

Chapter 7

Concept of Governance in Professional Managed Company & Promoters Driven Company

1) Marico Limited - A case study in professionalizing of the board

a) **Name-** Marico Limited

b) **Background of Company**

One of India's leading companies in the fast-moving consumer goods (FMCG) and skin care businesses,

c) **Founder - Harsh Mariwala.**

d) **About Founder-** Harsh Mariwala joined his family-owned commodities trading business before eventually founding Marico in 1990 – completing a transformation of a traditional trading business into a leading consumer products and services company.

e) **Family owned company into professionally managed**

Mariwala turned the family-owned company into one that is now perceived by the market to be a well-managed, professionally run company.

f) **Change in Management in 2014**

In 2014, Mariwala, who was till then, the Chairperson and Managing Director of the company, inducted a professional MD on the board – Saugata Gupta.

He proceeded to then make his role non- executive – he would no longer look after the day-to-day operations, instead allowing a team of professionals to run the company.

He would remain the chairperson of the company.

g) **Childers background**

Mariwala's son **Rishabh** spent three years at Kaya, the beauty-salon business of the company, and then left to start a venture of his own in 2011.

His daughter, **Rajvi**, left the company after two years and is now a canine behaviorist.



His children are no longer part of the management or the board.



h) Mariwala has stated that he intends to make himself redundant in the company over time.

By making an investment in professional leadership and staying away from day-to-day management, he has sought to demonstrate to the market that the interests of the promoter group are aligned with those of other stakeholders.

i) **Conclusion:-**

Marico's case is an excellent example of the promoter handing over the leadership to a professional and distancing themselves from day-to-day operations.

2) Godrej Group - Clear responsibilities for next generation promoters

a) About the company

The Godrej group is a large Indian conglomerate operating in the consumer products, real estate, consumer durables and animal feed businesses among others.

b) Promoter and Chairman and Managing Director

Promotor:- Adi Godrej is a third-generation promoter and the current chairperson of Godrej Industries Limited,

Managing Director- Brother Nadir for the same company.

Chairperson of Godrej and Boyce- His cousin, Jamshyd Godrej is the chairperson of Godrej and Boyce, the consumer durables arm of the group.

c) Promoter philosophy

Adi Godrej has ensured that the companies are run by a combination of family members and industry professionals.

The group had appointed a facilitator in the past to oversee succession planning in the group.

Family members seeking to enter the businesses in management roles are required to be well qualified.

d) Children's of Adi Godrej

Eldest daughter-

Tanya Dubash,

Executive Director of Godrej Industries Limited and the Chief Brand Officer for the group.

She oversees the group's branding efforts

Chairperson of Godrej Nature's Basket, the gourmet retail arm of the company.

Second Daughter

Nisaba Godrej, Executive Chairperson of Godrej Consumer Products Limited, (home and personal care products division).

Previously, she led the innovation strategy at the group company – Godrej Industries Limited.

She was also involved with Godrej Agrovet Limited, the agribusiness arm of the company.

Vivek Gambhir, a professional, serves as MD at Godrej Consumer Products Limited.

**Adi Godrej's Son
Pirojsha Godrej**

Managing Director and Chairperson at Godrej Properties (real estate) since 2012. Effective April 2017, he serves as Executive Chairperson at the same company, handing over the MD role to Mohit Malhotra, a professional who joined the company in 2010.

e) Conclusion

The succession plan has ensured that there are specific and clearly defined roles for the next generation based on individual strengths.

Adi Godrej

Adi Godrej is a third-generation promoter and the current chairperson of Godrej Industries Limited

**Nadir Godrej**

Managing Director- Brother Nadir for the same company.

Jamshyd Godrej**Chairperson of Godrej and Boyce-**

His cousin, Jamshyd Godrej is the chairperson of Godrej and Boyce, the consumer durables arm of the group.



**Tanya Dubash**

Executive Director of Godrej Industries Limited and the Chief Brand Officer for the group.

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