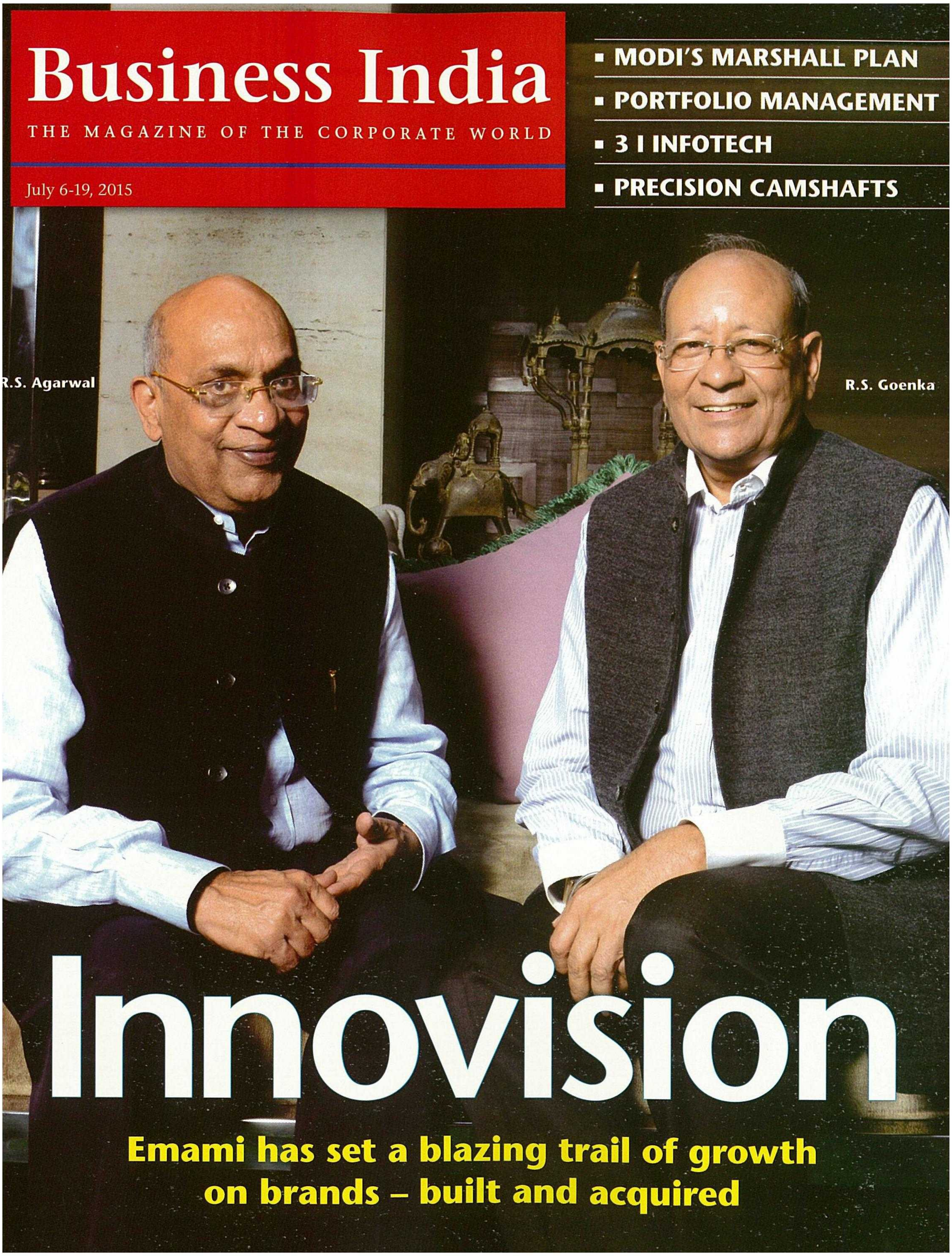
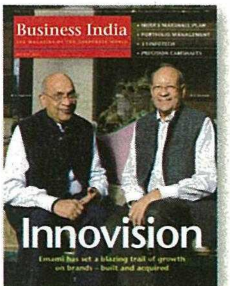
Business India

Date: 10/07/2015 **Page No: 1** **Location: Main** **Circulation: 115000**

Edition: National



SAJAL BOSE



COVER PHOTOGRAPH BY SAJAL BOSE

Success through 'innovision'

SAJAL BOSE

Agarwal and Goenka families: building on goodwill, equality and trust

Emami has, of late, been on an acquisition spree, notching up four of them since 2014! All four have been from different segments. It acquired a sanitary napkin brand, She Comfort, heralding its foray into the hygiene space, where P&G is the dominant player. This was followed by the acquisition of Rasoi Vanaspati, through Emami Agrotech, the edible and biodiesel arm of the group. Earlier in 2015, it acquired a controlling stake of 66.6 per cent in an Australian company Fravin Pty Ltd through its subsidiary Emami International FZE. Fravin, which is into natural and organic personal care products, has three subsidiaries.

In June this year, the company took over Kesh King, an ayurverdic hair care product from SBS Biotech – its biggest acquisition in recent years. Acquired on a slump sale basis at a consideration of ₹1,651 crore, the acquisition was valued at 5.5 times its sales of ₹300 crore and 11.4 times EBIDT of ₹145 crore. The payment for the same will be made through a judicious mix of internal accruals and debt.

While doubts have been raised in some quarters about the value of the transaction, the stock markets have gone into a frenzy, with the share price the company doubling in the last 12 months – from ₹530 to over ₹1,130. At a CAGR of 37 per cent over the the last five years, the company's market cap at over ₹25,000 crore is comparable with the best of the homegrown MNCs, including Dabur India (market cap: ₹48,300 crore) Godrej Consumers (₹41,000 crore) and Marico (₹28,251 crore).

> **Emami has set a blazing trail of growth on brands – built and acquired**

"Emami has done well for itself," says Jagdeep Kapoor, founder CMD, Samsika Marketing Consultancy. "It is one of the few companies which respect brands, understand brands and have the ability to make the brands work for the consumers and pay for itself." Kapoor, who has been advising companies on brand building, adds that, at the end of the day, the consumer is not interested in services or products; he buys brands. Emami has been right in following a 'make and buy' brand strategy and is not dependent on make or buy brands.

It is the pricing power of the brands built and nurtured that has given the company the pricing power for its products. As a result, despite being the youngest among the Indian FMCG companies, Emami has the highest operating margins at 30.2 per cent – higher than Dabur and Marico, which are under 20 per cent and Godrej Consumer, a little over 20 per cent.

"The company is clearly product hungry and acquiring Kesh King is a good move, which will add to their portfolio of products," says Ajay Bagga, executive chairman, OPC Asset Solutions, a veteran, with 24 years in the finance field. "It may take about two years for the acquisition to become earnings-accretive but, given the track record of Emami, Kesh King will emerge as another winner brand," he adds.

Kesh King is likely to add 30 per cent to Emami's topline growth and N.H. Bhansali, CFO, Emami, calls it a strategic feat. "We've always chosen niche categories and have also entered growing areas, such as sanitary napkins and deodorants. We will continue adding to our brand portfolio," he says. Bhansali, who joined the company as a CA in 1992, has seen it grow, from close quarters.

In the past too, Emami has demonstrated its ability to grow brands it had taken over multiple times in a few years – through improved packaging, better positioning, aggressive marketing through wide distribution reach in India, as also in the 60 odd countries, where it is present. It has over 3,200 distributors and 6,450 sub-distributors, through which it reaches out to 625,000 retailers, spending close to 18 per cent of its revenues in branding. The company, largely into healthcare and personal care, has been steadily growing through acquisitions over the years.

Over the last 10 years, Emami has invested ₹1,758 crore in branding, largely through celebrity endorsement. It has had over 60 celebrities from sports, music and films endorse its products. Fair & Handsome, a male grooming brand introduced in 2005, endorsed by actor Shah Rukh Khan, and is today a ₹200 crore brand. Navratna Oil, which also sells about 25 million, ₹1 sachets, has a dominant presence in the hair oil segment. Some of its popular brands, like Boroplus, an anti-septic cream, which has a 78 per cent market share, is likewise worth ₹400 crore.

The beginning

For a company of its size, Emami's growth story over the last 37 years reads like the plot of a Bollywood movie – two close friends with the same first name deciding to venture into a new business, soaring into realms they had never imagined they would reach and heading a diversified group four decades later.

Radhe Shyam Agarwal (70) and Radhe Shyam Goenka (69) have surely come a long way from their humble beginnings – fuelled by a desire for success and differentiation. In the late 1960s, the friends used to sit in Agarwal's small shop in the evenings after college (which sold small personal care items such as cosmetics, safety pins and even playing cards), also doing management jobs with the Birla group. They were quick to notice that FMCG products (not called so in those times) such as soaps, creams and powders were the fastest-selling. They decided to quit their jobs and try their hands at business, which would also help them meet each other every day. Thus was born Kemco Chemicals, with a small capital of ₹20,000, which was rechristened Emami in 1974.

In 1973, when Kemco launched its talcum powder, the duo came into the limelight. "We had seen a brand of foreign-made talcum powder in a plastic container, which seemed fascinating to us as, at that time, all powders came in tin containers," says Goenka. "We decided to introduce talcum powder, vanishing and cold creams in plastic containers, with innovative packaging and paper labels. The label was difficult to make – the paper was imported and the foil printing on it was also difficult. The talcum looked imported and the perfume we had used was French.

Also, in those days, there was no system of writing the MRP on the product. Retailers were free to sell the product at any price. Our retailers sold our product as if it was an imported product. We had to do nothing. Distributors from all over the country started coming to us and would pay us in advance for our products. We had no sales representatives!" Goenka and Agarwal remember personally selling their cosmetics from shop to shop, using hand-pulled rickshaws in the early days.

Agarwal believes it was all destiny. "We don't really know what made us start this business or how and why we started," he explains. "Our only personal ideology was that it should be a homegrown brand. Today, Emami is amongst the top 20 companies in India. And I attribute this success to one thing – innovation. We were sure we will not have any 'me too' products. Our products were different in every possible way which is why they were instant hits as soon as they were launched," he adds.

At a time when the Indian FMCG market was dominated by multinationals, Emami used ayurvedic products to capture the cosmetic market, while targeting sales at the Indian middle class. They soon established recurring consumer demand and gradually hired additional staff. A chain of distributors was established and the sale of Emami products spread from West Bengal to rest of Eastern India and gradually to other states.

The company managed to differentiate itself from other homegrown brands such as Godrej, ITC and Dabur by offering products based on herbal platforms that were highly effective, and made significant brand investments. "We prefer to avoid segments that are already crowded and have high MNC presence," says Agarwal, adding that localised products such as therapeutic oil and men's fairness cream helped them compete with deep-pocketed international players such as Unilever and P&G. "We believe in not just innovation but the next step – 'innovision,' says Agarwal.

Emami slowly gained popularity with its marketing strategy, which was mainly to sell dreams of beauty to women, including a famous jingle and advertising on radio as well as television serials like *Vikram aur Betaal*. In-film advertising, unheard of in those days, happened with the Rajesh Khanna-Rekha starrer *Agar tum na hote* in 1983, where Khanna played the managing director of a company called Emami.

Today, the company is well-diversified with the group companies comprising of two other listed companies Emami Infrastructure (market cap: ₹85 crore) and Emami Paper Mills (market cap: ₹231 crore). The unlisted ones include Emami Agrotech, Emami

Power brands

Navratna
₹600+ crore

BoroPlus
₹400 crore

Zandu balm
₹350 crore

Fair & Handsome
₹250 crore

Milestones

emami Group

1974 – Two childhood friends form **Emami**

1978 – Acquired **Himani** Set up factory in Kolkata

1984 – Launched **Boroplus** Antiseptic Cream under Himani

1989 – **Navratna** cool oil launched under Himani. Second factory at Pondicherry

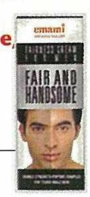
1993 – Acquired pharma stores **Frank Ross**

1994 – Acquired **CRI Tips**. Acquired **Gulmohar Paper Mills**

1998 – Distribution network expanded to South India. Emami merged with Himani

1999 – **Sona Chandi Chyawanprash** launched

2005 – Launched **Fair & Handsome**, fairness cream for men. IPO of 5 million shares. Listed with NSE



2006 – Healthcare division introduced. Merges **JB Marketin**

Frank Ross (pharma retail), Starmark (book & leisure store chain), Emami Chisel Art, CRI (ball point tips manufacturing) and Emami Cement.

In good company

	Dabur India	Godrej Consumer	Marico	Emami
Market cap (₹ crore)	48,295	40,990	28,251	25,265
CMP (₹)	275	1,204	438	1120
EPS (₹)	4.35	19.22	8.45	20.78
P/E (x times)	63.2	62.6	51.8	53.9
OPM (%)	19.4	20.5	17.1	30.2
CAGR* (%)	25	31	31	37

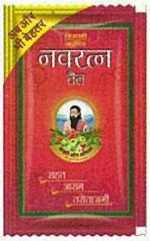
*Five years growth in market cap. Source: BSE

Family values

With even their birthdays a day apart, the founding chairmen believed in a fixed set of family values, which their children and other members of the family have also imbibed. Emami is still led by Agarwal and Goenka, with the help of second-generation directors from their families and professional staff. With equal partnership, Agarwal's family comprises his daughter Priti A. Sureka (43), Aditya (40) and Harsh (39) – all involved fulltime with the company. Goenka's three younger brothers (Raj Kumar, Suresh and Sushil) his sons (Mohan, 42, and Manish, 41) and brother's son (Prashant, 42) are directors of the company too.

All the children, in the way best known to Marwari business families, were initiated into work right after the Class 10 or 12 board exams and inducted full-time after attending college. Moreover, they all had to work along with the staff in departments such as sales. The chairmen are no longer actively involved in day-to-day operations and got involved only in strategic matters of the various companies. Agarwal does not come to office regularly due to his poor health but, being an aggressive marketer, he is always involved in strategic planning without getting into the nitty-gritties.

Priti looks after the BoroPlus, Vasocare and 7 Oils in One brands and will most likely be given the responsibility to handle the recently acquired Kesh King portfolio as well. She also looks after departments such as quality assurance, R&D and consumer division and insight. Mohan handles the pain management category including Zandu Balm, Fast Relief and Mentho Plus Balm, along with the Fair and Handsome portfolio. He also looks after entire sales and investor relations. Harsh handles the Navratna portfolio, HE, SHE and Zandu Healthcare division excluding balm, while also heading departments such as M&A, IT, HR, Media and PR. He looks after the solar power business too. Priti, Harsh and Mohan are the key people behind the FMCG department. They are the key strategists and the driving force of the company.



Priti is the only woman director on the board of the Emami group. "My father helped me in my journey. At a time when it was not accepted for women to work, there were stiff challenges. But my father welcomed me into office and my suggestions were never dismissed. School to office became regular phenomena. He taught me to discuss projects with friends, get their views on products and advertising and all this drew me to consumer research," she adds.

"Through organic and inorganic growth, we have been able to take our brands to respectable levels and today we can humbly boast of being No. 1 or No. 2 in most categories," she says. "We were lucky to spot opportunities at the right time and our nimbleness of movement along with correctly responding to market changes and demands catapulted us". Priti is sure the FMCG company will take giant strides.

Prashant looks after international marketing division – products and sales. He moved from domestic

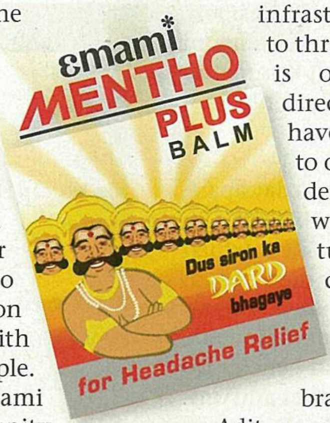
- **2007** – Acquired M Bhattacharyya & Co Pvt Ltd
- **2008** – Zandu Pharmaceuticals acquired for ₹730 crore
- **2009** – Demerges Zandu FMCG into Emami. ₹310 crore raised through QIP. Acquired Lakhi Bilas
- **2010** – Net sales ₹1,000+ crore. Market cap ₹5,000+ crore. Share value split from ₹2 to ₹1
- **2011** – Sets up first overseas manufacturing unit in Bangladesh. Acquired Pharma Derm. Acquired King & Co.
- **2013** – Launched BoroPlus face-wash. Bonus issue; Market cap ₹10,000+ crore

- **2014** – Interim dividend of ₹3/share declared. Launched male deodorant- HE. launched Fair & Handsome face-wash. Acquired sanitary napkin brand She Comfort
- **2015** – Acquires Kesh King for ₹1,651 crore. Acquires Fravin Pty Ltd

to international business two years back. "I started looking at international markets when I was studying abroad. I gave a lot of time to research – understanding the consumer, and that's how we've moved forward. Our brands (some with the same name, some different but all with different packaging) are available in Europe, Africa, the US, South East Asia and CIS countries. Consumer insight has played a key role – for example, we launched the Fair and Handsome face wash in India now but it was launched internationally five years ago," he says.

For Prashant, it is just not about tapping new markets, but rather becoming market leaders and getting more market share in the focus markets, which are already well-defined. "We are already the market leaders in men's fairness category in the Middle-East, skin creams in Russia and Navratna Oil in Bangladesh," says Prashant.

Emami has acquired two companies internationally – in Egypt and Australia – in 2011 and plans to acquire more in the near future. "We will continue to grow organically but inorganic growth is important too. International sales constitute 15 per cent of our turnover which we hope to double by 2025. The core of our business is to act like a local brand but work like a global brand. We started with a small base in Africa and took 10 years to build it. Since the last seven years, we have been focussing on marketing and have invested a lot on international marketing – local ads, local celebrity endorsers and local people working for us," says Prashant, who feels internationalisation is all about working with a diverse group of people. The next step for Emami is to convert opportunity countries into focus coun- tries, while heavily depending on inorganic growth.



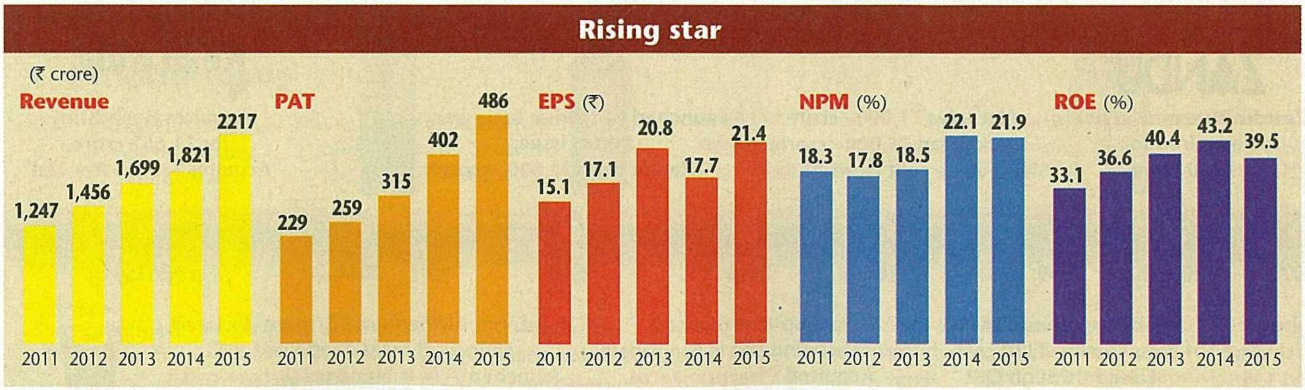
Moving ahead with times

Mohan joined work armed with an MBA from the UK in 1997. He started in the sales department and went on to brands and then M&A. "I was young when I joined and we were a small company, with simple decision-making processes. However, even then, our sales systems were robust and structured, which is why it was easy to scale up," he says.

"Things have completely changed in the last 8-10 years and we believe in moving ahead with the times. Turning points have been the Zandu takeover, signing up celebrities such as Amitabh Bachchan and, of course, taking risks. We've also built an IT infrastructure in the last two to three years and everything is online now. Looking directly into the future, we have added over 20 brands to our wish list and we will definitely acquire those if we get the right opportunity and price. HR is challenging in Kolkata but we have managed to acquire good talent due to right salary brackets," says Mohan.

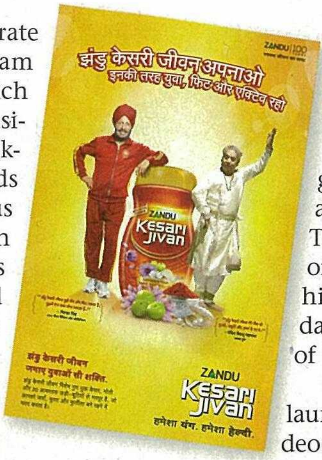
Aditya and Manish are as close as their fathers were to each other – they went to the same school and college, sat on the same bench. They started out in FMCG but later got involved in the company's other businesses and became start-up specialists. "We both started after Class 12 and were given varied responsibilities. In the 20 years of our career, we have started and looked after real estate, ballpoint tips, paper, oil, cultivation, cement and healthcare. Till two years back, we were looking after some FMCG brands, but we decided to opt out and concentrate on other businesses. The central functions are all handled by us," says Aditya.

Harsh also joined the business straight out of college having already been exposed to business since a very young age. "When I joined Emami, it was well known in the FMCG arena but was a small regional company. In the last decade, our growth has been much higher than the industry average. Today we are amongst the topmost national FMCG players with strong aspirations to take the brand global," he says, adding that



*Bonus 1:2 in FY13, current share capital ₹22.7 crore. FV ₹1. Source: Annual Report

there was no separate brand management team in those days, which was his first responsibility. "I started looking at all the big brands including BoroPlus and Navratna. When I joined Navratna was a ₹7-8 crore brand and today it is a ₹700-800 crore brand. It has gone through a big growth journey and is one of our most successful brands, with a 72 per cent national market share."



Dabur India, another FMCG, also houses homegrown ayurvedic products with a strong brand recall. However, Emami feels that the two companies are totally different in their DNA and vision. And the endeavour of Emami has always been to offer products with differentiated benefits and value for money. The company claims that, with the acquisition of Zandu portfolio of products, its brand equity has gone up many times.

Brand mantra

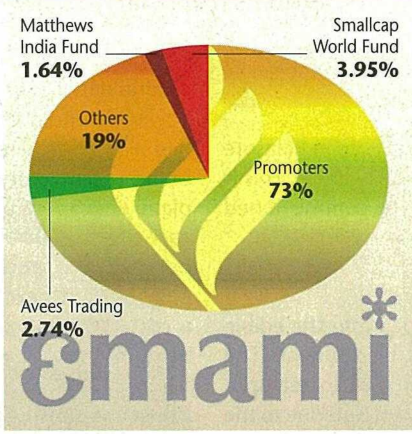
BoroPlus also dominates the market with 75 per cent share. "Boroline, a product of G.D. Pharamacutical, which at one time was the undisputed leader, was unable to compete with BoroPlus, a product launched almost three decades later. "We were successful because of differentiation – which is our brand mantra. BoroPlus was new and unique for the consumers, whereas Boroline enjoyed customer loyalty but they failed to keep up with the times. They never improved upon packaging and even today the aluminum tube variant is available. Consumers want to be updated constantly, which is why Boroline fell behind. This was our approach for all our products. We even came up with a smaller ₹5 pack to increase penetration in 2000, which helped us capture the rural markets by increasing trial ratio. These are some of the initiatives we took, knowing market needs, including hiring big Bollywood names to make the brand more aspirational," says Harsh.

Of course, the journey has not been smooth all the way. The greatest challenge faced by the entrepreneurs was to get the right product line and try to control losses. Things were tough because of limited resources. The high level of excise in those days also dissuaded launch of too many products.

Harsh has recently launched the HE range of deodorants. "We were clear that we would be unique, if we entered this category as it is flooded with products. Our packaging, once again, is unique and we did not go through the tried and tested advertising technique of attracting the opposite sex with a manly fragrance. Instead, we took the youth path, naming our campaign 'Be Interesting,' which was well accepted," he says.

Harsh looks after the She Comfort brand as well. "It has a lot of potential. It was a small brand when we acquired it. The brand will grow as the awareness around female hygiene grows in rural areas," he says.

Shareholding pattern



As on March 2015

Diversifications galore

Emami's first acquisition was Himani in 1978. A 100-year-old ailing cosmetic company, with a factory in Calcutta and well-established brands in the eastern parts of the country, the sick unit was offered by United Bank of India and was transferred along with all its debt. Agarwal and Goenka were successful in turning it around and restoring products – at considerable risk, considering the small capital base of their own company at the time; this later proved to be the turning point for their business.

The Himani factory started producing health care items and toiletries, based on ayurvedic formulations and Boroplus Antiseptic Cream was launched in 1984. The success of this brand resulted in brand extension with products such as Boroplus Prickly Heat Powder being launched. The brands started selling in all states of north, east and west India. It helped that ayurvedic products were excise free! Today, Boroplus is the largest selling antiseptic cream not only in India but also in Russia, Ukraine, and Nepal. Later, Emami

Share price movement

launched another flagship brand under Himani – Navratna Cool Oil (another market leader today) and expanded production by opening its second factory at Pondicherry.

Navratna spearheaded the process of building the distribution in the south. In 1995, the partnership firm Kemco Chemicals was converted into a public limited company under the name Emami Ltd. Himani was merged with Emami in 1998. Emami's portfolio includes 260 products in 59 countries including GCC, Europe, Africa, SAARC and CIS countries. The flagship company Emami Limited (FMCG) recorded a turnover of ₹2,217 crore in 2014-15. Its brands include Fair & Handsome, Zandu Balm, Mentho Plus Balm, Fast Relief, SHE, HE and many more.

With a view to concentrate on its core FMCG business, a new factory unit was set up at Amingaon, Guwahati in 2003. A public issue of 5 million equity shares at ₹70 followed in 2005. The issue was oversubscribed by 36 times. The share price later rose to ₹210. This time the shares were listed both on BSE and NSE.

The turning point for the 2,600 strong employee company came with the acquisition of a majority stake in the 100-year-old heritage brand Zandu Pharmaceuticals in 2008. "It was our biggest move. Our

Diverse moves

Over the years, Emami has diversified into several businesses including paper, realty and infrastructure, edible oil, cement and solar power, besides owning hospitals, art centres, etc. Emami Paper and Emami Infrastructure are listed entities with market cap of ₹224 crore and ₹84 crore respectively.

Paper

The paper mill, the first diversification, involved the acquisition of a small unit in Balasore, Orissa, in 1982. This was followed by the takeover of another sick mill in Dakshineshwar, Kolkata, in 1994. Today, it has an installed capacity of 145,000 tpa and has reported a profit of ₹12.17 crore on a turnover of ₹520 crore in 2014-15. Emami is also in the process of diversifying into the packaging board segment, with a new plant being put up in Balasore at a cost of ₹500 crore. This is expected to be commissioned in 2015-16.

Oil

Emami slipped into the edible oil business by accident. The original plan was to set up a bio-diesel plant but, due to the short supplies of the raw material, it was forced to convert it into an edible oil plant. "We still produce some bio-diesel from the by-product of edible oil and are the largest exporters of bio-fuel in the East – at ₹100-125 crore," claims Goenka. The company has two edible oil facilities - Haldia in West Bengal and Krishnapatnam in Andhra Pradesh, which together produce 3,500 mt per day, fetching an annual turnover of ₹4,300 crore. Edible oil is sold loose, as well as under its home grown brand, Healthy and Tasty.

The company which is processing oils of palm, soya, sunflower, rice bran and mustard, had also taken over the Rasoi brand recently. Its expansion plans envisage an increase in capacity to 7,000-10,000 mt per day and also spreading pan India. A new refinery at a cost of ₹3,000 crore is also being put up.

Pharmacy and CRI Tips

Most of the diversifications were the result of acquisitions and grabbing opportunities whenever they arose mostly in the post-liberalisation era of the 1990s. CRI Tips and the century-old Frank Ross chain of pharmacies were acquired from the Jatia family in 1993-94. At the time of acquisition, Frank Ross was an ailing company with 100 pharma stores. CRI, which was originally manufacturing cash register machines, has now been transformed into the fourth largest tip manufacturer, globally.

Property

Emami Infrastructure which houses Emami Realty is the property development arm of the group. Currently, the company has two projects: Emami City in Kolkata and South City in Sri Lanka. It also has a land bank in Madurai, along with other projects in Bhubaneswar, Hyderabad, Jaipur, Bangalore, Indore and Jhansi.

Starmark

Starmark, Emami's book and leisure chain, comprises five stores in Kolkata and two in Chennai. Built as large-format stores, they cover 15,000-20,000 sq ft in area. Emami Chisel Art, an art organisation, came into being in 2008, with Aditya Agarwal's wife Richa as director.

Solar power

Emami has also forayed into solar power. It plans to expand its current capacity of generation 10 MW power to 200 MW soon.

growth and market capitalisation zoomed after the Zandu takeover," says Goenka.

At that time, many felt it was an audacious decision. Emami's turnover was about ₹600 crore, while its market cap was ₹1,500 crore. Zandu housed renowned ayurvedic, OTC & health care products. It had a turnover of ₹150 crore. It also had good valuable property in Mumbai. Initially, the deal pegged Zandu's valuation at ₹1,000 crore. While one of the promoters, Vaidya family, sold their 24 per cent stake Parikh, the other promoter family, were reluctant to do so. This led to an open offer and Emami sought to buy the shares at ₹6,315. The Parikhs ultimately sold off their holding at ₹15,000 per share and the open offer price was raised to ₹16,500 in September 2008, when the deal was finally clinched. Emami ended up paying ₹730 crore, for an enterprise valued at ₹1,000 crore. The company took the QIP route to fund the acquisition.

Zandu was merged with Emami in 2009 and its brands were added to the Zandu portfolio, which included Chyawanprash, Kesri Jeevan, Pancharishta, Sudarshan and Nityam Churna. Today, Zandu has over 200 products in its portfolio, apart from the balm. "There are some products which are sold through prescription, generic medicine based on ayurveda, as also OTC brands," says Harsh. "As a company, we believe healthcare is an area that will explode in the coming years and Zandu will play an important role from our company's perspective.

"Even during the Zandu takeover, we did some borrowing through equity issue from internal investors, but we became debt-free in two years," points out CEO Bhansali. "We have always been a debt-free company". During the previous year alone, the company had ended up spending ₹50 crore on new launches. "We expect the business to grow at 18 per cent year on year, both topline and bottom line," adds Bhansali.

Aggressive acquisition

M&A is a centralised function of the company, says Harsh. "Acquisitions have played an important role in the growth of this company and we have always had an aggressive strategy. Two of the most aggressive acquisitions in this space (Zandu and Kesh King) were done by us and we only *just*

Cement

The group has also set up a 4 million tpa integrated cement plan in Raipur at an investment of ₹3,000 crore. This is expected to commence operations in January 2016. Emami has also secured limestone mining rights in Rajasthan and Andhra and is thinking of setting up two other plants of 4-5 million tpa each. "We decided to enter this sector, as there is a branding requirement, which is our strength," says Manish, explaining the rationale for the foray into cement.

Manish and Aditya echo the same thought, based on the belief that they can carve their own niche by finding gaps. "We concentrate on how we can differentiate and how we can position brands better. Emami believes in the axiom: 'differentiate or die'," says Manish. "Our speed of working and decision-making is fast and the people working are passionate – these are the strengths we have been able to build upon."

Hospitals

Emami also owns four hospitals – three in Kolkata and one in Bhubaneswar – under the banner of AMRI, collectively having 1,000-plus beds. The hospital came under the national scanner, when over 90 people died by asphyxiation in a fire at its Dhakuria unit in December 2011. The incident *allegedly* occurred due to negligence; it was reported that the building caught fire, following a short circuit in the basement of the hospital and the fire alarms did not work.

However, the directors at Emami maintain that there was no negligence from their side and all systems were in place. The cause of the incident is still unclear and six board members were in jail for months. The licence of the hospital was revoked in the aftermath of the incident, but was reinstated in July last year. "It was a freak accident. We continued paying our staff even when the hospital was shut," says Goenka.

While the hospital business continues to make losses, Emami is confident that it can be turned around. "We look at a hospital not as a profit-making business, but as a service to the society," Goenka adds. The CSR wing of Emami supports patients, who cannot afford treatment.

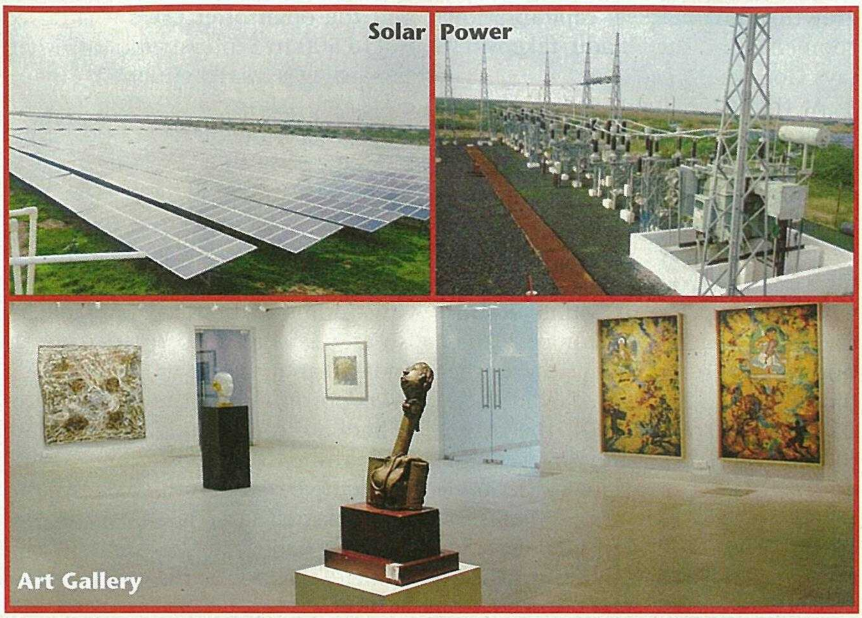
missed Paras (this was ultimately taken over by Reckitt Benckiser). "We are clear about our strategy – that we ultimately have to pay a price not for what the company is today – but what you can do with it in the future and what you can make it," he adds. "We've always grabbed every opportunity and were also quick to cut losses. Whichever business was giving us loss, we shut it. We never waited to make profits. Also, quick decisions were taken," says Goenka.

Although government-related issues have always been a problem for companies operating out of Kolkata, leading many biggies to shift to other metropolitan cities, Emami has stuck to the East. There were rumours about their moving to Mumbai after the AMRI incident but they waded through all problems with courage. "We don't have any dependency on the government, as we don't have any government-patronised projects. We never had any labour problems, as we had excellent relations with our workers. We have never had a strike in these four decades. In our Himani factory and Balasore paper factory there were unions of both parties – even then our factories have been running 365 days. This kind of co-operation is unheard of," says Goenka.

Working in sync

Goodwill, equality and trust – both the families are based on these beliefs and the growth of the company has been phenomenal because of this. "There is immense understanding between the founding chairmen and that is our base. Both families work together in sync and there is immense bonding and faith. All are on an equal platform, there is no one older or younger and our next generation is armed to take any opportunity head on," says Sushil Goenka (59), managing director, Emami Limited, who looks after operations.

Nigel Williams (formerly of Apple) has been a business consultant with Emami for the last two years, bringing in global perspective. Williams strategises Emami's moves – how the company can go forward and also helping them crack new marketing techniques. "Emami has done a good job of differentiating its products with quality and price. When we first worked together, we spoke of innovation, which is looking at great new products – like 7 Oils in One is innovation, so are Fair and Handsome face wash, Zandu balm for kids (Zandu junior – in gel form).



Williams speaks of Emami's future in a big way: "Beyond disruption is anticipation. No longer can you deal with what you have, if you're playing cards; you have to anticipate. Similarly, we are talking about the anticipation of the future of business. Be ready for it. You can't wait to see what happens. Anticipate. You now have to create the future," he says. "Looking at what India and the world will be in the next 5-10 years is what we are doing now. We have tapped into the future of medicine – telemedicine – where one can get medical advice from robotic devices. This is one of the areas India has excelled in. Around the world, people might not rave about Indian manufacturing or infrastructure, but Indian doctors and medical expertise are trusted by everybody around the world. We are looking at ways of exporting that as part of e-commerce and robotic devices in hospitals," he says.

In Emami too, the elders playing the key role and the youngers accepting the authority with trust in their hearts is what has led them to this kind of success.

"Both the families get along well. There is good understanding there; otherwise, success would have been difficult. Most importantly, there is no ego. Fights happen when there is ego. RSA (as Goenka calls Agarwal) is the head of both our families. If I disagree and ask: 'Why am I not the head?' then, there will be a fight. If I have accepted that RSA is the decision-maker, then where is the scope for any fight or problem? If you are a giver in life, you will always be successful. Also, the key is to never expect anything from anyone," says Goenka.

While the family members are educated and can thus be regarded as professionals, Emami is setting up an independent advisory board to guide the group through its myriad activities and help in devising a succession plan to avoid conflicts in the future. It plans to hire a US-based group towards achieving this objective.

As of now, however, no one is talking of anything but growth and more growth. Given its seemingly unsatiable appetite for growth in India and overseas, one can expect Emami to become a force to reckon with, not just within the Indian MNC groups, but also make a big impact in overseas market.

◆ SALONI JHUNJHUNWALLA

saloni.jhunjhunwalla@businessindiagroup.com