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THE UNFINISHED BUSINESS OF AN INDIAN HEIRESS

Valli Arunachalam is fighting a lonely battle to secure a board seat in the male-dominated Murugappa conglomerate

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As we dig into a south Indian breakfast at the TTC Grant Central in Parel, Mumbai, Valli Arunachalam, 62, gives me a crash course on what her work as a nuclear scientist was all about when she was in the US.

"The molecular dynamics and Monte Carlo simulation methods that I had developed for the nuclear industry could be adapted for the semiconductor industry, and I was part of a collaborative predictive modelling and simulation team comprising experts from the semiconductor industry, US national labs and world-renowned universities," explains Valli.

Clad in a claret silk saree, she adds that learning to bridge what happens at the atomic level with what happens at the semiconductor wafer and equipment level, and make predictions, was akin to being paid to have fun.

Later, as she transitioned from modelling and simulation to more hands-on process technology research and development, one of her key career takeaways was "that it was not enough to just know process technology without an in-depth understanding of the equipment technology and the interplay between the two technologies. And that was, I think, the turning point in my career, because it opened up so many doors for me, where everyone tends to have blinkers on".

Either you're a device engineer, or you're a process engineer, or you're an equipment engineer, she elaborates. "But because I had the right mentorship, I learnt about both the equipment and the process and the interplay between the two, and that took me to the next level in my career, which was industrial consortium research and defining the process and equipment technology road maps for advanced technology nodes."

This, she says, allowed her to broaden her horizons as she served as an industrial mentor to university research programmes at MIT, Stanford and the University of Texas, Austin, and collaborated with equipment and chemical vendors to develop next-generation equipment and chemicals. "This was a very rewarding and enriching experience, and provided me with very valuable insights into business strategy," recalls Valli.

Down the road, it led to a stint at the IBM Research alliance, where she was part of the core team that selected best-in-class equipment and developed and transferred process technology to fabrication plants across the world. "I was also instrumental in tool selection and technology transfer to a state-of-the-art 300 mm semiconductor fabrication plant in New York State and in capex management and optimization," she says, between sips of coffee.

A DIFFERENT MISSION

Of course, Valli isn't meeting to discuss nuclear research and its applications in the semiconductor industry. On the contrary, she's now guided by a different mission, one that has become a leitmotif for gender equality and rights in the business world. It's about challenging patriarchy and stereotypes about gender roles in the corporate arena. Valli's father, M.V. Murugappan, was the executive chairperson of the Murugappa family business for some two decades until his death in 2017.

Thereafter, in the years that have followed, Valli has been engaged in a legal tussle with her uncles and cousins for what she says is her rightful place within the Murugappa Group of Companies, and for a board seat in the holding company called Ambadi Investments Ltd, which she's being denied. It's an unexpected face-off — a soft-spoken, determined woman with intimidating accomplishments on one end and a large, low-profile multi-billion-dollar business house run by men steeped in tradition on the other.

The \$7 billion Chennai-based Murugappa Group is a conglomerate that started over a century ago, in 1900. It operates 29 businesses, including 10 listed companies, and has more than 30,000 employees. The companies include Carborundum Universal, CG Power and Industrial Solutions, Cholamandalam Financial Holdings, Cholamandalam Investment and Finance Company, Coromandel International, Coromandel Engineering Company, E.I.D. Parry, Parry Agro Industries, Shanthi Gears Ltd., and Tube Investments of India.



Valli Arunachalam says there have been 18 daughters in the Murugappa family, over three generations, but none of them has made it into the business at any level.

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As a group, the business house is involved in manufacturing product lines that include ceramics, electro minerals, auto components, bicycles, fertilisers, sugar, tea and nutraceuticals. It has a geographical presence nationwide as well as internationally.

THE DISPUTE

The nub of the dispute between Valli and her uncles and cousins can be summarized thus: According to her, right up to the time her father was alive, she and her family had visibility into the workings of the business and how decisions were taken and so on. She and her sister are the only siblings and her father was the only Murugappa elder who had no sons.

Before his death, his last wish, expressed to the rest of the management and promoters at the group, was that he wanted his stake to be acquired at fair market value with the proceeds going to his heirs. Valli's mother also died in 2022. The sisters are now fighting a lone, uphill battle to secure a seat in Murugappa holding company Ambadi, which she has been denied so far.

The Murugappa Group did not respond to calls and emails requesting clarifications and comments as of press time. Is the exclusion because she may not be having any business experience in the group?

The swift retort is "I have a PhD in nuclear engineering. Some of my cousins... when they got on the board, were in their early 20s, fresh out of college, no experience in the family business. But they are all male, and got on the board right after their father's untimely death. And here, my father died in 2017, but his seat is still vacant."

18 DAUGHTERS IGNORED

Her comments touched a raw nerve. "Their actions speak louder than words. There have been 18 daughters in the Murugappa family, over three genera-

tions. Not even one daughter has made it into the business at any level," says Valli. Some group companies do, however, have non-family women board members.

The group structure has also changed in recent times. Valli says that the previous chairman of the group, M.M. Murugappan, retired at the age of 65. "Usually, the custom is that the next oldest member becomes the chairman of the group. But that's when they changed course and kind of trifurcated the business... we learned about this trifurcation from the newspapers," she says.

After the trifurcation, Valli explains, Tube Investments and Cholamandalam Finance are headed by S. Vellayan and Arun Murugappan, with a chairman for that branch; the engineering branch run by M.M. Murugappan and his brother MM Venkatachalam; Coromandel International is headed by A. Vellayan and M.A. Alagappan. "The only family branch that is not anywhere in this is my family branch. So, here we are... with an equal stake as all the other family branches, but the only branch that has been kept out of any major decisions," she says.

NO SUCCESSION PLAN

According to Ruston Doshi, a visiting professor at Cornell's Johnson Graduate School of Business, and an expert in family enterprise governance, disputes of this nature often stem from the prior generation not clearly defining how their successors will inherit the business. Was it clearly defined who will own what (ownership), who will be on what boards (governance), and who will run various companies (management)?

He goes on to point out that ownership of a certain percentage of a company certainly gives a person the economic right to do with those shares as they please (subject to them not being party to any agreements to the contrary). However, and as unfair and gender biased as this might appear to be, ownership of a minority share in a private company in and of itself may not give a person a legal right to a board seat. These are complex inter- and intra-generational family issues.

mint SHORT STORY

WHAT

Valli Arunachalam's father M.V. Murugappan was the executive chairperson of the sugar-to-cycles conglomerate Murugappa Group for two decades until his death in 2017.

AND

After the deaths of her parents, neither Valli nor her sister were given a board seat in the large, low-profile, multi-billion-dollar business house run by men steeped in tradition.

NOW

Valli has been engaged in a legal tussle with her uncles and cousins for years, fighting for what she says is her rightful place within the Murugappa Group.

manian, founder at InGovern, an independently put forward about six or seven years in which it could be done... I presented all the options, including mediation. Nothing was accepted and nothing moved."

Shriram is not wrong. Overseas and across the world, Indian-origin executives have been making their presence felt across boardrooms, including Indra Nooyi, who ran PepsiCo, and Leena Nair, the recently appointed CEO of Chanel. Just recently, Manasi Kirtoskar took over the reins at Kirtoskar Systems when her father unexpectedly died. Earlier, Nisaba Godrej had been anointed to run the Godrej Group's large flagship company, Godrej Consumer Products Ltd.

Of course, it does become easier to chart succession, next-generation leadership and board appointments when there are fewer family members in the promoter group, says one tycoon from south India, who declined to be named. "With the Murugappa Group, there are several senior members and dozens of cousins. Getting a consensus — regardless of gender — would be a challenge, as well as time-consuming."

In addition, the multiplicity of group companies, subsidiaries and cross-holdings makes that even more convoluted," he said.

LONG ROAD AHEAD

What is the possible reason for exclusion? "There is no reason. They just go about doing their business, whereas we have a major portion of our sin that holding company. Yet we have absolutely no say, have no visibility into the business at all," says Valli. "Right now, we have had several rulings in our favour from both the NCLT and NCLAT, and the are now poised to argue the matter on the merits of our waiver application."

Valli dismisses the notion that she was too quick to take the legal route to settle her claims, something that may have disturbed a voluntary mediation that was being worked upon by the Group for her. "For two-and-a-half years, I tried. I said,

"Let's settle this amicably." In fact, I proactively put forward about six or seven years in which it could be done... I presented all the options, including mediation. Nothing was accepted and nothing moved."

All she got was a one-line statement "Go, do what you want with the shares." That was their response," she says, noting that they well know that no one in the private market would be able to afford to buy private stock worth thousands of crores, and more importantly, no one would want to be in a private family-owned and managed outfit.

Which means that the legal journey is going to be a long and arduous one, something that Valli is ready for. "The one thing I can tell you with 100% surety is I will fight till the end, all the way to the Supreme Court. Such is my commitment. Because this is not just about me, my family, our rights. It is about the basic rights of women in India, of daughters, of nieces, of wives, of mothers."

As the meeting draws to a close, Valli tells me there is an interesting parallel between cooking and nuclear physics. "So, process engineering requires a lot of precision. And also, there's a little bit of art involved there, sometimes. You've got to be logical, with creativity. It's no different from Indian cooking, which is so complex," she says, launching into the intricacies of physical vapour deposition, atomic-layer deposition, pressure, temperature, plasma power, and how all these variables have to be tweaked to get something just right. "I find it very relaxing and therapeutic."

When not relaxing, her focus is on seeing her mission to closure. "I'm fighting for my rights. Our rights. Irrespective of the outcome of this fight, I am 100% committed to doing things to empower women, and to enable girls to achieve their dreams. I'm doing that right now. And it's only going to get bigger and bigger and bigger. That's my lifelong mission."