience.

Siddhartha Ahluwalia 37:03

So he made a rebel a patient person.

Mohandas Pai 37:05

Yes, it made me a much more patient person and I am surprised at myself, I've become so patient, I guess. You know, grandchildren have this effect on you. But whatever it is, this is all the past phase of life. I've had a very good life and I have no regrets. I have no regrets about anything. We should never have any regrets about life because please remember, life is about tomorrow. Yesterday is over. And please remember the sun is going to rise in the morning and set in the evening whether you are there

or not is totally irrelevant. Nobody is great. We're all human. Sun will rise. Sun will set. You are there good. Not there good. Who cares?

Siddhartha Ahluwalia 37:43

Do you often worry about your legacy then—

Mohandas Pai 37:45

I don't worry about anything. Look if people like me, respect me, I'm fine. If they dislike me and don't like me, I'm fine. I don't live my life based on whether people like me or not. I live my life based on whether I helped to make the world a better place. I've discharged my duty to my family, to my friends, to society, and everybody else and I have to be discharging my duty to everybody. It is important. And I think I've done it to the best of my ability. So I have no regrets. I have no regrets about anything. If people like me is fine. They abused me so many times, I'm fine, I don't care. Why should I care? Why should I care? The day you care for others' views and you will spoil your mood, is the day you care for an increment or title to everything somebody wants you. You have to be self-motivated to do what you want to do, to learn and to work hard, build up your skill and be independent and that's what will sustain you. External stimuli can never be sustained. You understand? That thing is very important. When you are in a startup as the founder, it is a very difficult job. You will have success. You will have failures. You'll have dilemmas. You will have so many questions but you have to face it. And you have to be self motivating. You have to learn. You have to meet people. See what is happening. You have to read and do so many things. Very lonely. Leadership is very lonely.

Siddhartha Ahluwalia 37:45

You have faced it many times?

Mohandas Pai 38:24

Yes, we have faced with being lonely, but we have been successful. But you know, whatever it is, is over. So good life but now, I rejoice in the success of young people. I want to see a new leadership come up in business. New leadership come up in politics, which will be very different from the leaders we have today. Because everybody worldview is based on the formative years. So your formative years is during the Licence quota Raj to the time where you were so damn poor you have nothing. You saw poverty of an extreme order. You have no faith in a country. The young people have faith in the country. They will straddle the world. They go out. They're confident. They talk. It's great. It's a great country.

Siddhartha Ahluwalia 39:51

You have a lot of faith in Indian people.

Mohandas Pai 39:53

Of course! Indian people at an extreme level to the centuries. It's the most successful civilization in human history. Which other old civilization more than 5000-6000 years survived? The Chinese and Indian. Who else has survived? Nobody has survived. We have survived. We've done well. And we have suffered the Islamic invasion and brutal invasion, suppression of people, killing, you know, 1000s of them, then the British loot of India, the impoverishment of India, deep poverty, we suffered all that we have come up. And when they got economic freedom back in 9'1, we rejoiced. We come up and we are

doing very well, and more people will do well. We will create more jobs. We'll be the third largest economy in the world. We are a sobering influence on geopolitics. We have to be proud of this country. And we have to do more for this country. And we have to fight corruption. We have a fight, you know, all these people who try to pit communities against each other. We have to fight, you know, jihadi fundamentalism, which is the most dangerous thing in the world. All that we had to fight to create this country. This country, our founding fathers is given to as the Constitution, which is possibly the most liberal in the world. The Constitution gives special life to minorities by the Constitution. Nobody has given. People say Muslim genocide, all kinds of nonsense and say we're suppressing. Muslims were three crore people in 1947. They're now 22 crore people, they gone up 7x, and the rest was 30 crores and is now only 120 crores. 4x. The Muslim population has gone up 7x. They have their personal laws, they got special status in Article 29 and 30, which is for religious and linguistic minorities. I'm a linguistic minority. I don't get anything. They get it. So you know, nobody can accuse us. We have had reservation for 70 years, because we felt people have followed some of the fallen behind and so affirmative action has been there. And now people are succeeded. We are reserved status for women. Today we have more women graduates coming out of college than men. We got 1020 women for 1000 men. 957 girls born for 1000 boys. So society is changing. Look at all the data. Many of the things you couldn't do are done well today. And these things are going to improve so is an unbelievable achievement for a large country. Don't compare yourself with any small country. The UK is like Karnataka, a small state. Germany is like Tamil Nadu. Brazil is like UP. United States, we are four times the size of the US. None of them have dealt with populations like us. And the complexity of dealing with people this variety. Nobody has done. China has dealt but they're more homogeneous. They've got a centralised government. As a democracy, nobody has dealt with the challenges we have and succeeded and done well. And all these idiots get together say 'Your electoral autocracy.' all stupid people. We are 17% of humanity. The biggest experiment in democracy in World History Throughout has happened in India, and has been extremely successful experiment. A very poor, famished illiterate country where everybody got the right to vote in '52 and we voted and we changed governments. And these people, stupid people. This is why they come accuse us saying 'Electoral autocracy. You are not this.' What rubbish are they talking about? If anybody has respect for democracy, they got to respect India and understand India, that we should not be carried away by them. And what Nehru created was an elite system that sucked up to Nehru and got all the goodies. Now they're all gone. Modi has destroyed that, right? Nobody cares for their parroted narratives, right. So, there are multiple voices in India, multiple streams of reason. We are a much more freer country than we were earlier. There is no prevalent dogma in this country. So we are very liberal. But we have to be proud of what we are.

Siddhartha Ahluwalia 43:26

And sir the IT services had a major impact. Do you think something like software business like SaaS could have an impact like IT in the next five or 10 years in India?

Mohandas Pai 43:35

See, please understand, I want to answer a question which people always say 'Oh, why is there not a Microsoft in India? Why is there no Google?' Microsoft, Google, Amazon, Facebook happened in the United States? \$23 trillion. Billions of dollars of capital. Risk-taking ability, technology assimilation. There's no country like that. Europe doesn't have it except SAP. Japan doesn't have it. They don't have it. You need that environment. What we have done in the IT industry with 200 billion. They say you're

doing coolie, you're doing cyber coolies. Yeah man, we're the best in the world in that area. We get \$200 billion of business you first, I keep telling some of the lefties. You go do it on some level... Create something like this and talk. All these lefties, brainless people talk this kind of nonsense and abuse others right? I'm angry when people abuse the IT services. They did a great job. They trained people. Given them a lot of money. Created high quality jobs. Now they're all flourishing. They go into sort of startup industry. They're doing it that the next phase. Now SaaS is a phase that has to come. But for SaaS to succeed is not technology ability that's important. It is our ability to get capital, ability to market and sell and ability to get a reasonable fee. Most SaaS companies are very good in technology because the problem we attract we got enough technology people. They sell to Indian enterprise who bargain with them and don't pay them money. So they got number but they don't get money. They have to suffer and fight for capital. There's not enough capital for them to build. They have to be frugal so they suffer from disabilities, which is not there in the US. So when there's freer ability to build capital, you'll see them grow bigger. And I think that they have built a great base. Now you're seeing companies 50-100 million dollars revenue. Many coming up. Some of them are billion dollar they're coming up so SaaS is coming up. You see technology industry has... The startup industry has three kinds of industries. One is industries where technology is a front end, not the back end. For example, eCommerce where technology is the front end where interact with consumers to the technology platform. The back end is all logistics services with this technology. But in a departmental store or back end is all then physical. Abusing ecommerce is physical is also there and that gives you game to scale, that the only difference? substantial difference. Second is b2b business, like SAS and other data sets software to people software products, precisely the kinds of software products. And the third is algorithmic companies like a Google and Meta and others where you have an algorithm and the network impact comes and more and more people come. Netflix and that work. They're very different company. So these are three kinds of companies. So now I think the first kind of companies we've gone through, we've seen a lot of companies who interact with consumers through the internet, and digitally. That's great. Now they're offline, online, all kinds of combinations happening. Now we're seeing the SaaS companies, b2b companies, because the Indian market is developing. FinTech companies are developing. Banks are buying. They become bigger. They're spending more money. Technology, sophistication is there. Process knowledge is there. All that has come but they still have to scale up. We are better today in SaaS than we were five years ago. There is tremendous improvement and algorithm companies will come. It is a hit and miss chance once in a while in the world.

Siddhartha Ahluwalia 45:04

So I want to ask you a personal question. You were the first backer of Byju's and you have always criticised also some parts of Byju's in public, right, and now you have become I think one of extended board members in BYJU'S—

Siddhartha Ahluwalia 46:50

I'm not a board member I'm an advisor. I'm in the board advisory council.

Siddhartha Ahluwalia 47:08

So you seen a full cycle journey—

Mohandas Pai 47:10

See BYJU'S is an extraordinary entrepreneur. I mean Ranjan discovered it not me. And Ranjan was in his you know Manipal in his hotel when he heard a commotion next door and he asked people what is that commotion. They said somebody called BYJU'S has come teaching people how to pass the IIM test because they're all engineering graduates and he said come and ask him to meet me. Met him and Ranjan asked him do you want capital? He said no. And then he came in and met Ranjan and said I want money. I said what? What are your revenues? 4 crores and what is your ask? 150 crores pre! Are you serious? 'Yeah, I want 150 crores. 150 crores. Ranjan was shocked and he's told Ranjan that after 6 months I'll want money at 200 crores p so Ranjan met him and gave him money and all that and you know we gave him more money than 50. We invested and then Ranjan helped him raise capital. I also helped him and spoke to him and then we had a meeting in the office where his training business is not going well so we told him why don't you go to schools and he did it. He's an extraordinary entrepreneur. Of course it's grow very well. I mean... I have not been able to be in touch. He has not been in touch for many years. We sold most of what we had because we became so small, we didn't put more money as we had no money to put in subsequent drop.

Siddhartha Ahluwalia 48:28

And you sold it very early. You sold it at 200 mil.

Mohandas Pai 48:31

No, no we sold earlier because we have a put option and all that then we had something more and BYJU told us to keep something and that we made good money so we made our money and we're happy with that. So now BYJU has asked me asked me to help him out with things so I'm helping out. It's is a very personal thing to do. They are good people.

Siddhartha Ahluwalia 48:48

But you have seen this entire journey right where the company rose from nothing to fame and from anything India that reaches super fame right then people throw stones at it—

Mohandas Pai 48:57

Yeah because everybody wants to pump it up and then bring it down. That's how we make stories so it's very natural. See that's why fame must never get into your head. Fame must never get your head. You must always be more conservative in many things and that is it.

Siddhartha Ahluwalia 49:12

But fame never got you to eat to your head, right? So you have been in public for the last—

Mohandas Pai 49:16

Yeah, because I am built differently because to me what others speak to me was nice, but didn't make a difference to my life. I got all the awards which is nice. But did I feel something different? No. I mean, I treat everybody as an equal. Some people don't understand that I talk back to people as equal and some people say 'Oh what is this?' because I treat people as equal so it's okay. You see you lead your life the way you want it.

Siddhartha Ahluwalia 49:43

I've always seen you wearing a kurta right?

Mohandas Pai 49:46

No I wear a kurta after I left Infosys primarily because I want to show I'm an Indian and I will wear my traditional dresses and I am proud of being an Indian. Remember I used to go to the RBI as you see the board members in the '50s and early '60s. They all wear Indian dresses. Turbans and dhotis and all that then everybody came to suits because we are a failed country by mid '65. It's a failed country with no hope. So they wanted to ape the west. They all wore it. Now I want to give pride in being Indian. Be what you are. Be what you are. What is wrong with being what you are? Wear a dhoti to college or school, it's fine. Is it in the national press? Why do you bother about others? Why the hell are you wearing a suit with a tie at a 44 degrees heat man! Those are cold weather dresses suited for those people. I went to Stanford for Pranav's convocation. I wore my kurta. I walked in Wall Street in my kurta and of course people looking 'Who this guy?' but you are really proud of your skin. Proud of what you want. Not to have pride to show others but personally have self confidence, and I think that's important.

Siddhartha Ahluwalia 50:53

I think this is where as an Indian we have lacked. Whenever we go to developed countries right—

Mohandas Pai 50:59

That's because you see when you go to developed country you see big buildings, great infrastructure. Let me tell you a story. The Indian Women's cricket team came to me and said that we want one some practice and all that. We had built the Mysore campus. So they went there and for 30 days they trained there. We had a cricket ground. Australia-India played test there and all that and then they had gyms, they had individual rooms. They had air conditioning, all the treatment. They were treated very well and they played there and the practice then they left and they went to England to play. Suddenly I had a call in my office from Sudha Shah. Sudha said 'I want to talk to you sir' and I said okay. 'Sir, we beat England at Lord's.' Wonderful congratulations! 'But that's not why I called you.' 'Why'd you call me?' 'Sir, London is dirty. Lord's was dirty sir. We had Mysore sir. We are so proud of Mysore sir. So proud of India, sir. They were dirty sir.' I said fantastic. That's what it is. If you're hired by Infosys, go to Mysore, 45% of them used to come from tier-2, tier-3 colleges and when I was there. I don't know now. They used to walk on one side of the road. Others used to walk on one side. And these were ill dressed people. Very, very not confident you know. They come from poor circumstances. We had to train them how to use the western toilet. How to live there. They were shocked because they never lived in the place as good as this ever in their lives. So they trained there and six month later, they were proud young people highly-trained who could go to New York and work and never felt intimidated. We get intimidated when you go there because you don't have it in your country. You see all these filth in Bangalore. This dirt in Bangalore, so part of Bangalore become better. You don't see the cleanliness. You see all these shabby things. And you say 'What the hell is this? Oh my god. Oh my god. Oh my god.' right? It defeats you. Now you work in Infosys. You work in the campus and everything. Murthy told me a very interesting thing because somebody asked him 'Why are spending money?' We didn't spend more money on the campus. He spent the right kind of money. We built well. He said look, we deliver quality to the first world and we live in the third world. Every day, we had to make the transition from the third world to the first world. So we need to have that environment of a first world to deliver high quality. That's fantastic. And that's true. That Hosur road was so terrible. It was a two-lane road

that became a four-lane road we should park there for two hours in the morning and two hours in the evening. We had a special police commissioner come and manage traffic and it became so bad we once had the road roller and started making up the road ourselves to make space and then they made it into a 10 lane road. It got crowded. Then they built an overhead road - four lanes - so 14 lanes now to Electronic City. It gets crowded for two hours in the morning and two hours in the evening. It becomes a parking lot. What do you do? They're not built proper through traffic because they don't care. These people don't care in government. And now the metro has come, hopefully things will improve. This is the problem. Bangalore is 10 years behind in infrastructure. We don't have the infrastructure to make us productive. Why are we wasting our time on the roads? Why are we wasting our time so many things happening yet can be solved. Why is the metro three and a half years behind schedule? Why it is we do not add any buses for the last 10 years. I mean, it's crazy. They don't care. These people don't care. They get elected from outside, come here, make money here and feed the constituency and go away. What do they do for Bangalore? They say yes to everything. I've met all governments in 30 years. Nobody has said no, but they don't want to spend the money. He's not in the political interest.

Siddhartha Ahluwalia 51:30

So my last question to you is 2011, right, when you started Aarin, did you think that Indian startup industry would go high?

Mohandas Pai 54:25

I'll be lying if I said no, I thought it'll grow up so much. We are pioneers. We just thought we'll create the system, we'll grow and we'll work on it. And it grew and grew and grew.

Siddhartha Ahluwalia 54:34

I think the initial capital was like 5 million from you and 5 million from Mr. Ranjan Pai... between the both of you. Aarin was first between just you and Mr. Ranjan Pai—

Mohandas Pai 54:43

Yeah only our money.

Siddhartha Ahluwalia 54:44

So the initial 5 million I think from you and 5 million from him.

Mohandas Pai 54:47

Yeah, but it went up to 150 million later. He put 60%. He has more money than me but that's okay.

Siddhartha Ahluwalia 54:52

It's been a fantastic journey, what you have seen in the last 13 years. I think Aarin has produced like five unicorns till now and 450 portfolio companies among—

Mohandas Pai 55:04

Among the funds where we have a GP share. Remember, in Pranav's office 700 companies come every month for capital.

Siddhartha Ahluwalia 55:13

Yes, only one get funded but—

Mohandas Pai 55:16

I don't know they fund... You know better but the fact is so many are trying to do something which is good. They must learn. See we, Indians have not learned the art of marketing. An American kid will sell a \$25 stuff for \$100 and make the customer feel he's got a great deal. An Indian will sell \$100 stuff for \$25 and feel sorry for the customer. You should not feel sorry for the customer, man!

Siddhartha Ahluwalia 55:41

But why are we poor at marketing?

Mohandas Pai 55:42

Because you're not a marketing society. You're not a society where you're to sell yourself. You're a society who was taught to be beaten and to stay there and be out of place, right? That conservatism and tradition. So you got to... We are not articulate. We are not taught in school to talk back and to communicate. We're taught to teacher will come, give notes, write and go. One professor came and told me I want to change... I said the biggest change you can bring about in people is if you make people, students come and talk. Let them come and explain. Let them go before their peers and give a talk on 10 minutes on any topic of their choice. Ask them to communicate. Get themselves caught. Don't beat them up and get them bored. It is one way and the new education policy is fantastic. Even the Siddaramaiah government says we'll change it. I don't think they read the policy to change. It is a fantastic policy. It gives full freedom to you. That's what we need.

Siddhartha Ahluwalia 56:33

We need Indians to be—

Mohandas Pai 56:35

See we are the victims of a very pervasive state which tries to control every aspect of your life. The state has to be broken to be truly democratic. It's happening.

Siddhartha Ahluwalia 56:46

Thank you so much, sir! It's been such an honour to host you.

Mohandas Pai 56:49

Thank you very much. Thank you.