

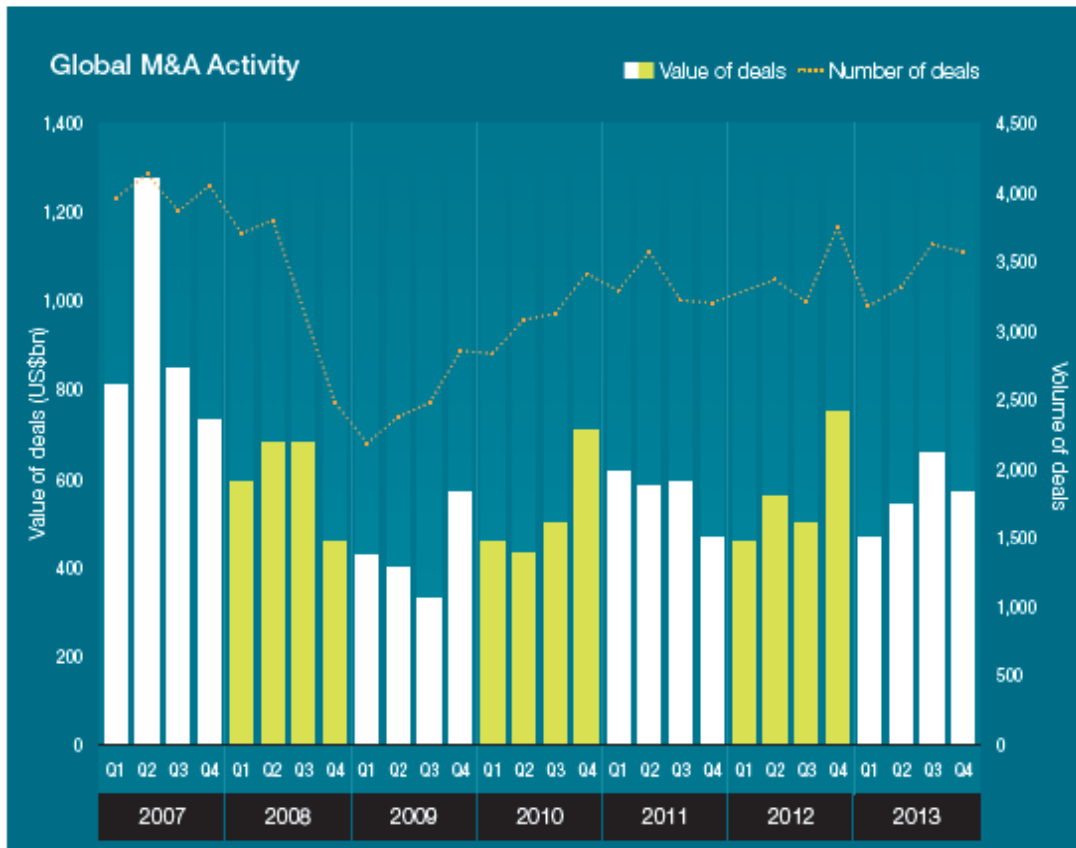
Mergers & Acquisitions

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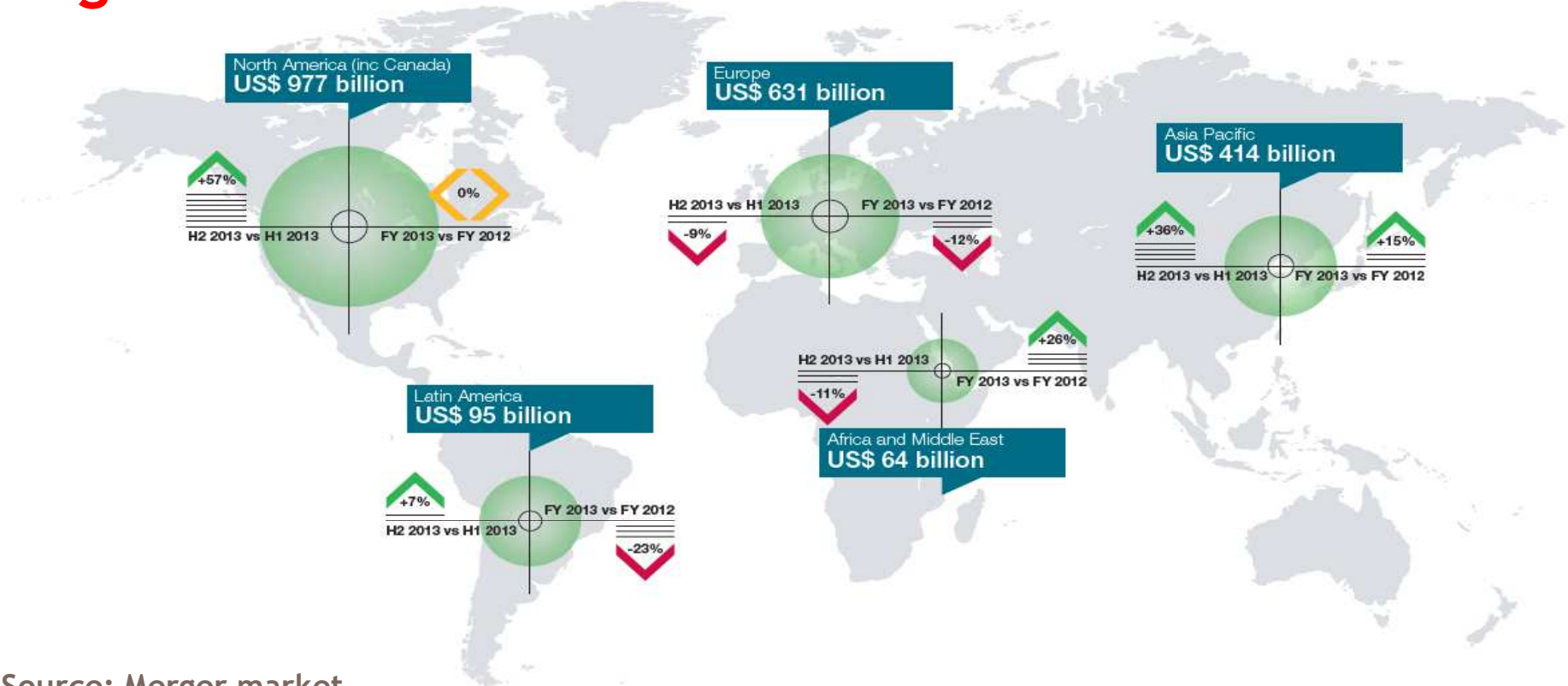
Overview of global M&A deals



Source: Merger market

- Global M&A activity in 2013 was flat (USD 2.22 trillion vs. USD 2.29 trillion in 2012). However H2 was relatively stronger, showing building momentum. It is anticipated that this would continue into 2014.
- Key drivers for heightened M&A activity in 2014 include:
 - Cash on balance sheets
 - Window of opportunity for cheap debt
 - Ongoing fight for natural resources
 - Shareholder activism

Region wise M&A deals



Source: Merger market

USA

- The surge in M&A activity was primarily driven by large value deals - 9 out of 10 largest transactions world wide involved US targets, including Verizon / Vodafone USD 124 billion merger .

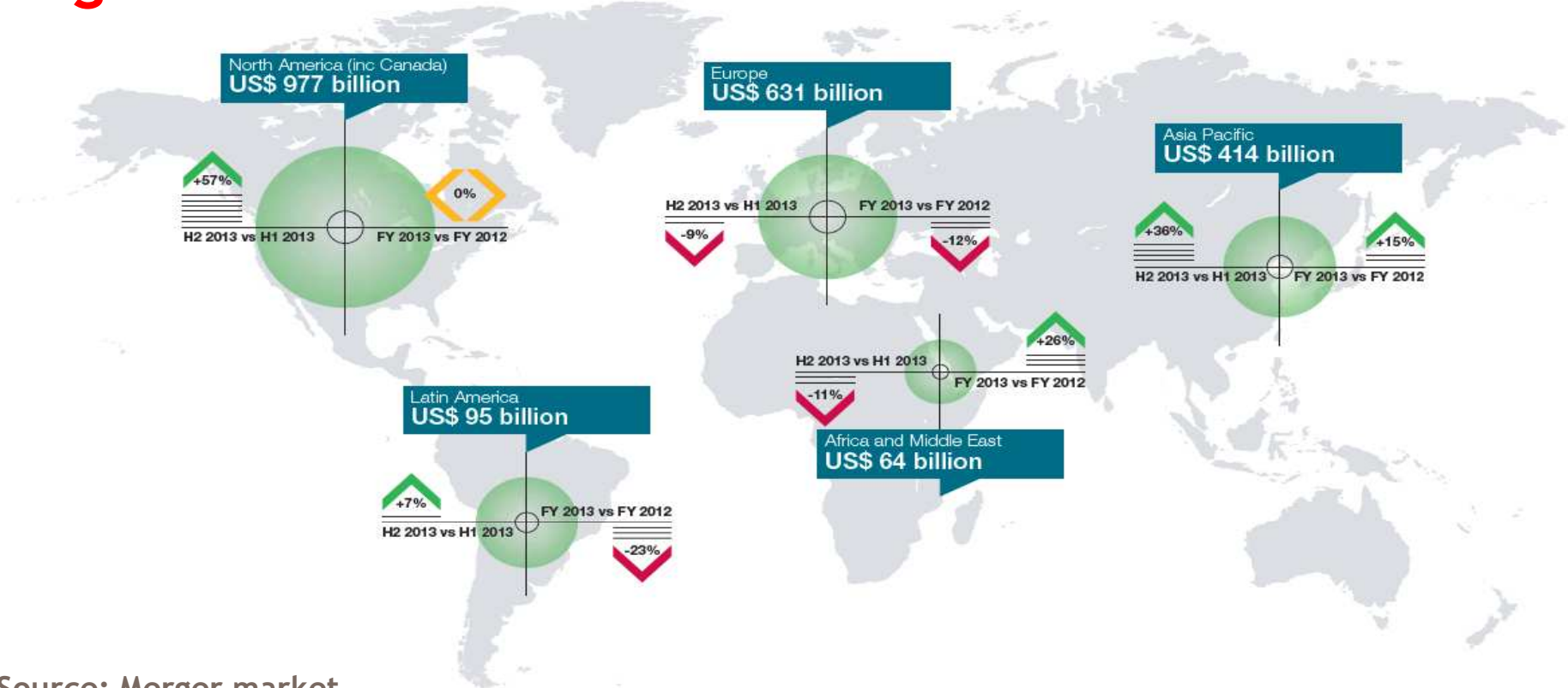
Europe

- M&A activity in Europe fell to its lowest value since 2009. Businesses continue to hold on to their assets, waiting for valuations to rise before making disposals.

Asia Pacific

- Outbound M&A from Asia are being driven to secure know how, technology and brands.

Region wise M&A deals



Source: Merger market

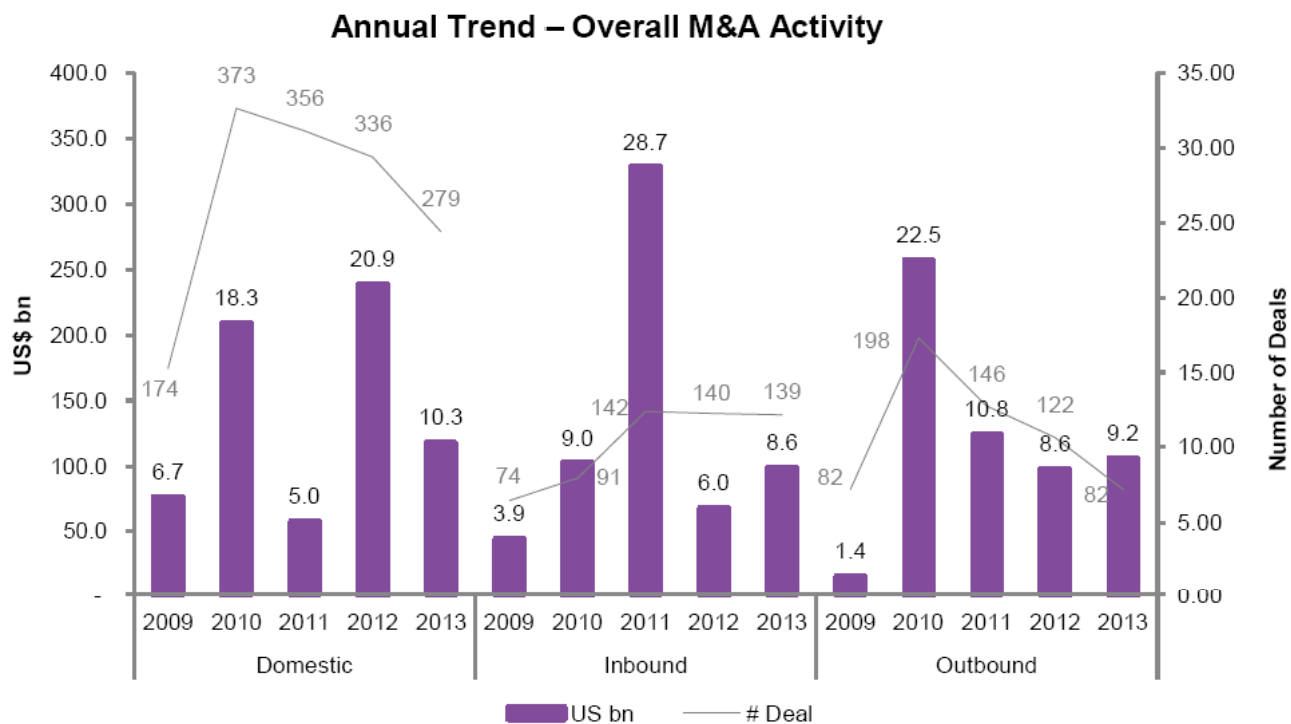
Latin America

- Mexico is undergoing significant reforms especially to open up competition in the energy sector.
- Consumer, natural resources and real estate are the leading sectors driving deal flow in the region. The rise of pan regional transactions around Latin America is also notable.

Africa and Middle East

- Africa continues to be driven by deals in energy, mining and utilities sector with Chinese businesses being aggressive buyers.
- In Middle East growing ambitions of local market leaders to increase share and PE activity is driving deal flow.

Overview of Indian M&A landscape



Source: IBEF

Year	No of deals	Deal value	Avg deal size
2013	500	USD 28 billion	USD 56 million
2012	598	USD 35 billion	USD 58 million
2011	644	USD 45 billion	USD 69 million

Source: IBEF

Lower GDP growth of the Indian economy acted as a damper for M&A deals. The total M&A deals (including internal mergers and restructuring) were lower than previous years.

- Better clarity on policy fronts post Indian elections will act as a catalyst for higher deal flows.

Select M&A deals in 2013

Acquirer	Target	Sector	US \$ mn	Deal type	Stake
Mylan Inc	Strides injectable business	Pharma	1,800	Acquisition	100%

Strides Arcolab would utilize the proceeds towards retiring debt and providing a pre-tax return of approximately US \$700 mn to US \$800 mn to shareholders. With the acquisition Mylan would become one of the largest sterile injectable manufacturers in the world.

Acquirer	Target	Sector	US \$ mn	Deal type	Stake
Ultra Tech Cement	Jaypee Cements 5 mtpa Gujarat facility	Cement	590	Majority	51%

The acquisition will also give UltraTech a 57.5 megawatt coal-based thermal power plant, limestone reserves for over 90 years at current capacity and a captive jetty. It will also get 5,500 hectares of land that has 500 million tonnes of limestone reserves.

Benefits to Ultratech - Boost capacity by 9% (4.8 mn tonnes), largest player in Gujarat region, access to Gujarat ports

Benefits to JP Group - INR 3,650 crore debt goes out of books, working capital requirement reduced

Acquirer	Target	Sector	US \$ mn	Deal type	Stake
Etihad Airways	Jet Airways	Aviation	379	Strategic Stake	24%

The strategic investment enables Etihad Airways to tap into India's fast-growing 42 million strong travel market. For Jet Airways the induction of a large strategic partner will help strengthen its financial position.

Top M&A deals listing

Domestic deals

Acquirer	Target	Sector	US \$ mn	Deal type	Stake
Unilever PLC	Hindustan Unilever	FMCG	3,093	Increasing stake to 67.26%	14.78%
NTPC	Nabinagar Power Generating Company Pvt Ltd	Power	413	Strategic Stake	N.A
Pfizer	Wyeth	Pharma	367	Merger	N.A
Torrent Pharma	Elder Pharma - Formulations	Pharma	322	Acquisition	100%

Outbound deals

Acquirer	Target	Sector	US \$ mn	Deal type	Stake
ONCG Videsh	Rovuma Area 1 Offshore block	Oil & Gas	2,640	Minority stake	10%
Cipla	Cipla Medpro	Pharma	512	Acquisition	100%
Lodha Group	Mcdonald House, London	Real Estate	503	Acquisition	100%
Amtek India	Kuepper Group	Auto	266	Acquisition	100%

Source: VC Circle

Trends in Indian M&A for 2014

Aviation sector



Liberalization in FDI norms coupled with high growth potential of passenger traffic has attracted the attention of global carriers. Major international carriers such as Etihad, SIA, Air Asia and Tiger Airways have established their presence in India.



Pharma sector

Both outbound and domestic M&A activity is expected in this sector. Cross border drivers include global patent expires and cost reduction emphasis. Need for consolidation between small and medium players will drive domestic deals.

Oil & Gas sector



Major focus on outbound activity in exploration and production, natural gas sourcing and shale gas is expected going forward. India's stagnating oil and gas production coupled with increased demand will drive Indian companies to secure overseas assets.



E-commerce sector

Aggressive VC and PE funding has fueled growth of various homegrown e-commerce companies such as Flipkart, Snapdeal, Zomato etc. Common PE investors and need for consolidation will drive M&A activity in this space.

Key issues in M&A

- Valuation
- Special rights
 - Right of first refusal
- Participative rights
 - Control on board
- Earn out structure
- Disclosures, sharing and review of performance
- Timely compliance with all regulatory requirements
- Representations and warranties
- Penal proviso for breach of agreement

THANK YOU