

SONU BHASIN



Foreword by Anand Mahindra



THE INHERITORS

stories of entrepreneurship
and success

PORTFOLIO
THE INHERITORS

Sonu Bhasin is one of the early and senior women professionals in the industry and has led businesses in senior leadership positions during her corporate career, including her role as director, ING Barings; president, Axis Bank; and group president, Yes Bank. Currently Sonu is an independent director on the boards of well-known companies.

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Acknowledgements

Foreword

If there is one thing I have learnt from my years in leading a business, it is the power of the story. If a picture is worth a thousand words, then a story is worth a thousand sermons. Stories encapsulate messages in a way that makes them hard to forget.

In my own group, when people want to describe the business, its history, its progress and its culture, I find that they don't talk about profit figures or growth statistics or revenue projections. They talk about stories—stories about the people whose personalities shaped the company, stories about the ways in which the company coped with good times and bad, stories illustrating the values that are a torch passed down from generation to generation.

Sonu Bhasin has very effectively used the medium of stories to trace the trials and triumphs of some outstanding family-owned businesses in India. Family-owned companies are the backbone of Indian industry. At last count, fifteen of the top twenty Indian businesses in India were family-owned, in some sense of the phrase. They enjoy advantages like agility, nimbleness and speed of decision-making. They also face the challenges of family dynamics and culture, intergenerational perspectives and handling succession. This book elicits the

family perspective on all these aspects. The stories it articulates convey all the difficulties, all the challenges, all the drama and all the rewards of creating a business that flourishes over generations. Reading these sagas in the words of the people who lived them makes an impact that no classroom lecture can match.

I am sure that *The Inheritors* will provide insight and inspiration not only to members of family businesses but also to anyone who aspires to be an entrepreneur. Learning from someone else's success story is a very powerful incentive to fashion your own.

September 2017

Anand Mahindra
Chairman and MD,
Mahindra Group

Introduction

Family businesses are the unsung heroes of the Indian economy.

We know that they are all around us but we haven't really acknowledged their contribution to the economy. It is not because we don't want to; rather, it is because we are not aware of the quantum of their contribution.

Data shows that approximately 90 per cent of world commerce is in the hands of family-owned businesses. They contribute 60–90 per cent of the GDP in their respective economies, are the largest employers outside of the government and deliver better profitability, consistently, when compared to their non-family-owned counterparts.

There is usually a set of qualities and characteristics that are associated with any hero. Such is the case with family businesses. Each of them has its own set of heroic characteristics that makes it unique. However, there is one aspect that is common to all successful family businesses and that is the spirit of entrepreneurship. The Oxford dictionary describes entrepreneurship as 'the activity of setting up a business or businesses, taking on financial risks in the hope of profit'. But as I sat and listened to the protagonists of *The Inheritors* tell their stories, I realized that the dictionary

meaning was unidimensional and somewhat dry. It fails to capture the grit and determination, the ambition and passion, and the focus on getting things done.

The spirit of entrepreneurship displayed by the people in this book goes far beyond just setting up a business or taking on a financial risk. During my conversations with them, I learnt of their ability to look at early failures squarely in the face, their refusal to stay down after their stumbles, their motivation to get back up, dust themselves and move on, their conviction in their own self and their business concepts, their confidence to do things differently, their knack for forcing their competitors to also do things differently, their ability to treat their legacy as a blessing rather than a burden and, most importantly, their unrelenting focus on their family values.

Amit Burman and Agastya Dalmia both faced harsh challenges in their first business ventures but they refused to be cowed down by them. Harsh Mariwala had conviction in his own belief of how a business should be run and he followed his heart to make it happen. Tara Singh Vachani focused on her innermost bhavna to create a path-breaking business. Motilal Oswal, Raamdeo Agrawal and Arjun Sharma were outsiders in tightly held industries and they first made a place for themselves and then changed the rules for everyone. Rishabh Shroff and Pooja Jain did not let the heavy burden of their illustrious legacy come in the way of their work. Kuldip Singh Dhingra and Gurbachan Singh Dhingra built a large business without sacrificing an iota of their family values. The stories in *The Inheritors* are about real people and real businesses. These are stories of real challenges, real fights in the marketplace and real achievements. Each story celebrates the spirit of entrepreneurship and this spirit is played out by each protagonist in a unique manner. Thus, whether the stories

are about success or even failure on the way to success, you are likely to identify with the characters and the stories. You can then decide, individually, of course, what you take away from each story.

My key learning after spending time with the heroes (of both genders) of *The Inheritors* has been the following: while entrepreneurship may or may not lead to success, there is no success possible without the spirit of entrepreneurship.

Over to the inheritors for their own stories.

Happy reading!

Dabur Group and Lite Bite Foods

Amit Burman

I am confused. Did I not have an appointment with Amit Burman, vice chairman of Dabur India—the 133-year-old company known for iconic products like Hajmola, Dabur Chyawanprash and Dabur Amla Hair Oil? Amit had asked me to come to his office for the meeting. As I walk into the building, I see posters of well-known brands. But to my knowledge, none of these are Dabur's. I walk up the stairs with posters of Café Delhi Heights, Zambar, Fres Co, Punjab Grill, Street Foods and Baker Street accompanying me. Am I in the wrong office? I begin to wonder. I turn back and ask the guard at the gate, 'Yeh Amit Burman sa'ab ka office hai? Sa'ab hain kya office mein? (Is this Amit Burman's office? Is he in the office?)' The guard merely nods in a bored manner. Shaking my head in confusion I go back up the stairs to the office. The receptionist, with a bright smile, confirms that I am expected and guides me to Amit's office. Phew! At least I am in the right place.

Amit laughs out loud when I ask him why no Dabur brands are displayed in the office of the company's vice

chairman. 'This is my personal business, with my own money, and Dabur has nothing to do with it,' explains Amit. He is certainly the vice chairman of Dabur India Limited, but that role is a quasi-non-executive one.

'Dabur is in the hands of professional management, so my role is to guide them to follow the Burman family's vision for the business,' says Amit. As a person who finds it difficult to sit at home even on a weekend, Amit certainly needed something to keep himself occupied once he moved into the non-executive role at Dabur. 'Food has always been a passion with me,' he says. With time on his hands and unwilling to lead a life only of leisure, he decided to follow his passion and set up a food business in the mid-2000s. Today, his real passion and real business, no pun intended, is Lite Bite Foods, the food company set up by him. His business has the dine-out brands that I saw on my way to his office. Punjab Grill, Fres Co, Zambar, Asia Seven and Hahn's Kitchen have very quickly become the restaurants of choice for the customer segment targeted by Amit.

Hard work is something Amit has never shied away from. In fact, it energizes him. Once he finished his MBA, he was asked to come back to Dabur to work full-time. Starting up

Amit was passionate about doing something of his own and felt shackled within the large company set-up. An entrepreneur at heart, he felt stifled by the measured growth of Dabur. The structured environment at Colgate and the various projects that he had worked on, as part of the strategy team, had left an indelible mark on him. Having seen, from up close, the huge organization, with its variety of products, Amit compared the working of Colgate with that of Dabur. Somewhere, he felt that he could do better. He also realized that he would be considered far too young to be taken seriously by anyone

at Dabur. This made him decide that the only way he could continue working was to start something of his own. 'I realized that I did not fit in at such a large organization. And I thought that either I do something of my own or . . .', he says, squirming in his chair, as if trying to break the invisible shackles from those days.

Luck came to his aid at that time. Amit had gone to visit a Dabur plant in Nepal. While at the factory, he learnt about a fruit juice plant that was up for sale. 'It was a juice-packing plant, but the owner was not able to make it work. I think, in the mid-1990s, it was too early for packed juices in Nepal,' says Amit. He went to inspect the plant and called up his father to say that he wanted to buy the plant and start a fruit juice business for Dabur. It was a small investment for Dabur and they were happy to make that investment for a member of the younger generation. Amit, however, set up the new company,

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In the mid-1990s, the fruit juice market in India was an underdeveloped one. For the young Amit, coming back to India after having spent almost ten years overseas, the market looked just ready for fruit juice. While waiting for the completion of the transaction of buying the plant, Amit got a small consumer survey carried out to test the market for fruit juices in India. 'I realized that drinking fruit juice was a habit that almost every Indian had. But people normally went out to the local juicewala for that,' he says. The survey also pointed out that the fresh juices available in the market were neither very clean nor hygienic. And then there were tinned juices! The most popular brand was Horticulture Produce Marketing and Processing Corporation (HPMC). But these tins would get rusted at times and they had to be cut open. As Amit talks, I go back to my childhood and remember the many struggles I have had with the said juice tins. They had a mind of their own

and many a time my hand had been the casualty. Memories of a nick here and a sharp cut there, followed by much hand-wringing, come rushing back, as I nod in agreement with Amit. The sharp tins apart, the juice had added sugar and preservatives, which overpowered the taste of the fruit.

‘Looking at the market, I felt sure that India was going to be a big market for my brand of fruit juices,’ says Amit. ‘In the West, everyone had fruit juice for breakfast, so I assumed that India could develop into a big market as well,’ he adds. ‘Developing the product of fresh fruit juice with no preservatives and no added sugar seemed just what India needed at that time. I thought to myself: “This is crazy. Why has no one launched fresh fruit juices yet?”’ he says.

- ✦ Did Amit Burman find out the reason why no one had launched fresh fruit juices in India till then?
- ✦ What happened when he launched his Real Fruit Juice?
- ✦ How did he handle the initial set-backs?
- ✦ Why did he decide to move out of a booming business and start from scratch once again?
- ✦ How has Amit built and grown new brands like Café Delhi Heights, Fres Co, Zambar, Punjab Grill, Street Foods and Baker Street?

**Read the full story of Amit Burman and his businesses in
The Inheritors**

Marico

Harsh Mariwala

My office was not always like this,' says Harsh Mariwala, chairman of Marico Limited. The company has well-known consumer brands like Saffola oil, Parachute hair oil, Kaya Skin Clinics, Revive Set Wet and Nihar. Harsh leans back in his chair and spreads his arms as he speaks. We are in his office on the eighth floor of the building. The chairman's office is spartan, in black, chrome and white. A floor-to-ceiling glass wall looks out on to a lush green terrace garden, right outside the room. In the distance is terminal two of Mumbai airport. I can see the aircrafts, with aerobridges plugged into them. It is too far away to see passengers embarking or disembarking, but I am sure a powerful set of binoculars would do the job perfectly. As I look out, I can see an aircraft start its lumbering journey and pick up speed almost immediately, before rising into the sky. The double-glazed glass keeps the boom of the aircraft away but lets in the sounds of birds frolicking, delightedly, in the bird bath in the middle of the terrace garden. It is hot outside and the greenery provides a soothing

contrast to the bright sunlight.

Harsh's father wanted him to join the family business right away, and in 1971, Harsh started work at Bombay Oil, immediately after he graduated.

As he moved across business units, Harsh realized that the oil business, the mainstay of Bombay Oil, was a commodity business with low margins. Parachute and Saffola had already been launched but they were not getting the required attention through a brand lens.

Parachute oil was seen by the traders and consumers as a superior product. He started touring more extensively and started appointing distributors in the interior markets of western India. The products given to these distributors to sell were the retail packs of Parachute oil. After its successes in western India, the model was taken to other parts of the country as well.

Slowly, the word spread and the plastic bottles of Parachute were on every shelf, and within a few years, the brand became the market leader.

Battle with Hindustan Lever on slippery ground

While Marico grew its talent base from scratch, there was a company called Hindustan Lever Limited, or HLL, that had always been the stomping ground of talented professionals. The talent at HLL, the leading FMCG company, saw Parachute come up on their radar after Marico went public. HLL was interested in Parachute as they had acquired a brand of coconut oil—Tata Hair Oil—which became theirs after their acquisition of Tata Oils Mills Company (TOMCO) in 1995. Since the Tata brand could not be used by HLL, they had decided to launch it under Nihar in 1999. The launch was an-

nounced to the trade and the Street in a grand manner.

The team at HLL had noted the success of Parachute, and could not find any other strong competitor in the category. HLL had already acquired a small regional player called Cococare, and it seemed that they held all the cards. A tiny home-grown company like Marico did not seem like a threat to the giant multinational. There was a reason behind this confidence at HLL. The team had already scripted a success story when they dislodged the market leader, Colgate, in the oral care segment in India. Case studies of Pepsodent and Signal— toothpaste brands of HLL—were already being discussed in marketing and media circles. HLL was now ready to go to war, all guns blazing, on the slippery battleground of coconut oil.

Marico had been watching all this from the sidelines. By now, it had a strong team of professionals from the industry. Within professional circles, HLL is a platinum brand and the employees there are looked upon with respect. The team at Marico was apprehensive about taking on the big boys at HLL. 'There was fear among our distributors and members of our field force about whether Marico can take on HLL,' admits Harsh. There was also the fear even if Marico managed to hold off HLL, its share of the market would drop sharply. The common expectation was that Marico would fail to protect its market share, suffer losses and then be bought out by HLL for a song. 'Many approached me—bankers and well-wishers—and they all urged me to sell out to HLL,' remembers Harsh. The logic was that if the sale were to happen eventually, as everyone believed, it was better to do it sooner!

The management at HLL was so confident of the outcome of the impending battle that a direct overture was made to Harsh to sell out. 'I got a call from the then chairman of HLL,

Keki Dadiseth,' recalls Harsh. It was late evening, and Harsh was in his office when he took the call. Dadiseth was polite but to the point. HLL wanted to buy Parachute from Marico. 'Mr Mariwala, I will give you enough resources to take care of you and all your future generations,' Dadiseth had said from his office in Mumbai's Backbay Reclamation. He had waited for Harsh to negotiate the price upwards. When there was only silence at the other end of the phone, Dadiseth was perplexed. Surely Mariwala was not contemplating competing with HLL? Then came the threat. 'If I did not sell, then I would be the loser, as HLL would make sure that there would be nothing left of Parachute in the market,' smiles Harsh, as he remembers that conversation. However, Harsh was clear that he had not set up Marico to sell out at the first inkling of competition. 'Though he did not say it, I think Dadiseth implied that I would have to be totally nuts to reject his offer,' says Harsh.

- ✦ What did Harsh Mariwala say to Keki Dadiseth?
- ✦ Why did the entire sales force of Marico take the oath of Parachute ki kasam?
- ✦ Who won the war of the Coconut Oil in the Indian market?
- ✦ How did Harsh Mariwala break the shackles of his Family Business and create his own?

Read the full story of Harsh Mariwala and his journey in The Inheritors

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Berger Paints

Kuldip Singh Dhingra and
Gurbachan Singh Dhingra

This is where it all started,' says Kuldip Singh Dhingra, pointing to a black-and-white photograph on the wall of his study. It is a photograph of a well-to-do Sikh family, gathered in the front courtyard of their haveli (mansion), clearly in their Sunday best. The patriarch sits in the middle with a look of pride on his face. He is surrounded by men and women of various ages—men standing with their chests out and smiling, women sitting meekly, some with their heads covered and looking, hesitatingly, into the camera. Children of all ages are sitting at the feet of the elders. One can imagine the photographer, with his head and part of the camera covered with the black cloth, looking into the lens of the camera on a tripod. One can also imagine the photographer ordering the family to say 'cheese' so his photo would have smiling faces. It is difficult to determine whether the family complied. But the photograph certainly shows a family that looks happy.

Kuldip represents the fourth generation of the family in the photograph. He is the owner of Berger Paints, one of India's largest paint companies. The co-owner of the company is his younger brother, Gurbachan Singh Dhingra, and together their holding of the company is 75 per cent. And when Kuldip says, 'This is where it all started,' he is speaking of the year 1898 when their great-grandfather and grandfather set up a paint shop in Amritsar. Though he and his brother had five uncles and four aunts and more than twenty cousins, Kuldip says they are the true inheritors of the original business. 'My father inherited the 1898 shop and he continued the business. So we are the direct descendants of the family business,' explains Kuldip.

From Russia with love

The brothers were busy with growing the business in north India. 'Russia or Japan were not even on our radars,' says Kuldip. But fate, again, played her hand. Kuldip recalls, 'One day, in 1977, or maybe it was 1978, I got a call from one Mr Galgotia, who was attached to Jyoti Impex, Connaught Place. They were exporters and had an order from the Soviet Union for white enamel paint.' The Moscow Olympics was to take place in 1980 and the Russians were sprucing up the city in preparation. 'If we wanted the export order, we had to send him one dozen 1 kg boxes of white enamel paint as samples,' continued Kuldip. Kuldip was immediately interested because, at the back of his mind, he remembered that Russia was a country Niranjana Singh had wanted to do business with. 'I looked at the formulations and knew that we could give them the specifications,' says Gurbachan. Kuldip agreed to send the boxes of paints immediately, but asked for payment.

The payment came, he sent the boxes, the Russians liked the samples, and the first order of 50 tonnes was given to UK Paints.

‘I realized what a fantastic business this is,’ says Kuldip excitedly about the export business. The seventies were the heydays of the inspector raj. There were matters of taxes, excise and numerous other controls. Add to that the credit terms of the dealers. ‘Here was a business which had no hassles and no credit!’ says Kuldip. In fact, the Indian government gave incentives to exporters. The first order of 50 tonnes led to sporadic orders from the Russians. All orders to UK Paints came through Jyoti Impex, which was owned by S.K. Jain and his two junior partners, including Galgotia. Kuldip talks of the three partners of Jyoti Impex very fondly. The three partners grew to like young Kuldip, and Jain would take him to meet with the Russian buyers. ‘No one takes a supplier to meet with the buyer as everyone is possessive about their own relationship with buyers,’ says Kuldip. The regular occurrence of such meetings was an indication of the comfort level between Jain and Kuldip.

‘I remember one time when the Russian buyers were coming to Delhi,’ says Kuldip. It was also the time when Jain’s daughter was getting married and he was caught up in family matters. The Russian delegation could not be ignored either. Jain asked Kuldip to act as the host for the dinner that was organized for the Russians. ‘It was at Claridges and everything was already paid for by Mr Jain,’ says Kuldip. Kuldip was happy to act as host and at the dinner, there were a couple of Russians who came up to him and told him that they were willing to give orders directly to UK Paints. Kuldip was very embarrassed and told them politely that he would deal only through S.K. Jain. After that dinner, there were many other occasions when

the Russians sidled up to Kuldip and tell him to take orders directly. Kuldip had the same answer each time—he would deal only through Jain. He kept the Jains informed of all such overtures made to him. The orders kept coming sporadically and the export business of UK Paints kept chugging along.

‘And then, one day I got a call from the trade office of the Soviet embassy,’ says Kuldip. The Russian officers told Kuldip that they wanted to meet him without S.K. Jain. ‘I was in a dilemma about whether to go or not, but then told myself that it was the Soviet government officials who wanted to meet me, not the buyers,’ rationalized Kuldip. At the meeting at the Soviet trade office, Kuldip was asked if he had noticed that the export orders had gone down. Kuldip thought back and nodded. The Russians leant back in their chairs with a satisfied look and told him that they had stopped dealing with Jyoti Impex. There were many outstanding matters that needed resolution and the Soviet trade office had decided to discontinue business with Jyoti Impex till the matters were resolved. They then offered to deal directly with UK Paints, if Kuldip wanted to continue with the export business. ‘I was confused,’ says Kuldip. He wanted the export business with Russia, but accepting the offer meant that he would have gone behind Jain’s back. ‘I wasn’t comfortable doing this and asked for some time to think,’ says Kuldip. The Russians, in their trademark style, told Kuldip that he had only till noon the next day.

- ♦ Did Kuldip Dhingra meet the deadline set by the Russians?
- ♦ What did he say to the Russians?
- ♦ Why was Kuldip Dhingra happy when the Soviet Russia disintegrated?
- ♦ Why did the Dhingra brothers buy a loss-making paint

company from Vijay Mallaya?

- How did the Dhingra brothers keep their focus on the family values as they grew their businesses?

Read the full story of Kuldip and Gurbachan Dhingra and the story of Berger Paints that started in 1898, in *The Inheritors*



**Why did Harsh Mariwala leave
his family business?**

**Why did the Burman family quit the
day-to-day operations of Dabur?**

**How did the Dhingras turn a collapsing business
into India's second-largest paint company?**

The Inheritors offers a fascinating behind-the-scenes look at what goes on in Marico, Dabur, Keventers, Berger Paints, Select Group, Antara, Cyril Amarchand Mangaldas, Luxor and Motilal Oswal. The book focuses on culture, family politics, ego battles, business rivalries and a lot more. And then, of course, there are the inheritors themselves—some take the businesses to even greater heights while others lead them to doom.



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