

HARSHA VARDHAN AGARWAL

BELIEVING IN EVALUATION AND EVOLUTION

The Emami whole-time director talks about learning the value of money early on, changing business models, focusing on natural healthcare products and rebranding Zandu

PHOTOGRAPHS BY INDRANIL BHOUMIK/MINT

**Name:** Harsha Vardhan Agarwal**Age:** 41**Designation:** Whole-time director, Emami Ltd**Education:** B.Com, St Xavier's College, Kolkata*Source: Bloomberg***What is your money mantra?**

We prefer taking calculated risk. I don't think there will be any business that will be risk-free. I don't mind taking risk if there is a potential to take risk. We understand the importance of money. It is not something that should be wasted.

**Name:** Radhe Shyam Agarwal**Age:** 72**Net worth:** \$1.66 billion**Source of wealth:** Consumer goods**Education:** LLB and M.Com, Calcutta University; chartered accountant, Institute of Chartered Accountants of India; company secretary, Institute of Company Secretaries of India

Brief: Radhe Shyam Agarwal co-founded consumer goods firm Emami in 1974 with his friend Radhe Shyam Goenka. The \$400 million (revenue) maker of health, herbal and beauty products is well-known for brands such as Fair and Handsome, a skin lightening cream for men, and celebrity and sports star endorsements for its products. Emami had filed a case against herbal consumer goods maker Patanjali last year, for allegedly copying the design of Emami's Kesh King bottle for Patanjali's Kesh Kanti bottles. It was settled out of court and Patanjali changed the packaging.

Source: Forbes Rich List

things to be kept in mind." He says the journey from good to great is the most difficult. "There will be a large number of companies that will be good. But not all companies will be great. The journey to become great is not easy."

Agarwal always knew he wanted to join the family business. "I started very early. After I finished my class 12, I started going to office on a full-time basis. Even during my graduation—it used to be a morning class from 6-10. Directly from my college I used to go to office and spend the whole day there and then (head) back home."

He has been in the business now for 22 years. "For me, the business started much earlier even before I joined full-time, because my father used to have lots of his meetings at home even on Sundays and holidays, and even early in the mornings. I have seen the atmosphere and been part of it. I used to sit for those meetings when I was young. It came naturally to me."

MONEY MANAGEMENT

Like most business houses, Agarwal too depends on his family office. "Honestly, I don't need to spend too much time to manage my personal money because we are a joint-family business. There are other people taking care of it." The Emami family doesn't invest personally. "Whatever we do is part of our family. We invest in new businesses that we need to enter into. That way all our investment from our family is mostly into entering new businesses rather than investing in shares or assets," says Agarwal. The company has, for instance, invested in start-ups. "There are one or two businesses we have invested in. Apart from that we are investing in businesses that we are actively involved in."

He doesn't consider himself conservative when it comes to business investments. "When we are looking for investments or acquisitions, yes, I think you need to take some risk. But yes, we prefer taking a calculated risk. What is the downside and the pluses and (then) taking a call on it. I don't think there will be any business that will be risk-free. I don't mind taking risk if there is a potential to take risk."

Agarwal learnt the value of money early on. "From my childhood, we have heard stories from our father how he used to not have money to travel by bus and started the business with a small amount. We understand the importance of money. It is not something that should be wasted."

When he is not working, Agarwal likes to watch movies, international TV series, read and spend time with family and friends. His only real indulgence, for which he doesn't mind going that extra mile, is food. "I am into fine-dining. If I am on a holiday, I make sure I go to Michelin-star restaurants. Paris and London are the two cities where there is so much variety of food."

BY VIVINA VISHWANATHAN
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Emami Ltd, the over \$4 billion (around Rs25,600 crore) behemoth in market capitalization in the consumer space, was founded by childhood friends Radhe Shyam Goenka and Radhe Shyam Agarwal in the 1970s. Almost half a century later, the second generation heads different divisions in the company. This is the story of one of them: Harsha Vardhan Agarwal, son of Radhe Shyam Agarwal, whose net worth is \$1.66 billion.

Harsha Vardhan Agarwal, 41, director of Emami, is currently focused on growing the business, and has little time to manage his own finances. He outsources the nitty-gritty to his family office. The Emami family has put in place a family constitution and a family office to manage the wealth.

Right now Agarwal's top agenda for Emami, which had a market capitalization of Rs24,000 crore as of 31 March, is to double sales, focus on natural healthcare products, rebrand Zandu, which includes healthcare and lifestyle products, and increase its presence in the international

market. The idea is to rebrand it and re-position it as a product that is used for lifestyle disorders from a product for joint pains and body pain. "Our objective is to double sales in the next four-five years. Next, we want to focus in a big way on natural healthcare products. We believe we have a very good existing portfolio of brands in Emami and a lot of these products can be leveraged for growth. Currently, the penetration is low for products. We have identified some areas, which we call big moves for the company, where we will focus to build our competitive advantage over the next four-five years." The major products, Zandu Balm and Mentho Plus Balm, have a market share of 54.8%.

He says there's a clear trend of preference for natural-care products. "However, this trend is not a recent phenomenon. It is just that the number of people accepting it or looking for it has increased. The whole reason for going ahead with the Zandu acquisition from Zandu Pharmaceuticals Works Ltd in 2008 was that we saw a clear trend of consumers moving towards natural healthcare." The company is now planning to reposition the Zandu brand in the lifestyle disorders

space—and get a bigger share of the global market. "Till now the international market has been one of the weak moves in comparison to other FMCG companies. Our contribution of international sales is somewhere around 13-14%, compared with 35-50% of the other Indian FMCG companies. That is one area where we want to focus too."

RESKILL IS THE KEY

When it comes to managing the business, Agarwal believes in evaluation and evolution. "We partner with people and advisers internationally. Sometimes I go for smaller courses to update myself (on technology and healthcare) where I would like to learn more (about the products that our company handles). The business models are changing very fast." For instance, he thinks with advancement of technology, there are new business models, e-commerce strategies and new product idea entering the consumer goods sector. "Since the concept (of doing business online) was new to me, I attended a three-day course to understand ways to partner with new-age companies, the pitfalls, what are the opportunities, important

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