

Panel to Help Find Emami Successor

Emami sets up 10-member advisory board for succession plan; KN Memani, Anand Rathi, Alyque Padamsee, JN Godbole, NG Khaitan among others part of the selection committee



WRITANKAR MUKHERJEE
KOLKATA

Consumer products firm Emami, maker of Boroplus antiseptic cream and pain-reliever Zandu balm, is setting up a 10-member advisory body to guide the promoters in its succession planning as its two founders, chairman RS Agarwal and director RS Goenka, plan to pass on the baton to the younger generation over the next 12-18 months.

This advisory body includes some of the leading names of India Inc such as former chairman and managing partner of consulting firm Ernst & Young KN Memani, Anand Rathi, Mudra Communications founder CMD AG Krishnamurthy, ad guru Alyque Padamsee, IDBI Bank former CMD JN Godbole, solicitor firm Khaitan & Co's senior partner NG Khaitan, Exide former chairman and CEO SB Ganguly, and independent consultant SMLakhotia.

This advisory body will work closely with Ernst & Young (E&Y) to identify the next chairman, groom the younger generation to professionalise the business in the long run and evolve the future business model.

Talking to ET at his 11th floor sprawling apartment in South Kolkata, RS Agarwal said he wants to make the transition to

the new generation 'smooth'.

"It will take six months to identify the successor, after which me and RS Goenka, will oversee how it is panning out, evaluate it with the advisory board for a year and then both of us would retire completely from the business," said Agarwal.

He added the advisory board would suggest possible candidates for the chairman post, heads of various group businesses such as the flagship FMCG, paper, retail, realty and healthcare, and would devise the means and methodology of working for the next generation.

While two seniors still call the ultimate shots, it is the second generation Agarwals and Goenkas who already steer the day-to-day course at Emami.

There's Aditya Agarwal, Harsh Agarwal and Priti Sureka from the Agarwal camp and Mohan, Prashant and Manish Goenka from the Goenka camp. All are in the age group of 34-39, brought up together, and joined work almost at the same time some 12 years back. Today, each member drives specific brands and divisions.

Agarwal added that the firm will not have anyone from outside for the chairman's post. "The younger generation is capable. They know their abilities and limitations," he said.

Analysts say the younger generation in Emami has been driv-

ing the business to become a big national player and over the last 10 years acquired Zandu and launched brands like Navratna talc and Fair & Handsome fairness cream.

"The younger generation has been in the forefront and part of the growth phase. So there won't be any major hindrance, and investors and the stock market is unlikely to react negatively. But there might be some initial worries on the part of investors to

see how the new leader settles down," said Arnab Mitra, VP (research - institutional equities) of equities firm IIFL. The Emami Ltd scrip went up by 0.31% to touch ₹446.35 on the Bombay Stock Exchange on Tuesday. While Emami's main competitors like Dabur has fully professionalised themselves, Godrej Consumer Products is a mix of professional and promoters cultures with chairman Adi Godrej and his daughters Tanya and Nisaba in leadership roles and a professional management team. "Emami can still continue with their entrepreneurial culture since their scale is relatively lower than its main competi-

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RS AGARWAL

Emami, Chairman

tors. But as they grow in scale, they too have to adopt the professional management route in the next 3-4 years," said Mitra of IIFL.

The Emami business, which the senior Agarwal and Goenka started from scratch 27 years ago with a modest capital of ₹20,000, is today worth more than ₹3,500 crore. The FMCG business alone has crossed sales of ₹1,100 crore in 2010-11.

The firm is targeting ₹3,000-crore sales from its FMCG business in the next two years and evaluating targets for acquisitions including the personal care business of Paras Pharma which Reckitt Benckiser acquired last year and is looking to sell. It says it can spend up to ₹1,000 crore to ₹1,500 crore acquisitions.