

# NBF Capital tastes success in loan syndication

**Firm sees strong pipeline of deals in loan and M&A advisory business**

**DUBAI**

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Courtesy: P.B. Das

**N**BF Capital, the fully-owned financial advisory subsidiary of National Bank of Fujairah (NBF) may be the new kid on the bloc in Dubai's investment banking industry, but clearly it has been making waves with successful fundraising and mergers and acquisition (M&A) deals.

During the past 18 months, NBF Capital has raised and received mandates for more than Dh3.5 billion and has a significant number of deals in the pipeline, P.B. Das, senior executive officer of NBF Capital told *Gulf News* in an interview.

NBF Capital based in Dubai International Financial Centre and regulated by the Dubai Financial Services Authority has positioned itself as niche player addressing the funding needs of mid-level corporates. "We are a financial advisory firm with the capacity to support the sophisticated funding requirements of local and regional firms that are looking to expand across the UAE and the Middle East," said Das.

Predominantly, the firm offers loan syndication services, in addition it also offers advisory services in corporate restructurings and mergers and acquisitions. "Within a short span of time since we began operations we have been very successful in

securing some significant deals in the market largely because of our several years of relationships and deep knowledge of the local market," said Das.

The loan syndication market in the UAE, according to Das is robust with strong deal flows in the pipeline. "We are in the process of closing a deal which will be announced soon and there are a few more in the pipeline," he said.

## **New work inflows**

Despite the sharp decline in the oil prices over the past year, the non-oil private sector economy of the UAE has been growing fast. The UAE's Purchasing Manager's Index (PMI) data up to May showed that the rate of expansion in the non-oil private sector continued in the first 5 months of the year as output increased more quickly, underpinned by ongoing growth of new work inflows, indicating the overall strength of business conditions.

Das said the strong demand for funding requirements point to the overall positive outlook of the private sector in the country. Although the UAE Central Bank's credit survey for the



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**P.B. Das (left) | Senior executive officer, NBF Capital**

first quarter of 2015 and projections by various banks and credit rating agencies have showed a potential stagnation or slowdown in the growth of bank lending over the next few quarters, Das said there will always be pockets of growth that can be tapped if one knows the market closely enough and has strong relationships in executing deals.

NBF Capital believes that if credit conditions are to become tough over time, more firms would opt for syndications.

"Credit conditions go through different cycles. In a bad cycle customers like to consolidate their banking relationships. Instead of bilateral relationships, many will prefer multi-bank relationships under a single pool [of documentation]. That's what our experience has been," he said.

## **Need for licence upgrade**

Increasingly pricing also looks better in club/syndication loan deals, depending on the structure of the deal and the quality of credit. The firm now just 18 months into operations mostly offers advisory services while it has plans to eventually look at opportunities to offer both debt and equity capital

market services. "These are areas of business we will certainly look at in the future which will require an upgrading of our licence from DFSA. But for now we are fully focused on our advisory business," he said.

Their focus has so far paid off well in terms of deal flows. The biggest in its club deals so far has been the Dh750 million syndication for Pacific Control Systems (PCS).

The deal was originally valued at Dh750 million but was oversubscribed by 33 per cent receiving Dh1 billion in total commitments.

Apart from the PCS deal, NBF Capital executed deals such as Dh300 million multi-currency, multi-jurisdiction syndicated term-loan facility of Malabar Gold & Diamonds, a Dh260 million syndicated term loan for Universal Hospitals and a Dh180 million syndicated loan facility for ZAFCO.

The goodwill and the relationship base of National Bank of Fujairah, the parent bank of NBF Capital is certainly helping the new entity to gain market share, but Das said increasingly it will be what the client wants and the firm's ability to deliver their needs will be the defining factor of its success.