

PROMOTERS INVEST PERSONAL FUNDS IN STOCKS

No Pack Rats: Fat cats take to D-Street



Vinod Mahanta & Javed Sayed

NEW DELHI

WORLD OVER the rich do it, and now Indian HNIs are taking to it. Promoters of leading Indian companies are buying equity in other companies in their individual capacity. Max India's Anil Singh recently joined the likes of Azim Premji, Burmans, Jerry Rao and some smaller entrepreneurs such as Bazeel's Avnish Bajaj, who have all made investments in their personal capacities in recent months. Last week, Max India chairman Anil Singh acquired a 7.58% stake in Hutchison Essar for Rs 792 crore.

"The investment opportunity is good. I understand the sector. I know the company and the people involved in it. Max India does not need the cash and this investment does not in any way interfere in my involvement with Max," Mr Singh told ET.

Incidentally, Max India owned 51% stake in Hutchison Max, the original avatar of Hutchison Essar.

Analjit Singh latest example

► From Page 1

MAX INDIA has netted over Rs 1,200 crore through two sales of holding in the company.

Mr Singh's personal investment in Hutchison Essar is only the latest example of a growing trend in India's promoter families.

Over the last few months, the Premji family, which recently hired a personal wealth manager, picked up 4% in Himatsingka Seide. Jerry Rao bought a stake in hotel company, The Royal Orchid Hotels, for an undisclosed sum and Burmans acquired an 11.2% stake in Punjab Tractors for Rs 145 crore in November. The Burmans also have investments in ABN Amro Securities, Lord Krishna Bank, and Fidelity Mutual Fund Management.

Some entrepreneurs who sold their stake in companies they founded, have also invested in new ventures such as Bazeo founder, and now Ebay India CEO Avnish Ba-



Analjit Singh: Global Play

jaj, who along with co-founder Suvir Sujan has invested in Mumbai-based LPO Pangea3.

There have been instances of entrepreneurs investing in other businesses in their indi-

vidual capacities with Shiv Nadar's personal investment in NIIT being a prominent example. However, with stock markets and valuations reaching an all-time high and promoter wealth growing by

leaps and bounds, this option is becoming more attractive.

Soaring valuations have also prompted some promoters to dilute their holdings. Over the last two years, Azim Premji has diluted his holding in Wipro from 83.88% to 81.73%. Last year, the Burmans reduced their holding in Dabur India from 78% to 76.7% and Jerry Rao sold 20.82 lakh shares of Mphasis in November. So with all that cash, investing in other companies seems to be a sensible idea. Experts believe that individual investments are a good idea. Internationally, 17% of HNI wealth is invested in alternate asset classes, with private equity type equity investment being a major component.

"It's like an investment in private equity. It is an asset class which should figure in HNI's balance sheet, as it broadbases the asset classes, and brings in diversification," says Himanshu Kohli, partner in Client Associates, a boutique private wealth management.