

The Times of India**Title : Promoters, early investors re-board their companies****Author : Allirajan M****Location :****Article Date : 01/20/2015**

Promoters and early investors are re-boarding companies that they took on the growth path with gusto.

Even as co-founder of Spicejet, Ajay Singh, is busy reorganising the business of the cash-strapped airline, original promoters of Integra Software Services have increased their stake and early investors in NewGen Knowledge Works have made a comeback.

US private equity (PE) fund Carlyle has reinvested in Chennai-based NewGen, a content management and technology solutions provider across digital media after just three years. Carlyle, which first invested \$9.3 million for a majority stake in NewGen in 2004, more than tri-pled its investment when it exited the firm in 2011.

Carlyle, which sold the stake to Franklin Templeton, e-Planet Capital and Aureos South Asia, has bought it back in December 2014 for around Rs 200 crore. The US PE fund now has 55% stake in the company . Ajay Singh is learnt to be in talks with investors to infuse Rs 1,500 crore to revive the ailing Spicejet.

Baring PE fund sold its majority stake in Integra Software Services to a consortium of investors led by promoters, friends and associates in December 2014. Sriram Subramanya and Anuradha Sriram, the original promoters of Pondicherry-based Integra, a publishing BPO (business process outsourcing) firm, along with their associates, acquired the entire controlling stake held by Baring in the company through a competitive bid process. Baring had acquired a controlling interest in Integra for Rs 70.85 crore in October 2006.

While promoters are reconnecting with the companies they founded due to emotional connect, early investors are making a comeback as they are familiar with the business, experts say . “Familiarity with business and confidence in promoters drive a comeback in the case of investors,” says C Venkat Subramanyam, founder-director, Veda Corporate Advisors, a mid-market investment banking firm that was involved in the CarlyleNewGen deal.

“It is a good sign. They (promoters/investors) believe there is some fundamental strength in the company ,“ says Arun Natarajan, managing director, Venture Intelligence. Investors make a re-entry as they know the company quite well and had made a profitable exit in the past, experts say . “Promoters have an emotional connect. But investors believe in trusting a known entity rather than backing an unknown angel. It is based purely on financial considerations,” say observers.

Such comebacks however would remain a rare phenomenon in India, say experts.

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