

IN CONVERSATION

'We Should Know Our Dharma and Do Our Karma'

HEMANT KANORIA, a trustee of Kanoria Foundation and also the chairman and managing director of Srei Infrastructure Finance tells ASHISH SINHA how the foundation makes sense for his family business empire. Edited Excerpts:

Please explain the rationale behind Kanoria Foundation.

As a family, we have been in business for a very long time. Continuity is very important for family-run businesses, therefore, we decided to give it a structure by bringing all our businesses under Kanoria Foundation, which works as a trust. Through this trust, we are now ploughing back the income into not just the businesses but for social work too that we do under Kanoria Foundation. We run schools, hospitals, and hold healthcare and spiritual conferences, among a host of other activities. As a foundation, we have incorporated the philosophy of Hinduism and our scriptures

that talk about healing body, mind and soul. We should know our *Dharma* and do our *Karma*. That is the underlying objective of our businesses, the philosophy, the ethics and the stakeholder's responsibilities. And as custodians of the business, we should know how we behave not only for today but for the next generation that is gradually coming into the business.

When was the idea conceived and how long did it take to implement it?

The idea came six to seven years ago. It took us some years to put together all the shareholding of various companies and business entities into the trust. Today, no family member individually owns any share in the companies. We have a strong governance at the foundation. There are trustees who take decisions on investments, etc. From the foundation, a certain amount of money goes into social work too, while a small percentage goes to the family members for their expenditure. But most of the money is redeployed into the businesses. The trust was formed in 2014. Now almost all companies

are under Kanoria Foundation. From the corporate governance point of view, each company has its own board. Then there are management teams above them, and then the trustee's themselves. Most companies are governed through this three-tier model of governance under the trust. The broad idea of the foundation is also to contribute towards nation building and the society. Family is just one aspect of the foundation.

Was centralised governance the sole driving force behind it?

There were two reasons. Our family has been in business for over 200 years. But when we look back, no business has remained in operations for the past two centuries. Why? What went wrong? Ages ago, we moved from Rajasthan to Bihar, then to Kolkata, and at each place, the family had businesses. Outside India, we find several business families that have been running their businesses for hundreds of years. We asked ourselves why we can't do it here. The idea was deliberated within the family. The discussions

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were much nuanced. Finally, we put in a structure in place. And for the past three years, since it has been operational, there have been a lot of deliberations, evolution, thinking and fine tuning. The trust provides for a lot of freedom, but the basic tenets of its constitution cannot be questioned. A lot of the philosophy has been borrowed from Hindu mythology. For example, the logo is of "samudra manthan" (which depicts team work) and the tag line is "Work with Devotion" (selfless work leads to working with devotion).

What are the demerits of running a business via a trust?

This structure has a lot of freedom built into it. Any order or structure largely leads to good work. At the helm of affairs, within the foundation, there are democratic ways of arriving at decisions. That lends

both flexibility and freedom. Our spirit is entrepreneurial. Therefore we back any new idea that adds value for customers. We work with the philosophy that every employee is an entrepreneur.

What's the roadmap for the next three to five years?

We have been in business for 27 years as Srei Infrastructure. We have been financing infrastructure-linked projects, equipment, etc. all through these years. Over a period of time, we have widened our scope of business across construction finance, mining, healthcare equipment, IT equipment, agriculture equipment, project financing of roads, power, ports, hospitality, and township business, among others. Unlike several other companies that have exited infrastructure-related businesses, we have built businesses

that will last. Institutions can be there beyond our life span. And that is the philosophy with which we are building the business.

Please share your learnings from failures over the years.

Over the years, we entered some businesses that left us bruised. For example, we went into broking and then came out of it. Then went into financing of consumer durables, and came out of that too as well as truck financing, car financing, etc. We found that it was not in our DNA to add value to these businesses as a lot of people were already doing that. Going forward, the aim is to provide a value proposition to our customers. We do not wish to be in a "me too" kind of business unless we can add value. 

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