

BRUNEI'S ROYAL FEUD ♦ MALAYSIA: NO NEW No. 2

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MAKING MONEY IN THE CRISIS

PLUS

BUSINESS HALL OF FAME, 1998

A gallery of survivors who made it and prospered: **Dhirubhai Ambani, Jaime Zobel de Ayala, J.Y. Pillay and Yamauchi Hiroshi**

AUSTRALIA	A66.00	CHINA	RMB135.00	INDIA	RUPEE	LAOS	LISSA.00	NEPAL	RUPEE	PORTUGAL	PTA200.00	COOR	THAILAND	B160	
BANGLADESH	TAKA70	GERMANY	DM127.00	INDONESIA	Rp1,000	MACAU	MOP100.00	NEW ZEALAND	NZD1.20	Saudi Arabia	SAR10	SINGAPORE	S\$1.00	U.S.A.	US\$1.00
BRUNEI	BR1.00	FRANCE	F120	ITALY	LIRA10,000	MALAYSIA	MYR1.00	INDONESIA	RUPEE	PHILIPINES	PHP1.00	SRI LANKA	LKR120.00	U.S.A.	US\$1.00
BRUNEI	BR1.00	GERMANY	DM127.00	JAPAN	YEN100	MACAU	MOP100.00	NEW ZEALAND	NZD1.20	PORTUGAL	PTA200.00	COOR	THAILAND	B160	
CAMBODIA	US\$1.00	HONG KONG	HK\$35.00	KOREA	WON1,000	LAOS	LISSA.00	NEPAL	RUPEE	SRI LANKA	LKR120.00	SINGAPORE	S\$1.00	U.S.A.	US\$1.00
CANADA	CA\$1.00			KUWAIT	K.D.1.00	MALAYSIA	MYR1.00	PHILIPINES	PHP1.00	TAIWAN	NT\$1.00	U.S.A.	US\$1.00	U.S.A.	US\$1.00
						MEXICO	MXN1.00							REST OF THE WORLD	US\$1.50



MR. SELF-RELIANCE

How a little guy from Gujarat built an Indian industrial empire

Traditionally Indian success requires three ingredients: education, money or lineage. Dhirajlal Hirachand "Dhirubhai" Ambani had none of them. "So people asked: 'Where did this upstart spring from,'" recalls the chief of Reliance Industries. "And they demanded to see my credentials." Not anymore they don't. Reliance is the largest corporation in India and is still expanding at a pace that makes the old-money empires of the Tata and Birla families look slothful. Group turnover pushes \$6 billion. Employees number over 17,000 and shareholders about five million. It is said that if Reliance ever went under, it would take the Indian economy with it.

Reliance owes its position almost entirely to Ambani, 65, a man who combines the shrewdness of the Gujarati businessman with American-style entrepreneurship and a Japanese penchant for technology. Having established a small textile company, Ambani sought vertical integration by producing the raw materials that go into weaving, first synthetic fibers, then petrochemicals. He was among the first in India to enter the latter sector, fostering and then dominating the domestic industry. Now Reliance is taking the next logical step: refining and oil exploration.

Fitting then that Ambani's first job at 16 was pumping gas in Yemen. He had left his rural Gujarat village for the Arabian peninsula in 1949. He soon demonstrated his entrepreneurial spirit, representing people whose insurance claims had been rejected and splitting the settlements he managed to negotiate. At 25, Ambani returned to India with 15,000 rupees (\$3,150 in those days) and set up a trading company to export spices to Yemen. It was called Reliance Commercial Corp.

Soon Ambani was buying and selling textiles. Virenchee Sagar, the late chief of Nirlon Chemicals and Synthetic Fibers, remembered the "small-time, betel-chewing trader with a persuasive manner and razor-sharp brain for finance." He didn't stay small-time for long. By the late 1960s, Reliance was manufacturing textiles with four warp-knitting machines and a staff of 70. "In the early 1960s he used to buy from us," said Sagar. "By 1980 we were buying from him!"

While most corporate bosses were content to sit behind India's

walls of protectionism and rake in profits from obsolete, overpriced goods, Ambani innovated. To overcome wholesalers' monopoly of the cloth market, he set up a chain of retail franchises. Today his Vimal brand of textiles is the industry's top seller.

Often spurned by banks when he was starting out, Ambani turned to small investors to fund his expansion into synthetics and petrochemicals. In 1977 he became one of the first Indian companies to go public. Since then there have been further offerings, record convertible-bond issues and even a foray into European markets. Ambani keeps investors happy with big bonuses and healthy dividends. Reliance's shareholders are fiercely loyal as a result; thousands turn up for meetings in sports stadiums.

Not everyone is an admirer, of course. Reliance's domestic competitors deeply dislike the self-confessed "riff-raff boy" who seems to prosper in any environment, under any regime. Certainly Ambani has cultivated friends in lofty circles. His hefty donations to the party in power and his personal relationships with various leaders are well known. But Reliance does not depend exclusively on powerful benefactors. When India instituted market reforms in 1991, Reliance was perfectly placed — it was lean, had state-of-the-art facilities and a cadre of keen managers.

Hence, Ambani has been known to dismiss other Indian firms. "My real competitors are DuPont, ICI and Shell," he once said. With the ongoing liberalization of India's petrochemicals sector, an obligation under

World Trade Organization rules, Reliance's next challenge is to meet its international competitors on a level playing field. Meanwhile, Ambani has approved aggressive diversification into telecommunications, power and transportation. His sons Anil and Mukesh, both U.S. business school graduates, took over day-to-day operations when Ambani suffered a stroke in 1986. "The 1980s were like sailing on the Arabian Sea," he once said. "The 1990s are like the Pacific Ocean. They need different ships and different sailors." But in his fourth-floor Bombay office, Dhirubhai Ambani remains at the helm, an idol to his shareholders, an ally to the government and an inspiration for entrepreneurs everywhere.

— By Stuart Whitmore and Shirish Nadkarni/Bombay



DHIRUBHAI AMBANI
The textiles magnate is diversifying into
telecoms, power and transportation