THE GIANT FORCE



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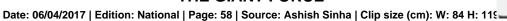


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chairman of Srei and the immediate past president of industry body ASSOCHAM. "We are also going to open a hospital in Mumbai soon. The Kanoria Foundation has made it possible to grow the business, while also focus-ing on our social commitments and duties," adds Hemant as we ease into an engaging conversation.

Srei is now inching towards completing three-decades in the business of infrastructure financing, infrastructure development and related business interests in projects such as roads, ports, telecom, power, rural infra-structure, housing, hospitality and healthcare. Under the umbrella of the foundation, it feels both business and projects for social benefits will get a boost.

But why put everything under one roof of Kanoria Foundation, we asked? "Continuity is very important for family-run businesses. The foundation lends solid governance to our diverse business portfolio. Also, we believe in Nishkam Karma (selfless work). Through the trust, we can plough back revenue into not only the business but also social work," says Hemant who began his ness but also social work, says remain who began his career at the young age of 17 when his father entrusted him with the independent charge of two family-owned flour mills located in West Bengal. But in the late 1980s, when the family exited the flour business, Hemant and Sunil joined forced and formed Srei.

Sunil joined forced and formed Srei.

Sunil has a similar take on the foundation. He says:

"The basic idea of forming the foundation was simple.

Institutions survive longer than any individual. Second, the foundation is built on a platform that allows professionalism especially professional entrepreneurs to enter and grow the business." As trustees, all brothers are required to manage the investments and not act as oper-ational managers of their respective areas of businesses. Sunil gives an example to explain the concept of 'professional entrepreneurs'. "Sahaj e-Village, which we started in 2007 to offer G2C (government-to-citizen) services in



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total capital cost of over Rs 7,900 crore that are completed/ under implementation in consortium with reputed domestic and acclaimed international partners under the public-private-partnership (PPP) framework. "We encourage our employees to act like entrepre-neurs," says Hemant, explaining how people are allowed to make mistakes. "But we also urge them to not sweep their mistakes under the carpet," the cautious entrepreneur adds revealing the strong review mechanism in the group.

Sound Performance

A glance at Srei numbers gives a glimpse into the unlimited possibilities of growth for most group entities. During 2015-16, Srei posted an income of Rs 3,262 crore and

registered a net profit of Rs 72.52 crore. Its consolidated disbursements during the period stood at Rs 14,533 crore, a growth of 15.84 per cent over Rs 12,546 crore in 2014-15. The total consolidated assets under management (AUM) for FY16 was at Rs 36,702 crore. It is expected to close 2016-17 with AUM of over Rs 37,500 crore. "Taking cognisance of the macroeconomic sce-

nario, the management consciously adopted a cautious approach and exercised extreme prudence in its disbursements. The quality of loan portfolio has been con-sistently improving and stressed clients are being closely monitored towards prudent recovery," said Hemant in the latest annual report of the company. Disbursements recorded by the equipment financing business in FY16 stood at Rs 9,158 crore, whereas that for project finance was reported at Rs 5,374 crore

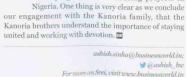
The group revenues accrue from three verticals - fundbased businesses, fee-based businesses and investments

— were mixed. The income from fund-based businesses increased by about 6 per cent from Rs 2,945 crore in 2014 15 to Rs 3,119 crore in 2015-16. The company's fee-based income was Rs 50 crore in 2015-16 as against Rs 161 crore in 2014-15. The contribution of fee-based income in total income was about 2 per cent. Income from investments

was Rs 6 crore in 2015-16 as against Rs 57 crore in 2014-15. "Income from investments would vary from year-to-year as these would depend on the timing of the sale of such investments," the company said. Equipment rental income contributed Rs 34 crore to the total income in 2015-16 as against Rs 152 crore in 2014-15. The group's non-core income increased by about 18 per cent from Rs 45 crore in 2014-15 to Rs 53 crore in 2015-16. Simply put, in terms of the total loan book per se. Rs 18,700 crore is in equipment financing and about Rs 14,000 crore in project financing, Sunil had said in May last year.

In the coming months and years, Kanoria Foundation is evaluating its plans of adding more hotels, hospitals, education institutions and what not. Also under works are plans to gradually exit or considerably reduce its existing holdings. "Investing in technology is a priority area for us. In our business of equipment finance, we see technology playing a bigger role," says Hemant. On the other hand, Sunil is happy that his son Anant Raj Kanoria has taken the flag of Kanoria Foundation overseas. Anant, who heads the international business for Srei, is developing affordable housing projects in

Kanoria brothers understand the importance of staying united and working with devotion.





"The deal enhances IPCL's ability to expand energy access to rural households"

RAGHAV RAJ KANORIA Director, IPCL