

HCL has to be ready for the new world: Shiv Nadar

THOMAS K THOMAS

New Delhi, September 10

HCL Technologies is among the five companies fastest to cross \$1 billion in net profit, \$5 billion in revenue and \$15 billion in market capitalisation since incorporation. While smart business decisions and quick transitions into newer areas have aided the company's performance, Shiv Nadar, Founder & Chairman, believes that HCL's strong corporate governance framework has been a strategic lever for sustained growth.

Recently, Nadar was conferred the ICSI Lifetime Achievement Award for Excellence in Corporate Governance for 2013. *BusinessLine* met Nadar to talk about the pillars of corporate governance, the future of HCL and his new ventures in education and healthcare. Edited excerpts:

Where do you see HCL in the next 3-4 years especially HCL Infosystems, which is now moving into services?

I do think that HCL has to be ready for the new world, which is

basically what HCL is good at. We have to just keep addressing that. The very reason for our being is that we looked at the new world and new technologies.

THE
BL
INTERVIEW

That has to be inherent in our being and we don't have to get carried away by balance sheets and P&Ls. Keep that DNA going. If you corrupt it, you will pay for it. It's a very harsh thing to say but that is true.

Will your education and healthcare ventures be as big as HCL Tech?

Healthcare will be bigger and education will be roughly a similar size. And both will be built on the technologies ahead. Whenever we are on the transformation phase of technology, that's where HCL will do very well.

A recent report says that it is easiest to fudge accounts in the IT sector given its largely services-led nature. Would you agree?

In large companies, the CEO is very distant from operations. We

The very reason for our being is that we looked at the new world and new technologies. That has to be inherent in our being and we don't have to get carried away by balance sheets and P&Ls.

SHIV NADAR,
Founder & Chairman,
HCL Technologies

have got close to 100,000 people and have a 'Whistleblower' policy, which is independently run. There is nothing secret in this industry. Somebody in another company will know, some analyst will know. It will be known. It is only a matter of time. So, in this industry, to get away is very tough.

Recently, the Supreme Court allowed the CAG to look into the books of private companies. Your views on this.

I don't know the facts on this matter but I have some questions. We are subject to audit, which is fair. You can say that your internal audit needs to be

in this standard or your statutory audit of this standard. We don't mind this whole thing being replaced by somebody but our job is not to sit and audit all the time; we have a business to run. And also there are sensitivities about our executives being witch-hunted by some external organisation. Can we have a foreign employee being questioned by CAG? We cannot expose them to that.

What is the one thing that you are really proud of in HCL in terms of the corporate governance systems that are in place?

First is that it is in place. I am unconnected with that and that is the next biggest thing. It's an executive's privilege to take

decisions because he stands accountable for it. An executive can be fired and at the same time he can be rewarded fairly. But for doing his job he does not require anyone's sanction. That's one reason why HCL has grown quite well, particularly in the last 15 years.

How did you ensure that HCL had a good corporate governance structure in place?

We had some very capable people to manage the company initially. It was a small business but we ran it according to the rules and norms. Two, I watched it being done in HP. We had a ringside view. In the nineties, HP was easily the finest corporation in the world. We invited HP executives to participate in the management and in the board. HCL had this concept of corporate officers since its inception in 1999. We had a remuneration committee. Now, everyone is talking about nomination and remuneration committees. We had this from 1999.

There are rumours of HCL Tech being sold. Are they true?

No. My daughter said that she is going to keep the business. Her opinion matters in this case.

