



INDIA

INDIA'S ESSAR TAKES \$1.2 BILLION STAKE IN BPL

India's Essar Group is to acquire a controlling stake in mobile phone carrier BPL Communications for more than \$1.2 billion. It's reported that Essar will pick up the stake from Actis and AIG Private Equity, both of which did not respond to *AVCJ's* inquiries.

"At this moment we have to restrict ourselves to whatever has been said in the press release only," Essar Group's Prapti Banerjee told *AVCJ*.

Essar intends to merge BPL Mobile with the cellular service it has established in partnership with Hong Kong's Hutchison Whampoa. According to Essar, the merger will see Hutchison Essar come out as a second largest player in India's telephony, enjoying more than 11 million in combined



subscriber base. JM Morgan Stanley served as Essar's and BPL Mobile CEO Rajeev Chandrasekhar's sole financial advisor. Nimesh Kampani, Chariman of JM Morgan Stanley, said in a release that "this agreement marks a landmark transaction in the Indian M&A space, and this transaction is one of the largest acquisitions in India."

"When you're dealing with a country with over a billion population that's growing rapidly, that has a well-educated workforce, and there are significant numbers of people moving into middle-class status, there are undoubtedly going to be some interesting opportunities on the consumer side of things," Peter Peterson, Senior Chairman and Co-Founder of the Blackstone Group, told *AVCJ*. "We were told that they were selling a million and a half cellphones a month in India." -SY

ASIA

NAVIS CLOSES FUND ON \$315 MILLION

Navis Capital Partners has closed its Navis Asia Partners IV fund for mid-cap buyouts in Southeast and South Asia at \$315 million. This is slightly above the \$300 million target previously reported (see *AVCJ May 3*), apparently to enable orderly fund closing.



Nicholas Bloy

Nicholas Bloy, one of the Founding Partners at Navis, confirmed to *AVCJ* that the final figure represents about half of potential LP commitments, but added that this was commensurate both with the available opportunities and Navis' desire to work with only the highest quality, most informed investors.

Investors in the new fund include Adams Street Partners, AlInvest Partners, CIMB, Employees' Provident Fund of Malaysia, INVESCO, Partners Group, Quilvest Capital, Sumitomo Corporation, Temasek, and Tokio Marine. Part of the funds have been structured on Islamic finance principles to allow participation by relevant investor groups. Navis has already made four investments from the capital raised – Birdland's KFC franchise in Hong Kong, Europcar Australia/NZ, risk consultants Hill & Associates (see *AVCJ May 17*), and garment label firm Trimco – with two more nearing completion.

"I set up Navis with a couple of like-minded guys from the Boston Consulting Group, Richard Foyston and Rodney Muse, some five or six years ago, and I've never had such an enjoyable professional experience, and I've never felt such a sense of optimism about the next five or ten years in the region," said Bloy. -PSM

JUST IN...

These breaking stories are based on news reports and *AVCJ's* research sources. Watch future issues for more coverage.

- Hong Kong's General Enterprise Management Services Ltd. (GEMS) has reached a \$120 million first close on its GEMS Oriental & General Fund III, targeting a final close of \$300 million.
- Walden Ventures is sharpening its focus on semiconductor investing with the departure of former MD Danial Faizullabhoy to join JatoTech Ventures in Austin, TX – the second such departure from Walden this year. Faizullabhoy and JatoTech may still co-invest with Walden in future semi opportunities.
- WestBridge Capital Partners and Sequoia Capital have beaten 3i to a stake in popular Indian portal IndiaTimes, buying 15% of the firm for \$36 million. The sale values IndiaTimes at \$240 million.
- Reports have emerged that the private equity units of Goldman Sachs and Allianz AG are about to acquire a 9.9% stake in Industrial & Commercial Bank of China for about \$3.5 billion, instead of the \$1 billion quoted previously.
- Silicon Valley's Mayfield Partners is forming a JV with Beijing-based GSR Ventures, targeting China tech investment opportunities.
- Oracle is reportedly pursuing a controlling stake in Indian financial services software company i-flex Solutions. CVC, which owns 43.11% of i-flex, could make up to 140x its initial investment if this 13-year-old stake is sold for a probable \$675 million.