

THE CONCEPT OF 'IE' IN JAPANESE FAMILY BUSINESSES

Translating to family or home, 'ie' represents a group of people who share a home and an economic and social life. A continuing unit of people, a group, a clan. In the case of the Japanese culture the 'ie' is more corporation than family, in that the business comes first, and the primary objective above all, is to survive and prosper. The 'ie' needs to last forever, because if it doesn't, the family doesn't either.

The head of the 'ie' chooses their successor, at times overlooking their own children if they deem them less capable – it's about the survival of the tribe at all costs, no questions asked. The adoptee takes on the family name and once succession occurs will become the head of the 'ie' with full control. All other family members have been conditioned to support the head for the greater good whether they are bloodline, or not.

This strategy is being used by huge companies such as Suzuki. The current CEO Osamu Suzuki, is the fourth adopted son to take this role. Suzuki overlooked his own biological child and named his successor as Hirotaka Ono. Other famous companies using this approach include Canon, Kikkoman and Toyota.

GOVERNANCE OF PROMOTER DRIVEN VS PROFESSIONALLY MANAGED COMPANIES

It is well understood from surveys and examples that the sustenance of family businesses is not possible unless it follows good governance practices. In this context to comprehend the scenario of governance structure in professionally and promoters driven companies, a sample of six companies affiliated to Telecommunication, Automobile, FMCG, Hotels, Paperboards, Packaging, Agri-Business, Information Technology and Construction sectors have been considered to comprehend their governance structure on the following parameters:

1. Chairman's Independence
2. Separation of Ownership and management
3. Promoters Holding
4. Succession planning
5. Business Continuity Plans
6. Sustainability Focused Approach
7. Conflict Management

The companies randomly selected for the study are- Bharti Airtel, Bajaj Auto, Tata Motors, ITC , HDFC and L&T. From the companies selected, Bharti Airtel, Bajaj Auto and Tata Motors are Family Business organisations and ITC, HDFC and L&T are Professionally Management organisations.

GOVERNANCE STRUCTURE

Parameters for comparison	Family Business			Professionally Managed Business		
	Bharti Airtel	Bajaj Auto	Tata Motors	ITC	HDFC	L&T
Chairman's Independence	Chairman is Executive Director (Non-promoter)	Chairman is non-executive (Promoter)	Chairman is non-executive (Non-promoter)	Chairman is Executive Director	Part Time Chairman and Independent Director	Chairman is non-executive
Separation of role of Chairman and Managing Director/ CEO	Yes, the role is separate.	Yes, the role is separate	-	No, the role is not separate.	Yes, the role is separate	Yes, the role is separate

Promoter holdings (%)	55.02%	54.98%	45.81%	NIL	25.63%	NIL
Public Holdings (%)	44.93%	45.02%	54.19%	100%	74.37%	100%
Age of the Enterprise (Date of Incorporation)	07/07/1995	30/04/2007	01/09/1945	24/08/1910	30/08/1994	07/02/1946
Succession planning	<ul style="list-style-type: none"> ● The Company has a robust succession planning framework in place for the Board and top critical positions including its Senior Management. ● The Board of Directors, HR & Nomination Committee and Apex Talent Council are entrusted with overseeing and monitoring talent management and succession planning initiatives at the Company. <p>91% Succession rate for middle and top level management.</p>	<ul style="list-style-type: none"> ● Pursuant to regulation 17(4) of the SEBI Listing Regulations, the framework of succession planning for the Board and senior management is placed before the Board for its review. During the year under review, the Board of the Company satisfied itself that plans are in place for orderly succession of such appointments. 	<ul style="list-style-type: none"> ● The Nomination and Remuneration Committee works with the Board on the leadership succession plan to ensure orderly succession in appointments to the Board and in the senior management. ● The Company strives to maintain an appropriate balance of skills and experience, within the organization and the Board, in an endeavor to introduce new perspectives, whilst maintaining experience and continuity. 	<ul style="list-style-type: none"> ● Company's Succession Planning processes have contributed to helping employees realise their potential, craft their careers while recognising their strengths and areas of development and ensuring a sound workforce planning system. 	<ul style="list-style-type: none"> ● The Nomination and Remuneration Committee ('NRC') and the Board of Directors ("the Board"), review succession planning and transitions at the Board and Senior Management levels. ● The Board composition and the desired skill sets/ areas of expertise at the Board level are continuously reviewed and vacancies, if any, are reviewed in advance through a systematic due diligence process. 	<ul style="list-style-type: none"> ● The organisation has a robust process of building its talent pipeline which helps to feed in succession planning. ● The process starts with the Development Centre (DC) where high performing employees get assessed on defined competencies at four different levels in the organisation. ● The process identifies competency gaps which are developed with specific

					<ul style="list-style-type: none"> ● Succession planning at Senior Management levels, including business and assurance functions, is continuously reviewed to ensure continuity and depth of leadership at two levels below the Managing Director. ● Successors are identified prior to the Senior Management positions falling vacant, to ensure a smooth and seamless transition. 	<p>Individual Development Plans (IDP's) and competency programs organised for these levels. This helps the organisation to have a pool of leaders at every level who are "Competency Ready"</p>
<p>Business Continuity Plans</p>	<ul style="list-style-type: none"> ● Yes, Airtel does have business continuity and disaster management plan in place. ● Airtel has proactively implemented business continuity plan and effectively enabled work from home facility for all the employees by providing necessary IT infrastructure and network security. 	<ul style="list-style-type: none"> ● During the year under review, a revised risk management policy/ framework was adopted by the Board. This framework, inter alia, includes Business Continuity Plan. 	-	<ul style="list-style-type: none"> ● Yes, ITC has a Business Continuity and Disaster Management Plan designed to address the threat of disruptions to business activities or processes. 	<ul style="list-style-type: none"> ● The Internal Audit Department independently reviews as well as evaluates the quality and comprehensiveness of Bank's disaster recovery and business continuity plans and also carries out management self-assessment of adequacy of the Bank's internal financial 	<ul style="list-style-type: none"> ● The Company has established emergency preparedness plans at each project site to deal with the emergency situations. ● It also provides response procedures for preventing and mitigating the hazard & risk and environmental impacts

	<ul style="list-style-type: none"> ● Regulatory team along with legal and networks keeps a close watch on compliances with regulations and laws and ensures the operations of the Company are within the prescribed framework, and have also implemented business continuity plan wherever required. 				<p>controls and operating effectiveness of such controls in terms of Sarbanes Oxley (SOX) Act and Companies Act, 2013.</p>	<p>arising from emergency situations including the provision for first aid.</p> <ul style="list-style-type: none"> ● In the event of any occurrence of an emergency, the same shall be investigated and appropriate preventive measures would be initiated to avoid recurrence in future. ● Relevant information and training related to emergency preparedness and response shall be provided to the interested parties. ● The duties and responsibilities of all the workers are being communicated periodically.
Board Level ESG/ Sustainability Committee	<ul style="list-style-type: none"> ● In order to drive its long-term sustainability vision, Airtel has Board ESG Committee which provides strategic guidance and decision making on ESG and 	-	<ul style="list-style-type: none"> ● The Safety, Health and Sustainability (SHS) Committee reviews the Company's performance on SHS aspects, 	<ul style="list-style-type: none"> ● The company has CSR and Sustainability Committee. ● The CSR and Sustainability Committee of the Board, reviews 	<ul style="list-style-type: none"> ● The CSR and ESG Committee of the Board oversees the Bank's sustainability and climate change initiatives. 	<ul style="list-style-type: none"> ● CSR and Sustainability Committee is responsible for sustainability related issues

	<p>is responsible for review and approval of ESG strategy, goals and targets.</p>		<p>including ESG and oversees the implementation of relevant policies and strategies</p>	<p>and oversees implementation of the Sustainability Policies of the Company on an annual basis.</p> <ul style="list-style-type: none"> ● The role of the CSR Committee of the Board, under the nomenclature 'CSR and Sustainability Committee', is inter alia, to review, monitor and provide strategic direction to the Company's CSR and sustainability practices towards fulfilling its triple bottom line objectives. 	<ul style="list-style-type: none"> ● The Board level committee is guided by the ESG apex committee. The ESG apex committee that comprises of key representatives from the senior management, oversees sustainability reporting initiatives, climate change disclosures, internal projects to ensure reduction of our overall emissions and tracks its progress on ESG, to achieve industry leadership. ● This Committee is further supported by ESG action sub-committees which includes Product Responsibility Sub-committee, which looks at ESG risks (including climate risks) in the existing portfolio and ESG linked opportunities; the Environment Sub-committee which oversees the environmental impact from our operations 	
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					<p>and Social and Governance Sub-committee which works on workplace policies and governance initiatives.</p> <p>The Group Head for Corporate Social Responsibility (CSR) & ESG updates the CSR & ESG committee of the Board, every quarter on the Bank's sustainability (ESG) initiatives and progress on ESG actionables and chairs the ESG apex committee. The ESG apex committee governs and reviews the progress of the three action committees that drive the ESG agenda (including climate change) at the Bank.</p> <p>The Product Responsibility sub-committee, examines Environmental & Social (E&S) risks in our operations, including climate risks,</p>	
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					<p>while finding new business opportunities in the E&S arena. The Environment subcommittee comprises of representatives from the Administration, Infrastructure and IT teams at the Bank, sets targets and identifies opportunities for improvement in areas of emissions, energy, water, and waste. This committee will continue to drive the Bank's path towards achieving carbon neutrality. The Bank has a dedicated ESG vertical that works in conjunction with several internal and external stakeholders, to drive the ESG agenda.</p>	
% of Independent Directors to total number of Directors	<ul style="list-style-type: none"> ● % of Independent Directors to total number of Directors. ● As on March 31, 2022, the Board comprised 	<ul style="list-style-type: none"> ● 50% of Independent Directors to total number of Directors. ● As on 31 March 2022, the Board 	<ul style="list-style-type: none"> ● 50% of Independent Directors to total number of Directors. ● During FY 2021-22 the Board 	<ul style="list-style-type: none"> ● 50% of Independent Directors to total number of Directors. ● The present strength of the Board is 	<ul style="list-style-type: none"> ● 72% of Independent Directors to total number of Directors. 	<ul style="list-style-type: none"> ● 44% of Independent Directors to total number of Directors. ● As on 12th May, 2022, the Board

	<p>11 members, including a Chairman, a Managing Director & CEO, 3 Non-Executive Non-Independent Directors and 6 Independent Directors out of which two are woman Independent Directors.</p>	<p>consisted of 14 directors, of whom three were executive (including the managing director), seven were non-executive as well as independent (including two women independent directors) and four were non-executive and non-independent.</p>	<p>comprised of 8 Directors, out of which 7 Directors (87.50%) are Non-Executive Directors. The Company has a Non-Executive Chairman and 4 Independent Directors ('IDs'), including 2 Women IDs, which comprises half of the total strength of the Board.</p>	<p>16, comprising the Chairman & 3 other Executive Directors, 8 Non-Executive Independent Directors, of which 2 are Women Directors, and 4 other Non-Executive Directors.</p>		<p>comprised the Group Chairman, the Chief Executive Officer & Managing Director, 7 Executive Directors, 1 Non-Executive Director (representing a financial institution) and 8 Independent Directors, including one Independent Woman Director</p>
<p>Vision/mission, strategies linked to ESG</p>	<ul style="list-style-type: none"> ● The company's Vision is to be a globally renowned Environmentally conscious, Socially responsible and Governance led Company by implementing leading ESG practices and transparent reporting. 	<p>-</p>	<ul style="list-style-type: none"> ● Given the global challenge of 'Climate change', as responsible corporates, Tata Motors has outlined its Sustainability strategy and a definitive action plan towards Net Zero. ● E-mobility and usage of 100% renewable energy will be the initial key steps towards carbon footprint reduction. 	<ul style="list-style-type: none"> ● To achieve its Sustainability 2.0 vision, the Company continues to strengthen its management approach which is guided by a comprehensive set of Sustainability Policies that are being implemented across the organisation. 	<ul style="list-style-type: none"> ● The Bank has been reporting to the Carbon Disclosure Project (CDP) on its climate change strategy, risks, opportunities, and emissions. ● From the perspective of climate risk assessment, the Bank will assess the priority of physical and transition risks in the near to medium term. ● Some of the critical parameters to consider would be GHG 	<ul style="list-style-type: none"> ● The Company is committed to Energy Transition & Sustainability goals by setting targets to become Water neutral by 2035 and Carbon neutral by 2040. ● Its ESG roadmap is aligned with the 5-year strategic plan - 'Lakshya 2026' with a commitment to climate leadership, water stewardship, circular

					emissions, air pollutants and climate transition risk pathways both at the sector and borrower level.	economy, green supply chain, biodiversity, and green offerings. The Company views the transition to Green Energy as an opportunity. ● Opportunities like Green Hydrogen, Clean Energy Technology, and Offshore Wind have been identified as new growth avenues.
Stakeholders engagement level	<ul style="list-style-type: none"> ● Company's stakeholder Engagement framework outlines an approach to engage and work with its stakeholders and is applicable to all its operating entities and functions across the corporate and regional levels. 	-	<ul style="list-style-type: none"> ● The Company continuously engage with its stakeholders to understand and resolve their concerns through effective stakeholder management framework. 	<ul style="list-style-type: none"> ● The Company is strengthening the mechanisms of engagement with key stakeholders, identification of material sustainability issues and progressively monitoring and mitigating the impacts along the value chain of each Business. 	<ul style="list-style-type: none"> ● The Bank engage with its stakeholders to understand and respond to their expectations and concerns. This provides valuable insights that help the Bank shape its priorities and strategy. ● The Bank has a well-defined process to identify and prioritise our major stakeholders, based on their involvement with and value to the organisation. 	<ul style="list-style-type: none"> ● The Company is working on several initiatives with its partners across the value chain for inclusive development ● The company is able to manage risks and opportunities proactively and set clear goals to deliver long term shared value by engaging with key stakeholders through regular dialogues.

				<ul style="list-style-type: none"> ● In line with the Board approved policy on stakeholder engagement, ITC has evolved structured framework for engaging with its stakeholders and fostering enduring relationships with each one of them. ITC's engagement approach is anchored on the principles of materiality, completeness and responsiveness. 		
Conflict Resolution	<ul style="list-style-type: none"> ● Yes, Airtel has put in place stringent procedures and safeguards to avoid any conflicts of interest involving members of the Board and other employees. ● Bharti Airtel Code of Conduct covers guidelines related to Conflict of Interest. It is applicable to all Board of Directors and employees. It provides guidelines for avoiding any conflict of interest, both actual or apparent, and the mechanism to report any such 	<ul style="list-style-type: none"> ● Pursuant to regulation 26(5) of the SEBI Listing Regulations, senior management has made periodical disclosures to the Board relating to all material financial and commercial transactions, where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of 	<ul style="list-style-type: none"> ● Pursuant to Regulation 26(5) of the SEBI Listing Regulations, all members of senior management have confirmed that there are no material, financial and commercial transactions wherein they have a personal interest that may have a potential conflict with the interest of the Company at large. 	<ul style="list-style-type: none"> ● Yes, the ITC Code of Conduct requires the Directors, senior management and employees to avoid situations in which their personal interests could conflict with the interests of the Company. ● Further, the Directors of the Company are required to disclose to the Board, on an annual basis, whether they, directly 	<ul style="list-style-type: none"> ● The Bank has separated the Risk, Control and Compliance functions from the Business functions in order to create a strong culture of checks and balances and to eliminate any possible conflict of interest between revenue generation and risk management and control. 	<ul style="list-style-type: none"> ● The Company has processes on management of conflict of interests involving members of the Board which may arise due to Directors joining the Boards of other companies and even conflicts which would take place during the course of normal business activities.

	<p>situations that may give rise to a potential conflict.</p> <ul style="list-style-type: none"> ● Airtel's Policy on Related Party Transactions intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties. ● The Policy disallows the concerned or interested Director to participate in any discussion or approve contracts or arrangements with related parties, to avoid potential conflicts of interest. 	<p>the Company. There was only one case involving a member of the senior management. In this instance, the disclosure was discussed, reviewed and found in order by the Board.</p>		<p>or indirectly or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.</p>	<ul style="list-style-type: none"> ● The process allows the Directors to recuse themselves from the discussions pertaining to the conflict of interest. The Directors have to exercise their responsibilities in a bonafide manner in the interest of the Company, should not allow any extraneous considerations that may vitiate their exercise of objective independent judgment in the paramount interest of the Company and not abuse their position to the detriment of the Company for the purpose of gaining direct or indirect personal advantage. ● Any conflict of interest arising with the Board Members needs to be reported to the Chairman of the Audit Committee/ Chairman of the Board.
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Analysis and Findings*

On conducting an exploratory study of the governance structure of the companies considered for the study, the following observations are made:

- 1) **Chairman's Independence:** As it is a widely accepted fact that shareholders attach higher value to the quality of corporate governance structures, and this is true especially in case of public listed companies which is marked by broad base of shareholders and some of them hold relatively diversified investment portfolios. In view of this, it is imperative to have independence of Chairman.

On observing the facts of the given companies, it may be inferred that in majority of the companies the Chairman have fairly high magnitude of independence, except ITC where Chairman is Executive Director. Thus, it may be opined that family based companies are relatively better placed when it comes to in this regard, since in case of Bharti Airtel the Chairman though Executive Director is a Non-Promoter and in case of Tata Motors, the Chairman is Non-Executive as well as a Non-Promoter. However, in case of Bajaj Auto, the Chairman though Non-Executive is Promoter of the company.

With reference to the professionally managed company and on analysing the overall scenario of Chairman's independence, it may be stated that HDFC's scenario of Chairman's independence is optimum.

- 2) **Separation of Ownership and management:** On perusing the scenario of separation of ownership and management of the six companies, it is observed that leaving Tata Motors, as no information in this regard could be retrieved, four companies out of the balance five companies are having separation in the role of chairman and management. In case of ITC, there is absence of separation of the role of chairman and management, which may be a matter of concern in view of the size and scale of operations of the company and being a mammoth conglomerate.
- 3) **Promoters Holding:** On observing the data of promoters holding of the companies considered for the study, it can be stated that ITC and L&T are completely democratic organisations, as their 100% holding likes with the public. So ITC despite being laggard in two parameters i.e., Chairman's independence and separation of ownership and management, it has prodigious performance in promoters holding.

In case of HDFC, the promoters holding is quite less, i.e., 25.63%, whereas in case of Bharti Airtel it is highest, i.e., 55.02%. Bajaj Auto registers the second highest promoters holding at 54.98% and Tata Motors at 45.81%. Thus, family managed businesses have higher percentage of promoters holding. Now at this juncture it is of paramount academic and research interests to explore the impact of promoters holding on the three key financial variables of the companies, i.e., PBDIT Margin, PBIT Margin and Net Profit Margin. In this regard, Net Profit Margin of the companies have been taken into consideration.

To conduct the analysis the data of the above mentioned variables have been considered for the period of 2018 – 22. Regression analysis have been applied to decipher the impact of promoters holding on PBDIT Margin, PBIT Margin and Net Profit Margin

The data pertaining to promoters holding, PBDIT Margin, PBIT Margin and Net Profit Margin of the companies is provided in table 1 below:

*For information only.

Table 1
Promoters Holding and Key Financial Variables*

Bharti Airtel				
Years	Promoters Holding (%)	PBDIT Margin (%)	PBIT Margin (%)	Net Profit Margin (%)
2018	67.14	33.61	9.3	0.14
2019	67.14	30.07	-0.4	-3.76
2020	58.98	41.19	3.65	-66.43
2021	56.23	47.21	13.01	-39.17
2022	55.93	51.68	16.87	-5.13
Bajaj Auto				
Years	Promoters Holding (%)	PBDIT Margin (%)	PBIT Margin (%)	Net Profit Margin (%)
2018	49.3	24.36	23.11	16.16
2019	49.3	21.92	21.04	15.45
2020	53.52	22.82	22	17.04
2021	53.7	22.36	21.43	16.41
2022	53.73	19.51	18.7	15.14
Tata Motors				
Years	Promoters Holding (%)	PBDIT Margin (%)	PBIT Margin (%)	Net Profit Margin (%)
2018	36.37	8.27	2.99	-1.75
2019	37.27	10.82	6.35	2.91
2020	42.39	1.66	-6.01	-16.59
2021	46.41	6.21	0.47	-7.93
2022	46.4	4.56	0.84	-2.94
HDFC				
Years	Promoters Holding (%)	Net Interest Margin (%)	Operating Profit Margin (%)	Net Profit Margin (%)
2018	25.66	3.76	2.82	21.79
2019	26.54	3.87	3.48	21.29
2020	26.18	3.67	2.6	22.86

*For information only.

2021	26	3.71	4.89	25.74
2022	25.8	3.48	5.83	28.93

The outcome and inferences of the regression analysis of the aforesaid data is provided in table 2:

Table 2
Outcome and Inferences*

<i>Bharti Airtel</i>				
<i>S. No.</i>	<i>Basis of Analysis</i>	<i>Multiple R (Correlation Coefficient)</i>	<i>R Square (Coefficient of Determination)</i>	<i>Inferences</i>
1	Promoters Shareholding and PBDIT Margin	0.97	0.94	<p>From the correlation coefficient value and coefficient of determination values, it may be inferred that promoters shareholding has exerted a positive impact on Profits before Depreciation, Interest and Tax (PBDIT) of the company.</p> <p>Since the R-Square value or Coefficient of Determination is very high, i.e., 0.94, thereby indicating that 94% of the dependent variable PBDIT has been explained by the independent variable promoters holding.</p> <p>In light of the aforesaid statement, it may be stated that promoters of Bharti Airtel have been proficient in discharging of their obligations in the capacity of board members.</p>
2	Promoters Shareholding and PBIT Margin	0.97	0.94	<p>Same scenario is prevailing for PBIT margin too, i.e., promoters shareholding and PBIT margin exhibit a strong correlation (0.97) and high coefficient of determination (0.94), thereby indicating that 94% of the dependent variable that is PBIT margin is explained by the independent variable that is promoters holding.</p> <p>It may be opined that Bharti Airtel's Board though family based, as promoters have high stakes, it has displayed a prodigious growth in PBIT.</p>
3	Promoters Shareholding and Net Profit Margin	0.34	0.12	<p>On observing the impact of promoters holding on the net profit margin it may be stated that promoters holding has not proved to be as effective as PBDIT and PBIT Margins, since both correlation coefficient and coefficient of determination values, i.e., 0.34 and 0.12 respectively are extremely low.</p>

*For information only.

				<p>In other words, it may be concluded that promoters have failed to carry on the momentum created at PBDIT and PBIT levels to the Net Profit of the company.</p> <p>Since net profit is the remainder left after taking into consideration all the operating and non-operating expenses, operating and non-operating incomes, interest and taxes, in view of this, it may be stated that the business knowledge/ acumen, expertise and experience of the promoters might have fall short when it comes to steering the business to its crucial and last leg of the yearly business journey, that is net profits.</p> <p>May be the level of business knowledge and expertise required to make the business sustainable in terms of net profits is lacking in the promoters.</p>
Bajaj Auto				
S. No.	Basis of Analysis	Multiple R (Correlation Coefficient)	R Square (Coefficient of Determination)	Inferences
1	Promoters Shareholding and PBDIT Margin	0.15	0.023	<p>From the values of correlation coefficient (0.15) and coefficient of determination (0.023) it may be presumed that promoters holding or family business structure have not delivered the desired business results.</p> <p>Moreover, the meagre value of coefficient of determination at 0.023 is a metaphor of poor strategic business decisions by the board.</p>
2	Promoters Shareholding and PBIT Margin	0.14	0.021	<p>On perusing the impact of promoters holding on PBIT margin, it may be construed that family business concept have not succeeded to a great extent for Bajaj Auto. Both correlation coefficient (0.14) and coefficient of determination (0.021) are abysmal, implying that the promoters might have lacked on the vital attributes of pragmatism, planning, intelligence, strategy etc.</p>
3	Promoters Shareholding and Net Profit Margin	0.39	0.16	<p>Similar scenario is being observed in case of net profit margin, i.e., significant promoters holding have not exerted a positive impact on the net profit of the company. In view of this, it may be opined that promoters may be lacking requisite business acumen and expertise.</p>

Tata Motors				
S. No.	Basis of Analysis	Multiple R (Correlation Coefficient)	R Square (Coefficient of Determination)	Inferences
1	Promoters Shareholding and PBDIT Margin	0.58	0.34	High promoters holding to some extent have created an impact on PBDIT to some extent only, as evident from the correlation coefficient which is 0.58 and coefficient of determination is 0.34. Hence, it may be stated that by reducing the promoters holding, if the company would have inducted board members from outside who are having in-depth knowledge of the automobile sector and its dynamics, probably the results might have been different.
2	Promoters Shareholding and PBIT Margin	0.43	0.19	The story remains same in case of PBIT too, as both correlation coefficient and coefficient of determination are quite low.
3	Promoters Shareholding and Net Profit Margin	0.38	0.14	From the coefficient of correlation and coefficient of determination values it may be mentioned that lack of requisite practical insights about the automobile sector at macro level and key business processes at micro level.
HDFC				
S. No.	Basis of Analysis	Multiple R (Correlation Coefficient)	R Square (Coefficient of Determination)	Inferences
1	Promoters holding and Net Interest Margin	0.92	0.85	The magical effect of professionally managed company can be observed from regression analysis results of promoters holding and net interest margin. HDFC Bank has relatively less promoters holding in comparison to the other companies and probably this holding structure has enabled the bank to achieve high net interest margin.
2	Promoters holding and Operating Profit Margin	0.74	0.55	Looking at operating profit margin it may be stated that HDFC's professionally managed structure has delivered fruits of financial prosperity.
3	Promoters holding and Net Profit Margin	0.95	0.91	From the coefficient of correlation value 0.95 and coefficient of determination value at 0.91, it can be said without an iota of doubt that the bank is deriving the benefits of the blend of business knowledge, expertise and experience of the non-promoter board members.

- 4) **Succession Planning:** On observing the succession planning scenario of all the six companies considered for the study, it is heartening to note that all the companies have robust succession planning in place. For instance, in case of Bharti Airtel though a family managed business has instituted strong succession planning that is its board of directors, HR & Nomination committee are entrusted with overseeing and monitoring talent management and succession planning initiatives of the company.

On the other hand, HDFC a professional managed company too has espoused robust succession planning as manifested from the fact that its Nomination and Remuneration Committee and the Board of Directors review succession planning and transitions at the board and senior management levels.

- 5) **Business Continuity Plan:** From the study it is evident that the companies are aware of the significance of having business continuity plan. Companies have taken several measures indicating that they are geared up for business continuity plan. Measures like disaster management, work from home facility for employees, adoption of risk management framework, efficient internal audit department, preparedness level at each project site etc. all creates an optimism among the stakeholders that the corporate world has the requisite preparation to surmount varied degree of challenges and ensure survival of the business.
- 6) **Sustainability Focused Approach:** On observing the performance of the company in terms of sustainability oriented approach, it is interesting to note that the companies have embraced various measures like constitution of ESG committee; Safety, Health and Sustainability Committee and CSR and Sustainability for strengthening sustainability of the organisation. The mentioned committees provide strategic guidance and decision making, reviewing and overseeing of implementation of sustainability policies on annual basis etc. thereby, ensuring sustainability of the companies.
- 7) **Conflict Management:** Conflict management is manifested in the approaches of the companies considered for the study. Code of conduct, periodical disclosure by senior management to the board relating to all material financial and commercial transactions pursuant to Regulation 17(4) of the SEBI Listing Regulations, continuous review of the succession planning and transitions at the board and senior management levels, focusing on board composition with reference to skill sets required / areas of expertise etc. indicates robust conflict management in the companies considered for the study.

Marico Limited - A case study in professionalizing of the board

Marico Limited is one of India's leading companies in the fast-moving consumer goods (FMCG) and skin care businesses, founded by Harsh Mariwala. 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.

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

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.

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.