

India Inc Goes Abroad

Indian Companies' Foreign Acquisitions - Jan 2000 to Mar 2006



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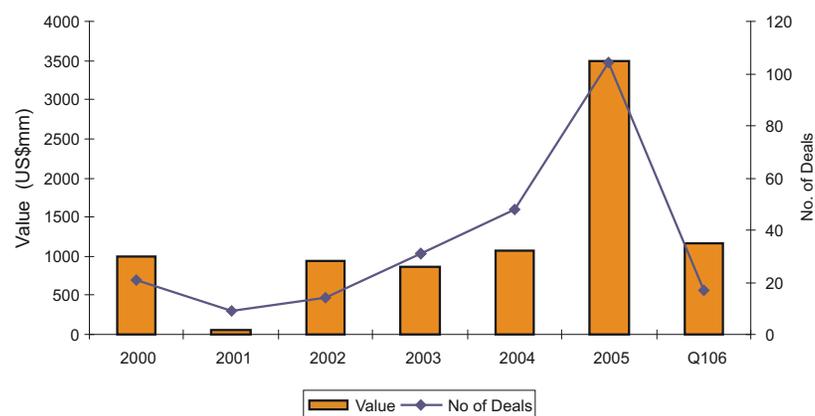
THE BIG PICTURE

Overview

A steel company in Thailand, a boutique hotel in Australia, a truck manufacturer in Russia, a generic drug company in Belgium, a telecom firm in Bermuda and a offshore oilfield in Australia; all of them have one thing in common - they are all flying the Indian tricolor. Outcome of a new trend of Indian companies going abroad and acquiring overseas assets. The "Indian multinational" has finally come of age. Global Investment bankers are courting Indian companies more as buyers than as sellers. Suddenly Indian buyers have become a force to reckon with in many industries such as pharma, auto components and oil/gas.

As per our research, Indian companies acquired 244 foreign companies in the last six years (Jan 01, 2000 to March 31, 2006). The number of Indian companies that are investing abroad has been steadily rising ever since the flagship deal of Tata Group acquiring UK's Tetley Tea for US\$431.2mn five years ago. In the calendar year 2005, there were more outbound cross-border deals than in-bound deals; incidentally this was the first time that there were more Indian companies buying foreign assets than foreign companies buying Indian assets. The volume of outbound deals was more than twice the volume of in-bound deals in 2005.

Overseas Acquisitions by Indian Companies



Source: Bloomberg, Merger Markets, Mape

In 2005, India Inc. shelled out more than US\$3.5 bn acquiring stakes in 104 overseas companies. In the first three months of 2006, India Inc has invested US\$1.15 bn for buying 17 companies overseas.

What does this signify? Are Indian companies looking more outwards? What drives this new trend of increasing out-bound cross-border deals? This report looks to answer these questions by looking at the out-bound cross border deals done by Indian companies. Before we look at the study results it would be useful to pause and take a good hard look at the raw data on out-bound cross border deals done by Indian companies.

Research Methodology

Data on cross-border capital flows have always been problematic. In fact, just the footnotes in the official capital flow statistics of IFC and UNCTAD will qualify as a stand-alone research thesis. Trade literature and specifically asset-trade literature have long debated on the usefulness and reliability of cross-border capital flow data. The usual problems associated with the data include the wrong reporting of the investor country, transfer between affiliate companies wrongly classified as investments and general opaqueness in capital flow data. For instance an US company investing in an Indian business through a Mauritius holding company is officially tracked as capital flow from Mauritius into India. So much so that in the early years following liberalization the Indian Government routinely published data showing Mauritius as the largest foreign investor in India forgetting the fact that most of these investors were "located" at Edith Cavell Street in Port Louis in Mauritius.

For the purposes of this study, we looked at cross-border Indian M&A data collated by various sources including Bloomberg, Merger Markets and Reserve Bank of India. We had a starting list of 300+ outbound deals done by Indian companies in the period Jan 1, 2000 to March 31, 2006.

The Big Picture

This starting list of out-bound deals included a host of deals that would not normally qualify as an out-bound deal by an Indian company. For identifying the deals we scanned the data sources and media reports for information on all "Indian companies" buying "overseas companies/ assets" considering the highlighted terms as conventionally understood in general parlance.

Problems with the data include the infirmities associated in certain deals as below:

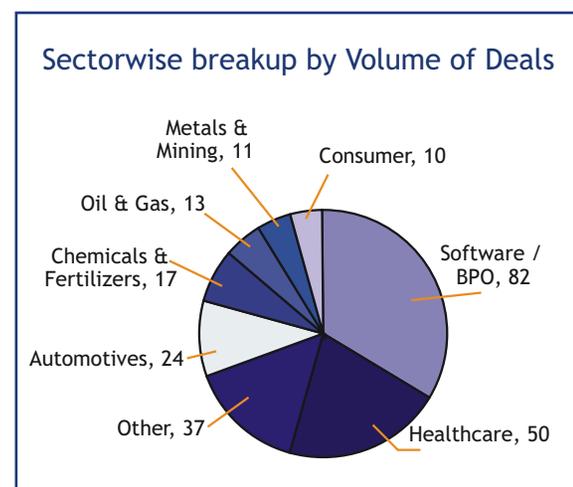
- ★ *Indian companies buying the Indian operations of foreign corporations.* E.g. Nicholas Piramal's buy-out of Rhone-Poulenc's Indian subsidiary or AV Birla Group's buy-out of PSI Data Systems from Group Bull. Both deals mentioned are technically as out-bound deals done by Indian companies as actual deal consideration had passed on from an Indian buyer to a foreign seller; in our opinion such deals are domestic deals as the asset/business being transacted is principally Indian in nature and operations.
- ★ *Indian companies buying foreign corporations whose principal activities are located in India.* E.g. Crisil's buy-out of London based Irevna, an equity research BPO Company and many such similar deals in the software sector. Many small to medium Indian software companies are structured as subsidiaries of overseas located holding companies, which also act as the front-end sales and marketing arm of the Indian operations. Here again our view is that such deals are essentially Indian in nature.
- ★ *Indian companies buying foreign corporations through their foreign resident affiliates or holding companies.* Such deals do not usually figure in the usual out-bound capital flows, as the buyer is a foreign resident entity. Case in point is Scandent Solutions' US\$120mn buy-out of Cambridge mortgage BPO operations. In our view, this is essentially an out-bound deal involving an Indian company.

In the M&A world, many companies including publicly traded companies are often loath to disclose deal details. Confidentiality agreements with counterparties and problems associated with past deal metrics being used (or misused) in negotiations in future deals are often cited as reasons for this behavior. Consequently, most information on deal sizes available publicly tends to be off the mark.

A third problem is the substantial difference in the data points provided/used by the different agencies. For instance, Grant Thornton estimates that Indian companies did a total of 136 outbound deals with a total value of US\$4.3 bn in 2005 while Asiamoney put the same count at 54 deals totaling US\$4.75 bn. During the same period, Reserve Bank estimates that the total stock of "direct investments abroad" by Indian companies rose from US\$7.1 bn in 2004 to US\$9.6 bn. An interesting aside is that as per RBI statistics, the total stock of direct investment into India in end 2005 was US\$44.5 bn signifying that Indian out-bound deals are 20% stake in value compared to India bound foreign investment.

To mitigate the effect of these factors, we have attempted to have a bottoms-up approach for this study by looking separately at all the individual deals during the period. We have re-worked the raw data for these and other discrepancies and have instead focused on the substance rather than on the form of the deal. Thus our deal list includes the Scandent-Cambridge deal but not the Crisil-Irevna deal or the Piramal/Rhone Poulenc deal. We looked at multiple data sources, spoke at times to the company/investment banker involved in the deal, used our knowledge of the M&A environment to interpret conflicting data points - all in order to paint what we hope would be a comprehensive picture of Indian companies buying overseas companies/assets.

For this study, we analyzed 244 deals in the period January 2000 to March 2006. The ensuing pages of this report discusses the general trends across industries and then goes on to discuss the industry perspective for the main sectors which have witnessed significant cross border deals. We finally detail all the 244 deals that were done during the study period.



The Big Picture

Deal Landscape

Our analysis shows that

- ★ Software/BPO (33.6%) and Pharma/healthcare (20.5%) sectors account for more than half of the overseas acquisitions in terms of number of deals.
- ★ Oil & Gas sector accounts for 18.6% of the total value of overseas acquisitions, largely due to the key acquisitions by ONGC.
- ★ The average deal size stands at about US\$35.1mn, though the average figure could be a misleading figure because of the presence of a few large deals involving large investments.
- ★ The largest proportion of Indian acquisitions have been in Europe (~40%) and North America (~34%), showing that Indian companies are acquiring / investing in more developed economies.
- ★ Except for few large transactions in the oil/gas, pharma and some other sectors most of these deals have been of low value and bulk of the deals have been below US\$10mn in terms of outward investment. It seems that Indian companies are trading carefully and minimizing their risk through value buys.

| Sector | Value (US\$mm) | % of deal value | Deal Volume | % of deal volume |
|-------------------------|----------------|-----------------|-------------|------------------|
| Automotives | 427.3 | 5.0% | 24 | 9.8% |
| Chemicals & Fertilizers | 655.2 | 7.7% | 17 | 7.0% |
| Consumer | 668.5 | 7.8% | 10 | 4.1% |
| Healthcare | 1,604.2 | 18.8% | 50 | 20.5% |
| Software / BPO | 1,115.4 | 13.0% | 82 | 33.6% |
| Metals & Mining | 970.5 | 11.3% | 11 | 4.5% |
| Oil & Gas | 1,587.0 | 18.6% | 13 | 5.3% |
| Other | 1,525.8 | 17.8% | 37 | 15.2% |
| Total | 8,553.8 | 100% | 244 | 100% |

Note: Data between Jan 2000 and Mar 2006

Why are Indian Companies going abroad?

A key factor compelling Indian companies to look overseas is that in many industries the main market for growth is the now the global rather than the domestic market. In pharma and auto component industries, it is not uncommon to find companies with export revenues higher than or at the same level as domestic revenues. Software/BPO businesses in India have always been configured to serve export markets. In many industries, lowering trade barriers and entry of multinationals into the Indian market have meant global competition in local markets. In the new paradigm, going global is an imperative rather than "one of the many available growth options" for many Indian companies.

A fast growing economy, an optimistically buoyant capital market and significant global investor interest into India have meant easy availability of capital for Indian companies. Also easing regulations have permitted increased access to cheaper global funds. All this has resulted in a host of Indian companies sitting on significant cash.

Clearly, buying foreign companies is often an easier and less risky way of going global than the long hard way of setting up greenfield operations. Greenfield risk is often more pronounced in newer geographies. The need to go global is in most for Indian companies in acquiring client relationships and distribution channels and not for manufacturing capacities. And in many Indian industries, it makes sense for the top players to acquire overseas assets rather than Indian assets. Overseas assets bring in a new dimension for the businesses and are often cheaper to buy than Indian assets. Indian pharma industry which saw more outbound cross border deals than domestic deals in the last year is a good example. Dr Reddy's and Ranbaxy bought significant European assets in Q1 of 2006 and both deals were priced in the 10-12x EBITDA range. Thanks to the booming stock markets, even run-of -the-mill domestic Indian pharma companies enjoy a 15-20x P/E valuation in the Indian markets.

The Big Picture

From the supply side perspective, availability of many companies for sale in Europe and USA and liquidation of private equity investments in these regions are often cited as primary triggers for overseas acquisition. Also, for many small to medium sized manufacturing companies in the developed economies, the changed economic environment has resulted in their existing business model no longer being tenable from a cost competitive angle. The writing is on the wall and it becomes imperative to restructure their businesses and re-work their cost structures. A Chinese or Indian buyer is often the only savior in such cases as the ability to plug-in to a low cost country advantage is many a times the only panacea. Examples are legion. Grant Thornton estimated a "five fold increase" in the amounts invested by foreign buyers from developing countries such as China and India in the UK market (EUR 5.5bn in 2005 up from EUR 981mn in 2004). Examples cited included Tata Chemicals acquisition of Brunner Mond Holdings in November 2005 for US\$ 111.2mn.

Probably this twin edged demand and supply side drivers resulted in this splurge of cross-border deals that we witnessed from start of 2005. Deal volumes in 2005 were up 110% by volume and 390% by value relative to 2004. Going by the deal count for the first quarter of 2006 which saw 17 deals totaling US\$ 1.15bn, the current year will probably have significantly more international deals than 2005.

The Indian regulatory environment has also kept pace with the strides of the Indian multinational. In January 2005 the Indian government removed the US\$100 mn cap on foreign investment by Indian companies and raised it to the level of net worth of the acquiring Indian companies. This move acted as a catalyst for foreign investments abroad. In March 2006, the Reserve bank of India (RBI) liberalized several rules relating to overseas investment by Indian companies. It cleared the road for proprietary/ unregistered partnership firms to set up JV or a wholly owned subsidiary abroad. The move will potentially enable diamond and commodity exporters - which are mostly family run concerns - to reap the benefit of globalization.

What are Indian Companies buying?

The deal rationale is obviously different for the different deals. Is there an underlying theme for each industry or is that this big outward push is the sum total of the different growth strategies of the individual companies in a particular industry? It is difficult to draw necessary conclusions from such a large deal sample as ours that is spread across different geographies and over a long six year time period. However, we attempt to draw some inferences from industry specific deals.

Software and BPO industry saw the largest deal count at 82 deals and is usually on the top for annual deal counts across the time period. However the deal sizes are invariably small in size and the sector has witnessed only four significant US\$ 50mn+ deals in the study period- Scandent's Cambridge buy in Sep-05 for US\$120mn, Patni's buy-out of Cymbal for US\$67mn in Oct-04, Wipro's Newlogic deal in Dec-05 for US\$56.4mn and WNS' buy out of Trinity's mortgage claims processing business for over US\$60mn. Most acquisitions in this sector continue to be propelled by two main drivers - customer acquisitions and entry into new/niche domains. The sector has also seen a fair number of small sized deals involving small to medium sized Indian companies buying overseas companies in smaller deals often in the US\$1-5mn range.

The size and nature of Indian cross border deals by Indian companies is insignificant given that export revenues are 90%+ for most Indian companies and Indian companies are a force to reckon with in the global market place both in size and stature. Scandent's Cambridge deal involving an Indian company buying an overseas asset worth twice its own revenues is more an exception than the rule. Indian companies continue to prefer to sit on their cash pile (the four large companies in the sector had total cash assets of more than US\$1bn) and look for small value buys rather go after any transformational deals. An oft propounded theme in this sector is the buy out of a US or European business with a local delivery capability and then off shoring the foreign operations while keeping the front end intact. While this in theory is an excellent value proposition, successful examples of such deals are limited. Some of the small Indian companies have burnt their hands badly in such maneuvers and the recent buy-out of some struggling US based BPO businesses by Indian companies are still in the restructuring stages.

An interesting point to note that the in-bound cross border deals in this sector have been significant in scope and size with global majors like IBM, Oracle, Flextronics and EDS investing significantly to buy Indian software/BPO companies. Indian companies who are already global or have global ambitions are still to invest abroad in a significant manner. Are Indian companies reluctant to be aggressive or is that in the evolving structure of the industry India is the best or the only place to be in? Jury is still out.

The Indian pharma industry has been the poster boy for out bound cross-border deals from India. And unlike in the Software/BPO sector, pharma has witnessed more outbound activity than inbound deals in the cross border arena. First quarter of 2006 saw Indian companies spending close to US\$1 bn in buying up European assets. The increasing globalization of the Indian pharma sector and the market access needs of the Indian companies to successfully leverage their technical capabilities and low cost advantages in foreign markets are the main drivers for the heightened M&A activity.

The Big Picture

Again unlike the software sector, the big players like Dr Reddy's, Ranbaxy and Sun Pharma has been in the forefront of this cross border activity. Dr Reddy's acquisition of Betapharm in Feb 2006 for US\$ 570.3mn is the largest cross border acquisition by a private Indian company. The expanding generic market in the developed nations, sustainable cost competitiveness enjoyed by Indian companies, need for local operations to satisfy regulatory and market requirements and limited growth opportunities in the domestic market are all expected to continue to drive cross-border M&A activity in this sector.

In the current environment, most Indian pharma companies have more appetite for cross border than domestic deals. The stark difference in deal valuations in India and other markets as discussed earlier is one of the reasons for this. A more important factor is the possibilities associated with a foreign buy including expanding the product range of the acquired company, leveraging the acquired infrastructure to enter newer markets and value creation by plugging into India costs.

An interesting point to note is that of late, Indian companies have become the buyer of choice for most international auctions of pharma assets and investment bankers frequently talk about the newfound enthusiasm amongst European and American sellers to woo Indian buyers. Indian companies were recently reported to be seriously in the race for two separate billion-dollar transactions in the US though in the particular cases they were edged out in the last minute by the global generic majors. We expect significant more action on this industry and believe that we are close to seeing large transformational acquisitions by Indian pharma companies.

Oil & Gas sector has seen significant cross border activity led by the two public sector companies - ONGC and GAIL. In December 2005, ONGC bid and won a 45% stake in the Akpo deepwater oil and gas field in Nigeria from South Atlantic Petroleum for US\$2bn, only to have the deal vetoed by the Indian Government. ONGC had earlier invested US\$136.5mn in 2003 and US\$766.1mn in 2002 to buy ownership interests in different Sudanese oil fields. ONGC's first significant foreign foray was for the Sakhalin project in Russia with an investment of US\$323mn. ONGC's drive to acquire foreign assets has a geo political impact and Indian/Chinese buyers are increasingly seen as serious contenders for overseas oil reserves to cater to their expanding energy needs. In this sector, GAIL has also acquired minority interests in gas distribution companies in Egypt and China. We foresee more cross-border deals in the refining and downstream sectors by players such as Indian Oil.

The Indian automotive/ auto component sectors have also seen significant out-bound cross-border M&A activity. Tata Motors buy-out of Daewoo's commercial vehicle business in South Korea for US\$118.2mn in November 2003 is the largest deal in this sector. Most of the deals in this sector have been done by a few companies/groups, which have been in the forefront of global acquisitions.

The Tata Group did five out bound deals totaling US\$250mn in Korea, UK, Spain and Germany. Amtek Auto bought four companies across the US, UK, Germany and Bermuda markets. Bharat Forge did deals in US, Sweden, China and Germany. Mahindras were involved in acquisitions in China, Romania and UK. The TVS Group bought auto component assets in UK, Germany and Malaysia. Most of the other companies in this sector have shied away so far from foreign acquisitions. However, recent reports suggested that mid-sized Indian auto component manufacturers were in the forefront for bidding for parts of a large troubled component business in the US. Media reports suggest that Indian companies are seriously eyeing more foreign assets in the sector and this activity is bound to pick up with the increased globalization of the Indian auto sector. Ability to plug into low cost Indian manufacturing capabilities is often a significant value creator for cross border deals. Bharat Forge recently bought the forgings business of Tyco International with a view to relocate the business to its home locale at Pune, Maharashtra.

Metals & Mining is another sector, which saw significant out bound deals. Indian companies have gone abroad in search of captive access to natural resources for their own manufacturing facilities in India. Birla Group bought two copper mines in Australia spending US\$100mn+ and Gujarat NRE Coke did three separate colliery deals in Australia. In metals, the push is to have a wider global manufacturing spread to cater to new markets and become a significant global player. Tata Steel acquired NatSteel Asia for US\$283.7mn in 2003 and followed it up by buying the Thai company - Millennium Steel - for US\$398.5mn 2005. Essar group acquired two steel mills in UK from Stemcor for about US\$100mn. Jindals also have been active and bought assets in France and Indonesia.

In other sectors, outbound deals have been driven by the desire to acquire international assets or capacity - either to support the acquirer's domestic operations as in the case of VSNL's purchase of Tyco Global Network in Nov 2004 for US\$130mn and Teleglobe International Holdings in Jul 2005 for US\$254.3mn or Reliance's purchase of Flag Telecom in 2003 for US\$191.2mn. Videocon's purchase of Thomson's picture tube businesses in Italy and China for a reported value of US\$450mn in a structured transaction is instances of Indian companies globalizing their production capacities. Similarly Apollo Tyres bought the South African based Dunlop Tyres in Jan 2006 for US\$62mn.

How are Indian companies paying for their deals?

Most, if not all, of the significant overseas transactions done by Indian companies have been paid for in cash. Stock transactions, the major form of M&A deals globally, have been noticeably absent in the Indian transactions other than in a few reportedly large transactions in the software sector where the sellers (often of Indian origin) have been comfortable with taking the stock of Indian companies as the deal consideration.

Why cash deals? Internationally more than 50% of the M&A deals are stock deals. However, historically India Inc has done cash deals for their domestic transactions; only a few of the domestic transactions have been stock deals. Almost Indian companies are still owned directly by their promoter shareholders who are often directly in management. L&T and ICICI Bank are probably the only exceptions on this count. This contrast with the large publicly held corporations in the developed markets where there are no identified promoter groups and most public companies are "public" in the true sense of the word. Founder families, even when there, have little control over the companies they founded as in the case of Hewlett Packard which went ahead and consummated the large merger deal with Digital despite stiff opposition from its founders. Given the preponderance of family shareholding in the Indian context, there is often reluctance from the buyer's part to bring in another family into the shareholding structure. This reluctance also extends to the Seller who is often more happy to have cash rather stock in a company run by another family. This peculiar Indian reluctance to "share the table" is the main driver for cash transactions in the Indian deal scope. Clearly, this preference of India Inc for cash transactions has extended to their international deals.

Also, given the vagaries of the Indian stock market it would be difficult to find a foreign Seller willing to accept buyer stock as consideration. Regulatory hassles associated with approval for stock issuance to foreigners for other than cash and capital market requirements on lock-in period for new stock issuance only further complicate this issue. While this aspect is mitigated for Indian companies who are also listed in the foreign stock markets (through ADRs/GDRs), we are yet to see stock as a major currency for international deals originating from India.

But does this constrain the Indian buyer? Would Indian companies have gone ahead and bought more companies internationally if they could do stock transactions? Probably not.

Indian companies seem happy doing large cash transactions. Funding sources are manifold. Easy liquidity in the Indian debt markets and a booming capital market has meant easy availability of cash for Indian buyers. A new trend that seems to be on is that of leveraged buy-outs for international transactions. This involves an Indian buyer leveraging the acquired company's assets to debt finance the acquisition transaction - with such debt invariably being non-recourse in nature especially when the amounts involved are large. Dr Reddys' buy-out of Betapharm, Germany in 2006 for US\$570mn was reportedly financed to the extent of 50% of deal value by such non-recourse debt with the balance amount being financed through a planned FCCB (foreign

Different Environments, Different Strokes

M&A behaviour of Indian companies who have done multiple deals in foreign countries is remarkable for its range and uniqueness. Typically in the domestic environment, M&A behaviour of most Indian companies are predictable. Most investment bankers who work closely with Indian companies have a fair idea of what they want to buy and how much they will normally pay. The context however is quite different in the international deals done by many Indian companies. Dr. Reddy's and Ranbaxy M&A buys in the last few months are example of the same buyer having different intents - strategic and opportunistic - depending on the environment.

In February 2006, Dr. Reddy's bought Betapharm Arzneimittel GmbH from the European private equity house 3i for Euro 480mn. 3i had bought this company from Hexal in March 2004 for Euro 300mn. Betapharm is the fourth largest German generic company and had estimated sales of Euro 140 mn and operating profit (EBITDA) of Euro 40 mn. Dr. Reddy's purchase price was 3.4x sales and 12.5x EBITDA - a rich valuation for a rich market. Contrast this with Dr. Reddy's acquisition of Roche's custom synthesis business in Mexico for US\$ 59mn in Nov 2005. Adjusted for working capital assets, the purchase price was less than 1 time revenues.

Ranbaxy bought 96.7% stake in the Romanian generic player Terapia SA for US\$324 mn in March 2006. Terapia had sales of US\$ 80mn and Ranbaxy's purchase price was 4.1x sales and 11.6x EBITDA. In the same week, Ranbaxy announced two more acquisitions - purchase of Ethimed in Belgium and Allen SpA, Glaxo's unbranded generic business in Italy. Company did not disclose details of both these deals; but analysts estimate both these deals to be priced at < \$10mn and valued at about 1x time sales.

currency convertible bond) issue at the Indian parent level. Similarly Tata Tea's buy-out of Tetley, UK in 2000 for US\$431.2mn was largely financed through leveraged debt without exposing the parent company's balance sheet to the success or otherwise of the acquired business.

FCCB issues are increasingly the most popular route for raising large moneys for Indian corporates esp. for acquisitions. Sun Pharma and Wockhardt raised US\$350mn and US\$100mn respectively in 2004-05 through FCCBs for funding planned foreign acquisitions. Wockhardt is reportedly raising another US\$300mn through the FCCB route to fund its international M&A initiatives. Others who have raised such convertible include Glenmark Pharma, Tata Chemicals, Bharat Forge and Amtek Auto. The popularity of FCCB as an instrument is driven in main by the fact that most of these instruments are structured as 5-year paper with a low coupon rate.

The bondholder has the option to convert the bonds into equity shares at a pre-agreed valuation, which is usually at a 25-75% premium to the issuer's stock price at the time of issue. Thus the bond investor gets an option to participate in the possible upside in the stock price and capital preservation is guaranteed, as the conversion is optional. For the issuer, this works out as a low cost means of financing, as the FCCB coupon rates are usually 2-300points below the general debt coupon rates.

How successful are Indian companies in their international deals?

The conventional wisdom in the international M&A literature is that only less than half of the M&A deals are a "success".

Literature is replete with empirical studies to buttress this low success rate argument. Does India follow the international trends in this regard do we stand out? There are no significant studies' examining the success Indian companies in their M&A deals. However, an informal Indian dipstick study conducted by some investment bankers who together were involved in close to 100+ significant M&A deals in India seem to suggest that Indian experience in this regard have been good. The study concluded that most of the Indian companies were successful in their M&A endeavors with "success" being conventional defined as whether "are you better off in having the done the deal or not?"

Coming to international transactions of Indian companies, it is a bit early to take the call as most of the large and significant transactions have happened only in 2005. However, early indications are that the international experience of Indian companies in doing deals is a happy one. Tata Tea has successfully managed to integrate Tetley's operations with themselves as also restructured the acquired company's balance sheet. Dr Reddy's' buy-out of BMS Laboratories in UK has helped them scale up their European business to US\$35-40mn range from target's business level of less than US\$10mn in 2002. Wockhardt's acquisition of Wallace Labs and CP Pharmaceuticals in UK and Esparma in Germany has helped them build a strong profitable US\$150mn+ European franchise and the total investment for these three buys was less than US\$40 mn. Ranbaxy's success and early mover advantage in the key US market have been credited to their Ohm Pharma buy in the mid-nineties. Similar is the case of Sun Pharma with their Caraco acquisition in the US. Our discussions with Godrej Soaps indicate that things are moving well with their Keyline acquisition in UK.

Wipro has been rumored to having had problems with their AMS' deal 2002; but that did not stop the Company from aggressively pursuing other buy-out options and go ahead and do three deals worth \$100mn+ the last three months. Scandent seems to have successfully integrated their Cambridge buy and is going ahead and merging their Indian company with their Mauritian holding company which includes the acquired business.

While the jury is still out on this question, all the available indications are positive.

The Chinese Context

The peculiar Indian question. How do we compare with China? China's Ministry of Commerce states Chinese outbound foreign investment totaled \$8.84 billion in 2005, more than double the \$3.78 billion in 2004, which itself was more than double the \$1.5 billion in 2003. Large deals included CNOOC's purchase of Nigerian Akpo oil & gas fields (for which the Indian Government refused permission for ONGC to buy after it had won the bid saying "cabinet took all factors into consideration and felt that this wasn't a commercial opportunity worth pursuing"), CNPC's buy of Canadian PetroKazakhstan for US\$ 4.2bn, Lenovo's \$1.25 billion acquisition of IBM's PC division and TCL International's majority-owned joint venture with French company Thomson, which got it the RCA brand and made TCL the world's largest TV manufacturer. State owned Nainjing Motors bought the troubled UK car maker MG Rover for US\$87mn.

It had not been roses all the way. Last year CNOOC withdrew its US\$18.5bn bid for Unocal after pressure from US Congress. Similarly appliance manufacturer Haier withdrew its US\$ 1bn+ bid for Maytag after facing opposition.

Recently, Wall Street Journal in an article entitled "China Inc.'s Ambitions," poses the question of whether China could "buy a hefty chunk of Wal-Mart" and answers in the affirmative. According to the article, such a purchase would be "a vertical integrator's dream" since if "Wal-Mart were a country, it would be China's eighth largest trading partner"

Like inward FDI and foreign trade, is India lagging far behind China in outbound FDI? India gets only a tenth of what China gets in as inward foreign investment. For outbound foreign investment, Indian levels are roughly half that of Chinese. So, is it just a catch up game for India? Can we think and act as aggressively as the Chinese? Could Wipro or HCL have bid for the IBM PC business? Could Tata Motors have bought MG Rover? Or will we find that it wasn't a commercial opportunity worth pursuing.

Which Indian companies are buying?

Is it that the first overseas deal is the most difficult one? Our study seems to indicate so. That probably explains the frequency of overseas deals by the same Indian companies.

Of the 244 deals we analyzed, 163 deals involved Indian companies who have done more than one deal in the international context. Of the buyers, ONGC did a total of nine deals and Ranbaxy has done eight deals. The other main players are United Phosphorus (7 deals), Wipro, Glenmark Pharma, 3i Infotech and Bharat Forge (5 deals each), Dr Reddy's. Amtek Auto, HCL Tech, Essel Propack, GAIL, Mahindra& Mahindra and Nicholas Piramal (4 deals each). Amongst the business groups, Tatas have been the most prolific buyer having bought assets in telecom (VSNL), tea, automotive, hotels and chemicals and invested close to US\$ 1bn for global buys in 2005. AV Birla Group has also been active having bought assets in copper mines, pulp mill and chemicals.

Who are buying? Is it the Indian market leader or are the small-mid cap companies also active in the international deal front? The experience differs widely across industries. In the pharma and auto sector, the Indian market leaders have been in the forefront of global foray. However, this international outlook is not just confined to the big players. Mid sized companies in the pharma sector like Glenmark and Strides Arco have also done a fair amount of global buys. Coming to the software/BPO sector the market leaders have been reluctant to invest significantly for global deals. Tier II companies and even small-mid sized companies are more active than the leaders in this sector.

Top overseas acquisitions by India Inc

| Acquirer | Target | Country | Date | Deal Size (US\$mm) |
|------------------------|--|---------------|--------|--------------------|
| ONGC | Greater Nile Oil Project | Sudan | Oct-02 | 766.1 |
| Dr. Reddy's | Betapharm Arzneimittel GmbH | Germany | Feb-06 | 570.3 |
| Tata Tea | Tetley Group | UK | Feb-00 | 431.2 |
| Ranbaxy | Terapia SA (96.70% stake) | Romania | Mar-06 | 324.0 |
| ONGC | Sakhalin-1 PSA Project | Russia | Dec-00 | 323.0 |
| Videocon International | Thomson SA (Cathode Ray Tube business) | Europe, China | Jun-05 | 289.2 |
| Tata Steel | Natsteel Asia Pte Ltd | SE Asia | Sep-03 | 283.7 |
| VSNL | Teleglobe International Holdings | USA | Jul-05 | 254.3 |
| Matrix | Docpharma NV | Belgium | Jun-05 | 234.7 |
| Reliance Gateway Net | Flag Telecom | USA | Oct-03 | 191.2 |
| Tata Steel | Millennium Steel pcl | Thailand | Dec-05 | 175.0 |
| Videocon International | Thomson SA (Italian tube activity) | Italy | Jan-05 | 169.9 |
| Apeejay International | Premier Foods plc (Tea Business) | UK | Oct-05 | 140.5 |
| ONGC | 2 Sudanese Oil Interests | Sudan | Aug-03 | 136.5 |
| VSNL | Tyco Global Network | USA | Nov-04 | 130.0 |
| Scandent | Cambridge Services Holding | USA | Sep-05 | 120.0 |
| Tata Motors | Tata Daewoo Commercial Vehicle | Korea | Nov-03 | 118.2 |
| United Phosphorus | Advanta Netherlands | Netherlands | Feb-06 | 115.0 |
| Tata Chemicals | Brunner Mond Group Plc | UK | Nov-05 | 111.2 |
| Essar Steel | 2 Steel Mills | UK | Sep-05 | 100.4 |

What next?

Will 2006 and beyond see a further rise in international deals by Indian companies? The new found confidence of Indian buyers supported by strong economy wide fundamentals seems to suggest so.

Most of the out-bound deals so far have been limited in scope and size; we foresee a trend of large deals going forward. While it maybe sometime before we see Indian transformational deals similar to Chinese company Lenovo's purchase of IBM's PC business, we believe Indian companies are increasingly bidding for large significant assets abroad. Case in point is Dr Reddy's purchase of Betapharm and Ranbaxy's purchase of Terapia in Q1-2006. Media reports indicated that Wockhardt was seriously in the race for large companies (around US\$1bn in value) in the US. We believe it is just a matter of time before we see more large outbound deals from India.

Who will do these deals? The big players or the small to medium sized ones? Across industries or only in some selected sectors? We believe that the deal street will continue to be hot for global industries like pharma and auto components. A new trend that would emerge could be for manufacturing companies especially in the small to medium sector. There could be significant value creation opportunities for Indian buyers to acquire manufacturing companies in developed markets and then try and restructure the manufacturing model by either offshoring some/all of the production activities or by plugging into India costs. If this trend catches up, this could cut across industries as exemplified by Crompton Greaves' purchase of Pauwells transformer business or Essel Propack's buys in UK, US and Singapore.

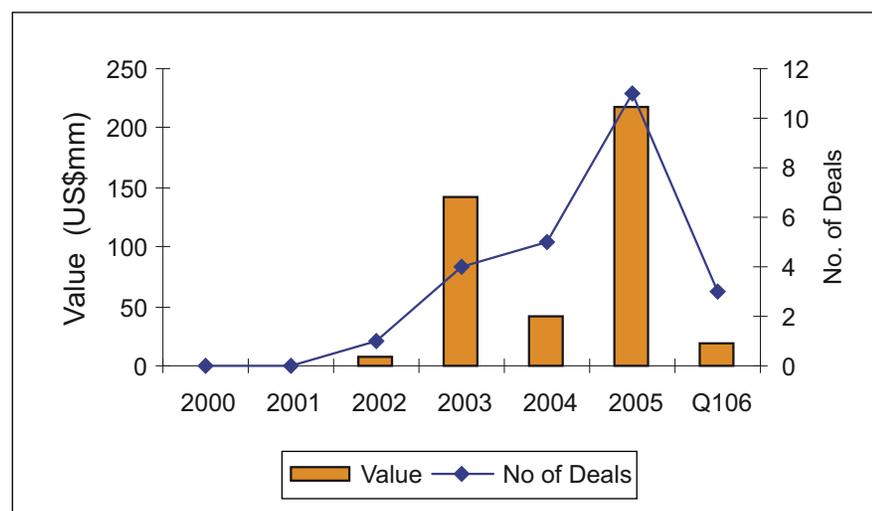
THE INDUSTRY CONTEXT

Automotives Sector

The Automotives sector includes both Automobiles and Auto component companies. It accounted for 9.8% of total deal volume and 5% of deal value.

Tata Motor's acquisition of Korea based Daewoo Commercial Vehicles is the biggest overseas acquisition in the sector. In Nov 2003, Tata's bought 100% of this truck company for US\$118.2mn which had annual sales of about US\$ 250mn. Tatas have subsequently bought auto design companies in UK and Germany and autopart companies in Spain and Germany. Amtek Auto bought four companies in the last four years in the forgings and components business, though most of these buys were in the <\$10mn range. Bharat Forge has done five deals totaling US\$ 100mn+ in value. The other significant players in the cross-border deal space are Mahindra & Mahindra and TVS group.

With increasing globalization of the Indian auto industry and India poised to become a global small car hub, we foresee more deals in this sector. Media reports indicated that Indian buyers were most sought after for the planned unbundled sale of some large troubled western auto component majors. Offshoring of acquired manufacturing facilities, in part or full, is a key driver for international transactions in this sector. We foresee a large amount of small-mid sized deals in this sector in the future.



Source: Bloomberg, Merger Markets, Mape

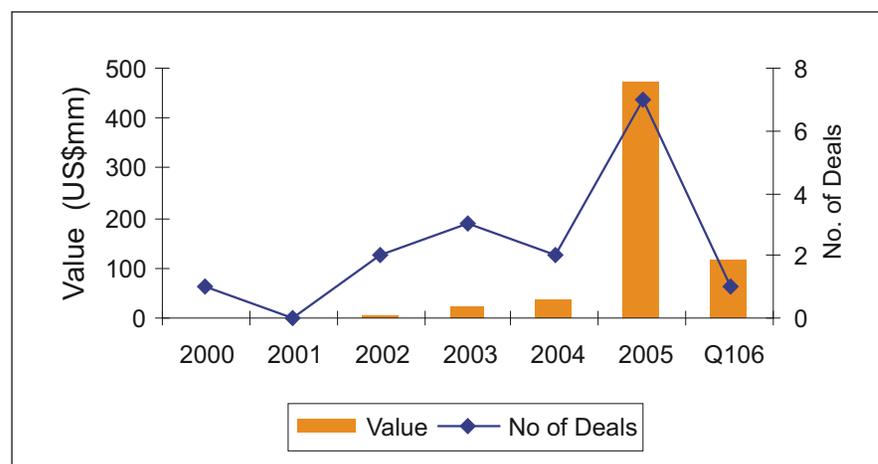
Select Transactions in the Sector

| Acquirer | Target | Country | Date | Deal Size (US\$mn) | Stake / Remarks |
|---------------------|---------------------------|---------|--------|--------------------|---|
| Amtek Auto | GWK Amtek Ltd. | UK | Jul-03 | 10.7 | 85% in UK based manufacturer of vehicle parts and components |
| Bharat Forge | Imatra Kilsta AB | Sweden | Sep-05 | 61.0 | 100% stake in front axle beams and crankshafts manufacturer having an annual turnover of about US\$132mn in 2004 |
| Mahindra & Mahindra | Stokes Group Ltd. | UK | Jan-06 | 12.5 | 100% in UK based automotive forging company; Annual turnover of GBP25.0mn |
| Tata Motors | Daewoo Commercial Vehicle | Korea | Nov-03 | 118.2 | 100% buyout of the Korean truck company having annual turnover of US\$250mn |
| Tata Motors | Incat International Plc | UK | Aug-05 | 90.3 | 100% in UK based design company having 650 employees; Sales of EUR65.3mn and operating profit of EUR2.4mn in YE2004 |

The Industry Context

Chemicals & Fertilizers

The Chemical & Fertilizers sector includes chemical, agrichemical and industrial chemical companies. It accounts for 7% of total deal volume and 7.7% of total deal value



Source: Bloomberg, Merger Markets, Mape

Tata Chemicals' acquisition of Brunner Mond Group plc Nov -05 for US\$111mn is the biggest deal in the sector. Deal activity has gained momentum since 2005 with Tata Chemicals, United Phosphorus & Asian Paints making bulk of the acquisitions in the sector. Sector has witnessed acquisitions in Sri Lanka, Australia, South Africa apart from Europe and North America. Big players like Tata Chemicals have shown interest to acquire more firms overseas. Tatas lost a bid to acquire a large fertilizer company in Egypt in May-05.

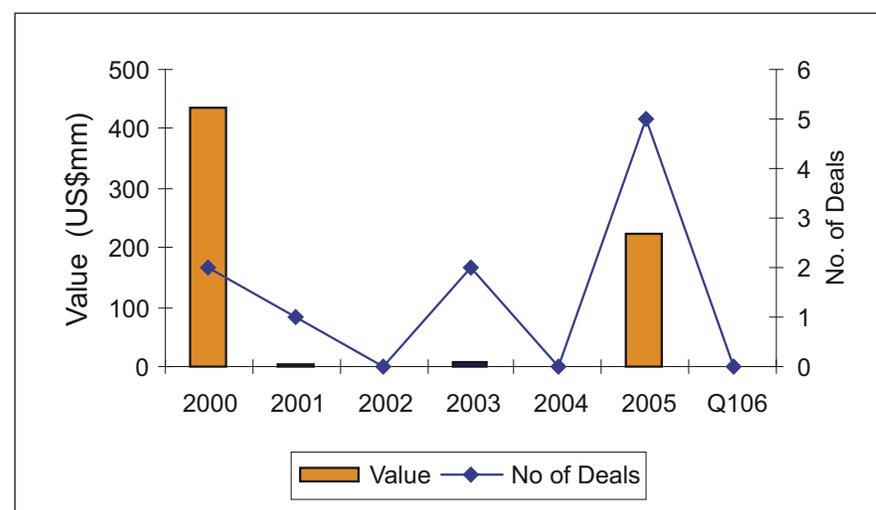
Select Transactions in the Sector

| Acquirer | Target | Country | Date | Deal Size (US\$m) | Stake / Remarks |
|-------------------|-------------------------------|-----------|--------|-------------------|--|
| Asian Paints | SCIB Chemicals SAE | Egypt | Aug-02 | 5.1 | 60% in Egypt based company with annual turnover of US\$12.0mn |
| GHCL | SC Bega Upsom | Romania | Dec-05 | 19.5 | 65% in the Romanian soda ash manufacturer |
| Tata Chemicals | Indo Maroc Phosphore SA | Morocco | Mar-05 | 38.0 | 100% in Indo Maroc was a JV between Kingdom of Morocco & Chambal Fertilizers |
| Tata Chemicals | Brunner Mond Group Plc | UK | Nov-05 | 111.2 | 63.5% in the UK based chemical company |
| United Phosphorus | Oryzalin Herbicide Operations | USA | Jun-03 | 21.3 | 100% in oryzalin herbicide business of Dow Agrosience |
| United Phosphorus | AG Value Inc. | USA | Nov-04 | 35.8 | 100% in the US based company having an annual turnover of US\$53.2mn |
| United Phosphorus | Cequisa | Spain | Jun-05 | 14.1 | 100% in the Spanish company having annual revenues of US\$23.5mn |
| United Phosphorus | Reposo SAIC | Argentina | Oct-05 | 11.0 | 100.0% in the Argentinean company with annual revenues of US\$12.5mn |

The Industry Context

Consumer Sector

The Consumer sector comprises deals made in the Tea, Apparel and Textile. The Consumer sector accounts for 4.1% of total deal volume and 7.8% of deal value.



Source: Bloomberg, Merger Markets, Mape

Two tea deals (Tata-Tetley and Apeejay - Premier Foods) accounted for 87% of total deal value in the sector. Tata Tea's acquisition of Tetley group for US\$431.2mn is the biggest deal in the sector and is considered as a landmark deal for outbound Indian transactions. Godrej's recent acquisition of Keyline Brands in the UK is the first instance of an Indian company buying a foreign business on stand-alone basis rather than as a synergy/front-end for the Indian activities as in the case of tea industry deals.

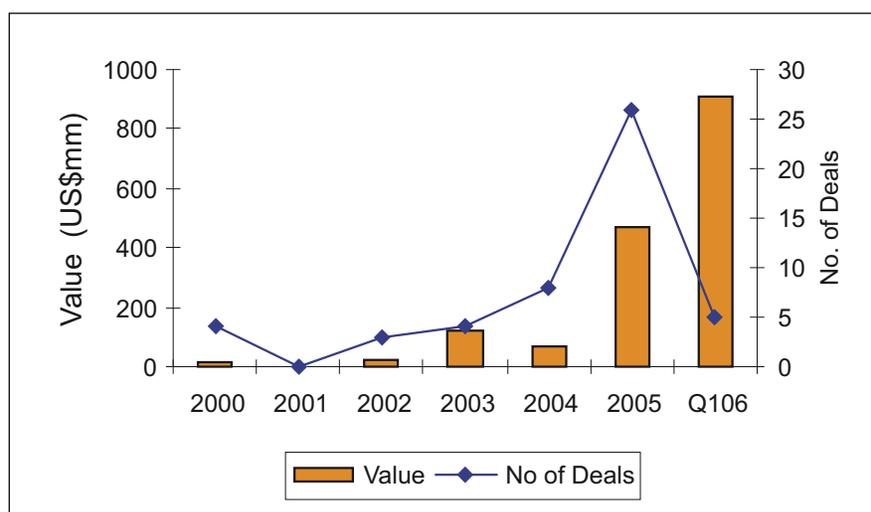
The increasing prominence of Indian textile companies in the international market place has not mirrored in their deal activity. We foresee heightened international deal activity in this sector driven by Indian companies' quest for customer relationships and global production facilities.

Select Transactions in the Sector

| Acquirer | Target | Country | Date | Deal Size (US\$mn) | Remarks |
|-----------------------|----------------------------------|------------|--------|--------------------|---|
| Apeejay International | Premier Foods plc (Tea Business) | UK | Oct-05 | 140.5 | 100% in the listed UK food company |
| Dabur India | Redrock Ltd. | UK | Jul-03 | 5.0 | UK based Redrock is engaged in manufacturing, selling, including export of various cosmetics, toiletries and healthcare products |
| GHCL | Dan River Inc. | USA | Dec-05 | 53.5 | 100% in US-based manufacturer and marketer of textile products |
| Godrej | Keyline Brands Ltd | UK | Oct-05 | 22.2 | 100% in UK based FMCG company engaged in the manufacture, marketing, sales and distribution of cosmetics and toiletries; annual turnover of GBP16.7mn in 2004 |
| Raymond India | Regency Textiles Portuguesa | Portuguese | Oct-01 | 3.0 | 100% in the Portugal-based garments company |
| Tata Tea | Tetley Group | UK | Feb-00 | 431.2 | 100% in the world's Number 2 tea bag company, with a presence in over 35 countries |
| Tata Tea | Fmal herb Inc. & Goodearth | USA | Oct-05 | Est. < 10.0 | 100% in California-based companies selling herbal, fruit flavored, medicinal and traditional teas |

Healthcare Sector

The Healthcare sector comprises companies in the Pharmaceutical, Healthcare, Life sciences and Biotech space. It has been next only to the IT sector in terms of deal volume at 20.5%. It also accounts for 18.8% of deals by value.



Source: Bloomberg, Merger Markets, Mape

The healthcare sector witnessed a surge of activity in 2005 with 26 overseas deals. The first three months of 2006 has witnessed two of the biggest deals in the sector; Dr. Reddy's acquiring Betapharm for US\$570.3mn and Ranbaxy acquiring Terapia for US\$324mn. More than 90% of the acquisitions in this sector have been made in Europe and North America.

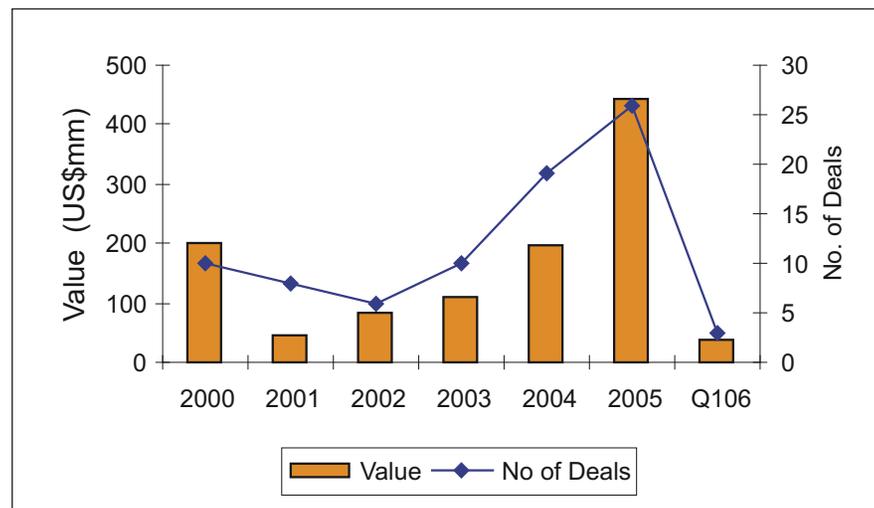
The highly regulated developed economies of Europe and US are becoming the key market for most Indian companies with increasing generic push in these markets. Most companies in the sector have made their overseas ambitions clear by declaring intentions to acquire more firms and we expect a fair amount of large cross border deals in this sector. Also, regulatory requirements of market access will see a host of small sized deals in different markets as in the case of Glenmark Pharma. Given the increasing importance of India as a base for clinical trials, we foresee more deals in this sector similar to Jubilant's buy-out of Target and Dishman's various deals.

Select Transactions in the Sector

| Acquirer | Target | Country | Date | Deal Size (US\$mn) | Remarks |
|--------------------|-----------------------------|---------|--------|--------------------|---|
| Dr. Reddy's | API Business of Roche | Mexico | Nov-05 | 59.0 | 100% in API business at Mexico including all employees and business supply contracts |
| Dr. Reddy's | Betapharm Arzneimittel GmbH | Germany | Feb-06 | 570.3 | 100% in the fourth largest generic drug Co in Germany; annual turnover of US\$195.2mn; |
| Jubilant | Target Research Associates | USA | Oct-05 | 33.5 | 100% in the US based full service Clinical Research Organization (CRO) |
| Matrix | Docpharma NV | Belgium | Jun-05 | 234.7 | 95.5% in the listed Belgium based generic company |
| Ranbaxy | RPG AVENTIS SA | France | Dec-03 | 80.0 | 100% in the French company ranked fifth in generic market with a 6% market share; annual sales of EUR52.0mn |
| Ranbaxy | Terapia SA (96.70% stake) | Romania | Mar-06 | 324.0 | 96.7% stake in Romania based company having annual turnover of US\$80.0mn |
| Sun Pharmaceutical | Caraco | USA | Mar-04 | Est. < 50.0 | 63.1% in Detroit-based company |
| Wockhardt | CP Pharmaceuticals | UK | Jul-03 | 17.7 | 100% in the UK based company; annual turnover of US\$56.1mn |

Software / BPO Sector

Software/BPO sector has been an avid shopper in the international market place and accounted for 33.6% of all overseas acquisition by volume though by deal size the share was only 13% implying a large amount of smaller deals.



Source: Bloomberg, Merger Markets, Mape

Small players have been more active than big names like Wipro, Infosys and TCS. In fact given the size and global standing of Indian software companies, there have not been many significant transactions in this sector. The sector saw a host of cross border deals in 2000 during the height of the tech boom; though the deal activity tapered off after that. Also, the sector has a few companies that are founded /statured on foreign acquisitions - 3i Infotech and Scandent Solutions. Patni's buy-out of Cymbal at US\$67mn and Wipro's buy-out of Newlogic for US\$56mn are the two largest deals in the software space. In the BPO space, Scandent's Cambridge buy and WNS' purchase of the US mortgage BPO - Trinity Partners - are the most significant deals. Sector also saw a few "large" (\$50-100mn range) buy-outs in 2000 predominantly through stock transactions by Indian companies, though the current market equivalent valuation of most of these stock deals will be less than US\$5mn.

Here again, buying of foreign businesses and offshoring the work while keeping the front-end intact has been a recurrent theme for value creation possibilities. Except of HCL Tech which pursued this path for a few smaller deals, most of the large companies have stayed clear of this. An interesting point is that in-bound cross border deals have been at significant level with global majors like IBM, EDS, Oracle etc buying up significant assets in India. Indian companies who are already global or have global ambitions are still to invest abroad in a significant manner. Is it that Indian companies are reluctant to be aggressive or is that the evolving structure of the industry is such that India is the place to be in? Jury is still out.

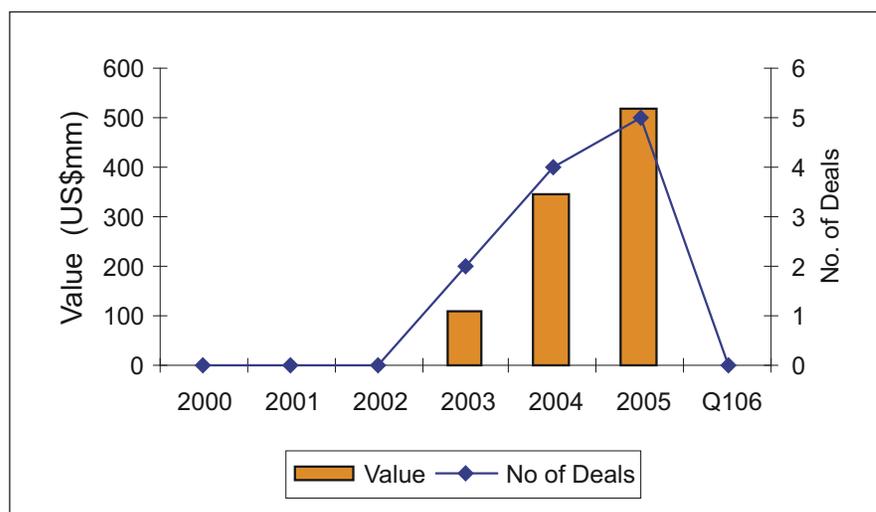
Select Transactions in the Sector

| Acquirer | Target | Country | Date | Deal Size (US\$m) | Remarks |
|--------------------|----------------------------|---------|--------|-------------------|---|
| Patni Computer | Cymbal Corp | USA | Oct-04 | 68.0 | 100% in California based IT firm; Annual turnover of US\$32mn |
| Satyam Computer | Citisoft | UK | Apr-05 | 23.2 | 100% in European business and systems consulting firm |
| Scandent | Cambridge Services Holding | USA | Sep-05 | 120.0 | 75% in US based BPO business with sales of US\$300mn and EBITDA of US\$30mn |
| Tata Consultancy | ComiCrom | Chile | Nov-05 | 23.0 | 100% of Chile based IT firm; 1257 employees; Annual revenues of US\$35.5mn |
| Wipro | Newlogic Technologies | Austria | Dec-05 | 56.4 | 100% in Austria based Bluetooth and Wireless LAN design firm |
| WNS Global Servies | Trinity Partners | USA | Nov-05 | 63.0 | 100% in Arizona-based mortgage BPO player |

The Industry Context

Metals & Mining Sector

Metals & Mining sector accounted for 4.5% of total deal volume and 11.3% of deal value implying a fewer number of large deals.



Source: Bloomberg, Merger Markets, Mape

Overseas acquisitions have been largely made in Australia (50%) and SE Asia (25%). Average deal size is US\$88.2mn. Tata steel's acquisition of Millennium Steel for US\$398.5mn is the biggest deal in the sector. Indian companies have shopped abroad for both reasons - access to captive raw material sources and for production capacity in other markets. Increasing global stature of Indian mining companies will mean increased global deal activity - both for captive raw materials and globalizing their production capacity.

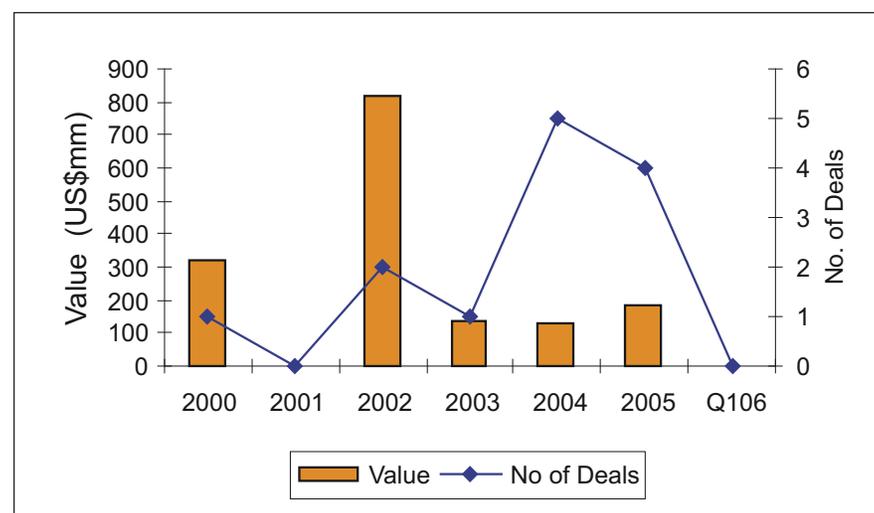
Select Transactions in the Sector

| Acquirer | Target | Country | Date | Deal Size (US\$mn) | Remarks |
|-------------|-------------------------------|-----------|--------|--------------------|--|
| Essar Steel | 2 Steel Mills | UK | Sep-05 | 100.4 | 100% in Hy-Grade Pellets (HGPL) and Steel Corporation of Gujarat (SCGL) from Stemcor, UK |
| Hindalco | Mount Gordon copper mine | Australia | Jan-03 | 14.3 | 100% in the Australian copper mines from Western metals Ltd |
| Hindalco | Nifty Copper ops | Australia | Oct-05 | 94.0 | 50% interest in Maroochydhore exploration project from Straits Resources Limited, the listed Australian mining company. Concurrently Hindalco acquired Straits (Nifty) Pty Ltd., from Straits |
| Tata Steel | Natsteel Asia Pte ltd | SE Asia | Sep-03 | 283.7 | 100% in the Singapore based company which owns steel mills in China, Thailand, Vietnam, Philippines and Australia, with a capacity of 2.0mntpa; 26% per cent equity in Southern Steel Berhad, a 1.3mntpa steel maker in Malaysia |
| Tata Steel | Carborough downs coal project | Australia | Jul-05 | Est. < 5.0 | 5% interest in the Carborough Downs coal project located in Queensland |
| Tata Steel | Millennium Steel | Thailand | Dec-05 | 398.5 | 100% in Thailand based company having a capacity of 1.7mntpa producing long products for construction and engineering steel for auto industries. It has three operating facilities in Saraburi, Rayong and Chonburi province |

The Industry Context

Oil & Gas Sector

Oil & Gas sector accounts for 5.3% of total deal volume and nearly 18.6% of deal value.



Source: Bloomberg, Merger Markets, Mape

GAIL & ONGC account for all the deals made in the sector. Average deal size in the sector is US\$122.1mn, far above the average of US\$35.1mn.

Hydro-carbon business is essentially global in nature that all the big players have traditionally been global rather than local. ONGC's significant foray into international markets signals its transformation from a large domestic player to an emerging global player. ONGC is expected to continue its foray in international markets with a view to securing equity oil.

Future deals can be expected from downstream players like Indian Oil Corporation

Select Transactions in the Sector

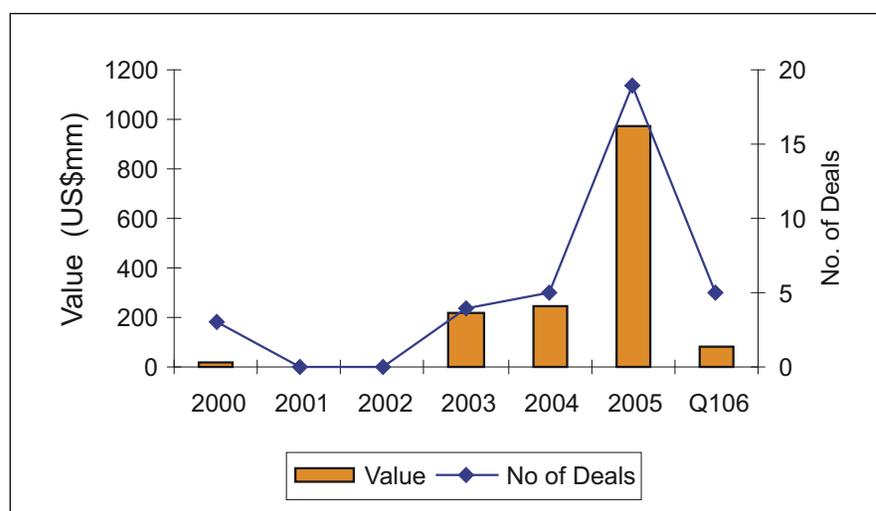
| Acquirer | Target | Country | Date | Deal Size (US\$m) | Remarks |
|------------|--------------------------|---------|--------|-------------------|---|
| Gail India | Fayum Gas Co. | Egypt | Jan-04 | 9.7 | 19% in the Egypt based city gas distribution company |
| Gail India | NATGas | Egypt | Aug-04 | 19.0 | 15% in Egypt based natural Gas company |
| Gail India | China Gas Holdings Ltd. | China | Feb-05 | 31.0 | 10% stake in the Chinese company |
| ONGC | Sakhalin-1 PSA Project | Russia | Dec-00 | 323.0 | 100% in the Sakhalin project from OAO Rpsneft Oil Company |
| ONGC | Greater Nile Oil Project | Sudan | Oct-02 | 766.1 | 25% in the project from Talisman Energy Co |
| ONGC | 2 Sudanese Oil Interests | Sudan | Aug-03 | 136.5 | 100% interest in assets from OMV AG |

The Industry Context

Other Sectors

Overview

All other deals which have not been covered separately above have been accounted for in this category. In a broad measure they include deals made in the Telecom & Media, Financial Institutions & Banking, Power & Utility, Packaging and Manufacturing space. All these sectors put together account for 15.2% of total deal volume and 17.8% of total deal value.



Source: Bloomberg, Merger Markets, Mape

Telecom (35.2%) and Packaging (8.6%) account for nearly 43.8% of deals made in the sector on value basis. Average deal size is US\$41.2mn. VSNL's acquisition of US based Teleglobe International for US\$254.3mn and Reliance's acquisition of Flag Telecom for US\$191.2mn are the biggest deals in this category.

Select Transactions in the Sector

| Acquirer | Target | Country | Date | Deal Size (US\$mn) | Remarks |
|------------------------|------------------------------------|--------------|--------|--------------------|---|
| Apollo Tyres | Dunlop Tyres | South Africa | Jan-06 | 62.0 | 100% in the South Africa based company producing bias and radial products; annual turnover of US\$210mn in CY2005 |
| Crompton Greaves | Pauwels Transformer business | Belgium | Feb-05 | 42.5 | 100% in Belgium based manufacturer of three-phase transformers |
| Reliance Gateway Net | Flag Telecom | USA | Oct-03 | 191.2 | 100% in the US company which has laid submarine cables of around 50,000 km across the globe and has hubs in Middle East and the United States |
| Reliance Industries | Trevira GmbH | Germany | Jun-04 | 97.4 | 100% in German based manufacturers of polyester fibres and filament yarns; Annual turnover of EUR316mn in 2003 |
| United Phosphorus | Advanta Netherlands | Netherlands | Feb-06 | 115.0 | 100.0% in the seed business of Advanta group; annual turnover of US\$ 74.5mn |
| Videocon International | Thomson SA (Italian tube activity) | Italy | Jan-05 | 169.9 | No details available |
| VSNL | Tyco Global Network | USA | Nov-04 | 130.0 | No details available |
| VSNL | Teleglobe International Holdings | USA | Jul-05 | 254.3 | 100% in US based telecoms network services company |

THE DEAL DETAILS

Automotives Sector

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|---------------|--|---------|--------|------------|---|
| Amtek Auto | Smith Jones Inc | USA | Dec-02 | 7.4 | 100% buyout of Iowa based manufacturer of flywheel ring gears and flex plates |
| Amtek Auto | GWK Amtek Ltd. | UK | Jul-03 | 10.7 | 85% stake in UK based manufacturer of vehicle parts and components and holding company of King Automotive Systems Ltd. and Geo W King Ltd |
| Amtek Auto | Zelter GmbH | Germany | Jul-05 | Est. < 5.0 | 70% stake in Germany based manufacturer of machined turbo charger housings |
| Amtek Auto | Tyco International (Forgings Business) | Bermuda | Jan-06 | 5.0 | 100% stake in forgings plant which has an annual capacity of 30-35ktpa |
| Bharat Forge | Carl Dan Peddinghus GmbH | Germany | Nov-03 | 33.9 | 100% acquisition of German based company having an annual turnover of US\$142mn in an asset purchase deal |
| Bharat Forge | CDP AluminTechnik GmbH | Germany | Dec-04 | 8.3 | 100% acquisition of Germany based aluminum forge components manufacturer having an annual turnover of US\$42.7mn |
| Bharat Forge | Federal Forge Inc | USA | Jun-05 | 9.1 | 100% stake in US based company which had filed for protection under Chapter 11 of the U.S. Bankruptcy Code |
| Bharat Forge | Imatra Kilsta AB | Sweden | Sep-05 | 61.0 | 100% stake in front axle beams and crankshafts manufacturer having an annual turnover of about US\$132mn in 2004 |
| Bharat Forge | FAW Group | China | Dec-05 | Est. < 5.0 | Acquired stake in a JV with China's largest automotive group |
| Eicher Motors | Design Intent Engineering Inc. | USA | Jun-05 | 2.5 | 100% stake in Detroit based engineering services provider having several leading OEMs and Tier-1 manufacturers as its customers |

The Deal Details

Automotives Sector contd.

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|---------------------|--------------------------------|----------|--------|-------------|---|
| Escorts | Farmtrac Tractors Europe SP | Poland | Mar-05 | Est. < 10.0 | No details available |
| Mahindra & Mahindra | Tractor Making Unit | China | Nov-04 | 8.0 | 80% stake in a JV with Jiangling Group of China to acquire Jiangling's tractor unit |
| Mahindra & Mahindra | Tractorul Utb | Romania | Sep-05 | Est. < 50.0 | Acquired the listed Romania based tractor manufacturer having an annual turnover of US\$51.8mn in 2004 |
| Mahindra & Mahindra | Stokes Group Ltd. | UK | Jan-06 | 12.5 | 100% stake in UK based automotive forging company; Annual turnover of GBP25.0mn |
| Sona Koyo Steering | Fuji Autotech France SAS | France | Oct-04 | 6.2 | 21.05% stake in a French company that makes steering columns |
| Sundaram Fasteners | Precision Forge Unit | UK | Nov-03 | 2.5 | 100% acquisition of the precision forge unit of UK based Dana Spicer Ltd |
| Sundaram Fasteners | Bleistahl Produktions GmbH | Germany | Oct-04 | Est. < 10.0 | 76% stake in a JV to make valve train parts, including valve guides and valve seats |
| Sundaram Fasteners | Peiner Umformtechnik GmbH | Germany | Nov-05 | 13.8 | 100% stake in Germany based manufactures of fastener products for the automobile, industrial and construction sectors |
| Tata Autocomp | Wundsche Weidinger | Germany | Aug-05 | 4.9 | 100% stake in German automotive company producing plastic parts and systems for the automobile industry |
| Tata Motors | Tata Daewoo Commercial Vehicle | Korea | Nov-03 | 118.2 | 100% buyout of the Korean truck company having annual turnover of US\$250mn |
| Tata Motors | Hispano Carrocera SA | Spain | Feb-05 | 15.9 | 21% stake in Hispano of Spain |
| Tata Motors | Incat International Plc | UK | Aug-05 | 90.3 | 100% stake in UK based design company having 650 employees; Sales of EUR65.3mn and operating profit of EUR2.4mn in YE2004 |
| Tata Motors | Cedis Mechanical Engineering | Germany | Jan-06 | Est. < 5.0 | 100% stake in Germany-based provider of automotive engineering and design services |
| TVS Autolec | RBI Autoparts SDN BHD | Malaysia | Feb-04 | Est. < 10.0 | 40% stake in the Malaysian autoparts company |

The Deal Details

Chemicals & Fertilizers Sector

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|-------------------|-------------------------------|--------------|--------|------------|--|
| Aditya Birla | Dashiqiao Chem, China | China | Aug-05 | 8.5 | No details available |
| Asian Paints | Delmege Forsyth | Sri Lanka | Oct-99 | Est. < 5.0 | 76% stake in a Sri Lankan company with annual turnover of US\$3.5mn |
| Asian Paints | Pacific Paints Co Pte Ltd. | Australia | Nov-00 | 0.2 | No details available |
| Asian Paints | SCIB Chemicals SAE | Egypt | Aug-02 | 5.1 | 60% stake in Egypt based company with annual turnover of US\$12.0mn |
| Asian Paints | Taubman Paints Limited | Fiji | Sep-03 | 1.5 | 100% stake in Fiji's fourth largest paint maker |
| GHCL | SC Bega Upsom | Romania | Dec-05 | 19.5 | 65% stake in the Romanian soda ash manufacturer |
| Tata Chemicals | Indo Maroc Phosphore SA | Morocco | Mar-05 | 38.0 | 100% stake in Indo Maroc ; Target was a JV between Kingdom of Morocco & Chambal Fertilizers |
| Tata Chemicals | Brunner Mond Group Plc | UK | Nov-05 | 111.2 | 63.5% stake in the UK based chemical company |
| United Phosphorus | Oryzalin Herbicide Operations | USA | Jun-03 | 21.3 | 100% stake in oryzalin herbicide business of Dow Agrosience |
| United Phosphorus | BASF Aciflorfen Business | USA, Brazil | Sep-03 | Est. < 5.0 | 100% stake in Acifluorfen, a herbicide active ingredient from BASF |
| United Phosphorus | Cropserve | South Africa | Mar-04 | Est. < 5.0 | 20% stake in stake in South Africa based company which has an annual turnover of US\$122.0mn |
| United Phosphorus | AG Value Inc. | USA | Nov-04 | 35.8 | 100% stake in the US based company; Target sales of US\$53.2mn |
| United Phosphorus | Cequisa | Spain | Jun-05 | 14.1 | 100% stake in the Spanish company; Target sales of US\$23.5mn |
| United Phosphorus | Reposo SAIC | Argentina | Oct-05 | 11.0 | 100% stake in the Argentinanean company; Target sales of US\$12.5mn |
| Vishnu Chemicals | DTLL Inc. | USA | Sep-02 | 1.4 | No details available |

The Deal Details

Consumer Sector

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|------------------------|----------------------------------|------------|---------|-------------|--|
| Apeejay International | Premier Foods plc (Tea Business) | UK | Oct-05 | 140.5 | 100% stake in the listed UK food company |
| Bhartiya International | Ompel SPA | Milan | May-03 | 1.5 | 100% stake in Milan-based international leather and outerwear apparel company |
| Dabur India | Redrock Ltd. | UK | Jul-03 | 5.0 | UK based Redrock is engaged in manufacturing, selling, including export of various cosmetics, toiletries and healthcare products |
| GHCL | Dan River Inc. | USA | Dec-05 | 53.5 | 100% stake in US-based manufacturer and marketer of textile products |
| Godrej | Keyline Brands Ltd | UK | Oct-05 | 22.2 | 100% stake in UK based FMCG company engaged in cosmetics and toiletries; Target sales of GBP16.7mn in 2004 |
| Malwa Industries | Third Dimension Apparel | N/A | Jun-05 | 6.5 | No details available |
| Marico Industries | Sundari LLC | USA | Feb-03 | Est. < 5.0 | Purchase of luxury ayurvedic skincare products (sales US\$1.1mn) |
| Marico Industries | Aromatic Cosmetics | Bangladesh | Oct -05 | Est. < 5.0 | Purchase of toilet soap brand to beef up its Bangladesh franchise |
| Raymond India | Regency Textiles Portuguesa | Portuguese | Oct-01 | 3.0 | 100% stake in the Portugal-based garments company |
| Tata Tea | Tetley Group | UK | Feb-00 | 431.2 | 100% stake in the world's Number 2 tea bag company, with a presence in over 35 countries |
| Tata Tea | Fmal herb Inc. & Goodearth | USA | Oct-05 | Est. < 10.0 | 100% stake in California-based companies selling herbal, fruit flavored, medicinal and traditional teas |

The Deal Details

Healthcare Sector

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|-------------------------|--|-------------|--------|------------|--|
| Aurobindo Pharma | Milpharm Ltd | Europe | Feb-06 | Est. < 5.0 | 100% stake in UK based generic formulation pharmaceutical company |
| Cadila | Alpharma SAS | France | Jul-03 | 6.2 | 100% of the formulation business of Alpharma |
| Dishman Pharmaceuticals | Synprotec Ltd | UK | Apr-05 | 3.8 | 100% stake in UK based company having a track record of more than 20 years of customer relationships with pharma and chemical multinationals through its strong market presence in Europe and the US |
| Dishman Pharmaceuticals | I03S | Switzerland | Dec-05 | Est. < 5.0 | 100% stake in Switzerland based contract research company |
| Dr. Reddy's | BMS Laboratories | UK | Mar-02 | 12.8 | 100% stake in UK based Company; annual turnover of GBP8.0mn and profit after tax of GBP1.6mn in 2001 |
| Dr. Reddy's | Trigenesis Therapeutics Inc | USA | May-04 | 11.0 | 100% stake in a US based privately owned dermatology Company |
| Dr. Reddy's | API Business of Roche | Mexico | Nov-05 | 59.0 | 100% stake in API business at Mexico including all employees and business supply contracts |
| Dr. Reddy's | Betapharm Arzneimittel GmbH | Germany | Feb-06 | 570.3 | 100% stake in the fourth largest generic drug Co in Germany; annual turnover of US\$195.2mn; largest acquisition by an Indian pharma firm. |
| Glenmark | Laboratorios Klinger Do Bras | Brazil | Apr-04 | 5.2 | 100% stake in the Brazilian company with expected revenues of US\$7.0mn |
| Glenmark | Uni-Ciclo Harmonial Brand | Brazil | Mar-05 | 4.6 | 100% buyout of a leading hormonal brand with sales of US\$3.1mn. |
| Glenmark | Servycal SA | Argentina | Oct-05 | Est. < 5.0 | 100% stake in the Argentine marketing company |
| Glenmark | 2 FDA products from Clonmel Healthcare | Ireland | Dec-05 | Est. < 5.0 | 100% stake in two FDA approved products from Clonmel Healthcare Ltd; market-size for the products is approximately US\$50mn and has limited generic competition |

The Deal Details

Healthcare Sector contd.

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|-------------------------|---|--------------|---------|------------|---|
| Glenmark | Bouwer Bartlett Pty Ltd | South Africa | Dec-05 | Est. < 5.0 | 100% stake in a South African sales and marketing company |
| Hikal | Marsing & Co AS | Denmark | Sep-04 | 6.0 | 50.1% stake in a Danish pharmaceutical marketing and distribution company with annual turnover of US\$60.0mn |
| Indegene Lifesystems | Medsn Inc | USA | Sep-05 | 7.0 | 100% stake in US based provider of training and marketing services to the healthcare industry |
| Jubilant | PSI Supply NV | Belgium | Jun-04 | 16.5 | 80% stake in the Belgium based company; annual sales of EUR9.6mn in YE Mar 2004 |
| Jubilant | Trinity Laboratories Inc | USA | Jul-05 | 12.3 | 64% stake in the US-based generic pharmaceuticals company |
| Jubilant | Target Research Associates | USA | Oct-05 | 33.5 | 100% stake in the US based full service Clinical Research Organization |
| Kemwell Private Limited | Pfizer Health AB (manufacturing plant in Uppsala, Sweden) | Sweden | Feb-06 | Est. < 5.0 | 100% stake in Uppsala a Sweden situated API and unfinished drugs manufacturing facility from Pfizer Health |
| Matrix | MCHEM Pharma Group | China | Feb-05 | Est. < 5.0 | 60% stake in the China based company manufacturing fine chemicals, active pharmaceutical ingredients and formulations; annual turnover of ~US\$35.0mn |
| Matrix | Docpharma NV | Belgium | Jun-05 | 234.7 | 95.5% stake in the listed Belgium based generic company |
| Matrix | Explora Laboratories SA | Switzerland | Sep-05 | Est. < 5.0 | 43% stake in the technology platform company based in Mendrisio, Switzerland |
| Max India | Altacast LLC | USA | Apr-00 | 7.0 | 22% stake in the US based holding company of 'HealthCast' an advanced healthcare solutions company dedicated to improving access to critical patient care |
| Max India | Mindcrossing | USA | Apr-00 | 4.0 | 15% stake in US based company which provides infrastructure for rapid development of portals and exchanges |
| Natco Pharma | Nick's Drug Store | USA | Jan -06 | Est. < 5.0 | 75% purchase of a New Jersey drug store with \$20mn revenues |

The Deal Details

Healthcare Sector contd.

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|------------------|--|---------|--------|-------------|--|
| Nicholas Piramal | Dobutrex Brand Rights | USA | Jul-04 | Est. < 5.0 | 100% rights of Dobutrex Brand in India from Eli Lilly & Company, USA |
| Nicholas Piramal | Anaesthetics business in UK | UK | Dec-04 | 14.0 | 100% of Rhodia's global Inhalation Anaesthetics business based in UK |
| Nicholas Piramal | Biosyntech Inc. | Canada | Jul-05 | 4.1 | 17.1% stake in the Canadian biotech research company BioSyntech |
| Nicholas Piramal | Avecia Pharmaceuticals | UK | Oct-05 | 16.9 | 100% stake in the UK-based CMO having annual turnover of US\$64.2mn |
| Opto Circuits | Medical Equipment Co. | Europe | Oct-05 | 13.3 | 100% stake in the US based company which is developing a novel blood glucose monitoring machine |
| Opto Circuits | Eurocor GmbH | Germany | Dec-05 | 13.0 | 100% stake in the German company that designs and manufactures stents |
| Ranbaxy | Bayer's Generic Drug business | Germany | Apr-00 | Est. < 5.0 | No Details available |
| Ranbaxy | Veratide | Germany | Jun-02 | Est. < 5.0 | 100% of Veratide - the anti-hypertensive brand in Germany from P&G |
| Ranbaxy | Signature Pharma's Liquid manufacturing unit | USA | Jul-02 | Est. < 5.0 | 100% of a liquid manufacturing facility from the New York-based Signature Pharmaceuticals Inc on an asset-purchase basis |
| Ranbaxy | RPG AVENTIS SA | France | Dec-03 | 80.0 | 100% stake in the French company ranked fifth in generic market with a 6% market share; annual sales of EUR52.0mn |
| Ranbaxy | Efarmes - generic product | Spain | Jun-05 | Est. < 5.0 | 100% stake in a generic product portfolio accounting for eighteen products belonging to the Spanish pharmaceutical company EFARMES |
| Ranbaxy | Terapia SA (96.70% stake) | Romania | Mar-06 | 324.0 | 96.7% stake in Romania based company having annual turnover of US\$80.0mn |
| Ranbaxy | Allen SpA | Italy | Mar-06 | Est. < 10.0 | Purchase of Glaxo's unbranded Italian generic business |
| Ranbaxy | Ethimed, Belgium | Belgium | Mar-06 | Est. < 10.0 | 100% stake in a Belgian generic pharmaceutical distributor |

The Deal Details

Healthcare Sector contd.

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|-------------------------|--|-----------|--------|-------------|--|
| Shantha Biotech | East West Labs Inc | USA | Sep-00 | Est. < 10.0 | No details available |
| Shasun Chemicals | RHODIA, FRANCE - Custom Synthesis business | France | Apr-06 | Est. < 5.0 | 100% stake in the pharmaceutical customs synthesis business of Rhodia Pharma Solutions including the technology |
| Strides Acrolab | Biopharma | Venezuela | Jun-05 | Est. < 5.0 | 60% in Venezuelan pharmaceutical and marketing company |
| Strides Acrolab | Sterile manufacturing facility | Poland | Jul-05 | 8.0 | 100% in Poland based sterile manufacturing facility specializing in small volume parenterals |
| Strides Acrolab | Beltapharm S.p.A | Italy | Jul-05 | 1.9 | 70% stake in Milan headquartered, semi solids and liquids producer |
| Sun Pharmaceutical | Caraco | USA | Mar-04 | Est. < 50.0 | 63.1% stake in Detroit-based company |
| Sun Pharmaceutical | ICN CO Hungary Ltd | Hungary | Aug-05 | Est. < 10.0 | Purchase of manufacturing facilities in Hungary and Ohio from Valeant |
| Sun Pharmaceutical | Women's First Healthcare | USA | Sep-04 | 5.4 | Purchase of three niche brands with sales of US\$ 7.6mn |
| Sun Pharmaceutical | Able Laboratories Inc. | USA | Dec-05 | 23.2 | 100% of the dosage form business of Able |
| Suven Life Sciences | Synthon Chiragenics Corp | USA | May-03 | Est. < 20.0 | 100.05 of the assets of New Jersey-based leader in carbohydrate-based chiral technology for pharmaceuticals; E&Y estimates the opportunity at US\$20.0mn |
| Themis Medicare | Gedeon Richter RT | Hungary | Aug-04 | Est. < 5.0 | No details available |
| Torrent Pharmaceuticals | Heumann Pharma GmbH | Germany | Jun-05 | Est. < 5.0 | 100% stake in a generic drug company with the Pfizer group |
| Wockhardt | CP Pharmaceuticals | UK | Jul-03 | 19.3 | 100% stake in the UK based generic company with sales of US\$56.1mn |
| Wockhardt | Esparma GmbH | Germany | May-04 | 10.9 | 100% stake in a German generic business |

The Deal Details

Metals & Mining Sector

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|------------------|------------------------------------|-----------|--------|-------------|--|
| Essar Steel | 2 Steel Mills | UK | Sep-05 | 100.4 | 100% stake in Hy-Grade Pellets (HGPL) and Steel Corporation of Gujarat (SCGL) from Stemcor, UK |
| Gujarat NRE Coke | Bellambi & Balgownie coal mine | Australia | Oct-04 | 17.5 | 100% stake in Australia based NRE No. 1 colliery which holds the Bulli, Balgownie and Wongawilli seams; estimated reserves of 300.0mnt of coking coal |
| Gujarat NRE Coke | Zelos Resources NL | Australia | Jun-05 | 13.6 | 18.6% stake in the Australian mining company having exploration license in iron ore and other base metals like gold, copper, platinum, nickel and zinc |
| Gujarat NRE Coke | Rey Resources Ltd. | Australia | Oct-05 | 1.5 | 19.9% stake in Sydney based resources company |
| Hindalco | Mount Gordon copper mine | Australia | Jan-03 | 14.3 | 100% stake in the Australian copper mines from Western metals Ltd |
| Hindalco | Nifty Copper ops | Australia | Oct-05 | 94.0 | 50% stake interest in Maroochydhore exploration project from Straits Resources Limited, the listed Australian mining company |
| Jindal SAW | Imphy UGINE Precision | France | Aug-04 | Est. < 20.0 | 70% stake in a JV pact with Imphy UGINE Precision, one of the divisions of Arcelor Group for manufacturing of High Precision Metal Equipments |
| Jindal Stainless | Stainless steel Cold Rolling Plant | Indonesia | Jul-04 | 25.0 | 100% stake interest in a running 50ktpa capacity stainless steel CR plant in Indonesia from PT. Maspion Stainless Steel Indonesia on asset acquisition basis |
| Tata Steel | Natsteel Asia pte ltd | SE Asia | Sep-03 | 283.7 | 100% stake in the Singapore based company which owns steel mills in China, Thailand, Vietnam, Philippines and Australia, with a capacity of 2.0mntpa; 26% per cent equity in Southern Steel Berhad, a 1.3mntpa steel maker in Malaysia |
| Tata Steel | Carborough downs coal project | Australia | Jul-05 | Est. < 5.0 | 5% stake interest in the Carborough Downs coal project located in Queensland |
| Tata Steel | Millennium Steel pcl | Thailand | Dec-05 | 175.0 | 100% stake in Thailand based company having a capacity of 1.7mntpa producing long products for construction and engineering steel for auto industries |

The Deal Details

Oil & Gas Sector

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|------------|--|-------------|--------|-------------|--|
| Gail India | Fayum Gas Co. | Egypt | Jan-04 | 9.7 | 19% stake in the Egypt based city gas distribution company |
| Gail India | Shell CNG, Egypt | Egypt | Jan-04 | 1.7 | 22% stake in the Egypt based CNG company |
| Gail India | NATGas | Egypt | Aug-04 | 19.0 | 15% stake in Egypt based natural Gas company |
| Gail India | China Gas Holdings Ltd. | China | Feb-05 | 31.0 | 10% stake in the Chinese company |
| ONGC | Sakhalin-1 PSA Project | Russia | Dec-00 | 323.0 | 100% stake in the Sakhalin project from OAO Rpsneft Oil Company |
| ONGC | Myanmar natural Gas Venture | Myanmar | Jan-02 | Est. < 50.0 | 20% participating interest from Daewoo International |
| ONGC | Greater Nile Oil Project | Sudan | Oct-02 | 766.1 | 25% stake in the project from Talisman Energy Co |
| ONGC | 2 Sudanese Oil Interests | Sudan | Aug-03 | 136.5 | 100% stake interest in assets from OMV AG |
| ONGC | Offshore Oil Field | Australia | Aug-04 | Est. < 50.0 | 100% stake in the Australian offshore oilfield from Antrim Energy Inc. |
| ONGC | Oil Field / Ivory Coast | West Africa | Sep-04 | Est. < 50.0 | 30% participating interest from VANCO Energy Inc |
| ONGC | 36 Oil fields in Syria | Syria | Jul-05 | Est. < 50.0 | 100% stake interest in the assets from Petro Canada |
| ONGC | Cuban oil exploration blocks 25 to 29, 35 and 36 | Cuba | Sep-05 | Est. < 50.0 | 30% participating interest |
| ONGC | Vietnam Oil Exploration Block 128 & Block 127 | Vietnam | Nov-05 | Est. < 50.0 | No details available |

The Deal Details

Software / BPO Sector

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|-------------------------|--------------------------|---------------------|---------------|-------------|--|
| 3i Infotech | Ivory Consulting | USA | Jun-00 | Est. < 5.0 | 100% stake in US-based software service provider; annual revenue of US\$10mn |
| 3i Infotech | Command Systems Inc | USA | Jan-01 | 20.0 | 100% stake in US based information technology solutions and services company |
| 3i Infotech | Insyst Technology Inc | Middle East | Oct-01 | Est. < 5.0 | 100% stake in Middle east based ERP product company |
| 3i Infotech | Pipal Research | USA | Sep-04 | 3.9 | 51% stake in Illinois based equity research BPO |
| 3i Infotech | Formulaware Inc | USA | Nov-05 | Est. < 5.0 | 100% stake in US based software company specializing in software aimed at the chemical and paint industries |
| Aftek Infosys | Arexera Information Tech | Germany | Mar-03/Dec-05 | Est. < 20.0 | 100% stake in German knowledge management software company with focus on Processes, Information and Infrastructure management |
| Axis IT&T | Axis Inc | USA | Aug-03 | 2.3 | IT&T acquired 70% stake in the merged entity between IT&T and Axis |
| Datamatics Technologies | Saztec International Inc | USA | Oct-00 | 1.4 | 100% stake in a US based diversified information processing company |
| Datamatics Technologies | Corpay Solutions Inc | USA | Oct-03 | 4.5 | 100% stake in Detroit based company specializing in finance and accounting BPO services |
| Four Soft | Cargomate | Netherlands | Oct-04 | 1.9 | 100% stake in Netherlands based premier transportation and freight forwarding software solutions company |
| Four Soft | Comex Frontier | Singapore, Malaysia | May-05 | 1.3 | 100% stake in Singapore based Software solutions provider and a Malaysian ecommerce solutions provider for Logistics |
| Genpact | Creditek Corp | USA | Jul-05 | Est. < 5.0 | 100% stake in US based provider of order-to-cash cycle outsourcing and enterprise receivables management services; annual revenues of US\$20.4mn in 2004 |

The Deal Details

Software / BPO Sector contd.

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|--------------------------|-----------------------------|-------------|--------|------------|--|
| I-Flex Solutions | Equinox Corp. | USA | Nov-04 | Est. < 5.0 | 100% stake in US based mortgage platform based company |
| I-Flex Solutions | Login SA | France | Nov-04 | Est. < 5.0 | 100% stake in France based specialist treasury front-end solution provider |
| IKF Technologies | NPR Solutions Inc | USA | Feb-05 | 0.3 | 100% stake in US based provider of I.T services |
| Infosys Tech | Expert Information Services | Australia | Dec-03 | 22.9 | 100% stake in Australian based IT firm; Annual sales of US\$31.5mn |
| Kaashyap Radiant | Softpride Systems Inc | USA | Jun-01 | Est. < 5.0 | No details available |
| KLG Systel | COADE Inc. | USA | Jan-00 | 11.5 | 100% stake in US based engineering software developer |
| KPIT Cummins Infosystems | Panex Consulting | USA | Aug-03 | 1.7 | 100% stake in Houston-based IT Consulting company |
| KPIT Cummins Infosystems | Pivolis | France | Nov-05 | 2.1 | Substantial stake in French based company providing offshore consulting services |
| KPIT Cummins Infosystems | Solvecentral.com Inc | USA | Nov-05 | 2.0 | 100% stake in US based software company |
| Mahindra & Mahindra | Bristlecone Inc | USA | Feb-04 | 7.0 | 100% stake in San Jose, California based business process and technology consulting firm |
| Mastek Limited | Entegram LLC | USA | Oct-05 | 0.8 | 100% stake in US based software solutions company specializing in customs application development; Annual revenue of US\$1.5mn |
| Megasoft | Vector Consulting Inc | USA | Jul-01 | Est. < 5.0 | 100% stake in Atlanta, US-based software services company; Annual revenue of US\$10.0mn |
| Melstar Information Tech | Linkhand PLC | UK | Sep-00 | 7.0 | 100% stake in UK-based IT firm along with its two subsidiaries |
| Melstar Information Tech | ITC Consulting GmbH | Switzerland | Sep-00 | 1.5 | 100% stake in UK operations of Zurich based ITC Consulting |

The Deal Details

Software / BPO Sector contd.

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|--------------------------|-----------------------------|-------------|--------|------------|--|
| I-Flex Solutions | Equinox Corp. | USA | Nov-04 | Est. < 5.0 | 100% stake in US based mortgage platform based company |
| I-Flex Solutions | Login SA | France | Nov-04 | Est. < 5.0 | 100% stake in France based specialist treasury front-end solution provider |
| IKF Technologies | NPR Solutions Inc | USA | Feb-05 | 0.3 | 100% stake in US based provider of I.T services |
| Infosys Tech | Expert Information Services | Australia | Dec-03 | 22.9 | 100% stake in Australian based IT firm; Annual sales of US\$31.5mn |
| Kaashyap Radiant | Softpride Systems Inc | USA | Jun-01 | Est. < 5.0 | No details available |
| KLG Systel | COADE Inc. | USA | Jan-00 | 11.5 | 100% stake in US based engineering software developer |
| KPIT Cummins Infosystems | Panex Consulting | USA | Aug-03 | 1.7 | 100% stake in Houston-based IT Consulting company |
| KPIT Cummins Infosystems | Pivolis | France | Nov-05 | 2.1 | Substantial stake in French based company providing offshore consulting services |
| KPIT Cummins Infosystems | Solvecentral.com Inc | USA | Nov-05 | 2.0 | 100% stake in US based software company |
| Mahindra & Mahindra | Bristlecone Inc | USA | Feb-04 | 7.0 | 100% stake in San Jose, California based business process and technology consulting firm |
| Mastek Limited | Entegram LLC | USA | Oct-05 | 0.8 | 100% stake in US based software solutions company specializing in customs application development; Annual revenue of US\$1.5mn |
| Megasoft | Vector Consulting Inc | USA | Jul-01 | Est. < 5.0 | 100% stake in Atlanta, US-based software services company; Annual revenue of US\$10.0mn |
| Melstar Information Tech | Linkhand PLC | UK | Sep-00 | 7.0 | 100% stake in UK-based IT firm along with its two subsidiaries |
| Melstar Information Tech | ITC Consulting GmbH | Switzerland | Sep-00 | 1.5 | 100% stake in UK operations of Zurich based ITC Consulting |

The Deal Details

Software / BPO Sector contd.

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|-------------------------------|-----------------------------|---------|--------|------------|---|
| Moschip Semiconductor | Veracity Technologies Inc | USA | Dec-03 | 8.7 | 100% stake in a privately held corporation, providing silicon, software and support for last mile Internet connected security solutions |
| Moser Baer | CAPCO | UK | Jun-00 | 5.2 | No details available |
| Mphasis BFL | Navion Software Development | China | Oct-02 | Est. < 5.0 | 100% stake in the captive software maker for financial giant Capital One |
| Mphasis BFL | Princeton Consulting | UK | Feb-05 | 8.4 | 100% stake in UK based company having annual sales of US\$13.4mn |
| Mphasis BFL | Eldorado Computing Inc. | USA | Mar-05 | 16.5 | 100% stake in US based company having annual sales of US\$10.0mn |
| NIIT | Osprey Systems Inc | USA | Mar-02 | 3.0 | 100% stake in US based privately held company engaged in providing SAP solutions and services; Annual revenues were over US\$10mn in 2001 |
| Orient Information Technology | Professional Access Ltd. | USA | Mar-02 | 36.9 | 62% stake in US based software services company; annual revenues of US\$40.0mn |
| Patni Computer | Cymbal Corp | USA | Oct-04 | 68.0 | 100% stake in California based IT firm; Annual turnover of US\$32mn |
| Polaris Software | SIDOUN GmbH | Germany | Feb-01 | 1.1 | 20% stake in German based software company |
| Sai Info | Call Centre College UK | UK | May-01 | Est. < 5.0 | 100% stake in UK-based call centre training and education centre |
| Sarla Technologies | Synapse Systems LLC | USA | Jan-04 | Est. < 5.0 | 100% stake in Pittsburgh, Pennsylvania-based software development and automation firm |
| Satyam Computer | Medbiquitous Services Inc | USA | Oct-01 | 1.0 | 7% stake in US based IT company |
| Satyam Computer | Citisoft | UK | Apr-05 | 23.2 | 100% stake in European business and systems consulting firm |

The Deal Details

Software / BPO Sector contd.

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|--------------------------|---------------------------------|-----------|--------|------------|--|
| Satyam Computer | Knowledge Dynamics Pte Ltd. | Singapore | Jul-05 | 3.3 | 100% stake in Singapore-based intelligence solutions consultancy firm |
| Scandent | BWH France | France | Jul-05 | Est. < 5.0 | 100% stake in France based technology firm focused on enterprise resources planning |
| Scandent | Cambridge Services Holding | USA | Sep-05 | 120.0 | 75% stake in US based BPO business; Annual sales of US\$300mn and EBITDA of US\$30mn |
| Secova Eservices | Empact EBS Inc | USA | Dec-04 | Est. < 5.0 | No details available |
| Servion Global Solutions | 5by5 Networks, Incorporated | USA | Jan-06 | Est. < 5.0 | 100% stake in US based technological company |
| Silverline Tech | Starpoint Solutions | USA | Aug-00 | 15.0 | No details available; reported deal value of US\$15mn |
| Silverline Tech | SeraNova | USA | Oct-00 | 89.8 | 100% stake in US based designs and implements Internet-based software in a stock transaction |
| SK Technologies | Cirilium Holdings Inc. | USA | Jun-04 | 89.6 | No details available; Deal value as reported by company |
| SSI Limited | Albionnorion LLC | USA | Sep-00 | 58.9 | 100% stake in US based IT solutions provider in a stock transaction |
| Subex Systems | Fraud Management Group | France | Jul-04 | 3.0 | No details available |
| Subex Systems | Fraud Centurion Product Suite | USA | Aug-04 | Est. < 5.0 | No details available |
| TCS | Financial Network Services | Australia | Oct-05 | 26.1 | 100% stake in Australian based provider of sophisticated, mission-critical systems for the banking and finance industry around the world |
| TCS | ComiCrom | Chile | Nov-05 | 23.0 | 100% of Chile based IT firm; 1257 employees; Annual revenues of US\$35.5mn |
| Teledata Informatics | Teledata Marine Systems Pte Ltd | Singapore | Jul-04 | Est. < 5.0 | 21.1% stake in Singapore based firm funded by the Economic Development Board of Singapore |

The Deal Details

Software / BPO Sector contd.

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|-----------------------|--------------------------------------|-----------|--------|------------|---|
| Teledata Informatics | Bitech Dubai | Dubai | Sep-04 | Est. < 5.0 | 100% of Bitech Dubai |
| Teledata Informatics | Bitech Singapore | Singapore | Sep-04 | Est. < 5.0 | 51% stake in Bitech Singapore |
| Teledata Informatics | Insoft Systems Pte Ltd | Singapore | Sep-04 | Est. < 5.0 | No details available |
| Teledata Informatics | Vanguard Technologies LLC | USA | Nov-05 | Est. < 5.0 | 100% stake in US based company which specializes in providing services based on SAP |
| Teledata Informatics | Picnic Marine Company | Thailand | Dec-05 | 43.2 | 70% stake in Thailand based company; 200 employees; Annual turnover of US\$9.0mn; deal value as reported by company |
| Teledata Informatics | Alphasoft Services Corporation (ASC) | USA | Mar-06 | 14.2 | 100% stake in US based company providing high quality IT services; |
| Virinchi Technologies | Ksoft Systems Inc | USA | Aug-05 | 2.7 | 100% stake in New Jersey, USA based company focusing on SAP implementations; 40 employees |
| Wipro | Utility Consultancy Business of AMS | USA | Nov-02 | 26.0 | 100% stake in US based IT firm |
| Wipro | Nervewire inc. | USA | Apr-03 | 18.7 | 100% stake in US based IT Consulting firm |
| Wipro | Newlogic Technologies | Austria | Dec-05 | 56.4 | 100% stake in Austria based Bluetooth and Wireless LAN design firm |
| Wipro | mPower Inc. | USA | Dec-05 | 28.0 | 100% stake in US based IT firm; Annual revenues of US\$18.0mn |
| Wipro | cMango inc. | USA | Feb-06 | 20.0 | 100% stake in US based IT firm; Annual revenues of US\$13.0mn |
| WNS Global Servies | Trinity Partners | USA | Nov-05 | 63.0 | 100% stake in Arizona-based mortgage BPO |
| Zensar Technologies | Broadgate Systems Inc | USA | Aug-04 | Est. < 5.0 | No details available |
| Zensar Technologies | OBT Global Inc | USA | Dec-05 | Est. < 5.0 | 100% stake in US based SAP services provider |

The Deal Details

Others

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|-----------------------|---|----------------|--------|------------|---|
| Allcargo Movers (I) | Ecu-Line N.V. | Europe | Jun-05 | 9.0 | 33.8% stake in Europe's largest Non Vessel Operated Common Carrier; Target sales of EUR180mn (US\$220mn) in 2004 |
| Apollo Tyres | Dunlop Tyres | South Africa | Jan-06 | 62.0 | 100% stake in the South Africa based company producing bias and radial products; annual turnover of US\$210mn in CY2005 |
| Bilcare | ProClinical Inc. | USA | Jul-05 | Est. < 5.0 | 100% stake in Phoenixville based pharmaceutical services and packaging company |
| Carborundum Universal | Abrasive Enterprises | Canada | Feb-06 | 1.7 | 100% stake in a closely held company based at Summerside, Canada |
| Continental Engines | Vege Group (European business) | Netherlands | Oct-05 | 6.0 | 100% stake in Netherlands based engine and related parts manufacturer |
| Country Club India | Babylon Hotels | Sri Lanka | Feb-06 | 2.2 | 100% stake in Sri Lanka based Babylon property; 30-suites |
| Crompton Greaves | Pauwels Transformer business | Belgium | Feb-05 | 42.5 | 100% stake in Belgium based manufacturer of three-phase transformers |
| Cyber Media | SX2 Media Labs | USA | Feb-06 | Est. < 5.0 | 20% stake in New York-based Sx2 Media Labs LLC, a company formed by David Sills and Stoneybrook Capital |
| Essel Propack | Propack Holdings AG | Switzerland | Nov-00 | 11.0 | Essel became the world's largest laminated tube co. after this acquisition |
| Essel Propack | Arista Tubes | UK | Aug-04 | Est. < 5.0 | 100% stake in UK based seamless plastic tubes manufacturer |
| Essel Propack | Telcon Packaging | UK | Apr-05 | Est. < 5.0 | 100% stake in UK based laminated tube manufacturer having 12% market share |
| Essel Propack | Tacpro Inc. USA, Avalon Medical services, Singapore | USA, Singapore | Mar-06 | 10.7 | 85% stake in California based Tacpro and Singapore based Avalon; Tacpro has annual sales of US\$9.0mn |
| GMR | Odeon Ltd. | Mauritius | Mar-03 | Est. < 5.0 | No details available |

The Deal Details

Others contd.

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|------------------------|--------------------------------|-----------|----------|-------------|--|
| Graphite India | Conradty Group | Germany | Jul-04 | 13.6 | 100% stake in the German graphite electrodes manufacturer |
| Gujarat Glass | Glass Group Inc. | USA | Jul-05 | Est. < 10.0 | 100% purchase of Flat river glass plant and 2 operations in New Jersey |
| Havell's India | Standard Electronics Inc | USA | Apr-00 | 4.1 | 100% purchase of electrical equipment company |
| ICICI Bank | Investitsionno-Kreditny Bank | Russia | May-05 | Est. < 5.0 | 100% stake in the 3 branch Russian Bank having assets worth US\$4.4mn of which US\$2.5mn are loan assets |
| IFGL Refractories | Monocon International Refrac | UK | Aug-05 | 16.1 | No details available |
| Indian Hotels | Pierre Hotel | USA | June -05 | 50.0 | Purchase of luxury hotel of Manhattan Fifth Avenue |
| Indian Hotels | W Hotel/SYDNEY | Australia | Dec-05 | 36.0 | Purchase of Boutique hotel in Australia |
| Infomedia India | Keyword Group Ltd | UK | Dec-05 | 3.2 | Purchase of pre-press company along with its 49% holding in Cepha Imaging, India |
| ISG Novasoft | Gmaccm Technology | Europe | Oct-05 | Est. < 5.0 | 100% stake in the financial services resource firm |
| Jindal PolyFilms | REXOR SA | France | Nov-03 | 10.1 | 100% stake in flexible & luxury packaging film maker; annual turnover of US\$34.0mn |
| Kirloskar Brothers | SSP Branded water & fire pumps | UK | Nov-03 | 8.4 | 100% of assets and business of pump manufacturing company in UK |
| Motherson Sumi Systems | G+S Kunststofftechnik GmbH | Germany | Jun-05 | 2.5 | 100% stake in Germany based plastics injection molding company; annual turnover of EUR9.0mn |
| PSL | Flecon Multi System PTE LTD | Singapore | May-00 | 0.1 | No details available |

The Deal Details

Others contd.

| Acquirer | Target | Country | Date | Deal Size | Remarks |
|--------------------------------|--|---------------|--------|-------------|---|
| Reliance Gateway Net | Flag Telecom | USA | Oct-03 | 191.2 | 100% stake in the US company which has laid submarine cables of around 50,000 km across the globe and has hubs in Middle East and the United States |
| Reliance Industries | Trevira GmbH | Germany | Jun-04 | 97.4 | 100% stake in German based manufacturers of polyester fibres and filament yarns; Annual turnover of EUR316mn in 2003 |
| SBI | Giro Commercial Bank Ltd. | Kenya | Oct-05 | Est. < 10.0 | 76% stake in Kenya based bank |
| SBI | Ocean International Bank | Mauritius | Oct-05 | 10.0 | No details available |
| SBI | Bank Indomonex PT | Indonesia | Nov-05 | Est. < 10.0 | 76% stake in Indonesia-based bank with seven branches in Jakarta, Bandung and Surabaya |
| Sheela Foam | Joyce Corporation Limited | Australia | Aug-05 | 12.1 | 100% stake in Australian listed company dealing in foam products |
| Shriram Group & EU | Dewind AG | Germany | Jul-05 | 0.1 | 100% stake in the turbine business of FKI |
| Tata Sons | News Corp-CL A | N/A | Jan-04 | Est. < 5.0 | No details available |
| Tembec Inc; Aditya Birla Group | St. Anne-Nackawic Pulp Company Ltd | Canada | Nov-05 | 100.0 | 100% acquisition was made through a JV between Aditya Birla Group and Tembec in which Aditya Birla Group will be the majority equity holder |
| United Phosphorus | Advanta Netherlands | Netherlands | Feb-06 | 115.0 | 100% stake in the seed business of Advanta Group; annual turnover of US\$74.5mn |
| Usha Martin Limited | Brunton Shaw | UK | Sep-00 | 4.6 | 100% stake in UK based ropes manufacturer and supplier |
| Videocon International | Thomson SA (Italian tube activity) | Italy | Jan-05 | 169.9 | No details available |
| Videocon International | Thomson SA (Cathode Ray Tube business) | Europe, China | Jun-05 | 289.2 | 100% of the Picture tube manufacturing operations of Thomson SA including three manufacturing facilities in Poland, Mexico and China. |
| VSNL | Tyco Global Network | USA | Nov-04 | 130.0 | No details available |
| VSNL | Teleglobe International Holdings | USA | Jul-05 | 254.3 | 100% stake in US based telecoms network services company |

MAPE Advisory Group is a boutique investment banking firm focusing on Mergers & Acquisitions (M&A) and Private Equity (PE) deals. A Bloomberg ranked firm, MAPE has closed 35 deals totaling US\$ 350mn in the last four years. The firm has 20 investment banking professionals working out of offices in Bangalore, Chennai, Delhi and Mumbai.

Select Transactions

| | | | |
|---|---|---|---|
| <p>US\$ 6 Mn</p>  <p>Dr. Reddy's Labs</p> <p>Acquisition of Dentistry Business of Group Pharma</p> <p>December 2001</p> | <p>US\$ 25 Mn</p>  <p>Ranbaxy Laboratories Limited</p> <p>Sale of allied businesses to ICICI Ventures</p> <p>September 2005</p> |  <p>Wockhardt Limited</p> <p>Sale of Luton Manufacturing facility to Bristol Labs (UK)</p> <p>October 2004</p> | <p>US\$ 10 Mn</p>  <p>Glenmark Pharma</p> <p>Private placement of equity with CDC Capital Partners</p> <p>June 2002</p> |
| <p>US\$ 12 Mn</p>  <p>CRISIL Ltd.</p> <p>Acquisition of Irevma</p> <p>October 2004</p> |  <p>ICICI OneSource</p> <p>Acquisition of Equity Stake in Pipal Research</p> <p>July 2004</p> | <p>US\$ 75 Mn</p>  <p>SSI Limited</p> <p>Merger of the IT Services business with the Scandent Group</p> <p>December 2003</p> | <p>US\$ 8 Mn</p>  <p>Scandent Group</p> <p>Private placement of equity with UTI Ventures, Others</p> <p>May 2004</p> |
| <p>US\$ 14 Mn</p>  <p>ING Vysya Bank</p> <p>Sale of bad assets of ING Vysya to Actis</p> <p>June 2004</p> | <p>US\$ 19 Mn</p>  <p>Kavy Stock Broking</p> <p>Private placement of equity with Pacific Century Group, Hong Kong</p> <p>July 2005</p> | <p>US\$ 23 Mn</p>  <p>India Switch Company</p> <p>Sale of ATM managed services and payments processing business to eFunds</p> <p>April 2005</p> | <p>US\$ 18 Mn</p>  <p>Abhishek Dalmia Group</p> <p>Acquisition of Revathi Equipment from Atlas Copco AB</p> <p>April 2002</p> |
| <p>US\$ 12 Mn</p>  <p>Firepro Systems Pvt. Ltd.</p> <p>Private placement of equity with AIG</p> <p>March 2006</p> | <p>US\$ 9 Mn</p>  <p>Linc Software Services</p> <p>Acquisition of Linc Software Services Pvt. Ltd. by MindTree Consulting</p> <p>May 2005</p> |  <p>mauj</p> <p>Private placement of equity with Westbridge, Intel and Sequoia</p> <p>February 2006</p> | <p>Indian Oil tanking</p> <p>Indian Oil tanking Limited</p> <p>Acquisition of controlling stake in Stewarts & Lloyds of India Ltd. from TATA Group</p> <p>July 2004</p> |

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