

01:53 PM | 25 Nov **Live** SENSEX **28,317.35** ▼ -182.19 NIFTY **8,452.20** ▼ -77.95 GOLD (MCX) (Rs/10g.) **26,473.00** ▼ -7.00 USD/INR **61.9** ▼ -0.04

LOGIN to Track your Investments

LIVE TV

SPOTLIGHT

Betting big on India!



Startups mine global institutes for research talent

Startups including the likes of Jombay, Aspiring Minds, Indus Insights, Freecharge and Housing.com are hiring aggressively for research roles

- Prem Watsa-led group to invest \$1 billion in India
- US insurer Allstate Corporation plans \$1 billion expansion in India



Most Read | Most Shared | Most Commented

AirAsia India joins fare war, puts one-way ticket at Rs 699

Diesel & petrol prices likely to be cut by Rs 2.50/litre ahead of assembly elections

Maruti launches new Alto K10 at a starting price of Rs 3.06 lakh

PM Narendra Modi can take lessons from Singapore's DBS Bank model to cleanup PSU banks mess

Amazon, Flipkart in talks with IRCTC to tap its database of 21 million consumers

News in Pics 4/20 < || >

SENAD: Tech savvy anti-drug forces destroy marijuana



Slide Shows

20 toughest job interview questions asked this year

This year's weirdest questions come courtesy of Apple, Twitter, Goldman Sachs, Google, Amazon,...

6 best Android smartphones available for less than Rs 7000

ET takes you through the various offerings in the market.

New Maruti Suzuki Alto K10: Review

But, now, it's K10's turn; the more powerful, the more fun to drive and the slightly more expe...

More Slideshows >

BREAKING NEWS | People from Jharkhand: PM Modi | PM Narendra Modi address

Small city plan: PE players into negotiations with mid-sized infrastructure and logistics companies

By Sabarinath M, ET Bureau | 25 Nov, 2014, 04.16AM IST

11 comments | Post a Comment

READ MORE ON » Warburg Pincus | Trichur | private equity | Nagaraj Krishnan | Malabar Eye Hospital | Gaurav Vora

MUMBAI: At 75, Niranjan Vora, is busier than he has ever been: fulfilling mounting orders for tamperproof packaging from new-age retailers like Amazon and Flipkart takes up much of his waking hours. The flood of orders from e-commerce firms has also meant that the 75-year old managing director of Baroda-based Dynaflex and his two sons, Gaurav and Siddarth, face a rather pleasant dilemma — choosing among a raft of potential investors, including marquee private equity funds who are keen to put money to work by buying a piece of the 30-year-old company.



Traditionally, big funds and investors have rarely chosen to go beyond metros but that's no longer the case.

ET SPECIAL: Save precious time tracking your investments

"The amount of work that e-commerce gave us is unbelievable. We are feeling pressure of expansion. We are examining options for stake sale to fund growth plans," said Gaurav Vora, director, Dynaflex.

Gaurav's situation is common to many fast-growing small firms. Dynaflex's dilemma speaks to the increasing quest by PE funds and other large investors to spot promising companies from smaller cities with potential for rapid growth.

Small is the New Big

Small-Town Postal Address Is No Longer A Taboo For Big Investors

<p>MALABAR EYE HOSPITAL OWNER: PM Rasheed In negotiations for ₹150-cr expansion LOCATION: Calicut, Trichur Three hospitals specialising in diabetes, eye care. Fourth one scheduled to open at Kannur</p>	<p>APRAJITHA STARTED BY Bharat Krishna Shankar, Nagaraj Krishnan Everstone bought 23% for ₹100 cr LOCATION: Madurai India's compliance services company</p>	<p>KALYAN JEWELLERS CMD TS Kalyanaraman Warburg Pincus bought minority stake for ₹1,200 cr LOCATION: Trichur Has 61 jewellery outlets in India, Middle East</p>
--	--	--

Traditionally, big funds and investors have rarely chosen to go beyond metros but that's no longer the case. TS Kalyanaraman of Trichurbased Kalyan Jewellers, wellknown for changing the landscape of jewellery marketing, was last month the recipient of an investment of Rs 1,200 crore from one of the world's largest PE funds, Warburg Pincus, which bought a minority stake. Though Warburg's holding was not disclosed, sources close to the deal say its equity stake is 10%, valuing the company at Rs 12,000 crore (approximately \$2 billion), a figure which has surprised many investment pundits. The Trichurbased entrepreneur has set up as many as 61 jewellery outlets across India and the Middle East.

Five months before the Kalyan deal, Aprajitha, a Madurai-based India's compliance services company (it ensures that firms comply with labour and industrial licensing laws) scooped up an investment from private equity fund Everstone Capital. Everstone bought a 23% stake in Aparajitha for Rs 100 crore, valuing the decade-old company at Rs 400 crore. Started in 2000 in the temple town of Madurai by Bharat Krishna Shankar and Nagaraj Krishnan, the company has a topline of Rs 300 crore firm with offices across the country.

"We still have our corporate office and back office in Madurai. There is a lot of talent in Madurai. Our backoffice here has capabilities to monitor offices spread across the country," said Nagaraj Krishnan, MD, Aparajitha, speaking of the advantage of a smaller city.

Investment experts feel that there is a lot of entrepreneurship coming to the fore in tier-II and tier-III cities. These are not just start-ups but companies with a fairly strong business model and the ability to scale up. "These firms are not averse to taking capital from PE firms for fulfilling their ambitions," says Vimal Bhandari, managing director of IndoStar, a Mumbai-based non-banking finance company. "We are also finding these entrepreneurs

3 Likes | 1 Share | 1 Tweet | 1 LinkedIn Share | 0 Google+ Share | 11 Comments



Danseuse Sitara Devi passes away...



Human beings as reonyms, anyone?...



Recharge your phone in 30 seconds? ...



Idris Elba to play villain in 'X-Me...



Elderly should take cholesterol-low...



'Horrible Bosses 2' reunites goofba...

Most Watched Videos



Kotak Mahindra Bank to acquire ING Vysya...



Stock ideas by experts: Cairn, RIL, PNB



Top brokerage calls: IT, Exide, cement s...

» MORE FROM VIDEOS

easier to work with because they have a strong academic background and family history."

Several successful entrepreneurs from places such as Kolhapur, Nashik, Sangli, Aurangabad, Indore, Baroda, Surat Madurai, Kochi and Calicut are close to tying up funds from PE funds. Not far away from TS Kalyanaraman's home town of Trichur, 46-year-old PM Rasheed, owner of Calicut-based Malabar Eye Hospital, is also a beneficiary of the economic boom sweeping big cities. Rasheed, who ventured into the healthcare business after breaking away from the family-run rice business, now owns three hospitals specialising in diabetes and eyecare in Calicut and Trichur.

The fourth one is scheduled to open soon at Kannur. Malabar Eye Hospital is now in negotiations with PE funds to fund a Rs 150-crore expansion. "Other than the PE firms, some individual investors from the Middle East have also shown interest, looking at the potential in both eye and diabetics sector. We are planning to divest up to 30% stake to part-finance the expansion," he added. PE funds are chasing companies in sectors like logistics, where they have reaped a good harvest from past investments. IDFC PE's twoyear old investment in Jaipur-based Staragri Warehousing is sparking interest in companies from the same sector. PE players are negotiating with a number of mid-size infrastructure and logistics companies.

Recommend 3 people recommend this. Sign Up to see what your friends recommend.

DON'T MISS any stories, follow us on Twitter Follow @ETIndustryNews 12.2K followers

More from The Economic Times

- Modi is country's first pro-business PM; economic growth may cross 10%:... 24 Nov 2014
- Railway minister Suresh Prabhu to talk rail reforms with MPs 23 Nov 2014
- Narendra Modi's bullet train set to roll out from Dalal Street, say India... 24 Nov 2014
- Xiaomi planning to get its devices made in India 25 Nov 2014
- I'm high on Narendra Modi, says marketing guru Philip Kotler 22 Nov 2014
- Warren Buffett's 23 most brilliant quotes about investing 17 Nov 2014

Recommended by

READ MORE ON » Warburg Pincus | Trichur | private equity | Nagaraj Krishnan | Malabar Eye Hospital | Gaurav Vora

NEXT STORY Oxigen Services India in talks to raise Rs 1,230 crore

Follow this section for latest news on Finance

Like 6 Email RSS

Have something to say? Post your comment

Comments are moderated and will be allowed if they are about the topic and not abusive.

Your comment

Characters remaining (1500)

Readers' opinions (11)

NEWEST OLDEST MOST DISCUSSED

Mukesh Lodwal (DELHI) 45 Followers + Follow 21 Minutes ago Gold: 11.9K

BIZ INFLUENCER 1 BIZSMITH 4 MARKET BUFF 3

Five months before the Kalyan deal, Aprajitha, a Madurai-based India's compliance services company (it ensures that firms comply with labour and industrial licensing laws) scooped up an investment from private equity fund Everstone Capital. Everstone bought a 23% stake in Aparajitha for Rs 100 crore, valuing the decade-old company atRs 400 crore. Started in 2000 in the temple town of Madurai by Bharat Krishna Shankar and Nagaraj Krishnan, the company has a topline of Rs 300 crore firm with offi

Agree (0) Disagree (0) Recommend (0) Offensive

Reply

Manish Bhatt (New Delhi, India) 382 Followers + Follow

BIZ INFLUENCER 2 BIZSMITH 4 MARKET BUFF 3

3 Hours ago **Platinum: 51.1K**

PE Funds persons are doing an excellent job of searching and hunting the capable set of entrepreneurs in the remotest places of the Country for they know who can deliver the goods efficiently with assured returns for these PE There seems to have been mushrooming entrepreneur in all pockets of the Country and hence even the MBA educated wants to remain in the Country and start a new venture close to their heart and succeed God bless these young talents available in the Country and may their tri ..

- Agree (0)
- Disagree (0)
- Recommend (0)
- Offensive

Reply

Infolawall Infolawall (Maharashtra)
3 Followers [+ Follow](#)
3 Hours ago **Silver: 935**



everybody is taking of small cities,however one sees most of flat/shops constructed are not being sold. The builders are holding unsold units but they are not reducing the high prices.The same thing will be repeated in smart cities. Only profit for builders and rich people. The middleclass cannot afford.Forget about lower class. Who is bothered?

- Agree (0)
- Disagree (0)
- Recommend (0)
- Offensive

Reply

Visha4life Sharma (Delhi)
38 Followers [+ Follow](#)
3 Hours ago **Silver: 2449**



EARN MONEY ONLINE (24,000 INR to 54,000 and even more depending on your hard work)JUST BY DOING SOME SIMPLE SURVEYS AND TASKS, ITS ABSOLUTELY FREE . It will just take 2 minutes and won't ask or share any of your sensitive personal information. People not interested please ignore! URL is csl\$.ink/1uR (remove \$ sign and put this link in your internet browser).

- Agree (0)
- Disagree (0)
- Recommend (0)
- Offensive

Reply

Sanjay KUMAR (F)
51 Followers [+ Follow](#)
3 Hours ago **Gold: 9586**

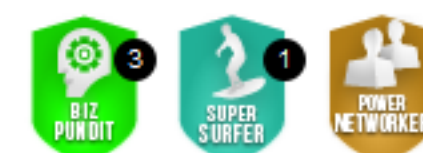


At 75, Niranjan Vora, is busier than he has ever been: fulfilling mounting orders for tamperproof packaging from new-age retailers like Amazon and Flipkart takes up much of his waking hours. The flood of orders from e-commerce firms has also meant that the 75-year old managing director of Baroda-based Dyna

- Agree (0)
- Disagree (0)
- Recommend (0)
- Offensive

Reply

Kumkum Chanda (Unknown)
4 Followers [+ Follow](#)
3 Hours ago **Gold: 6642**



City making is not the solution for economic growth.

- Agree (0)
- Disagree (0)
- Recommend (0)
- Offensive

Reply

A (Bharat)
4 Hours ago

Small smart clean cities is the way to go. 24x7 power and water supply with smart infrastructure can cut costs and bring efficiencies

- Agree (0)
- Disagree (0)
- Recommend (0)
- Offensive

Reply

Crazydivesh Crazydivesh (Bareilly)
3 Followers [+ Follow](#)
4 Hours ago **Silver: 1422**



good going..

- Agree (0)
- Disagree (0)
- Recommend (0)
- Offensive

Reply

Shafi (Bangalore)
10 Followers [+ Follow](#)
5 Hours ago **Silver: 872**



smart city

- Agree (0)
- Disagree (0)
- Recommend (0)
- Offensive

Reply

Sale Gulwani (Varanasi)
136 Followers [+ Follow](#)
6 Hours ago **Gold: 11.5K**



Niranjan Vora, is busier than he has ever been: fulfilling mounting orders for tamperproof packaging from new-age retailers like Amazon and Flipkart takes up much of his waking hours. The flood of orders from e-commerce firms has also meant that the 75-year old managing director of Baroda-based Dynaflex and his two sons, Gaurav and Siddarth, face a rather pleasant dilemma â choosing among a raft of potential investors, including marquee private equity funds who are keen to put money to work by buying a piece of the 30-year-old company.

- Agree (0)
- Disagree (0)
- Recommend (0)
- Offensive

Reply

Suresh Kamath (Unknown)
250 Followers [+ Follow](#)
6 Hours ago **Platinum: 40K**



PE Funds persons are doing an excellent job of searching and hunting the capable set of entrepreneurs in the remotest places of the Country for they know who can deliver the goods efficiently with assured returns for these PE There seems to have been mushrooming entrepreneur in all pockets of the Country and hence even the MBA

- Agree (0)
- Disagree (0)
- Recommend (0)
- Offensive

educated wants to remain in the Country and start a new venture close to their heart and succeed God bless these young talents available in the Country and may their tribes flourish and India reach the Zenith of collective enterprise in the Globe

[Reply](#)

Get a Quote

[Get Quote](#)

Browse Companies

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#) | [1](#) [2](#) [3](#) [4](#) [5](#) [6](#) [7](#) [8](#) [9](#)

THE ECONOMIC TIMES



Live Market



News



Portfolio



Mobile



Live TV



Newsletter



Commodities



Speed



QnA



Blogs



Alerts

Other Times Group news sites

Times of India | इकनॉमिक टाइम्स
दिल्लीमिरर राईस | Mumbai Mirror
Times Now | Indiatimes
नवभारत टाइम्स | महाराष्ट्र टाइम्स
ದಿಶಯ ಕರ್ನಾಟಕ | Lifehacker

Gizmodo | Eisamay | IGN India
NavGujarat Samay

Living and entertainment

Timescity | iDiva | Bollywood
Zoom | Healthmeup | Luxpresso
Technology | Guylife | Online
Songs | Travel Guides | Hotel
Reviews | Go Cricket

Networking

imes | Dating & Chat | Email
MensXP.com

Hot on the Web

Daily Horoscope | Weather in Delhi
Live Cricket Score | Horoscope
Where to Stay in Delhi | Cricket
Scorecard

Services

Book print ads | Online shopping | Free SMS | Website
design | CRM | Tenders
Matrimonial | Ringtones | Astrology | Jobs | Property | Buy car | Bikes in
India
Used Cars | Online Deals | Restaurants in Delhi | Movie Show Timings in
Mumbai
Remit to India | Buy Mobiles | Listen Songs