

INDIA OUTBOUND

T&A Consulting

Volume 8 Issue 3

November 19, 2018

Within four years of BJP's staggering rise to power, Indian political and economic landscape has changed considerably. Prime Minister Narendra Modi-led party rules 20 out of 29 states, and its election win in assembly polls in Karnataka May this year solidified the party's perceived advantage on the 2019 Lok Sabha elections. The forthcoming assembly polls in five Indian states i.e. Chhattisgarh, Madhya Pradesh, Mizoram, Rajasthan, and Telangana in November-December are certain to impact the next year election and could very well be a referendum on the Modi-led government. Since 1947, Indian Lok Sabha elections have been fought on the grandiose themes of "Roti (bread), Kapda (clothing) and makaan (shelter). In 2014, corruption and plutocracy were the themes that changed the discourse of Indian politics. The next four years, India's ranking in Ease of Doing Business index leapfrogged 65 places from 142nd in 2014 to 77th in 2018. The economy with the second largest population demonstrated impressive reform agendas, focusing on streamlining business processes and implementing initiatives to improve the efficiency of cross-border trade and investment. The latest GDP numbers show that the Indian economy grew at an impressive rate of 8.2% in the April-June quarter. In recent months, all four indicators of industrial sector activity— Purchasing Managers' Index, core infrastructure industries' growth, bank lending and rail

freight volume - have improved. However, the unprecedented increase in ease of doing business and policy reforms has not shielded the government from attracting criticism over its failure to arrest economic instability. The falling rupee, worsening current account deficit, stress in the banking sector, and underperforming rural economy have raised questions from all corners. Historically, India's macroeconomic fundamentals get worse about a year before the general elections, and this year proves no different. While the Indian Inc sees few silver linings, the recent trend in India's OFDI can be 'termed' satisfactory for two reasons - one, it suffers from election syndrome and second, it is aligned with the regional trend. India Inc investments overseas declined by 39% and 47% in August and September this year compared with the respective months of 2017. A similar trend is conspicuous in other major Asian economies: outflow from China fell 36% this year. From a broader perspective, the government's calibrated approach towards liberalizing policies related to OFDI has led to noteworthy changes in the scope of Indian OFDI. While pharma sector continues to lead the share of outflow, new sectors such as hospitality, e-commerce and cleantech have also emerged as important contributors. And, while the upcoming elections turn from cakewalk to contest, we expect both the government and India Inc to bring much 'stable hope' for the Indian OFDI.

IN THIS ISSUE

- **Aurobindo buys Novartis unit Sandoz's businesses in biggest outbound pharma deal**
- **Infosys to acquire Finland's Fluidio for USD 76 million**
- **Reliance Industries invests in US-based AI firm**
- **Flipkart acquires Israeli analytics start-up upstream commerce**
- **Sun Pharmaceutical to buy stake in Israeli Healthcare Research start-up**
- **Graphite India buys 16% stake in General Graphene for USD 19 Million**
- **Reliance Industries to acquire US telecom solutions firm Radisys**
- **Persistent Systems acquires US-based healthcare technology firm**
- **After China, hotel chain OYO expands operations to the UK**
- **Infosys and Temasek announce joint venture in Singapore**

Aurobindo buys Novartis unit Sandoz's businesses

Aurobindo Pharma has agreed to purchase Novartis AG unit Sandoz Inc's US dermatology and generic pills business for USD 1 billion in the biggest overseas acquisition by an Indian drug maker.



The Hyderabad-based company said it will pay USD 900 million in cash for the acquisition of about 300 products, three manufacturing facilities in the US, and Eon Labs, a wholly owned unit of Sandoz. The deal also involves potential earn-out payments of USD 100 million on products in the pipeline.

The transaction trumps Lupin's 2015 acquisition of US-based Gavis Pharmaceuticals and Novel Laboratories for USD 880 million and Intas Pharmaceuticals' 2016 purchase of the assets and operations of Actavis Generics in the UK and Ireland from Teva Pharmaceutical Industries for USD 769 million.

As for Novartis, the sale is part of its plan to focus on higher-growth areas. The acquired business will account for more than a third of Aurobindo Pharma's total revenue. About 750 employees and the field representatives for the PharmaDerm branded dermatology business will transfer to Aurobindo as part of the deal.

Infosys to acquire Finland's Fluido for USD 76 million



Infosys Ltd, India's second-largest IT services exporter, announced it will acquire Finnish firm Fluido for USD 76 million to

enhance its enterprise cloud capabilities and presence in Europe.

Bengaluru-based Infosys said Fluido is an important Salesforce consulting partner in the Nordics and a leader in cloud consulting, implementation and training services. The acquisition strengthens Infosys' position as a leading Salesforce enterprise cloud services provider and enhances its ability to provide clients cloud-first transformation.

Founded in 2010, Espoo has offices in Denmark, Sweden, Norway and Slovakia, and customers across industries such as manufacturing, retail and telecommunications.

This is the IT major's second buyout this year. In April, the firm announced the acquisition of US-based consultancy company WongDoody for USD 75 million. Now, Infosys through Fluido can expect to generate more business from clients in the Nordic region comprising Finland, Denmark, Sweden, Norway and Slovakia

Reliance Industries invests in US-based AI firm



Reliance Industries Ltd has made a follow-on investment of USD 8 million in US-based artificial intelligence firm Netradyne Inc, which focuses on driver and fleet safety.

Reliance Industries had previously invested USD 16 million in Netradyne's Series A round of funding in 2016. According to Reliance, the latest investment has potential synergies with the digital services and communication initiatives of Reliance Industries and its subsidiaries.

Reliance Industries has made the investment through its wholly-owned subsidiary Reliance Industrial Investments and Holdings Ltd. With the completion of the latest transaction, the Indian energy and telecom major now holds 37.4% stake in Netradyne, which has a technology innovation centre in Bengaluru.

Netradyne will use the fresh capital to make sizeable investment in artificial intelligence and deep learning within the commercial vehicle space and in new industry segments such as dynamic 3D/HD mapping, data analytics, and insurance.

Flipkart acquires Israeli analytics startup Upstream Commerce



Walmart-owned Flipkart has acquired an Israel-based analytics start-up called Upstream Commerce, a company that

uses predictive analytics to automatically fix retail prices of products, as India's largest online retailer looks to support its massive seller base with services such as real-time pricing and information on product assortment.

This is Flipkart's second acquisition in as many months. In August the e-commerce firm acquired Indian artificial intelligence start-up Liv.ai, an artificial intelligence-based speech recognition start-up, as part of efforts to enable voice shopping on its platform and fend off main rival Amazon. Days before that, US retail giant Walmart had completed its USD 16-billion acquisition of Flipkart.

The latest buyout will also enable Flipkart to have an outpost in Israel, which is widely regarded as one of the world's foremost start-up ecosystems.

According to Flipkart, with the Upstream acquisition, the Indian e-commerce firm will now have tech and talent presence across Asia, US and Israel, some of the key global hubs for innovation. The company has also expressed its intent to be aggressive in building and getting global tech to solve for some of the hardest e-commerce problems.

Upstream Commerce builds cloud-based, automated real-time pricing and product analysis solutions. According to a statement, these offerings will strengthen Flipkart's ability to deliver insights to its sellers, helping them optimise their product assortment and pricing strategies.

In September last year, it had acquired electronic products repair and services startup F1 Info Solutions to enhance its after-sales service offerings. Three months before that, Flipkart had acquired Silicon Valley start-up F7 Labs.

Flipkart said the acquisition was in line with its "vision to solve e-commerce challenges through technology innovations - both through in-house efforts as well as the inorganic route."

Sun Pharmaceutical to buy stake in Israeli Healthcare Research Start-up



Sun Pharmaceutical Industries, India's biggest drug maker, has acquired an 18.75% stake in Israel's Tarsius Pharma Ltd for USD 3 million.

Tarsius, which was founded in February 2016, is an early-stage research and development company focusing on the development of drug candidates in the ophthalmology segment.

Sun Pharma's ophthalmology segment accounted for 2 percent of the company's revenue in the last financial year ended 31 March 2018, according to the company's annual report.

Cardiology contributed the largest to the company's revenue with 18%. This was followed by other therapeutic segments such as neuro-psychiatry, gastroenterology, anti-infectives and diabetology.

Sun Pharma's Israel business had come into focus in 2010 when it acquired a controlling stake in Taro Pharmaceutical Industries Ltd, after a three-year battle for control.

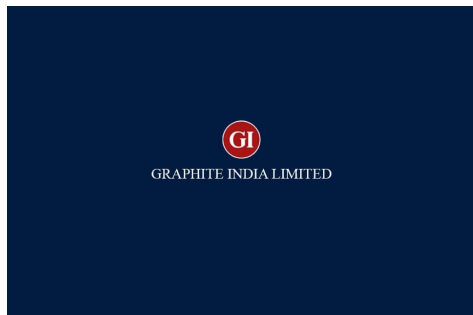
International markets contribute 68% to the sales of the Indian drug maker, which owns 42 manufacturing units across the country, as well as the US, Russia, Canada, Hungary, Israel, Bangladesh, Romania, Nigeria, South Africa, Malaysia and Australia.

Sun Pharma's revenue fell 14% in the fiscal year through March 2018 due to a decline in its sales in the US, the largest market for Indian generic drug makers.

The company has been picking up stakes in overseas companies in the past few years. In August last year, it acquired a 15.9% stake in US-based bio-pharmaceutical company Krystal Biotech Inc for USD 7 million.

Last year, the Indian pharmaceutical major agreed to acquire Canadian pharmaceuticals firm Thallion Pharmaceuticals Inc for USD 2 million.

Graphite India buys 16% stake in General Graphene for USD 19 Mn



Graphite India, the largest Indian maker of graphite electrodes used to melt scrap iron and steel, bought a 16% stake in US-based General Graphene Corporation for USD 18.6 million in an all-cash deal. The investment will be made in multiple phases over two to three years, through Graphite India's wholly owned subsidiary in the Netherlands, Graphite International BV. Lodha Capital Markets was the banker to the deal.

Graphite India said the company's investment in General Graphene is in line with its longstanding strategy to focus on high end technologies. Graphene, with its unique properties of being the strongest, thinnest and lightest material known, is likely to create new opportunities in high tech applications further driving efficiency and optimising

costs.

General Graphene, based in Knoxville, Tennessee, has developed a proprietary technology which would allow it to produce large area, low cost graphene sheets in industrial volumes for commercial applications. Its applications include monitoring glucose, haemoglobin and cholesterol levels using bio-electric sensory devices, in which graphene offers high electrical conductivity, thinness and strength. It also has uses in touchscreens, energy storage and aeronautical equipment as an ultra-filtration

Jain Irrigation to acquire US-based farm technology firm ETwater

Jain Irrigation Systems Ltd has agreed to acquire ET Water Systems Inc, a US-based company that offers irrigation technology products. The acquisition will expand Jain Irrigation's water management technology product offerings. The company, which made the acquisition through US unit Jain Irrigation Inc, said the acquisition will strengthen its position in the US smart agriculture market.

Jain is an early leader in the Internet of Things (IoT) for agriculture. Jain Irrigation makes micro-irrigation systems, plastic pipes, plastic sheets, agro processed products, tissue culture plants and other products. It has 30 factories across the globe; 12 plants are in India and 18 overseas.

For ETwater, the acquisition will improve its position in agriculture industry and help it make a bigger impact in reducing water waste in landscape irrigation. ETwater is a smart irrigation company with a patent to centrally process Big Data to implement predictive watering schedules based on plant types, soil and slope conditions, and environmental factors. ETwater's patented technology integrates data science, machine learning and predictive analytics about weather forecast and environmental variables to adjust site-specific irrigation schedules. It also makes smart irrigation controllers.



Persistent Systems acquires US-based healthcare technology firm



PERSISTENT

Persistent Systems recently announced the acquisition of Herald Health, a start-up created to transform the data overload swamping healthcare professionals into clear and actionable insights. The enterprise value of the transaction stood at USD 5.2 million. The company is working on implementation of platforms and related IT services for the healthcare industry.

The deal involves an upfront payment of USD 2.3 million to Herald's shareholders. The remaining USD 2.9 million is payable to management employees over a three-year period and depends on the performance and retention of those employees. Persistent said the deal will strengthen its intellectual property-led offerings in the healthcare domain and create cross-sell opportunities.

The company has struck a number of deals in recent years. In July, for instance, Persistent invested an undisclosed sum in US-based big data firm Cazena as part of a USD 10 million funding round. In August 2017, Persistent acquired Swiss firm Parx Werk AG to strengthen its expertise in Salesforce software. In 2016, it had bought Australia-based PRM Cloud Solutions.

After China, Hotel Chain OYO Expands Operations To The UK

After China, Malaysia, and Nepal, the Indian hospitality service and budget hotel network OYO Hotels has launched operations in London, the United Kingdom, where the it plans to invest USD 52 billion.

The brand is also planning to expand to another ten cities such as Manchester, Glasgow, Birmingham and Edinburgh within the next 12-18 months.

OYO has started operation with four properties in London that offer more than 80 rooms, and in the next 15 – 18 months, it plans to take the total number to more than 5,000 rooms. British entrepreneur Jeremy Sanders, who co-founded the British restaurant chain, Coco di Mama, will lead OYO's UK business. Over the next year, OYO will build its team by recruiting additional 100 employees across the country.

In the UK, OYO will offer guests the Townhouse experience, which caters to millennials, and properties will be operated under models of manchise contract, lease with full – inventory control similar to other markets such as India and China.

The company ventured into the international market in January 2016 with a foray into the Malaysian market. In May 2017, it ventured into Nepal. Furthermore, it was being speculated that OYO will begin its operations in Dubai.

In June 2018, OYO Hotels recently started its operations in China. The company underscored that the expansion into China will help in deepening the network and commitment as South Asia's largest hotel chain.



Infosys and Temasek Announce Joint Venture in Singapore



IT services firm Infosys Ltd has formed a joint venture (JV) with Singapore-based global investment firm Temasek. The joint venture will integrate teams from Infosys and the operations of the Temasek-owned subsidiary in Singapore Trusted Source Pte Ltd, which delivers IT services to Temasek and several other clients.

As part of the transaction, Infosys will acquire a 60% stake in the JV, while Temasek will hold 40%.

This JV will allow Infosys to gain capacity in terms of workforce as it focuses on strengthening its footprint in Southeast Asia, while Temasek will see a rapid enhancement of its IT services through the augmented capabilities of the JV entity. Infosys will leverage its digital skills, learning capabilities and transformation experience to enhance operations across Temasek's global business.

Trusted Source will provide services across cloud, data and analytics, cybersecurity, digital experiences and AI and automation.

The joint venture will be headquartered in Singapore and more than 200 employees and contractors from Trusted Source will be part of it, in addition to Infosys staff who will join over time

Incorporated in 1974, Temasek is a major investor in India with an India portfolio of around USD 10 billion as of March 31, with an average yearly investment of USD 1 billion in the last five years. In the first quarter of the current fiscal, Temasek invested USD 1.5 billion in India. Temasek today has offices in 11 locations in Asia, Americas and Europe and had assets under management of USD 235 billion.

T&A Consulting supports Brazilian trade delegation to India

T&A Consulting joined hands with the Brazilian Agency for the Promotion of Exports and Investments (Apex-Brasil) to promote Brazilian agricultural and processed food products in the Indian market. In September this year, a Brazilian trade delegation representing companies from various food and processed food industries, including grains and pulses, health food and beverages, alcohol, and fruit-based products visited India to explore business opportunity in the Indian market.

T&A Consulting organised more than 200 meetings with the pre-validated Indian buyers who expressed explicit interest to source products from Brazil. The meetings were held at Hotel Taj Mansingh in New Delhi and Annapoorna - World of Food India international trade fair in Mumbai.

The visit of Brazilian representatives and their meetings with Indian firms helped them to gain perspective on the competitiveness of Brazilian products in the Indian market. Their visit also reflected the complementary nature of both Indian and Brazilian companies' bilateral interest, and bolstered T&A Consulting's portfolio of 'India Market Entry' expertise.



WTC Expo 2018



At WTC Expo 2018, T&A Consulting, together with Hungarian Consulate in Mumbai held B2B meetings with Indian companies looking for technology tie-up with Hungary.



T&A Consulting is a boutique advisory firm headquartered out of Gurgaon (India). We identify outward investment opportunities from India with focus on certain key sectors and also provide consulting & operational support to overseas companies aiming to enter the Indian market

Contact Us

Give us a call for more information about our services

T&A Consulting

Emaar Digital Greens

Tower A, 4th Floor, 416-18

Sector 61, Gurgaon 122001

India

P: +91 124 4314960

E : contact@insideindiatrade.com

W: www.insideindiatrade.com



**LOOKING
FOR
INVESTMENT
OVERSEAS?**

CONTACT US!