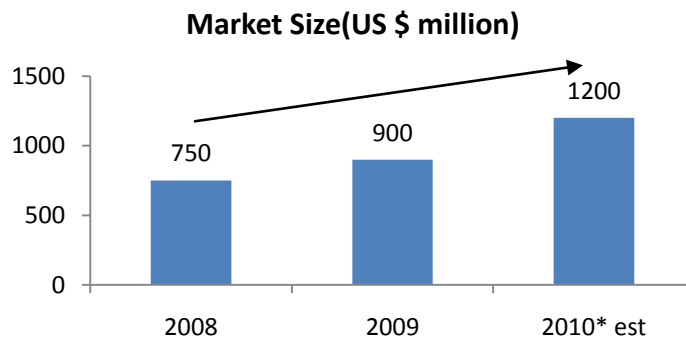


## India Opportunities for Homeland Security Equipment Industry

### Overview

Homeland security has come into enhanced focus since the 9/11 attacks in Mumbai. The sheer audacity and magnitude of November 2008 strikes in Mumbai, which resulted in over 200 casualties, shocked the world. It also highlighted gaps existing in India's internal security apparatus.

India's homeland security agencies, which primarily consist of the paramilitary forces, state and central police forces and the intelligence agencies, function under the aegis of the Indian Ministry of Home Affairs (MHA). As maintenance of law and order is a state subject, all 28 Indian states maintain considerable police, armed police and special police forces. Provisioning and procurement of all items for the modernization of central police forces is handled by the Police Modernization Division (PMD) of MHA. The Indian Government through MHA is likely to spend over \$ 7.5 billion and state governments close to \$ 2 billion on the modernization of their police and para-military organizations in the next 3-5 years. The bulk of the expenditures will be on arms, ammunition, transport, communication equipment, bullet proof jackets, and explosive handling devices.



### U.S. – India Relations in Homeland Security

The political and economic relations of India and the U.S. are strong and growing, as demonstrated by the recent Civil Nuclear Cooperation agreement between the two countries. Counter terrorism/Homeland security has also been defined as one of the 5 pillars of cooperation between the U.S. and India during Secretary Clinton's visit to India in 2009. The Ministry of Home Affairs recently announced that it would set up a National Information Grid (Natgrid), consisting of 21 sets of databases networked to achieve seamless and secure access to desired information for intelligence and enforcement agencies across the country. Further, in late 2009, India's Home Minister, the Honorable P Chidambaram, called for a radical restructuring of India's security architecture, proposing the setting up of a National Counter Terrorism Centre (NCTC) by the end of 2010. The Centre would need to be established from scratch, borrowing lessons from the U.S., where such a centre was established in 36 months. The U.S. and India have also established a Joint Working Group on Counter-terrorism (CTJWG) to enhance security cooperation between the two countries.

### Marine Security

There is a \$ 1.7 billion plan to revamp the country’s maritime security architecture. For effective coastal security, India requires maritime patrol boats, ferries, fast attack vessels, maritime surveillance systems and equipment, access control systems, biometric systems, CCTV equipment, thermal imaging system, explosives detection equipment, radar systems, screening technologies, cameras x-ray body scanners and baggage scanners, early warning systems, identification systems, transponders, etc. The Indian Coast Guard itself is looking to procure 5 offshore patrol vessel, 10 fast-attack craft, 20 interceptor boats, hovercrafts, radars, 12 Dornier aircraft and 30 helicopters, among other things.

## Homeland Security Market Size

| US\$ millions           | 2008 | 2009 | 2010 est* |
|-------------------------|------|------|-----------|
| <b>Market Size</b>      | 750  | 900  | 1200      |
| <b>Local Production</b> | 200  | 275  | 375       |
| <b>Exports</b>          | 75   | 100  | 125       |
| <b>Imports (Global)</b> | 625  | 725  | 950       |
| <b>Imports from US</b>  | 200  | 275  | 375       |

Source: U.S. Department of Commerce

## Upcoming Opportunities

The Government of India has ‘fast tracked’ the acquisition of equipment and items necessary for a robust homeland security set up. As such, it has sought offers from various companies and assurances from multiple countries to provide the much needed equipment and articles. These include bomb detection and disposal equipment, explosives detectors, deep search metal detectors, personal protection, riot protection equipment, disaster management equipment, sub surface imaging systems, blast guard barrier systems, bomb resistant thrash receptacles and bullet proof vehicles, under vehicle surveillance solutions among others.

## Foreign players in India

U.S. companies such as Honeywell, Textron, Boeing, Cisco, Raytheon, 3M, DuPont, Texas Instruments, Cross Match Technologies, Infinova, NABCO, Colt, Smith and Wesson, Sig Sauer are already operating in the Indian market. These U.S. companies provide global state-of-the-art commercial and homeland security technology products, solutions and services for border protection, marine security, counter insurgency, city surveillance and other critical security infrastructure needs. Companies from the UK, Israel, Taiwan, Italy and Japan also have an active presence in the country promoting their products, including monitoring equipment, interceptors, and other electronic devices.

## ABOUT US

IMaCS Virtus Global Partners, Inc. ("IVG Partners") is a New York based advisory firm that offers services to North American companies and funds seeking India related growth and investment opportunities. Our mission is to enable our clients to transform their business by adding India as a key part of their global footprint. Our clients benefit from our local presence, strong relationships, knowledge of local business practice, experience, and financial expertise. The firm is part of ICRA Management Consulting Services Limited, which is a fully-owned subsidiary of ICRA Limited, one of India's leading credit rating agencies.

We are headquartered in New York with eight offices in India.

## OUR PROFESSIONALS

We have an established track record of over 15 years and 1,000 engagements providing advisory services to a diversified client base across energy, manufacturing, infrastructure, and retail. Our team possesses a deep understanding of the business environment, both in the US and India and is well connected with companies, financial institutions and governmental agencies in both markets. We also work with multilateral and bilateral government agencies such as World Bank and ADB as well as financial institutions and regulators.

## OUR SERVICES

### India Entry Advisory

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- Market, Demand and Competition Analysis
- Sales and Sourcing Strategy
- Customer and Partner Meetings
- India Strategy & Investment Roadmap

### Risk Management

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- Solutions to Address Payment and Other Risks
- Financial Assessment of Customers & Partners
- Credit Risk Assessment
- Local Regulatory Compliance

### Partner / Alliance Search

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- Partner Identification and Meetings
- Partner Due Diligence
- Joint Implementation Plans
- Structuring and Negotiating Agreements

### Operations Setup and Support

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- Location Assessment
- Organization Design
- Business Structure Setup
- Operations Support

### Project / Bid Advisory

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- Contract Preparation
- Concession Agreements
- Financial Modeling
- Economic Analysis

### M&A Advisory

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- Target Identification
- Price Negotiations
- Synergy Valuation
- Deal Structuring

## REPRESENTATIVE EXPERIENCE

Below is a partial list of our engagements in India for North American and European companies:

- Preparation of India entry strategy for a leading international EPC contractor.
- Financial strategy and roadmap for a rights issue for a global Original Equipment Manufacturer.
- Market analysis and Product pricing strategy for launch of commercial vehicles in India by a global OEM.
- Financial evaluation of vendors for an international automobile company setting up a joint venture in India.
- Formulating an India entry strategy and business plan for a global monoline insurance company.
- Market study and Commercial viability assessment for setting up a 150 MW Lignite Based Power Project in India for an international developer of power projects.
- Formulating an India entry strategy for a leading global bank.
- Assessment and Due diligence of joint venture partner for an international power project investor
- Market Assessment of commercial vehicles gearbox and seatbelts in India for a leading international auto-component manufacturer.
- Financial assessment and valuation of India based utility companies for an international strategic investor seeking acquisition of stake in a State Owned Public Sector Utility
- Evaluation of options for corporate restructuring for a large engineering conglomerate

## REPRESENTATIVE GLOBAL CLIENTS



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