

Reliance industries

There aren't many family business succession stories in the world that have dramatic intensity, human complexity, and governance lessons of Reliance Industries and the Ambani family. What started out as a modest textile trading business has developed into the biggest private sector company in India. It is a conglomerate that operates in petrochemicals, refining, telecommunications, retail, and digital technology. Its strategic choices have such a significant impact on the Indian economy. However, the journey from Dhirubhai Ambani's original vision to the current Reliance empire was not straightforward, peaceful, or free of a succession crisis that was so public, acrimonious, and structurally disastrous that it became a global case study of what happens when a founding patriarch fails to prepare for the inevitable.

In 1966, Dhirubhai Ambani established Reliance Commercial Corporation in Mumbai with almost little money, no connections, and no institutional advantages. He was born into a humble Gujarati family and worked as a gas station attendant in Yemen before coming back to India with the business acumen and unwavering determination that would characterize his life. His brilliance was strategic rather than technical; he had a close understanding of consumer psychology, financial markets, and Indian bureaucracy that no formal education could have given him. Through public offerings that generated true national excitement, he transformed millions of common middle-class Indians into Reliance shareholders, pioneering retail equity investment in India. Reliance was the biggest private sector company in India at the time of his death in July 2002. Dhirubhai Ambani had built one of the greatest business empires in Asian history — and left behind no will, no succession plan, and two sons whose rivalry would bring that empire to the edge of destruction.

When Dhirubhai's unifying authority was removed, the differences in temperament, vision, and strategic philosophy that had been repressed by the patriarch's presence erupted into one of the most publicly acrimonious corporate family disputes in Indian history. Mukesh Ambani, the older son with a Stanford engineering degree, had gravitated toward Reliance's core industrial businesses—petrochemicals, refining, and manufacturing; Anil Ambani, the younger son with a Wharton degree in finance. Due to the lack of a private mediation or governance framework, the brothers' nearly three-year struggle for control of Reliance was characterized by newspaper headlines, stock market speculation, and boardroom altercations, all of which contributed to the instability of one of India's most systemically significant businesses. To establish legal ownership, there was no will. Predetermined rules were not established by a shareholder agreement. The quarrel could not be contained within institutional borders because there was no family constitution. Dhirubhai was the only one who could have

stopped the succession vacuum that held all he had built over the course of four decades captive.

A formal Family Settlement Agreement that split the conglomerate along each brother's natural jurisdiction was mediated by their mother, Kokilaben Ambani, in 2005. The main petrochemical, refinery, and energy companies of Reliance Industries Limited were kept by Mukesh. Anil was given the Anil Dhirubhai Ambani Group, or ADAG, which included financial services, entertainment, power, and telecommunications. Direct competition between the two empires was prohibited by a legally enforced non-compete pact. The settlement, which was formal, organized, and enforced, was essentially the family constitution that ought to have been drafted years before to the crisis and created in an emergency rather than a preventive one. It ended the immediate battle, but it was unable to reverse the years of institutional immobility, shareholder worry, and reputational harm the fight had produced.

The two brothers' future paths clearly imparted the governance lesson. The most ambitious corporate transformation in Indian business history was carried out by Mukesh Ambani's Reliance Industries, which transformed from its petrochemical roots into a fully integrated technology, retail, and telecommunications behemoth. The pivotal moment was the 2016 introduction of Jio Telecommunications, which destroyed India's previous telecom market structure, added over 400 million users in less than three years, and fundamentally changed the nation's digital economy by providing free data and almost zero call prices. At the same time, JioMart joined the digital market as a direct rival to Amazon and Walmart, and Reliance Retail grew to become the biggest retail business in India. By 2020, Reliance Industries' market capitalization had surpassed \$200 billion, and Mukesh Ambani was the richest person in Asia.

Anil Ambani's path took a very different turn. Throughout the late 2000s, ADAG saw rapid expansion and accrued significant debt from purchases of infrastructure, power, and defense. The group's financial situation drastically worsened as international financial conditions tightened, and important projects failed to produce the returns expected by their debt structures. In 2019, Anil Ambani stood before a British court and declared himself personally bankrupt, claiming that his net worth had dropped to zero. Considering that he had been one of the richest people in the world only ten years prior, this declaration had enormous symbolic weight. A number of ADAG companies experienced debt default, regulatory action, and a sharp decline in their stock prices. The contrast between the two brothers—both heirs to the same empire, both educated at prestigious international universities, and both working in the same domestic market—brutally demonstrated how financial conservatism, strategic discipline, and governance determine outcomes that talent and inheritance alone cannot ensure.

In stark contrast to Dhirubhai's complete lack of preparation, Mukesh Ambani organized the third generation's succession with a structural deliberateness, determined never to repeat his father's defining mistake. He prevented individual successors from liquidating or dividing ownership holdings on their own by locking the family's primary shareholding within a centralized corporate trust structure. By giving each of his three children separate, non-competing business verticals instead of making them vie for a single seat of authority, he combined this ownership structure with a thorough family constitution, a legally binding governance document that ended internal rivalry. As chair of Reliance Jio, Akash Ambani is in charge of digital infrastructure and telecommunications. Reliance Retail's consumer and commerce strategy is overseen by Isha Ambani. The new energy and industries vertical is overseen by Anant Ambani. Each heir's relationship with the company and with each other is governed by a constitutional framework, a defined realm, and a defined mandate. Mukesh's wife, Nita Ambani, is the chair of the Reliance Foundation, which anchors the family's charitable endeavors in the same institutional framework that the Dell and Cathy families have employed to carry on their legacies outside of business.

With a force commensurate with its size, the Reliance tale imparts its lessons. The vision, risk appetite, and market intelligence of Dhirubhai Ambani's founding genius were truly remarkable; they deserve all the adjectives used to describe them. However, Dhirubhai only possessed one of the two traits—genius in construction and wisdom in succession. What he had spent forty years building was almost destroyed in three years of family strife due to his failure to draft a will, form a shareholder agreement, or establish any kind of governance structure. Mukesh Ambani has ruled in accordance with the lesson he personally learned. The Ambani empire only survived its succession dilemma since a mother's participation took the place of the document a father never authored, not because the governance was great. Because there is now a government, the third generation will live. The main takeaway from the entire Reliance story, as well as the main contention of this series, is the difference between survival by design and survival by chance.ⁱ

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