Food caFE R THYAGARAJAN

A man of minimal needs

He is the founder-chairman of Shriram Group, which finances 20-25% of India's trucks. But **Sushila Ravindranath** finds he doesn't have a cell phone and holds less than 3% in his listed companies

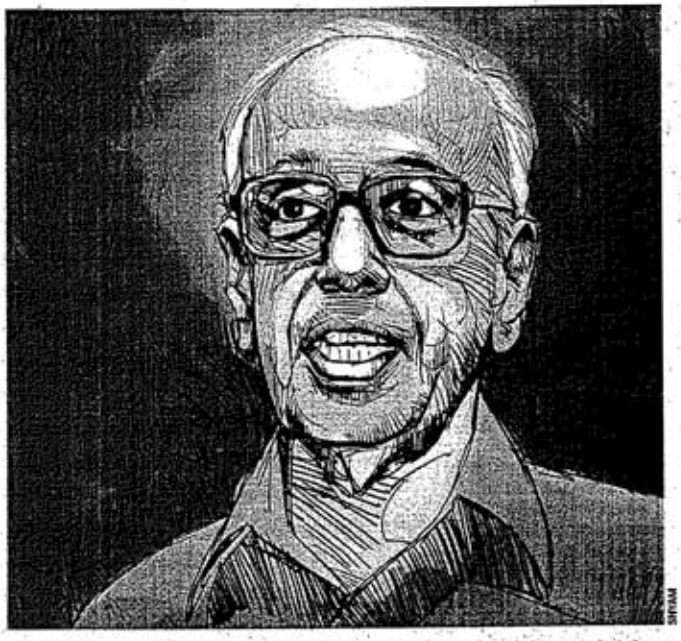
R THYAGARAJAN, founder and chairman of the Shriram Group, has lunch at 9.30 in the morning. He doesn't eat the rest of the day till he has dinner, preferably at home. He makes an exception occasionally, and he agrees to have lunch with me at Dakshin, the South Indian restaurant at Park Sheraton, Chennai. Need I say he is a strict vegetarian? We agree to meet at 12:30 pm. Thyagarajan is so low profile that many may not be aware that he founded the group in 1978 with ₹100,000—ten friends put in ₹10,000 each. Today, it has nearly ₹45,000 crore under management and employs one lakh people. What started as a small chit fund operation has expanded into one of the largest chit fund companies in the country. From chit funds, the Shriram Group has grown into a well-diversified conglomerate that is in truck financing, personal financing, life and general insurance, investments in manufacturing, pharmaceuticals, information technology and property development.

As we are walking towards the restaurant, I ask him whether he had a vision when he started out in such a small way, that one day he would be guiding a ₹50,000 crore group. "Certainly not," he laughs. Is he being modest? Thyagarajan says he does not believe in false humility or false modesty. But he is truly a man of minimal needs. He drives an Alto, didn't own a house till 12 years ago and holds less than 3% in his listed companies. He doesn't have a cell phone either. "Everybody around me has a phone. I can always use theirs."

Thyagarajan has set up a trust that will offer profits and equity to employees who helped the group build its different businesses. All the executives who have participated in the growth of the group business will be beneficiaries of this trust. "This is one way of making executives own their group." Some 33 employees are now beneficiaries of the trust. They more or less own stakes equal to the 2.5% owned by Thyagarajan himself. The trust will expand by inducting more employees selected by a panel of experts. He does not see himself as first among equals but one among equals.

We find our table at this popular restaurant, tastefully decorated with Tanjore paintings and South Indian art and crafts. There are two violinists playing gentle melodious Carnatic music. We ask for chilled tender coconut water laced with fresh mint leaves. So, what is the story behind this phenomenal growth? "Maybe I was good at survival. I could find solutions during difficult circumstances." Shriram emerged unscathed during the end of the 1990s when NBFCs were falling like nine pins. It never defaulted on a payment and did not lose its deposit base either.

With tender coconut water, we are served many sinful but to-die-for crispy starters. We then decide to go for Dakshin's quite fabulous vegetarian thali that has various vegetable, rice and dosa varieties from all the four southern states. It makes the process of decision easier. Thyagarajan tells me that the chit fund business was not easy. The margins were wafer thin. A bunch of aspiring entrepreneurs went into it without quite knowing the business. Thyagarajan was a senior executive with New India Assurance. Having got into chit funds, Thyagarajan learnt to manage it, build it further and work on the advantages that can be derived through customers and agents. In that process, many close relationships were built.



SHRIRAM

Shriram emerged unscathed through the 1990s while other NBFCs fell like nine pins. It never defaulted on a payment and did not lose its deposit base either

"We then realised that there was a real need for commercial vehicle financing. Handled properly, it is also a very safe business to be in."

The banks lacked the infrastructure to evaluate credit risk in financing truck purchases, especially of second-hand ones. Money lenders had a field day charging uxorious rates. In 1979, Thyagarajan set up Shriram Transport Finance Company (STFC) to address this market. Today STFC, with ₹45,000 crore in assets, is not just the flagship of the Shriram Group but India's largest asset-financing NBFC. It finances almost 20-25% of the trucks in the country.

Shriram City Union Finance was set up in 1986 and started operations in truck financing. In 2002, the company discontinued the truck financing business as that business was consolidated into STFL. It now finances consumer durables, two-wheelers, three-wheelers, personal loans and small and tiny businesses. "It is really like a medium-sized private bank. The biggest loan amounts to ₹10 lakh. We don't want to get into competition with the banks." Thyagarajan insists that a business should look at what value it is adding to the community. "Large and attractive customers are not our target market. Shriram City Union borrowers are the same borrowers as those of the chit fund. We don't want to make money through smart deals."

I am struggling not to waste too much food, with offerings in the thali being huge. Thyagarajan, though enjoying the food, eats sparingly. He tells me how Shriram group got into insurance. When the insurance industry opened up chit fund operations, the group found itself losing agents and staff to this business. The executive running the business in Andhra suggested that the group should get into insurance. The life insurance business was launched in collaboration with Sanlam of South Africa. A few months later, Shriram went into general insurance too. The next big project is banking, if RBI grants it a licence. Thyagarajan has very clear ideas about the kind of bank he would like to set up. "We will take the responsibility of fulfilling our social objectives seriously. We will be dealing with that class of customer to whom credit is not available in mainstream banking. We can do it."

Over coffee, I ask him about his role as an angel investor. He has been quietly helping people who come to him with good ideas including employees seeking to set up business. Whenever he has spotted a technocrat with a vision, he has backed him unconditionally. He does not see the need to publicise such ventures. He just says that one should not fear failure. Then we go on to discuss his love for Carnatic music and his devotion to violin maestro Lalgudi Jayaraman. "I admire excellence." Thyagarajan has been a patron of music, which is well known in Carnatic music circles. As we are leaving, I discover a little known fact about him. "I have listened to Western classical music for many years. I just don't understand it as well as I do Carnatic music."