

# Business India

THE MAGAZINE OF THE CORPORATE WORLD

March 20, 2011

*Special  
Anniversary  
Issue*

# The Best of India

TWO DECADES

OF REFORMS

AND INDUSTRIAL

RENAISSANCE

The Best of India

VISIONARIES

# The game changers

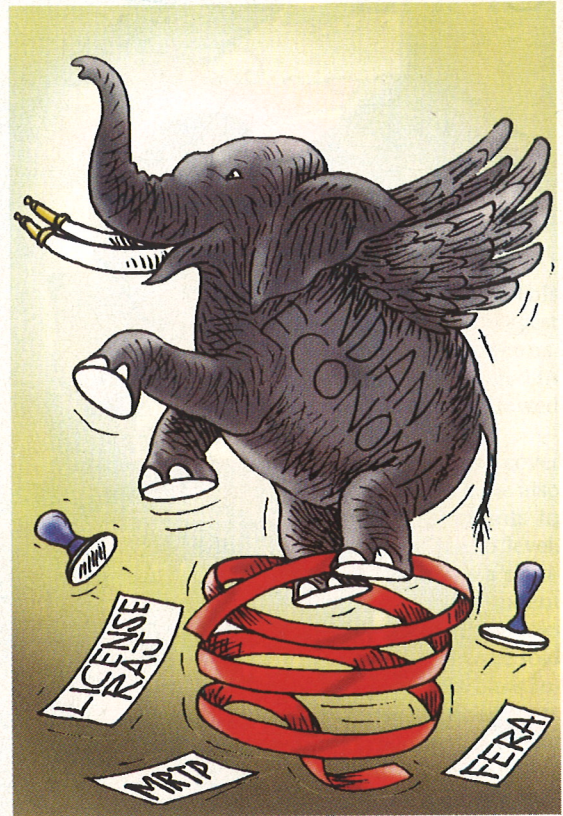
The era of liberalisation has seen several visionaries build up their businesses in a short period

India has had its fair share of visionaries, both in the pre-Independence era and in the subsequent years. Some of the more notable ones include G.D. Birla, Aditya Birla, J.R.D. Tata, Jammalal Bajaj and Dhirubhai Ambani. Each can be credited with being an empire builder in his own right. *Business India* has been recognising the contribution of these luminaries to industry by bestowing on them the Businessman of the Year award for the last 29 years. The number of visionaries has gone up exponentially since 1991. And, while it has not been possible to honour everyone, their significant contributions in redefining the industry in which they are operating cannot be ignored.

In the pre-Independence era, several visionaries were influenced by Gandhian philosophy and the freedom struggle. Post-independence, the socialist model of planning, creation of public sector as the growth driver and import substitution guided the businessmen initially. However, the mindset towards wealth changed down the years. Manmohan Singh, the then finance minister and the architect who paved the road to liberalisation, in his landmark budget of July 1991, brought this issue to the fore. Stating that the creation of wealth has to be restored to its proper place in the development process he said, "For the creation of wealth, we must encourage accumulation of capital... We also have to remove the stumbling blocks from the path of those who are creating wealth. At the same time, we have to develop a new attitude towards wealth."

The most visible change was the freedom given to businessmen to think big and dream big – and use the system to execute their dreams. Some of the established industrial houses like Ratan Tata, Kumar Mangalam Birla, Ruia brothers and Mahindras started building up global capacities through organic and inorganic means and continued to retain their leadership position. Ratan Tata's policy of globalisation, which saw the group pursuing growth through the M&A route, is well-documented, as is Kumar Mangalam Birla's trail-blazing ways of growing his businesses 15 times in 15 years.

The relentless passion of the Ambani brothers, Ruias and Mahindras in building global scale and size business is also too well-known to be repeated



here. Each of these houses has carved a place in history, having built multi-billion dollar empires, even as they retained their appetite to grow in newer areas. One can argue that these established houses had a base, which they used effectively as a spring-board to grow exponentially. However, the fact remains that they used the liberalised environment to get into several new areas, foreseeing opportunities, which other groups did not grab. For instance, Reliance forayed into oil and gas to become India's most valuable company. Similarly, Kumar Birla and Ratan Tata went into telecom and other service industries.

However, the last few decades have given opportunities to several other visionaries to build up their empires virtually from scratch. Subash Chandra, a rice trader from Hissar, saw the potential of media, and got into this business when the sector opened up. He also made a mark in the packaging sector. IT and ITes – two sectors which were benignly ignored by the government – saw F.C. Kolhi of TCS, Narayana Murthy of Infosys and Azim Premji of Wipro grow their businesses,



Ratan Tata



K. Birla



Mukesh Ambani



Anil Ambani



Anand Mahindra



Bhavarlal Jain



Narottam Sekhsaria



Kishor Biyani



Narendra Murkumbi

which are now recognised as global icons. And it was not just the first mover's advantage that propelled these companies to what they are now.

Aviation, a sector that was earlier monopolised by national carriers, saw several new entrants like ModiLuft, Jet Airways, Damania Airways and East-West Airlines coming in. Not everyone survived. Some visionaries, like Naresh Goyal, were able to ride the turbulence in the sector and still grow big enough to challenge the well-entrenched player. Years later, Vijay Mallya launched Kingfisher in a move which many thought would fail.

It can be argued that this new set of entrepreneurs who re-defined their business were different from the earlier visionaries. They neither had to carry the baggage of the past nor did they operate in a throttling environment of controls. They effectively used the capital markets in India and overseas to take bigger risks. Would Narottam Sekhsaria, a gold medallist chemical engineer, have been able to build Gujarat Ambuja Cement without accessing capital from the stock markets and developmental institutions? **What really differentiated visionaries like Sekhsaria or Bhavarlal Jain of Jain Irrigation was their ability to foresee future demand and their passion to grow. Micro irrigation today is an accepted strategy but, 20 years ago, there was just Jain who looked ahead.**

And the growth of visionaries is not just about money power. In the case of the retail industry, everyone could foresee the potential scope. Not many ventured into what was then perceived as a glorified *kirana* business. It required the foresight of Kishor Biyani who understood the value-conscious Indian consumer, to emerge as the biggest. The rapid rise of the educated professionals was also one factor that led to the birth of visionaries. Narendra Murkumbi, an IIM-A professional and a late entrant in the sugar industry, could grasp the nuances of the entire value chain to emerge as one of the biggest players in the industry in India. He is now looking at the global market.

Unlike in the past, where western India was the



birth place of several visionaries, largely in the manufacturing sector, the younger visionaries are emerging across India from smaller towns and cities as well. Sunil Mittal, an engineering graduate from Ludhiana, emerged from a cycle business to become what he is today. His ability to visualise the growth potential offered in the telecom sector and his choice of different business models of low margins and high volumes has made Bharti Airtel a global player.

However, it is not just the opening up of the new sectors that has given rise to these new sets of entrepreneurs. Even mature sectors, like banking and

finance, have seen existing and new stars emerge on the scene. Hemendra Kothari and Nimesh Shah could foresee the opportunities in merchant banking and built successful integrated financial super houses. Uday Kotak built an integrated banking outfit, now worth ₹25,000 crore, in a span of 25 years. Jignesh Shah used technology to build exchanges capable of challenging established players like BSE and NSE

Entering a new industry or a mature one, coming in first or late does not matter. Anil Ambani, a late entrant in the mutual fund and telecom industries, has built leading companies in these sectors. A.M. Naik, a technocrat, grew L&T from a respected construction company to an integrated engineering and construction giant.

Many of the Indian visionaries – be it Dr Reddy's or Dilip Sanghvi of Sun Pharma or Dr Hamied of Cipla in the pharma industry – are also challenging the established MNC companies. Two decades down the line, one thing is sure. Ingraining India into global markets has certainly given an impetus to the growth of entrepreneurs and visionaries in the country.

**FUTURE** While the existing visionaries will continue to grow and seek opportunities across diverse sectors, given the sustained growth in the Indian economy, many more are likely to emerge, both in the manufacturing and service sectors.

♦ DAKSESH PARIKH



Dr. Y.K. Hameid



Hemendra Kothari



Uday Kotak



Nimesh Kampani



AM Naik



Dr. Anji Reddy



Dilip Sanghvi



Sunil Mittal



Jignesh Shah