

Twenty five years ago, siblings **Hemant** and **Sunil Kanoria** ventured into the Indian infrastructure space and set up an equipment financing organisation, Srei Infrastructure Finance Limited (SIFL). Today, the chairman and vice-chairman of Srei, as it's commonly called, find themselves heading one of the largest Indian non-banking financial corporations with global reach. In the last two and a half decades, Srei's total assets under management have climbed close to USD 10 billion, and it has emerged as one of the few Indian companies to be listed on the London Stock Exchange. Expanding both vertically and horizontally, Srei has also diversified into infrastructure financing in various sectors such as roads, ports, telecom, water and aviation. Talking to **MARWAR** on the occasion of their silver jubilee celebrations, the brothers discuss their leap in the dark, how they are still learning by collating experiences and their vision, which has been more about continuing development than about numbers.

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WHEN HEMANT KANORIA HAD SET UP SREI Infrastructure Finance Limited jointly with younger brother Sunil, fresh off his CA in 1989, it was to "do something exciting". So, armed with their common zest for adventure and a gut instinct, albeit with a limited knowledge of premier infrastructure, the brothers blithely entered the world of equipment financing. Little did they dream that 25 years hence, Srei would emerge as one of the pioneering forces in the infrastructure sector.



THE ACCIDENTAL TYCOONS

Hemant (left) and Sunil Kanoria

The advantage that Srei had back then was that those early days were as much a learning curve for the nation as they were for those in the infrastructure space. Being a pioneer meant that both India and Srei were largely traversing an unknown path and that both would grow and evolve together with the passage of time. A few years later, around the Eighth Five-Year Plan (1992-97), the potential of the private sector and public-private partnerships would assume focus, but when the Kanorias started out, all that they could do was trust their instincts. Hemant vividly remembers the time they made their first IPO, for a nominal amount of ₹2 crore 30 lakhs. It was oversubscribed by three to four times. "We thought it would never happen as the first time is always difficult, and in 1992, two crore wasn't a princely sum. But after that we were able to raise more funds and grow because we were fortunate enough to have a large number of people believing in us," Hemant says softly. Since then, with their growth trajectory, they have "lost count" of their milestones.

The journey that started with financing construction and mining equipment projects gradually spread to infrastructure project financing and investment. Foreign financial institutions, like the German DEG, Dutch FMO and IFC Washington, a member of the World Bank Group, invested as strategic equity partners, as early as in the mid '90s, providing a huge boost but it was only the beginning. Spotting a gap in the market in 2002, they launched Quippo, an equipment bank that would rent out idle or unutilised fleets, and thus generate a sustained stream of revenue where there was none, apart from offering a number of value-added services to various sectors in India and abroad.

According to Hemant, this knack of spotting and grabbing an opportunity is what makes the Marwari community prosper. "If you think about it, Rajasthanis moved to many parts of our country and they made it very big," he says. This affinity to explore hitherto uncharted territories, much like their foray into infrastructure, is not just for the thrill, but because scoping out fresh prospects has always come naturally to every Marwari businessman.



Keeping pace with the telecom revolution, they set up Quippo Telecom Infrastructure Limited (QTI), India's first independent telecom infrastructure company in 2005, only to enter into a joint venture with the Tata Group in 2009 and subsequently become one of the largest independent tower companies in the world. Then, in 2007, came Sahaj e-Village Limited, their rural e-governance scheme that caters to the 280 million who make up 37 per cent of India's rural population. In 2008, the French equipment leasing behemoth and European leader BNP Paribas Leasing Solutions joined hands with them to form Srei BNP Paribas just before the global financial crisis.

So what did Srei bring to the table that led to these world-class alliances? Their understanding and knowledge of the domestic market apart, it was their "hard work, honesty, and intention to create a value-driven institution for our society and nation" that convinced the collaborators, according to Hemant. Sunil concurs: "We were selling our dream and it was our earnestness to make changes on the ground level that tilted the scales in our favour. We never made bones about confessing that we were far from perfect." On the

Clockwise from below: Aroon Purie, Prithviraj Chavan (CM of Maharashtra), President Pranab Mukherjee, M J Akbar and Hemant Kanoria at the India Today State of States Conclave, 2011; Martin Graham (Director-Market Services, London Stock Exchange) with Hemant; Congressman Jairam Ramesh and Virbhadra Singh (CM of HP) with Hemant and Sunil



contrary, they admitted humbly that they would "definitely" make mistakes, given the nascency of the sector in India, but that the associations would be crucial learning experiences, he says. However, both brothers are quick to add that they weren't always successful; there were times when they tried to convince international institutions that they were best suited for the job but it "didn't happen". But if Srei is known for anything, it's for overcoming their weaknesses. Instead of giving in to disappointment, their strategy has always been to go back to the drawing board, analyse the reasons for their failure and make fresh attempts towards achieving their goal. "Mount Everest is there to be scaled but not everyone climbs it," says Sunil.

However, the path forward depends hugely on the government's ability to simplify complex regulations and bring about reforms. "The lack of clarity of policies in the last five years have derailed improvement," laments Sunil, who thinks that the massive damage caused by poor regulations and corruption will take at least two to three months of good governance to start healing. Laws need to be based on the fundamental principle of trust instead of mistrust, says Hemant, adding, "It's important to create a nation where politicians, bureaucrats, industrialists and citizens can all trust each other. An enabling environment needs to be created for any kind of development." The idea is to pick up something pioneering, scale it up step by step, and "build a value that is sustainable" as opposed to just a product which they want to sell, as Sunil puts it, so that future generations can benefit from it.

The allusion brings their children to mind. While Hemant's daughter, Siddhi, is married and his niece, Avani, is pursuing architecture from the University of California, his son, Raghav, and his nephew, Anant, have already been initiated into the family business so that they are "just not left alone to loiter". This is the common thread running through most Marwari households where children are initiated into



Clockwise from top: Hemant with wife Madbulika; Sunil with wife Sunita; Hari Prasad with wife Champa Devi





Quoting Paulo Coelho, Hemant says, “Ultimately, when you want something, all the universe conspires in helping you to achieve it.” The romance of the notion jars with the shrewd business acumen of the Kanorias, but perhaps that’s what sets them apart from the rest.

Sunil and Sunita with their son Anant and daughter Avani

businesses alongside studies. Twenty-three-year-old Raghav, who is in his final year of chartered accountancy, had been attending meetings and seminars with elders before he chose to pursue the power business. Sunil’s 24-year-old son, Anant, is actively looking at the group’s expansion overseas, specifically in Africa and the Middle East. “I encourage people to constructively use their time, which I consider precious,” says Hemant. By now, I know that for him, it is not about simply making money but doing something innovative, enterprising and meaningful. In a somewhat steely voice, he adds, “I simply don’t like the attitude of some people who feel that they have no need to work because they have enough money.” And suddenly, I catch a glimpse of a sterner man, but it disappears as quickly as it appears.

However, where do they stand when it comes to the age-old dilemma of Marwari households: Should they trust their children to pursue their own dreams or would they expect them to join the family business? The answer comes swiftly from Hemant. They are encouraged to pursue their own dreams, but the important thing is to be in a position to contribute to society. They must always use their resources to do good, and work honestly and hard. The answer rings true. After all, while one of their brothers, Sanjeev is a UK-based liver transplant surgeon, youngest brother, Sujit, is into hotels and townships; and while their sister, Manisha, runs a school, their father, Hari Prasad Kanoria, runs an institution and a business magazine. The Kanorias are simply not the sort who can be grouped under a single umbrella, except when it probably comes to the values that they uphold.

“What’s great about a very large joint family like ours is that one can learn different values from each person. When you grow up in a joint family, you learn to enjoy sharing, giving and accepting, with grace,” says Hemant, his tone softening as he adds that “it was always a celebration than simply living together under one roof”. Like most Marwari families, values like simplicity, humility and hard work were stressed upon in the Kanoria home as well.

When asked about the practicality of it all, he says that the Kanorias had gathered in the spring of 2013 to find a way to maintain the high standards that they had set for themselves as a family. That was when they realised that, like organisations, their family ideals could also last for generations if they adopted a structure. Gradually, they started working towards this end by building a ‘family constitution’. “Just like a company has its board of directors and a memorandum of understanding, our mission, ethos, value system and how we should function too have been documented so that we don’t lose sight of it after a certain point in time,” he says.

Clearly, the Kanorias are serious people. Serious about family, development and business, and they have no qualms about mixing business with pleasure. “In the culture we come from, because we belong to a joint family, everyone has different kinds of expertise, and so it’s the best place to learn how to work as a team. When you take it to a formal space, the things you can do with it are astounding,” Hemant says. It allows them to branch out naturally too. For example,

venturing into health care was a smooth process, thanks to Sanjeev who will be in charge of Suasth, a new hospital which will be commissioned in 2015 in Mumbai.

Ask them why they chose to base themselves in Kolkata, and pat comes the reply: “There’s warmth here, friends and relatives here, and it’s a good place to work,” he says, adding, “Kolkatans have both heart and mind, and their culture is pervasive. There are no disadvantages while the advantages are many: there are intelligent, educated professionals here, the living environment is better ... lots of greenery, clubs, great educational institutions ... and since the city is not expansive like Mumbai or Delhi, commuting isn’t back-breaking.”



Champa Devi with her grandsons, Anant and Raghav

The Kanorias moved from Mahindergarh in Rajasthan (now in Haryana) to Munger (Bihar) and finally to Kolkata when Hemant and Sunil’s father and family patriarch, Hari Prasad Kanoria, enrolled in Presidency College in 1957. Although they do go back to their village, particularly to its temple for rituals or certain pujas on select occasions (for example, when a child is born), Kolkata, where they have been living for three generations, is home.

Having grown up in Alipore, the posh residential locality that houses some of the richest Marwaris in the country, all the brothers were schooled in La Martiniere for Boys, that most elite of Kolkata schools which infused the love of sports in them from a young age. Sunil, till recently, played tennis regularly at the famous Tollygunge Club, while Hemant still tries to not miss out on running in the green stretch opposite Victoria Memorial or playing some squash when he

finds time. Like any Bengali, Hemant, too, loves his tea with samosas and *muri* although the famous street food, *phuchkaa*, essentially a Bengali version of pani puri, is where he would draw the line.

How do they feel about the West Bengal government’s stand on industry? “The last five to six months have seemed hopeful. After the elections, things are likely to improve. Growth in Bengal is, no doubt, slow though it did show some promise from 2002 to 2005-6,” says Sunil. However, that didn’t deter the Kanorias from investing about ₹10,000 crores in Bengal. It may be pure business but as I hear Hemant defending Kolkata, I can’t tell anymore. Like a true-blue Kolkatan, his voice had swelled up with pride when he had insisted that “despite initial hesitation, no one—be it from south, north or overseas—wants to leave Kolkata and although we have a hundred offices, the best performing office is here”.

The epitome of modesty, the brothers honestly believe that their growth in the last 25 years is a collaborative effort and that they are still learning. “Teamwork is very important to us, whether at a family or organisational level,” Hemant says, after a reflective pause. Slipping into easy chatter again, this time quoting Paulo Coelho, he says, “Ultimately, when you want something, all the universe conspires in helping you to achieve it.” The romance of the notion jars with the shrewd business acumen of the Kanorias, but perhaps that’s what sets them apart from the rest. Their desire to help others and not merely themselves is hard to miss.

This year, Srei’s annual conference and programme is obviously more special than the others. Additionally, it was made sweeter with their recent slew of victories, including the RBI go-ahead to set up a minimum of 9,000 white label ATMs (through their Sahaj network) in the next three years in rural India and their successful entry into the telecom infrastructure space in Myanmar. Ask them if they had ever imagined that Srei would have the best of partners or become an infrastructure giant that would bring about groundbreaking changes in the sector, and their answer is the same: “Never!” They also feel like they have only scratched the surface; there is much to be done. “We have a huge population of youth who have dreams in their eyes. What matters the most is participating in the growth of the country,” spells out Hemant.

However, the nature of their field is such that the result is not always dependant on them. Sounds risky, pouring in all that money, doesn’t it? “Do your duty, results will follow,” Sunil quotes the Gita, and I have nothing more to say. *