

## TVS, Shriram launch Rs.5 bn equity fund

The TVS and Shriram groups, both based here, have launched a Rs.5-billion private equity fund, the TVS Shriram Growth Fund.

'The two groups have put in Rs.500 million each and the rest (of the funds) are raised from over 450 high net worth individuals (Rs.2.2 billion), institutional investors like public sector banks and insurance companies (Rs.1.2 billion) and Rs.600 million from the board of directors of the fund, employees and anchor investors,' TVS Capital chairman and managing director Gopal Srinivasan told the media here Wednesday while launching the fund.

Registered with the Securities and Exchange Control Board of India (SEBI), the fund will invest up to 20 percent with a board representation in companies with a turnover of Rs.300 million to Rs.2.5 billion.

'We have capped the investment in group and associate companies at around 20 percent which is lower than SEBI stipulations,' TVS Capital executive director Suresh Raju said.

The target companies should be operating in consumer-driven sectors such as privatised higher education, healthcare, mass housing, hospitality, speciality retail, packaged ready-to-eat food, cold chains, media, entertainment and logistics.

'The two groups are largely into manufacturing and not in the sectors in which the fund is interested,' said senior advisor Ravi Shankar.

The fund will look at companies operating in states with high state gross domestic product such as Tamil Nadu, Andhra Pradesh, Karnataka, Gujarat, Maharashtra and the National Capital Region around Delhi.

The fund will invest in companies operating in tier-II cities as they have a strong business strategy but lack capital. It expects at least 20 percent rate of return from its investments.

The promoters will exit after four years, Raju said, adding: 'There are four exit routes for us - selling our stake to a bigger private equity after building value; offloading during an initial public offer; strategic sale to another player after looking at the value chain, and selling back to the promoter himself.'

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