



Cross-border focus

India

As IMAP chooses its representative for India we speak to Shiraz Bugwadia from India's o3 Capital about becoming one of the latest additions to IMAP.

Against the back drop of a troubled global economy one country has stood out. While others have faced crippling down turns, over the last five years India's economy has more than doubled and the country is now poised to move into the top ten countries for total gross domestic product (GDP). The region has recovered from the global recession more rapidly than Europe and North America and recent figures show that the M&A activity is up. Earlier this year IMAP selected o3 Capital Advisors as its representative for India. We spoke to Director, Shiraz Bugwadia, about its latest global venture and India's thriving economy.



Can you tell us about o3?

o3 Capital is an Indian full service investment banking and financial services firm focused on the mid-market. The firm comprises of a seasoned team of investment banking and industry professionals with domain expertise across leading sectors, which include infrastructure, healthcare, real estate, technology, consumer products and services, and media. It is head-quartered in Bangalore and has offices in Mumbai and New York.

The firm was founded in 2007 by four investment bankers, with close to 40 years' experience between them. Since then, o3 Capital has closed 43 transactions, and was ranked by Bloomberg as 2nd among Indian investment banks on the basis of deal volume, in 2009.

How is Asia as a continent weathering the global down turn?

According to the estimates by the Ministry of Statistics and Programme Implementation, the Indian economy has registered a growth of 7.4 per cent in 2009-10, with 8.6 per cent year-on-year growth in its fourth quarter. The growth is driven by the robust performance of the manufacturing sector on the back of government and consumer spending.

Why do you think more Indian companies are seeking UK acquisitions?

Indian companies in several sectors like manufacturing, consumer products, healthcare and technology are all looking for investment opportunities abroad. For some of these sectors, a target in Europe makes more sense than in an emerging economy, because of the need for a premium brand or advanced technology.

Companies looking for advanced technology or premium brands are likely to scout for targets in the UK. With access to global M&A opportunities through IMAP, we have been able to show opportunities from the UK to auto ancillary companies in India, who are doing well again after a slow couple of years and are now looking for targets abroad. The UK does also have a slight edge due to less cultural uncertainties and a familiarity with the language.

"It is a privilege and an honor to have been selected to join the global leader of M&A advisory for mid-market transitions. IMAP has a long and distinguished history of delivering superior client service to all segments of the global mid-market and we look forward to working closely with our new colleagues."

Shyam Shenthar, Managing Director, o3 Capital

In terms of inward cross-border transactions, from where do you think India has seen the most investment?

The UK is the largest European investor in India and the fourth largest internationally (after Mauritius, Singapore and the US). Although the US are still the most likely to buy Indian firms and account for around 40% of all inbound bids, the UK accounts for a further 15%. We have also recently begun to see Japanese and Southeast Asian acquirers scouting for deals.

Of course, the UK-India corridor has seen transactions across sectors for a long time. The two biggest acquisitions for India globally are in fact from the UK: Vodafone's £7.3bn (\$11bn) acquisition of Hutchison in 2007 and Tata's £8bn (\$12bn) acquisition of Corus in the same year.



How are deal volumes holding up overall?

India-related cross-border transactions, especially outbound ones, are returning to the highs seen pre-downturn, with 142 deals worth \$23.1 bn already being completed in the first two quarters of this calendar year. This is quite significant in comparison to a total of 64 cross border deals in the whole of 2009 worth \$1.4 bn.

According to data compiled by India's M&A intelligence provider, VCCEdge, M&A deal values in India rose nearly five-times in July 2010 alone, and between January and July 2010 the cumulative M&A value has reached \$49.7 bn compared with only \$16.3 bn in the whole of 2009.

During the last quarter of 2009 and first quarter of 2010 we saw the deal flow grow above its historical averages, and it is believed that a number of private equity funds are looking to exit showing that the market is growing well again.

What are the advantages of being chosen to represent IMAP in India?

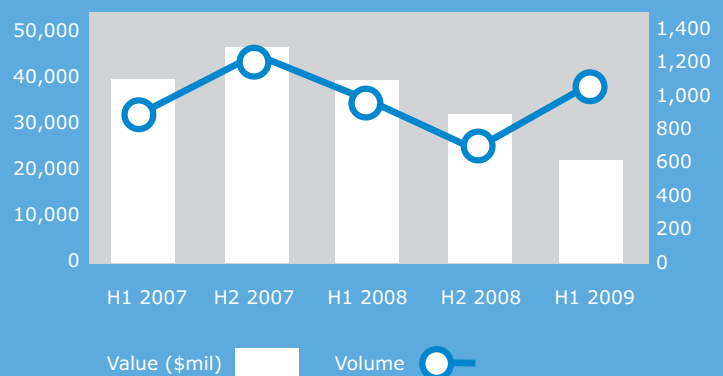
We are known within our Indian network for our cross-border expertise and have consciously developed relationships with firms and advisors in the UK as well as globally since inception and therefore are ideal partners for any firms looking for opportunities in India. By joining the IMAP network we now have more access to quality leads and live mandates globally. Despite an abundance of competition, IMAP continues to hold a steady position as a preeminent global M&A advisor to the middle market.

India's economy seems to be heading back to its position prior to the collapse of Lehman two years ago, despite the expected problems in the agricultural sectors due to the flooding experienced by the country this year, the economy is expected to grow further. The global recession seems to have done little to dent India's growth and may have in fact helped fuel it, as India's history of providing goods at much lower cost has been more in demand than ever. It is fair to say that the future is looking good for India's growing economy and is yet another successful addition to IMAP's ever growing global presence

followup

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India deals by volume and value



Source: ZEPHYR Published by BvDep



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Based in Bangalore, Mumbai and New York, **o3 Capital** provides cross-border investment banking advice to its clients by combining dedicated teams of industry specialists with world-class research across key sectors. www.o3capital.com

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