

Jindals Plan a Family Foundation

The Jindal brothers of the \$15 billion OP Jindal group, are planning to set up a family foundation fund. The proposed fund will protect family interests and ensure continuity for the next generation members. Each of the four brothers - Prithviraj, Sajjan, Ratan and Naveen - will contribute equally to the fund corpus which will initially have Rs. 1000 to 1500 crores. A part of the corpus would be assigned for lending to group companies passing through financial stress. The group already has a family charter that permits the four brothers to run independent businesses under the overall family umbrella. Each of the brothers has a minority stake in the others' companies. While the existing charter keeps the present generation bonded together, the foundation will ensure that this bonding continues in future generation.

The foundation will ensure that the interests of the next generation are safeguarded and capital is made available to start new businesses, for which about half of the corpus will be earmarked. The foundation will be managed through a professional trusteeship firm. The main objective behind the move is to permit the new generation members an avenue to pursue their interests while ensuring a safety net for the troubled firms within the group. Commenting on the plan Kavil Ramachandran, Thomas Schmidheiny Chair Professor of Family Business and Wealth Management at the Indian School of Business, said, *"I expect it to work like a private equity fund with very clear governance principles and strong professional approach which will be required to avoid pressures from family units. This will be another way to address the functions of a family office."*

Source: Hindustan Times, December 9, 2014