

How Founders Have Positioned Themselves For Wealth Multiplication & Value Creation

Introduction

Owner-managed companies (OMCs) play a crucial role in driving the global economy. Led by visionary founders, these businesses embody a unique blend of entrepreneurial passion and hands-on leadership. Unlike corporate giants with layered management hierarchies, OMCs thrive on agility, innovation, and swift decision-making to seize opportunities, scale effectively, and create lasting value.

How have founders positioned their OMCs for wealth multiplication and value creation? [The Economic Times](#) published a series of stories based on a comprehensive report by Practus. The report analyzed the wealth creation journeys of owner-managed companies listed on the NSE (both main board and SME exchange). The latest findings, featured in a [2025 ET story](#), spotlight key strategies and success factors that drove these companies' growth.



OMCs and India’s IPO Market

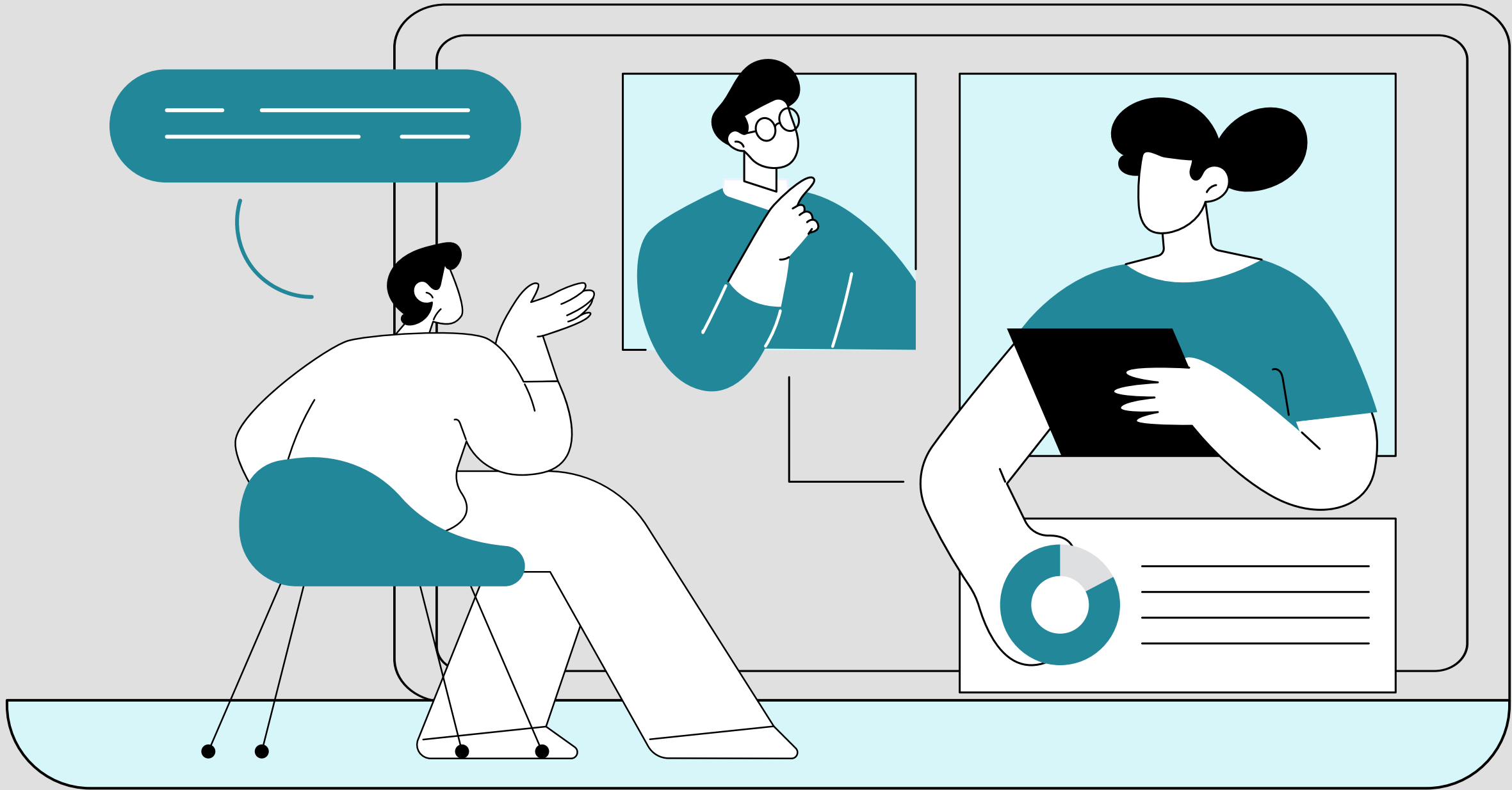
Owner-Managed Companies (OMCs) have played a pivotal role in India’s recent IPO surge.

According to Practus’ research, 169 companies were listed on the NSE (both main board and small exchange) during FY22-23 and FY23-24. It highlights the entrepreneurial strength driving India’s capital markets.

We found that 99.82% of companies with a revenue of more than INR 100 Crore when filing their DRHPs during FY22 to FY25 were OMCs. Due to the high level of founder involvement, these companies are able to seize market opportunities and adapt strategies quickly, without the delays typical of board-led organizations. This agility is crucial in fast-changing sectors like BFSI, IT, and retail.

Key Differentiators that Position Owner-Managed Companies for Success

| | | |
|---|---|--|
|  <div>Owner involvement & dedication</div> |  <div>Agility & responsiveness</div> |  <div>Strong goal-value alignment</div> |
|  <div>Quick decision-making ability</div> |  <div>Ability to take calculated risks</div> |  <div>Direct communication between</div> |
|  <div>Prioritizing long-term growth over short-term profits</div> |  <div>Close-knit company culture</div> |  <div>Emphasis on quality over quantity</div> |

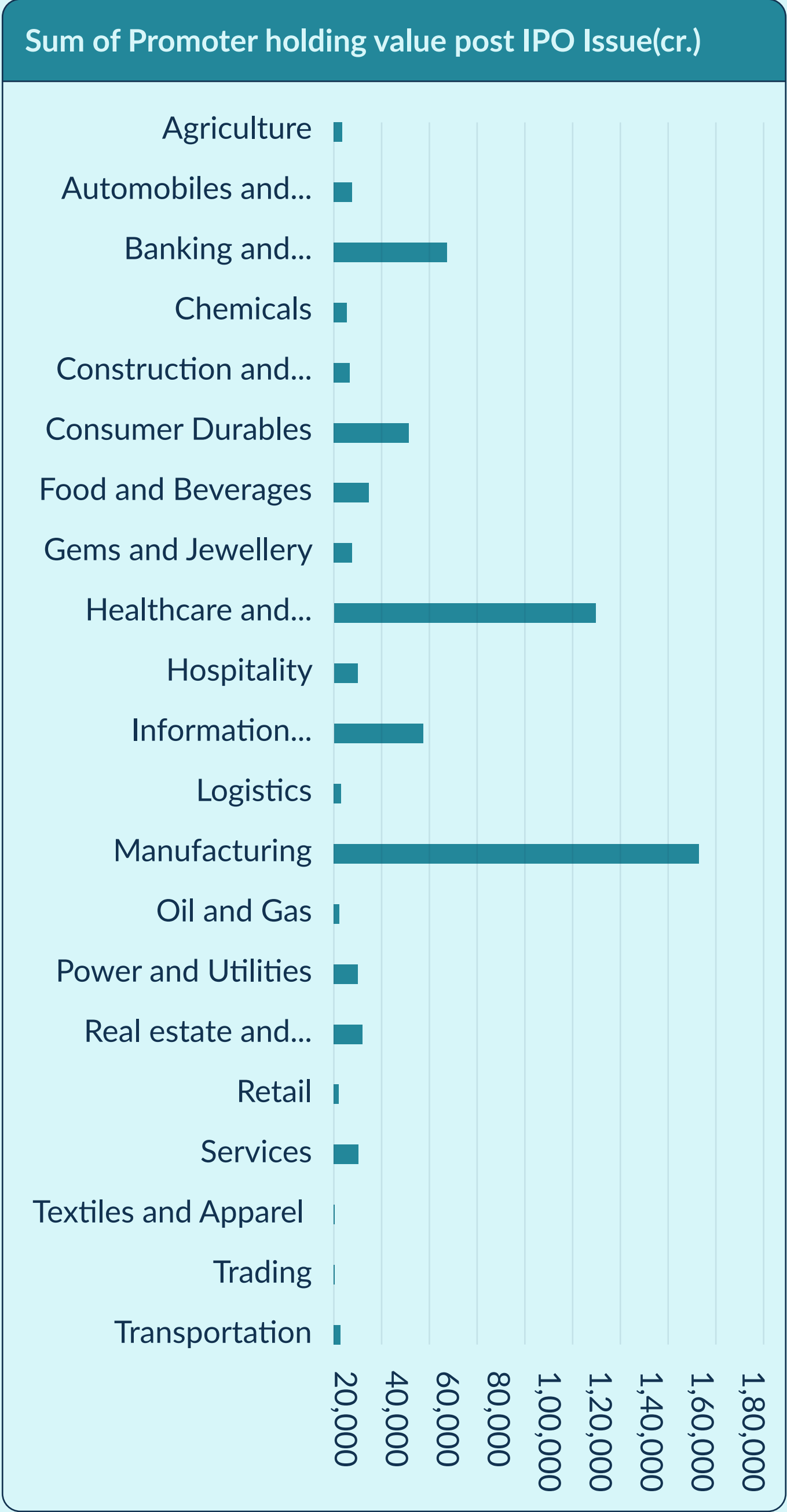


Practus Analysis: Key Sectors Driving Wealth Creation

The past few years have seen significant shifts in market dynamics. Practus found that OMCs listed on the NSE and secondary exchanges have achieved remarkable growth over the last financial year. Following their IPOs in 2023-24, founders collectively amassed INR 31,117 crore in total wealth, averaging INR 184 crore per company.

Another trend is the increasing number of OMCs that are going public and attracting investor interest. The success stories of companies like JSW Infrastructure, Senco Gold, Sula Vineyards, and Cello World have inspired other entrepreneurs to take their companies public.

| Industry | Sum of Promoters Holding Value post IPO Issue (Cr.) |
|---------------------------------|---|
| Agriculture | 4,022 |
| Automobiles and Auto Components | 7,021 |
| Banking and Financial Services | 47,207 |
| Chemicals | 5,326 |
| Construction and Real Estate | 6,362 |
| Consumer Durables | 31,035 |
| Food and Beverages | 15,198 |
| Gems and Jewellery | 7,138 |
| Healthcare and Pharmaceuticals | 1,10,051 |
| Hospitality | 10,593 |
| Information Technology | 37,857 |
| Logistics | 3,841 |
| Manufacturing | 1,53,850 |
| Oil and Gas | 1,497 |
| Power and Utilities | 10,679 |
| Real Estate and Infrastructure | 12,572 |
| Retail | 1,937 |
| Services | 10,145 |
| Textiles and Apparel | 840 |
| Trading | 979 |
| Transportation | 2,307 |



A closer look at sectoral wealth distribution reveals that:

Banking & Financial Services saw the highest wealth creation at **INR 51,352 crore**

Healthcare & Pharmaceuticals followed with **INR 10,641 crore**

Sectors Showing Highest Promoter's Gain since IPO – Top 5

| Sectors | % Growth | Absolute Growth in INR Cr |
|---------------------------------|----------|---------------------------|
| Banking and Financial Services | 169.59 | 51,352 |
| Healthcare and Pharmaceuticals | 35.14 | 10,641 |
| Chemicals | 24.34 | 7,370 |
| Agriculture | 3.9 | 1,180 |
| Automobiles and Auto Components | 3.41 | 1,032 |

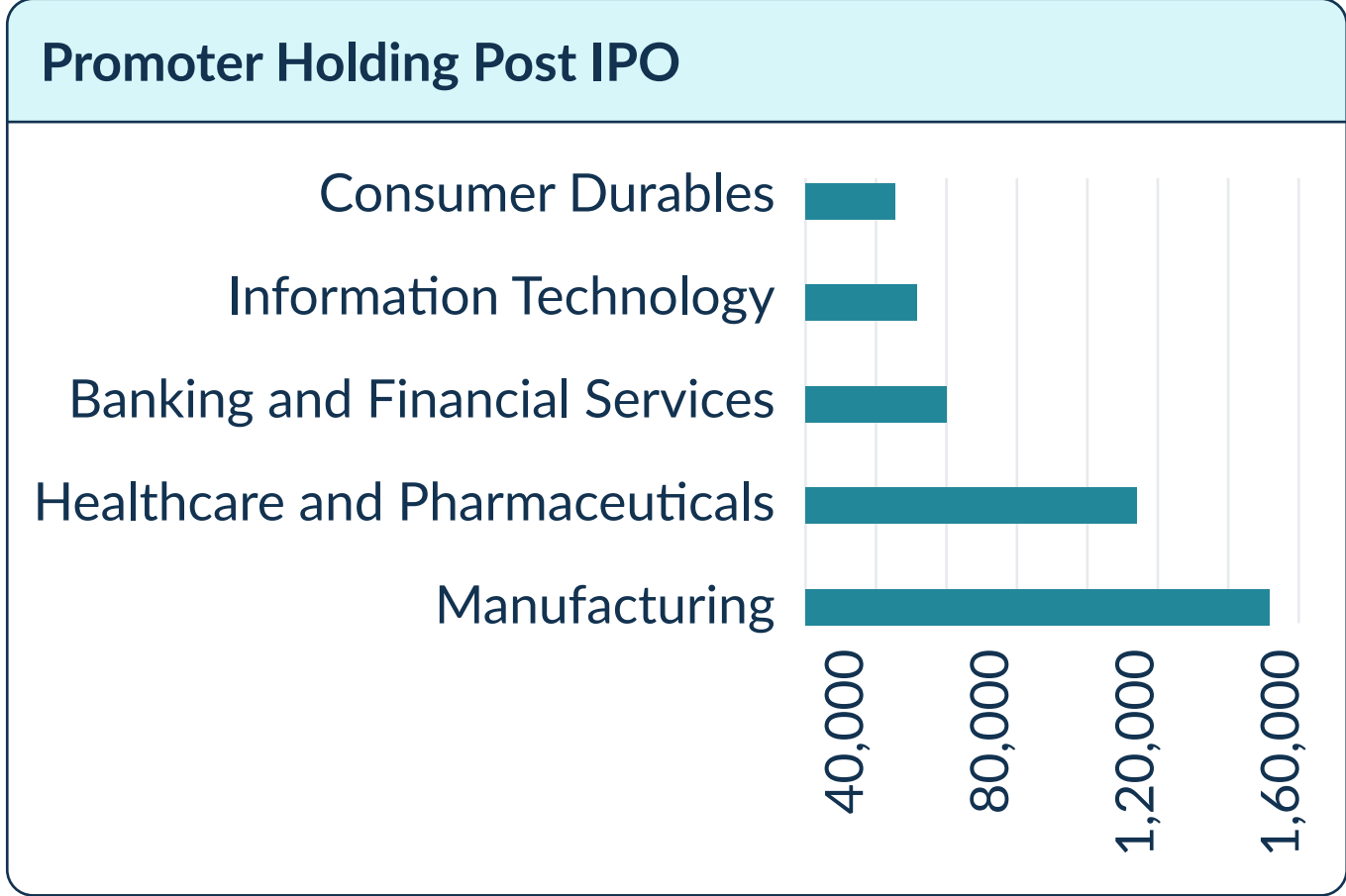
Owner-managed companies must ensure financial stability through a documented strategy, sound operational processes, and a strong management team. Our research found that promoter holdings have also witnessed substantial growth.

Promoters hold **INR 5,10,737 crore** in equity, averaging **INR 3,022 crore** per company.

It marks an increase from INR 4,80,457 crore at the time of listing, reinforcing the wealth-generating potential of IPOs. Manufacturing, healthcare, pharmaceuticals, and BFSI are the top sectors that contribute significantly to wealth creation.

Promoter Holding Post IPO - Sectoral - Top 5 - In INR cr

| | |
|--------------------------------|----------|
| Manufacturing | 1,53,850 |
| Healthcare and Pharmaceuticals | 1,10,051 |
| BFSI | 47,207 |
| Information Technology | 37,857 |
| Consumer Durables | 31,035 |



Here's what our research turned up:



The **manufacturing sector** alone accounts for an impressive **INR 158,391 Crore**, representing **31.22% of the overall wealth generated by OMCs**. The sector's robust growth is driven by innovation and efficiency improvements, allowing companies to scale operations while maintaining quality.



Healthcare and pharmaceuticals follow closely, generating **INR 117,203 Crore**, or **23.1%**, showcasing the increasing demand for advanced medical solutions and products. The sector has seen a surge in investments spurred by the global health focus and a commitment to improving patient care.



The **banking and financial services** sector also plays a crucial role, contributing **INR 50,507 Crore**, which constitutes **9.96% of the total wealth creation**. The agility of OMCs in this sector allows them to adapt swiftly to regulatory changes and customer needs, maximizing growth opportunities. Collectively, these sectors illustrate how OMCs harness their unique characteristics to thrive in competitive marketplaces.

Owner-managed companies can achieve sustainable success and generate significant wealth for themselves and their shareholders: generating a cumulative enterprise value of INR 8,08,065 Crore, founders' wealth grew by INR 5,07,284 Crore in the surveyed period. The founder's entrepreneurial spirit and experience give the company the ability to navigate market challenges by building a strong foundation, leveraging key differentiators, and analyzing and responding to market trends.

Challenges Faced by OMCs

Despite the impressive post-IPO gains, we found that the last 6-9 months have seen a sharp downturn, with promoter wealth declining by INR 47,370 crore due to falling share prices. On average, each founder has experienced an INR 280 crore erosion in their holdings.


Why?

Owner-managed companies are performing well but find it difficult to balance growth and maintain the company culture. They struggle between adopting an opportunity-led or a constraint-led view when planning for the future.

The market correction has primarily been driven by a 13.10% average drop in share prices, in turn attributed to:



FII Outflows & Liquidity Crunch: Foreign Institutional Investors (FIIs) have pulled capital amid US Federal Reserve rate hikes and the RBI's tighter monetary policy, leading to liquidity constraints in Indian markets.



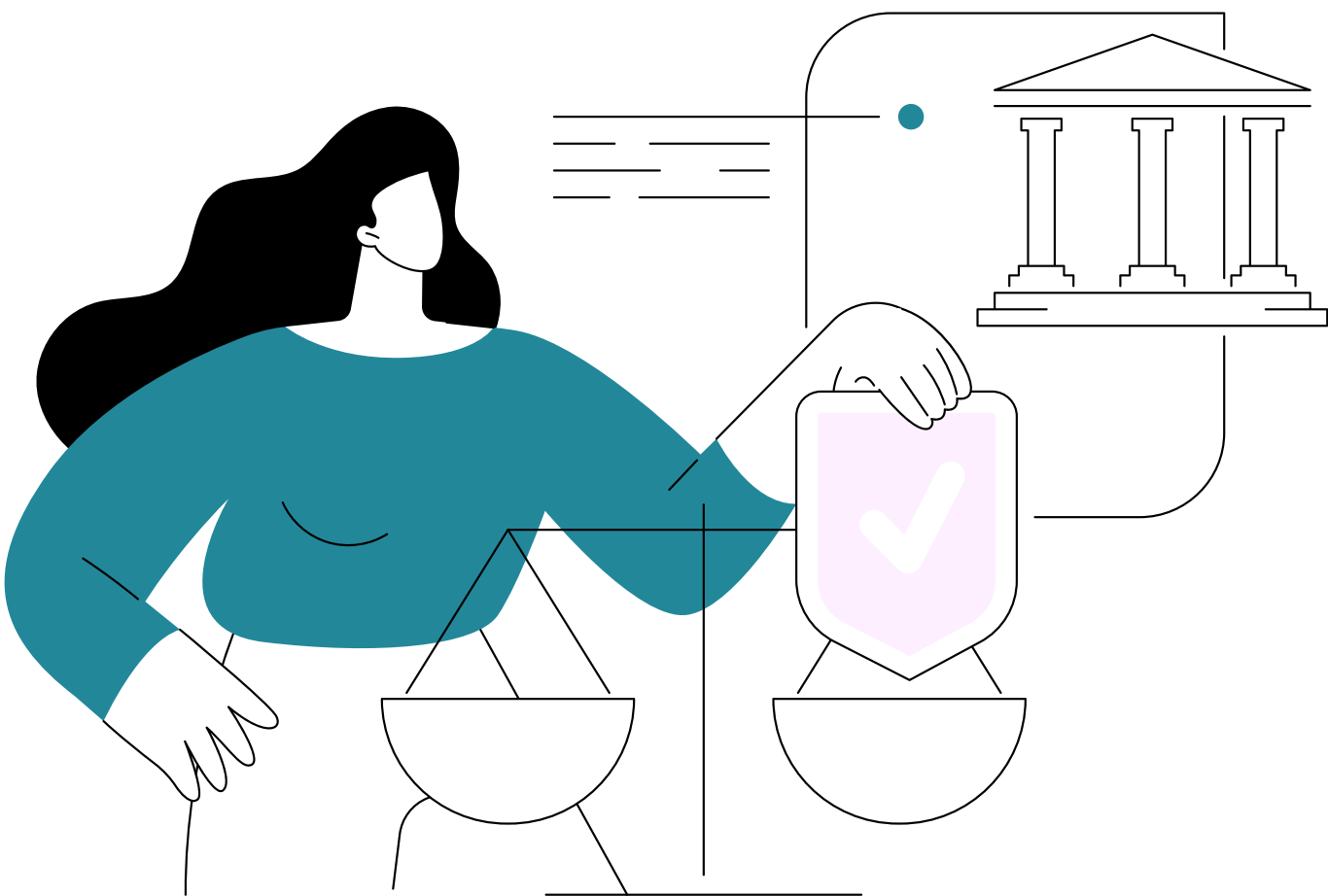
Post-IPO Correction & Sectoral Weakness: Overvaluation concerns, rising costs, and sluggish demand have led to stock price declines across various sectors.

An entrepreneur must have a forward-thinking mindset, focusing on exploring new markets and expanding product lines. However, it can also tempt owners to chase every perceived opportunity without adequate risk assessment. On the other hand, a constraint-led view prioritizes risk management and operating within resources. It can hinder growth potential and result in lost opportunities.

OMCs also struggle with succession planning as it is difficult to find a successor with the same level of knowledge and understanding of the business as the entrepreneur. Family dynamics, emotions, and personal relationships complicate hiring for leadership positions.

OMCs often demonstrate significant volatility in performance due to the owners' influence and involvement in decision-making processes. The founders have hands-on knowledge of the business and a close-knit company culture, increasing their responsiveness to market changes by taking calculated risks. It speeds up decision-making but can also lead to impulsive or emotional choices that may not always benefit the company.

The answer lies in managing volatility through checks and balances; this leads to wealth creation, sustained growth, and eventually, public listing.



Wealth Multiplication And Value Creation in OMCs

Owner-managed companies have a unique advantage over other businesses in creating wealth and value. They are agile and can respond rapidly to market changes. This prepares them to capture emerging opportunities and adapt to evolving customer needs.

Strategic Planning and Execution:

With the support and guidance of experienced consultants and investors, owner-managers can develop a clear and well-defined strategy for their business. They can use the guidance to set goals, identify key performance indicators (KPIs), and create actionable plans to achieve growth.



Identify Market Opportunities:

Gain a wealth of knowledge and experience in different industries and markets to identify potential opportunities for the company. It prepares the OMC to expand into new territories or diversify product offerings.



Access to Networks and Resources:

Investors, as mentors, bring vast networks and resources beneficial to companies. These connections can turn into partnerships, attract clients, and provide insights from experts.



Continual Innovation:

OMCs must continually innovate to stay ahead of competitors and meet evolving customer needs. Investors can guide market trends, help identify areas for innovation, and support implementation.



Focus on Scalability:

OMCs must create a scalable business model to sustain growth and generate significant returns for investors. With the proper strategy and execution, OMCs can achieve scalability while maintaining quality and efficiency.

Final Thoughts

Owner-managed companies must create value through consistent strategic scalability, customer focus, strong ethical standards, and building connections. For sustained success and wealth multiplication, they need to focus on building a strong foundation through strategic planning and implementation. Hiring professionals will bring fresh perspectives and expertise to guide decision-making and create a sense of purpose within the organization. It may take 3 to 5 years to see significant results, but it ensures scalability and profitability in the long run.

Key Coverage



It took ages to build, but these founders gained Rs 37,716 cr wealth within a year of IPOs

[Read more...](#)

THE ECONOMIC TIMES



Promoters earn Rs 5 lakh crore from IPOs in 2 years. But they may not like what's coming next

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Practus' study on Value Creation through IPOs by Owner Managed Companies, reveals a home truth that we have always known: meaningful wealth creation takes significant time, patience and perseverance. What is interesting is despite the IPOs, Owner Managers continue to stay significantly invested in their businesses.



S Venkat
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