

Private equity and venture capital funds can catalyse corporate growth

Venture capital companies partnering private equity to establish business alliances and utilising external boards can act as corporate growth catalysts, a top industry official has said.

Managing business growth in a globalised world needs dynamic thought, leadership and special skills in cross-border activities like managing exchange risks and multi-country regulatory issues, observed S. Mahalingam, chief financial officer, Tata Consultancy Services Limited here Friday.

'Partnering with venture capital companies and private equity firms, establishing business alliances and making use of wisdom of external board are the growth enablers for Indian companies going global,' Mahalingam told a two-day conference on 'The India Finance Forum (TIFF)' organised by the Confederation of Indian Industry (CII).

Cautioning companies that opt for inorganic growth, he said care should be exercised, among others, in identifying targets for mergers and acquisitions (M and amp;A), structuring the transactions, creating common goals and, most importantly, living up to the business case in the post-deal scenario.

'Over the past four years, India has done well in taking advantage of a favourable global environment to strengthen policy frameworks and lower longstanding vulnerabilities,' said L. Ganesh, chairman, TIFF and chairman, Rane Group.

Referring to the shocks in the US financial sector that are having an impact on other spheres, he said the India growth story is holding up pretty well minus a few glitches.

He pointed out that venture capital firms have invested \$543 million across 98 deals in India during 2007.

On the role of private equity, Rajesh Khanna, managing director, Warburg Pincus India Limited, said private equity firms are becoming more relevant for companies that want to divest or sell non-core assets or subsidiaries, and companies that want seed capital or funds for long-term growth in an uncertain environment.

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