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## India Inc plans to shop big

OUR CORRESPONDENT



**New Delhi, June 5:** India Inc is likely to spend up to \$4.5 billion this year to acquire foreign firms, according to investment analysts.

Domestic companies had acquired 42 foreign firms last year at a cost of \$2.3 billion.

In contrast, Indian bigwigs have made around 29 acquisitions worth \$ 2.1 billion in the first four months of this year.

Buying binge

“While Indian companies in the recent past have accumulated a lot of wealth and wish to deploy it cautiously, American firms are also keenly watching India’s growth story and want to be a part of it,” said Anil Kumar Singh, managing partner of Virtus Global Partners, a NewYork-based investment banking firm.

Singh said the ballpark figure of \$4.5 billion is supported by studies made by other research analysts, including those by KPMG.

Virtus Global provides crossborder transaction and advisory services to companies in the US and India who are actively considering mergers and acquisitions. The company offers services to firms with revenues in the range of \$40-\$150 million, Singh said.

“At present, we have sale or merger mandates from a handful of companies, including six US-based technology firms. These are two pharmaceutical companies and one each in the auto, candy and nut processing segments,” said Singh.

On an average, the completion of a merger or acquisition can span from four months to even a year.

Stating that India has immense growth potential over the next eight to 10 years, Singh admitted that the merger and acquisition industry has some challenges ahead.

“A due diligence exercise, deal structuring and a straightforward attitude is what one looks for,” said Singh. “The process of due diligence in India is a nightmare when compared with the US and UK,” he added.

The majority of overseas acquisitions by Indian companies are in Europe, which comprises nearly 50 per cent of the total merger and acquisition industry, he said.

The acquisitions made in the US represents about 24 per cent of the total pie. This is expected to grow to 35 per cent over the next one year.

US firms are interested in information technology, pharmaceutical and auto component companies in India, said Singh.

