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BL INTERVIEW

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

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Shiv Nadar, Founder & Chairman, HCL Technologies

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'The very reason for our being is that we looked at the new world and new technologies'

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

been strategic lever for sustained growth. Recently, Nadar was conferred the ICSI Life Time Achievement Award for Excellence in Corporate Governance for the year 2013. Business Line met Nadar to talk about the pillars of corporate governance, future of HCL and his new ventures in education and healthcare. Edited Excerpts.

Where do you see HCL going forward in 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 what basically 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. 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 very harsh thing to say but that is true.

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

Healthcare would be bigger and education would be roughly 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. They are at transformative stages.

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

In large companies, the CEO is very distant from operations. Ours has got close to hundred thousand people and we have a 'Whistle Blower' policy which is quite independently run. There is nothing called secret in this industry. Somebody in other 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 CAG to look into the books of private companies. Your views.

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 need 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 witchhunted by some external organisation. Can we have a foreign employee being questioned by CAG? We cannot expose them to that.

Can over emphasis on performance come in the way of doing ethical business? There is a lot of pressure on executives to deliver numbers which can lead to unethical means.

It can be. The executive's bonuses are so large, and they play on very thin ice and the ice gets thinner and thinner and thinner...and suddenly when they go to such excessive quantum, the ice cracks, which is what happened in the case of Satyam.

What is that one thing that you are really proud of in HCL as far as 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 privileged 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 sanctions. That's one reason why HCL has grown quite well particularly in the last 15 years.

