

Now, employees are writing cheques to buy out promoter stakes

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Employees at more and more companies are looking to buy out promoter stakes, [reports](#) Business Standard.

Director at boutique investment bank RippleWave Equity Mehul Savla told the newspaper that there are multiple factors fuelling a rising number of such deals, one of which is the nature of the industry. He is seeing higher instances of such buyouts in people-oriented industries like asset management and financial services.

Turbulent economic conditions, he added, favour employee buyouts because promoters, in such situations, may be in need of capital while big-pocket institutional investors are out of the market. If they can manage to garner some financial support, employees are more likely to invest in a business they are deeply familiar with.

Sources told the newspaper that the parent company of debt-laden Dewan Housing and Finance Corporation, Wadhawan Global Capital, has been in talks with the employees of its wealth management arm for a buyout of WGC Weath.

In another such instance, founder of Asqi Advisors Swapnil Pawar bought out the India arm of a US-based hedge fund where he used to manage domestic operations. He completed the buyout with his own capital and some from his friends and family.

International banking group Standard Chartered's sale of its private equity portfolio, which involved a management buyout by Affirma Capital, is another such instance. Employees also made an attempt to bid for clothing label Reid & Taylor (India), but the National Company Law Tribunal (NCLT) ordered its liquidation after investors backing the staff could not prove their net worth. There were also reports that pilots of the now defunct Jet Airways were attempting to bid for the firm, earlier this month.