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Unitrans acquires strategic stake in tranzlease holdings

United International Transportation Company (UniTrans), a listed Company on the Saudi Stock Exchange, has acquired 32.5% strategic stake in TranzLease Holdings India Pvt. Ltd. (TranzLease), which is currently one of the fastest emerging automobile leasing companies in India – the strategic stake acquisition is through infusion of growth capital into TranzLease, which will allow the Company to fuel its ambitious growth plans in the coming months and years.

UniTrans is currently one of the largest and most successful leasing and car rental players in the GCC region and is majority owned by the ZAHID group. ZAHID group is a century old conglomerate in Saudi Arabia, representing today a diverse range of companies offering comprehensive, customer-centric solutions in a number of thriving industries including construction, mining, oil & gas, agriculture, power, electricity & water generation, material handling, building materials, transportation & logistics, real estate development, travel & tourism, waste management & recycling and hospitality.

The strategic investment by UniTrans is part of the overall plans to expand into South Asia starting with India where both the automobile sector and automobile leasing sector is experiencing exponential growth; automobile leasing is fast becoming the most preferred method of procurement of vehicles by the value conscious Indian corporate sector as the same provides tangible and material benefits, financially and also from an HR perspective for companies seeking to enhance value for employees. The auto lease sector has already been witnessing a CAGR of around 65% over the last decade – as Corporate India experiences robust growth, salary increments continue its healthy trend and there is a strong and growing shift from purchase of vehicles to lease of vehicles, the sector provides substantial growth opportunities – together with the robust growth of the Indian auto sector which sold more than 2.5 million passenger cars in 2010-11 (1.9 million units in 2009-10) the overall dynamics of the auto leasing sector holds great intrinsic value.

The timing of the transaction couldn't have been better, with tremendous improvement in trade ties between India and Saudi Arabia with Government and business delegation visits on both sides and the trade between two countries exceeding US\$ 25 billion in 2010-11.

Sheikh Abdulillah A. Zahid, Chairman, UniTrans said "having researched Indian Car Leasing market over last two years, we identified TranzLease for its excellent innovative Management Team. We saw the passion and hunger in them to grow the business." He further said "that UniTrans with more than 20,000 cars fleet in Saudi Arabia, saw India as the first choice for its international expansion, with Indian economy growing at robust 7.5% to 8% p.a. and car leasing industry ready to explode, it was our obvious choice. We have bigger plans for TranzLease and we look to transport the innovative products and ideas of the company to other markets."

"We are honored to have UniTrans as Strategic Partners", said Dinesh Dhume, Co-Promoter and Chairman, TranzLease. What we liked is there was "meeting of minds" and chemistry working, which is so very essential in any partnership. Its destiny that has brought us together. Even our names have Trans as common thread and Insha Allah Trans will keep us United and take us International for a long long time to pursue Lease not just in India but beyond its shores in other Far Eastern markets. He further said "TranzLease had a clear strategy for its current round of funding to go with a Strategic Investor, who will add substantial value, rather than a Private Equity Fund. With strong capitalization, we now look forward to robust growth and build substantial shareholder value."

Abdulaziz Al Mutlaq, Managing Director & CEO, Yazı Capital BSC (c), the Bahrain based Investment Firm, which arranged the deal, said "as long as there are good growth stories with strong management team and good corporate governance, there is appetite in the market." He also said "we are currently looking at further mandates in India as our Middle Eastern investor clients wish to have a pie of Indian success stories."

We are very excited about our partnership with Tranzlease said Fawaz A. Danish, CEO, Budget Saudi. We look forward to leveraging upon each other's strengths and further building Tranzlease into an entity which will become a model and our gateway for further expansion into Far East Asia.

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