



# Capital Markets 2009-2010 IPO-QIP Report



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**“Latham is one of the premier international firms active in India, and it is one of the firms that has experience advising issuers and underwriters across the entire breadth of capital markets. Whether it is advising on IPOs, QIPs, convertible bond offerings, ADRs or GDRs”**

## ***Capital Market Trends***

There have been several noticeable trends over the past five years. First, the size of offerings by Indian issuers has been growing and there are more and more large size global offerings reflecting the maturing and increasing depth of the Indian capital markets. Second, India has become a destination and region in its own right for 13 raising capital - previously companies could not raise more than a few hundred million, but now we have capital issues like Reliance Power, in excess of Rs. 13,200 crore (\$ 3 billion). While the ADR/GDR markets remain attractive, fewer companies are using that route as Indian markets have become strong and have the appetite for large transactions. Third, Indian capital markets now attract companies across sectors, rather than in any single sector. For example, Power, Steel, Pharma, Education, Real Estate etc.

One must also credit SEBI, which has, through gradual reforms, made India an attractive financial platform. There are now various systematic capital raising opportunities like QIPs etc. that have benefited the Indian companies. Convergence to IFRS should align the Indian accounting rules with those in international markets and make it even easier for Indian companies to make global offerings.

## ***India Connection***

Latham is one of the premier international firms active in India, and it is one of the firms that has experience advising issuers and underwriters across the entire breadth of capital markets. Whether it is advising on IPOs, QIPs, convertible bond offerings, ADRs or GDRs. Our practice has been at the forefront of market for many years, having advised Infosys on the first US listing by an Indian company more than 10 years ago.

Further, Latham & Watkins is recognized for its ability to close highly complex and high profile transactions. We are not in a race to do the maximum number of transactions.

## ***Challenging transactions last year***

The Sterlite Convertible Bond offering, a multi-award winning transaction, has been one of the most challenging transactions last year. This \$500 million (Rs. 2,250 crore) offering, was the first time an Indian company issued SEC registered convertible bonds in the United States. Latham also represented Sterlite in connection with a \$1.6 billion (Rs. 7,200 Crore) American depository share (ADS) offering, this was the largest equity offering by an Indian company in the US since 2007.

Outside of capital markets, the firm advised on the acquisition of Satyam Computer Services Limited by Tech Mahindra Limited. In the role of sellers counsel, this transaction was a perfect example of Latham's global platform, with ten offices across 3 continents working collectively on the transaction.

## ***Is Singapore the new hub?***

Singapore has become a preferred destination for India practice for international law firms. This preference for Singapore is derived from a number of factors including Singapore's geographical proximity to India, the frequency and volume of available air travel between the two countries, and a time difference of only 2.5 hours between India and Singapore which makes it easy for lawyers to be available for clients almost on a real time basis. These factors, coupled with the large pool of talent available in Singapore, makes Singapore the logical destination.

## ***International Indian Lawyers***

Historically, the reasons why people migrated from India to other countries were career growth, money and infrastructural support. This was certainly the case ten to fifteen years ago, but the situation has changed drastically since liberalization. Material comforts are now readily available in India and most lawyers feel that the Indian economy will be a growth story for at least the next few decades.

Given this migration and the subsequent return to the region of many of these lawyers, there is now a desire among companies to deal with domestic lawyers with international experience.

Many of the points mentioned above have had the net result that there is now tremendous competition amongst foreign law firms and domestic law firms for quality Indian lawyers. It is now commonplace to see lawyers either moving from New York to Singapore or Hong Kong, or directly to Mumbai, Delhi and Bangalore.

One other trend of note is that most Indian and multinational companies are recruiting associates and partners of foreign law firms for their in-house counsel positions in India. As international companies set up regional or country offices in India, they need the assistance of in-house counsels.

As a result of all these changes, Indian lawyers based outside the domestic market have a number of options when considering returning to their roots.