

## Shirish Saraf

Co-founder and CEO of Samena Capital

Born Oct 12, 1967, in Mumbai, India

1989 Graduated from the London School of Economics with a BSc (Hon) in Economics and a specialisation in international trade and development

1991 Joined ANZ capital markets group and launched the first India-dedicated private equity fund

1998 Founded Oriel Investment Company, a regional corporate finance firm in the Middle East

2001 Co-founded Abraaj Capital, one of the largest global private equity firms with assets over US\$7 billion

2008 Co-founded Samena Capital, a principal investment firm focusing on the Indian Subcontinent, Asia, Middle East and North Africa

**S**HIRISH Saraf blends in comfortably with the tightly-knit money world of Hong Kong. From his office in Central, fitted with beige-coloured furniture and silk curtains, he recently befriended some of the city's biggest names. Not only did he persuade them to part with millions of dollars, he also won their commitment to socialise and share market intelligence.

Four years ago, Mr Saraf was just a visitor selling a big idea. He flew in after a 10-year break to play a doubles tennis match in 2008 at the Hong Kong Country Club with V-Nee Yeh, co-founder of Value Partners, Asia's largest hedge fund, in the hope that Mr Yeh would join him in founding a new company. The meeting was brokered by a mutual friend, Simon Wong, an experienced investment banking professional active in Greater China who had known both men for more than 20 years. Mr Yeh was convinced, but many remained sceptical.

"There was lots of scepticism about how a group like this could function, with all the people involved and their egos," says Mr Saraf, his curly hair dishevelled at the end of an intense day. The company he formed following the tennis match, Samena Capital, is today stacked with big personalities who command fabulous wealth.

Its shareholder roster boasts two groups of people who typically hardly mingle: world-class entrepreneurs in fast-growing Asia and ministers and ruling families from six Middle Eastern countries whose advanced economies and stable politics stand above the fray of the Arab Spring.

In India, it enlists Atul Punj, chairman and founder of Punj Lloyd, India's second largest construction and engineering company; Rana Talwar, former global group CEO of Standard Chartered and founding chairman of Sabre Capital; and Hari Bharti, co-chairman of India's Jubilant Life Sciences, a major pharmaceutical company.



From the Middle East, it taps Sheikh Mohammed Bin Essa Al-Khalifa, chief executive of the Bahrain Economic Development Board; Sheikh Nahayan Bin Mubarak Al Nahayan, an Abu Dhabi minister from the Al Nahayan ruling family; and Sheikh Nawaf Nasser Bin Khaled Al Thani, a member of Qatar's royal family from the House of Thani, who heads Nasser Bin Khaled Holding, Qatar's leading conglomerate spanning construction, oil and gas, telecom and civil engineering.

Joining them are several top business figures in the Arab world: Kamal Bahamdan, co-founder and CEO of Safanad who until recently headed a leading Saudi Arabian family business, the Bahamdan Group; and Samir Fancy, founder and chairman of Renaissance Services SAOG, a leading oil and gas services company which was also the first family business to go public in the Middle East.

In Hong Kong, after signing on Mr Yeh, Samena Capital lured Pansy Ho, doyenne of Macau casinos and daughter of the venerable tycoon Stanley Ho, and her sister Daisy, as well as Richard Elman, founder and chairman of commodities trader Noble Group.

Samena, whose name is actually an acronym comprising Subcontinent, Asia, Middle East, and North Africa, is structured as a so-called principal investment company, a collective investment model requiring its shareholders to also commit their money as investors to the funds they manage, as opposed to the traditional segregation of money managers and invest-

# Silk Road dealmaker

Samena Capital's Shirish Saraf displays an uncanny knack for staying ahead of the herd and for value creation during times of creative destruction.

By Shu-Ching Jean Chen in Hong Kong

tors. This way, that managers are effectively investing their own wealth.

Such companies are not new. What's unusual about Mr Saraf's company is the high stature and calibre of his shareholders and its sprawling geographical coverage, straddling three big growth markets each riddled with high-entry barriers and local complexities. "This is a unique company involving shareholders from across the regions, combining China, Middle East and India, markets that people are wondering how to access," he says, stressing that they are among the most committed active investors, sharing such com-

mon attributes as not being egotistical, and not being driven purely by money.

Samena's 40-plus billionaire shareholders, who make up the majority of its investor base in the initial funds, easily rank among the richest, and most connected, investment managers on the global scene. As of January 2012, Samena received committed capital of US\$720 million.

Mr Saraf's big idea is to turn Samena into "definitely a quality investment group that has cutting edge access, cutting edge insight that shows a track record of creating value, being a catalyst for economic cooperation, integration between econo-

Grand Palais and enjoyed music at the Opera Comique. Designer Starck and French Minister of Commerce Frederic Lefebvre, as well as Renaud Donnedieu de Vabres, a former government minister, all showed up to make separate presentations.

A top-brass lineup like this is a powerful combination. One of Samena's two flagship funds, Samena Special Situations Fund I, has returned shareholders US\$36.1 million, or 20 per cent of its capital in 23 months on an exceptionally high internal rate of return of 122 per cent, its most successful deal being a US\$6 million investment made in March 2009 that grew to US\$32.4 million in India's Eicher Motors, the country's third largest commercial vehicle maker.

Both existing and new shareholders are clamouring for more and Samena is adding a new US\$700 million fund to its stable that pulled in an initial closing of \$315.5 million in June last year.

### Relationship-based structure

"We are going back to basics to create value," says Mr Saraf. "We know each other. We spend time together. Such relationship-based markets mean more insights, more working, more fine-tuning. And through the structure of Samena, we have the ability to do that," he says.

Mr Saraf's upbringing has long prepared him for such cross-border ventures, as early as when his parents – his father is a businessman and his mother a dentist – moved the family from Delhi to Oman. He was sent to boarding schools, first to India's Mayo College in Ajmer, often known as the Eton of India, and then to Charterhouse in England, before studying at the London School of Economics.

His first breakthrough came shortly after he left school. In 1991, just as the Indian government teetered on the brink of bankruptcy, Mr Saraf made the unconventional move to go back to India, joining the capital market group of Australia and New Zealand Banking Group, known as ANZ. From there, he launched the first India-dedicated private equity fund, which enabled him to witness the advent of India's modern-day liberalisation in the early 1990s. "I thought that if I went back to my own country, I would have natural advantages. At that time, nobody would have thought like that. My parents thought I was stupid to go back to India," he says.

In 1994, Mr Saraf switched to the Middle East, joining Bahrain's Taib Bank to lead the bank's charge into India from his base in Bahrain, a mere two-hour flight from India. "I was brought up in Oman. My parents had been in Oman for 20 years. So I had a natural linkage. It's a small place. You got to know so and so," he says. The Middle East has a large diaspora of Indians, many of them rich traders and merchants. Oman and Dubai, a short plane ride away, are considered by many Indian professionals to be extensions of Mumbai.

Mr Saraf says what sets him apart from these expatriate Indians is his quest for "something more global". He considers "creativity" and "managing company value" his key strengths, and notes: "I see myself more as an entrepreneur, able to spot opportunities. I don't see myself as an investment guru. People like V-Nee Yeh are investment gurus."

In 1998, Mr Saraf founded his first company in Dubai, Oriol Investment Compa-

ny, under which he kick-started a series of mergers and acquisitions, buying ANZ's banking operation in Oman through a consortium led by Mohamad bin Musa Al Yousef, Oman's former minister of development, followed by the purchase of Commercial Bank of Oman. "It was not difficult but it was challenging because you were only 30 years old," he says. He sold Oriol in 2002 for a tidy profit.

Mr Saraf has an uncanny knack for getting ahead of the herd, often at times of global turbulence. In 2001, just on the eve of the first Iraq war, he co-founded Abraaj Capital with a former alumnus of the London School of Economics, Pakistan-born Arif Naqvi. Widespread cynicism in the region about the war made for an inhospitable fundraising environment. "Everyone said you were mad because no one would give you funding," he recalls.

Unperturbed, the pair started Abraaj, which means "towering" in Arabic, with US\$100,000 in capital. They went on to expand Abraaj from one of the earliest private equity funds in the Middle East to a fund size of US\$118 million in 18 months, becoming the region's largest private equity player. Mr Saraf took charge in 2006 as managing director. By 2007, Abraaj's size had ballooned to US\$7 billion.

His entrepreneurial drive, Mr Saraf jokes, goes in cycles, resembling the circular seasons in the Chinese calendar. When he turned 40, he made another dramatic move – selling out his entire stake in Abraaj. "I wanted to do something else in my life. I was turning 40. I was keen to take on a new challenge. I was feeling the

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world would become a different place, because you were suddenly seeing the subprime (debt crisis) in August 2007... For me, that meant a completely new approach would be required for value creation in what would be a period of creative destruction," he says.

While spending more than three months pondering the next move in his holiday home in Goa, India, the idea of founding Samena occurred when he entertained two fellow alumni from the London School of Economics, Simon Wong and Ramiz Hasan. Two prominent entrepreneurs were also present – Oman's Samir Fancy and India's Atul Punj, an old friend of 20 years who had an estate right next door. Over food and drinks, the group began discussing the possibility of creating a unique collective investment model suited for the changing world order. Today, they are all Samena's core shareholders.

Mr Saraf launched Samena's first fund in August 2008, right before the Lehman Brothers' bankruptcy and the ensuing fi-

nanacial crisis. In November, its first shareholder meeting was held. Mr Saraf also brought in three key Middle Eastern backers, all original founding shareholders at Abraaj: Sheikh Nasser Bin Khalid Nawaf Al Thani of Qatar's royal family; Sheikh Sultan Al Qassimi, managing director and co-founder of UAE's construction and investment group GIBCA; and Ziad Al Turki, vice-chairman of Saudi Arabia's ATCO Group, and whose father, Sheikh Abdulrahman Ali Al Turki, chairs Abraaj.

Samena employs a peculiar, non-traditional approach known in the industry as "alternative asset management", mixing private equity's long-term strategy with public equity investment, taking "active minority stakes" without any intention to restructure or assume control, all through leveraging its network of prominent shareholders and investors.

"We tend to be conservative. We don't tend to do leverage. We don't tend to do shorting or buying exotic derivatives. We do the simple thing. We buy into a good company and hold it for three to five years before selling it," he says. "We are partners. We help companies grow their business in a different market – for example, if an Indian company wants to go into the Middle East."

A case in point is Singapore-based engineering company CSE Global, an oil-and-gas systems integrator in which Samena started building a stake since April 2009 through open market purchases. It eventually spent US\$3.3 million and sold part of it early in 2011 for US\$7.1 million on a gross internal rate of return of 58 per cent, but continues to hold a position with an eye for more long-term potential.

Before committing to an investment, Samena's portfolio managers seek insights from the shareholders, as in the case of investing in Rubicon Offshore International, a Singapore-based, privately-held offshore oilfield services company. They consulted Samir Fancy and Atul Punj and ended up investing US\$10.8 million in Rubicon, selling their stake 20 months later for US\$15.9 million.

"We are doing something different," muses Mr Saraf. "The thing about being different is that you cannot define what being different is. George Bernard Shaw made a very interesting comment – the reasonable man has to adapt himself to the world around him. The unreasonable man tries to adapt the world to himself. All changes are made by unreasonable men. If you try to define changes by putting them into a reasonable format, you'd be killing everything."

Happily married, Mr Saraf enjoys sports, travel and writing poetry. Samena takes him from his two homes, in London and Goa, to the Middle East and Asia. In the last two years, he and his wife have become actively involved in the Little Dreams Foundation, a Geneva-based charity created in 2000 by pop singer Phil Collins and wife Orianne to help underprivileged young prodigies realise their dreams in sports and art.

"I think there's a lot more than making money. There are many interesting things like the foundation... I want to have more time to do other things, too. Even Samena is not about money," he says. "The most enjoyable thing about Samena is that we have a great group of people. I learn about new things all the time. I only came in 2008 after a 10-year break. Today, we are so established."

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