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NxtGen
Infinite Datacenter
Presents
**THE ECONOMIC TIMES
FAMILY
BUSINESS
AWARDS**



WINNERS of the
ET Family Business Awards
along with jury members



CELEBRATING THE MAKERS OF NEW INDIA

POWER AND EMOTION

The Economic Times Family Business Awards ceremony in Mumbai was marked by deep insights, and bigger celebration

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They came. They saw. They conquered. In the realm of family business in India, there is no bigger prize than The Economic Times Family Business Awards. And as the winners of this year's awards took to the stage, the applause was deafening. To run a family business with success, over multiple generations, is easier said

than done. But practically every one of the winners has achieved that with distinction.

Identifying these true winners is an arduous job, but we had help from a power-packed jury panel (see jury list), which also served as ET's Advisory Board for the awards, and from knowledge partner Grant Thornton India (for the process, read box "How we did it").

The event itself generated vibes unlike anything you would see usually at award ceremonies. The winners went on stage with their families—sons, daughters, sons-

in-law, daughters-in-law. Their acceptance speeches were marked by emotion, gratitude, humility, and a sense of deep commitment, responsibility, and awareness of the criticality of their community to the health of India's economy and its citizens.

One of the highlights of the programme was a fireside chat between Shiv Nadar, Founder-Chairman of HCL; Harsh Mariwala, Chairman of Marico; and Arun Bharat Ram, Chairman of SRF. The discussion revolved around how to keep businesses going for long, particularly as they are widely known

to rarely exist beyond the third generation. Their insights were deep.

The awards were given away by jury members Harsh Goenka, Chairman of RPG Enterprises; and Anu Aga, former Director of Thermax. On receiving his award, Yusuf Hamied, Chairman of Cipla, spoke about the fact that pharmaceutical companies are in the business of medicine, which is a service to humanity, and their work must reflect the need to not allow any human to suffer for not being able to buy medicines. A great

deal of cheer was reserved for Vinati Safar Mutreja, a surprise winner of the Outstanding Woman Business Leader of the Year. Mutreja spearheads her company Vinati Organics. With a market capitalisation of more than ₹6,300 crore from a mere ₹26 crore in 2006, it reflects her leadership capabilities.

Shiv Nadar recounted how his mother inspired him to take to philanthropy; Harsh Mariwala spoke of how he has always adhered to the adage "governance pays"; Arun Bharat Ram recounted the pain of

conflict and separation his family faced decades ago and how that spurred him to build a solid foundation with his sons for the current business, and the Bajaj brothers spoke of how the four leaders of the Bajaj family—from founder Jajmal Bajaj to Rahul Bajaj—have always led from the front in managing the family and the group, and how that has enabled the group to show consistent growth.

The awards are part of the larger ET Family Business Forum, and is sponsored by NxtGen Datacenter & Cloud Technologies.

STAYIN' ALIVE

A fireside chat on factors enabling long-term success of a family business was the highlight of the evening

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Statistics say that most family businesses—worldwide—with-er away after the third generation. But there are others that carry on. How can a family business achieve long-term growth, without breaking apart from the cauldron of business goals, emotions and family relationships? Three of India Inc's top family business leaders—Shiv Nadar, Founder-Chairman, HCL; Harsh Mariwala, Chairman, Marico; and Arun Bharat Ram, Chairman, SRF—took to the stage to discuss that.

Nadar told Bodhisatva Ganguli, Executive Editor of The Economic Times, who moderated the chat, about how his learnings of running a business were rooted into his stint at SRF. "Back in those days, they realised the importance of hiring professionals to manage a business. They carefully brought in people in their 20s, trained them and put them in responsible position at various divisions. They did the shuffling really well." Explaining the move, Bharat Ram said his grandfather realised that family members were not the only ones with the brains and ability to run a business. "He brought in exceptional professionals into the business."

On a lighter note, Ganguli asked Bharat Ram the regretted letting go of Nadar, to which Bharat Ram quipped: "Certainly! I would have been a much richer man today," to laughter from the audience.

Mariwala, still very much in tune with the business he once headed, stated how accountability is the biggest barometer of success and longevity. "Family members should be held accountable for their decisions and performance." At the same time, Nadar felt that "there is a loss of appetite in every subsequent generation that joins the business".

Bharat Ram's stance was that the next generation must not be pushed into the



(From left) Shiv Nadar, Founder & Chairman, HCL; Harsh Mariwala, Chairman, Marico and Arun Bharat Ram, Chairman, SRF

family business and forced to succeed. "Families should encourage the younger generation to pursue what they want and not push them to undertake tailor-made positions within the family business. Such forced participation actually kills the business's wealth," he said. In his own case, Bharat Ram indicated to both his sons early on that they need to prove their worth to run the business.

Professionalism was a key element of the discussion. While Nadar said he completely stays off HCL's strategy and decisions, Mariwala indicated both he (as chairman) and Marico's MD are guided by detailed, written roles that were designed when Mariwala stepped down as CEO of Marico. "That has really helped us in carrying the business forward. In short, (the company) is on my mind 24/7, but my hands are off it," he said.

One important aspect highlighted by the leaders was that for business to prosper and

continue in the long term, the women in the family need to be involved. Said Bharat Ram: "I realised long back that if the women within the family are not in harmony, it's not going to work. For example, my wife and my daughter-in-law were equally involved in the making of the family constitution as we were." Agreed Mariwala: "Having a constitution and involving the women is a good idea as it helps to curtail the probability of conflicts."

Nadar added another layer to the issue of potential conflicts. "The size and scale of the risk you undertake is most crucial," he said. "For a company like HCL, which has over 1 lakh employees worldwide, we need to understand what can be the scale of the risk. So, the opinion of the CEO and key committee members becomes crucial. But if there is a difference, you have to live with it."

The underlying insight from the discussion: When in doubt, the business's interest comes first, family's second.

THE ADVISORY BOARD & JURY

HARSH GOENKA
Chairman,
RPG Enterprises

SANJAY LALBHAI
CMD, Arvind

ANU AGA
Former Director,
Thermax

PRASAD KUMAR
Founder and Family
Business Advisor,
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Waterfield Advisors



Raj Jain, CEO, BCCL with Arun Bharat Ram, Chairman, SRF

ROLL OF HONOUR

CATEGORY & WINNER

Family Business of the Year - Mega Companies
Bajaj Group

Family Business of the Year - Large Companies
SRF

Family Business of the Year - Emerging Companies
Metro Shoes

Global Visionary
Shashi Kiran Shetty, Chairman and Managing
Director, Aircargo Logistics

Excellence in Family Business Governance
Harsh Mariwala, Chairman, Marico

Effective Succession Planning
Prathap Reddy, Founder-Chairman,
Apollo Hospitals

Philanthropist of the Year
Shiv Nadar, Founder and Chairman, HCL

Lifetime Achievement Award
Yusuf Hamied, Chairman, Cipla

Outstanding Woman Business Leader
Vinati Saraf Mutreja, MD & CEO, Vlnati Organics

Most Promising Scion
Shashwat Goenka, Sector Head-Spencer's Retail
& FMCG, RP-Sanjiv Goenka Group



We are privileged to be associated with the Family Business Forum. I am particularly impressed with the next-gen of the business families. They have so much humility and they all want to do something unique to carry on their legacy. There is much more responsibility on them than on any of us

AS RAJGOPAL, CEO, NXTGEN

Harsh Goenka (L), Chairman, RPG Enterprises; and AS Rajgopal, CEO, NextGen, release a coffee table book encapsulating the findings and insights from the year-long Family Business Forum



WINNERS' GALLERY

TAKING PRIDE IN CREATING VALUE

The general consensus: Very early succession planning, creation of a family council or constitution, bringing in professionals and keeping businesses above the family went a long way in creation of these winners



BAJAJ GROUP

NRI Bajaj, Chairman and MD, Mukand (2nd from left); Shrinani Bajaj, Chairman and MD, Bajaj Electricals (2nd from right); and Madhav Bajaj, Vice Chairman, Bajaj Auto (2nd from right) with their family members, and jury members Anu Aga of Thermax and Harsh Goenka of IFC Enterprises

The group is in the top five of private sector companies in India in terms of total market cap of listed entities

Management positions in business are only given on merit, because what is good for the business is good for the family

It is repeatedly said that most family businesses do not last beyond the third generation. Ours is the fourth generation, and we believe that it depends on the leadership. The leaders have to lead by example and the thing keeping the Bajaj family strong is our leaders

SHIKHAR BAJAJ, Chairman and MD, Bajaj Electricals



SRF

Arun Bharat Ram, Managing Director, SRF (far left); Arun Bharat Ram, Chairman (centre); and Kartik Bharat Ram, Deputy Managing Director (far right), with family members and jury

In 2017-18, SRF commissioned the greenfield chloroethanes plant at its Dabhi complex with a capacity of 40,000 MT per annum

In packaging films, announced the setting up of a new BOPET line and a metallizer plant in Hungary; and a second BOPET line and a resin plant at Rayong, Thailand

The main reason why family businesses cease to exist beyond the third generation is because of the lack of governance structures and cohesion. Very early on, my sons and I decided to put principles in place to ensure that over a period, we do not destroy values

ARUN BHARAT RAM, Chairman, SRF



METRO SHOES

Irfan Malik, MD & CEO, Metro Shoes; jury members Anu Aga and Harsh Goenka; Rafique Malik, Chairman; Aziza Rafique Malik, Director; Alok Malik, VP, E-Commerce & Marketing

Crossed ₹1,000-crore revenue mark in 2017

Hit the 450-store landmark in 2018

I would like to thank my professional team who have worked with me to build this company from a very humble beginning. I would also like to thank my two daughters, who have brought the passion back into the business

RAFIQUE MALIK, Chairman, Metro Shoes



SHIV NADAR

From 1994 till March 2018, the Shiv Nadar Foundation has invested \$786 million, or ₹5,115 crore, across its institutions

In 2017-18, the Foundation invested ₹20.5 crore across its various initiatives

Way back in 1991, we received a substantial consideration from HP and my part of it was ₹26 crore – coming from an executive background, it was a colossal amount of money. My mother suggested to set aside some money for others. Later, when my daughter wanted to do something similar, she named the foundation Shiv Nadar Foundation. Last year, we spent ₹850 crore and it gives great happiness and fulfillment while doing so

SHIV NADAR, Founder and Chairman, HCL



HARSH MARIWALA

When Harsh Mariwala stepped down as MD of the company and became Chairman, he wrote down what would be his role, and the MD-incumbent did the same. This brought clarity

He has monthly meetings with the MD and his team, and gives inputs and suggestions, but does not take operational decisions

Good governance pays – whether it's shareholders, attracting talent or a good board. At any stage of the company – small, medium or large – one has to be well governed. There is a cost attached to governance, but the payoff is huge

HARSH MARIWALA, Chairman, Marico

HOW WE DID IT

The Economic Times Family Business Awards has a survey-based methodology. Nominations were open to companies with consolidated revenues more than ₹250 crore, and with net profits to show in the previous two fiscals, that is, 2017-18 and 2016-17. For the overall categories of Family Business of the Year, companies were segmented into three revenue groups – emerging (₹250 crore to ₹1,000 crore consolidated revenues), large (₹1,000 crore to ₹10,000 crore), and mega (₹10,000 crore plus). The other award categories were open to companies of all sizes, with the cutoff benchmark being ₹250 crore.

For the overall awards, financial performance formed the base, where metrics such as growth in revenue, EBITDA and net profit were considered. Consolidated numbers over the past three years were used. On top of these, companies track record on several qualitative aspects were taken into account. These include:

- Sustainability of business model
 - Complexity of succession planning
 - Existence of innovation, governance and succession planning frameworks
 - Existence and mandate of a family council and family constitution
 - Effective succession of next generation leader
 - Expansion of business
 - Family governance and succession planning
 - Financial performance
 - Gender diversity and inclusion
 - Contribution of personal wealth and institutionalisation of philanthropic framework
 - Strength of leadership team
- Details were sought on all these aspects from companies in questionnaire. The entries were then assessed on these parameters – with weights that differed based on the category being assessed – by Grant Thornton and ICF's teams. Our teams also developed research on companies that had not applied, but whose performance on many aspects of running a successful family business was stellar. A shortlist of three to five nominations were presented to the jury for their deliberation and final selection of winners.



YUSUF HAMIED

In the early 2000s, Cipla became the leading Indian pharma company as per OIG IMS data

In 2001, an initiative by Cipla to supply HIV/AIDS drugs at a price below a dollar a day saved millions of lives in Africa alone

We are the custodians of health, and the management of healthcare has to combine business with a humanitarian responsibility. Success doesn't make a company, individual or a family great. What really matters is the social contribution towards making life better for everyone

YUSUF HAMIED, Chairman, Cipla



SHASHI KIRAN SHETTY

Alicargo Logistics' services include MTO, contract logistics and project equipment

Operates in more than 150 countries. Overseas revenue is more than 80% of consolidated turnover

I am humbled to get this recognition. I started my business at the age of 25 and got the opportunity to start multiple businesses within the logistics space. We have always paid attention to good governance and had the foresight to think about having the right management and create shareholder value

SHASHI KIRAN SHETTY, Chairman and Managing Director, Alicargo Logistics



VINATI SARAF MUTREJA

Vinati Organics manufactures specialty chemicals such as aromatics, monomers and polymers. Operates in more than 30 countries

Since the time Vinati Saraf Mutreja joined the company in 2006, market capitalisation has risen from ₹26 crore to more than ₹8,300 crore currently

This award actually belongs to the men in my life – my father and husband. And I would also like to thank each employee of our company for their contribution towards our success

VINATI SARAF MUTREJA, MD & CEO, Vinati Organics



SHASHWAT GOENKA

operationally turned around Spencer's Retail, from PBIT of (minus) ₹166 crore five years ago, to ₹4 crore in FY18

Driving the group's road map to become more of a consumer business group in the future. The FMCC business has a target of ₹10,000-crore turnover in the next 4-5 years

I am truly honoured and humbled to receive this award. All our family members are in the business and we get along really well as a family. And at work, it works out well for us because we share great dynamics

SHASHWAT GOENKA, Sector Head- Spencer's Retail & FMCC, RP-Sanjiv Goenka Group



PRATHAP REDDY

Formulated an effective succession plan for the family

Aligned his four daughters to their skills, and roles were given on the basis of capabilities

Whether it is a large or a small family business, the succession challenges remain the same. In India, the family keeps the business together; in the West, the business keeps the family together

PRATHAP REDDY, Founder-Chairman, Apollo Hospitals