



Karan Paul of India

# House of the rising son

The party-boy inherited the family empire after his father's death. Defying the cynics, the Calcutta scion has since doubled its net worth. **SNM Abdi** hears the heir

**Y**ou name it and Karan Paul has it – from private yacht to sports car. But oddly enough, Paul doesn't have a wife. Or, by his own admission, even a steady girlfriend, although he lords over a US\$1.5-billion business empire employing as many as 43,000 people.

The truth is that the chairman of Apeejay Surrendra Group, one of India's biggest family-owned conglomerates with

operations ranging from shipping and real estate to five-star hotels and tea plantations, is so obscenely rich that he can easily afford a harem of beautiful women.

But 39-year-old Paul is still single. His bachelorhood is particularly intriguing because his close friends reveal that he finds women irresistible and is very romantic and sentimental. Asked what he would do if he had to choose between love and profits, Paul passionately says he

would choose love over anything.

Personal life apart, Paul is hardly an enigma in today's India. He is no self-made entrepreneur – not by a long shot. He was born into wealth, studied in schools and colleges that boys of his pedigree generally go to, and has inherited a flourishing family conglomerate.

But extraordinarily enough, his father, Surrendra Paul, was gunned down by separatist rebels in a tea estate in India's

Photo: AFP

**"I have become a capitalist over the years. But for a long time, I was a communist. Karl Marx had got it all right. *The Communist Manifesto* was really very inspiring."**

remote Assam province in 1990. The killing hastened Paul's induction into the family business. He became a director in 1992, and in 2004 – after living for more than a decade in the shadow of his mother, Shireen Paul, and two older sisters, Priya and Priti – he took over as chairman. (Karan's younger brother, Anand, died in a car crash in 1989 at the age of 17.)

Significantly, the group's net worth has doubled in four years from US\$750 million to US\$1.5 billion under Karan's stewardship. Industry watchers attribute the phenomenal growth to his business acumen and leadership skills.

Paul tells *ReviewAsia* that from the very first day in office, he focused on core businesses like shipping, hospitality, tea, property and financial services.

"Ultimately, I sold the financial services companies which I had set up in 1994. Their sale marked a chapter in my career. I initiated the businesses, developed them, and sold them. More importantly, the sale

loosened up capital – and time – helping me to buy a few more ships, build new hotels and purchase Typhoo tea from its UK owner, Premier Foods, for US\$140 million," he says matter-of-factly over a cup of coffee in the group's headquarters in Calcutta.

Paul has a huge stake in the city. His Park Hotel, in the heart of the entertainment and dining zone, houses Tantra, arguably the best discotheque in eastern India, and Roxy, its classiest nightclub. And during the day, the footfall at Oxford Bookstore and Flurys – the legendary cafe – is a major cause of concern for the competition.

Paul agrees that Tantra and Roxy have redefined nightlife and reflect Calcutta's changing mores. But he adds: "We are now in the middle of the biggest expansion our group has ever embarked upon. It's very exacting times for me and my team. The last financial year was great and we expect a record-breaking 2008-2009. Our growth is led by shipping, hotels and real estate. The tea market has been tough for us but we are investing there heavily for the future. Oh how I wish people drank more tea!"

"I have set myself very clear goals and milestones to achieve. More than anything else, I want the group to become the

**BE SEEN:** The hip Tantra discotheque is at the Park Hotel, owned by Karan Paul's Apeejay Surrendra Group, and one of the most popular night spots in Calcutta.



**VERY VOGUE:** Indian supermodel Monikangana Dutta, center, strikes a pose during the Gauri & Nainika fashion show at Tantra last year, just one of the popular events that have helped turn the disco into the city's hippest place.

country's most profitable family-owned business by 2010 as that's our 100th year. We are finalizing plans for celebrating our centenary. We will do something very special to honor our ancestors and all the people who have worked with us and all the others who have supported us."

## Steely business

In 1910, Karan's grandfather, Pyare Lal, set up a small business in Punjab's industrial town, Jalandhar, to manufacture steel goods. By 1947, when India became independent, he had more than a 100 workers on his rolls.

After his death, his four sons – Stya Paul, Jit Paul, Swraj Paul and Surrendra Paul – began importing steel from non-traditional sources such as China, Poland, the former East Germany, Hungary, the former Soviet Union, and Czechoslovakia to tide over the steel crisis in the new-born nation.

Subsequently, they shifted their business headquarters to Calcutta, where they set up a stainless steel plant and were soon exporting to Britain and Japan. Profits from steel exports funded the foray into shipping. ▶



**SOLID BOOKS:** The Oxford Bookstore in Calcutta is the only fully integrated online-offline bookstore in India, with access to six million titles worldwide.

– besides, of course, his own mother, who steered the group from 1991 as chairperson through trying times.

“My first day in office was very memorable as Jit Paul, in a sublime gesture, insisted that I sit on his chair while he took a chair further down the large desk. He had been sitting there for 30 years. His humility and affection for me was really touching – and unforgettable,” says Karan.

But Karan Paul is clearly his own man. “I don’t have any particular role model like Jack Welch or Bill Gates. But I read a lot, and yes, I do inculcate the values and skills of successful people I meet or read about.”

He graduated from Brown University in the US with a degree in political science in 1992. “I have become a capitalist over the years. But for a long time, I was a communist. Karl Marx had got it all right. *The Communist Manifesto* was really very inspiring. But the fundamental issue, which ultimately turned me away from Marxism, was its disbelief in God. I could not reconcile my personal [religious and spiritual] beliefs with the central tenet of left ideology,” he says.

Asked about his personal philosophy, he chooses his words carefully. “I’m self-directed and socially and politically aware. I’m a thinking person – free-spirited and liberal. My personal beliefs are democratic and egalitarian. I give a lot of importance to personal freedom and self-expression. I don’t buy into convention and tradition or rules and regulation.”

Paul is equally candid about his business philosophy. “I work hard and try to get my timing right. I try to get under the skin of my business even if means working at night or during weekends. I work out costs and try to figure out cycles. Commodity-linked businesses like tea and shipping are highly cyclical. Moreover, I like to put in place the right processes internally and externally. And build the right team with the right people.”

**“I have set myself very clear goals and milestones to achieve. More than anything else, I want the group to become the country’s most profitable family-owned business by 2010 as that’s our 100th year.”**

► In the 1960s, they ventured into hotels, real estate and pharmaceuticals, acquiring a controlling stake in British companies such as Martin Harris and Walter Bushnell that made antibiotics and anti-malarial drugs.

The flagship Park Hotel in Calcutta was inaugurated in 1967. After Surrendra Paul became chairman in 1982, the group zeroed in on the tea sector, quickly acquiring several highly profitable tea estates in India’s turbulent northeast. Analysts say he had a global vision but his life was suddenly cut short by an assassin’s bullet.

Swraj, 76, better known as Lord Paul, heads UK’s Caparo Group, which has a presence in the US, Canada, Spain and Poland. Delhi-based Styra, 90, runs a slew

of educational institutions and pharmaceutical companies. The unmarried Jit, 85, considered to be the brain behind the group’s meteoric rise in the 1960s and 1970s, is still physically fit and mentally alert. Insiders say he is the only person Karan turns to for advice if the need arises

He is particularly upbeat about a joint-venture agreement inked last year with Bharati Shipyard to set up a modern shipbuilding yard along India’s eastern coast. “The joint venture with Bharati Shipyard heralds our foray into the shipbuilding industry at an opportune time,” Paul says, quoting a report by a maritime consultancy firm that the Indian shipbuilding industry is expected to expand to US\$20 billion by 2020. The proposed shipyard will build superior ships of high tonnage and will also service shipping firms globally.

Shipbuilding, once the preserve of European nations and the US, is now dominated by China, Japan and South Korea. India, with 32 shipbuilding yards, accounts for about 1% of the global shipbuilding orders. But industry watchers foresee a sharp rise in India’s share in a decade. Since 2002, the government has been chipping in with a subsidy on vessels built in the country, aimed at helping Indian shipbuilders compete with overseas yards.

#### More tea

Paul, who runs one of India’s largest tea businesses, is also gung-ho about the 2005 acquisition of Typhoo – the third-biggest tea brand in Britain, behind PG Tips and Tetley. The acquisition from Premier Foods also includes the London Fruit & Herb, Lift and QT brands, as well as the tea blending and packing unit at Moreton, Wirral.

**SUPER BOY:** Karan, wearing a cap, with Anand, Priya and Priti. Along with their mother, Shireen, Karan’s two sisters helped him in taking over the family business.



**FAMILY TIME:** Karan, left, and his siblings – Priya, Priti and Anand – on an outing with their father, Surrendra Paul, who was assassinated by separatist rebels in 1990, a year after Anand died in a car crash at the age of 17.

“The business has strong growth potential, a well-run factory and a committed and experienced workforce,” Paul says. “We are confident that our commitment to increasing the investment both behind the brands and own-label business, combined with our extensive tea experience, will enable us to build market share and further grow the business.”

The globe-trotting Paul now spends at least a week every month in Britain, dividing his time between London, where

he loves to party, and Typhoo’s head office in Liverpool. “I’m constantly on the move doing about 140 flights a year. I try to use my flying time to catch up on sleep and read. I have also devised my own strategy to cope with jet lag and travel fatigue. I generally work from home the day I’m scheduled to fly and the day I return. Moreover, if I’m doing London-Calcutta-London very often, I begin work an hour earlier in the UK and an hour later when in India.”

But is Paul just another poor little rich kid? Speaking to *ReviewAsia* on condition of anonymity, someone who first met Paul many years ago shares some insights.

“When you meet Karan for the first time, you don’t quite know what to make of him. When I met him, he was wearing bright-orange Bermudas, had gone vegetarian for a year, and grown his hair to just above shoulder length,” he says.

“But when I looked past the money and small talk that usually accompanies the incessant partying, Karan emerged as someone who is down to earth and willing to lend a helping hand to friends and friends of friends.”



**COOL DRINKS:** With its cool and sophisticated urbane ambience, the Roxy cocktail bar at the Park Hotel is one of the classiest hangouts in Calcutta.

► “I asked him once: Can someone with so much money actually have any real friends? I remembered he laughed a throaty laugh, one that remains embedded in my memory. He answered: ‘What do you mean?’ “KP, as he is popularly called, tends to surprise the uninitiated with questions that make you want to question why you bothered questioning him in the first place! If you don’t know him or haven’t been clubbing with him, just observing him can

peel away a little bit of that tough persona he tends to portray as a businessman. “I remember he had once called the reception at The Park in Bangalore and asked if there were any cars available in the hotel as he needed to head out of town for lunch. He owns the hotel but settled for an Ambassador rather than a snazzy sedan. That’s what strikes you about him – he is not flashy if the occasion doesn’t demand it. “I have seen him wear the same blue pinstriped full-sleeve shirt over and over again. ‘I should remember to pack more clothes,’ he had once observed. But then

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again, it’s probably best not to comment on his choice of clothing, like the psychedelic glow-in-the-dark neon print T-shirt phase he went through. “In a nutshell, Karan is not afraid of snoring in front of total strangers, likes to read books that try to explain the esoteric nature of things, is crazy about his sisters’ children – pretty much a regular boy-next-door, and sometimes too plain to be noticed in a crowded beach – unless of course you hear him laugh.” Or when he’s wearing his bright-orange Bermudas. \*



**HIGH TEA:** Flurys, the legendary tearoom on fashionable Park Street in Calcutta, was founded in 1926. Presenting fine European traditional confections, it soon became a popular meeting place for all ages.

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To find out more about the Apeejay Surrendra Group, check out [www.apeejaygroup.com](http://www.apeejaygroup.com).

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