

INDIA OUTBOUND

T&A Consulting

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As the Financial Year comes to an end so has an eventful quarter. With the liquidity shock of de-monetization having been managed and a healthy, albeit counter-intuitive GDP data (annualised GDP growth at 7.0% for Oct-Dec Qtr) having established the soundness of macroeconomic fundamentals, the high for the current Government came in the form of results for the Uttar Pradesh elections. The win for the Bhartiya Janata Party in U.P. has consolidated its hold at the Centre and across India. What that means going forward is further stability on India's policy front. Case in point has been the Government's push in the on-going budget session of Parliament to meet the July 2017 deadline in implementing the Goods and Services Tax. The outbound investment story nevertheless continues its theme across key sectors of Pharma, Information Technology, and Industrials. The big headlines this quarter came from India's largest auto-component manufacturer, Motherson Sumi, that acquired Finland's PKC Group Plc, a wiring harness leader listed on Nasdaq Helsinki stock exchange, for a reported USD 610 million. This was Motherson's 14th acquisition in as many years and the largest outbound investment from India for the Financial Year 2017. Another auto major Mahindra ventured to create a stronger foothold in the Turkish farm equipment market and also position itself for European markets from a relatively lower cost location.

The trend among Indian pharma firms of "building brands" continued, with Aurobindo Pharma adding to its portfolio of biosimilars acquired from a Swiss firm and leveraging market access across specialized therapeutic segments provided by a Portuguese generics firm. Also active was Piramal Enterprises, acquiring the drug portfolio of UK-based Mallinckrodt LLC to reach a targeted segment across eight European markets. Sun Pharma and Zydus Cadilla were active in North America, with Zydus acquiring a US drug firms for a sizeable cheque to bolster its specialty pharmaceuticals segment whilst Sun Pharma acquired a small Canadian drug discovery firm. On the IT front, the bigger boys of Indian IT were active acquiring assets in Latin America and their preferred market - United States.

As election related political activity takes a back seat, we look forward to Indian outbound activity in the new Financial Year to be driven by macroeconomic realities in terms of revised GDP data, domestic manufacturing activity, global economic and political risks, and strategies of Indian companies with regards GAAR (General Anti-Avoidance Rule), POEM (Place of Effective Management) and BEPS (Base Erosion and Profit Sharing). As always, we shall track this space!

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Piramal To Acquire UK Firm Mallinckrodt's Drug Portfolio For USD 171 Million

Ajay Piramal-led Piramal Enterprises Ltd will acquire a portfolio of drugs from UK-based Mallinckrodt LLC for USD 171 million in its seventh pharmaceutical deal within two years. The transaction also involves an additional USD 32 million payable depending on the financial performance of the acquired assets over the next three years. The acquisition will be carried out through a wholly owned critical care unit of Piramal.

Piramal is acquiring drugs for spasticity and pain management from the UK biopharmaceutical company. The drugs include *Gablofen*, a severe spasticity management product which is in the US market and two pain management products under development. *Gablofen* has also been approved for launch in eight European markets. Mallinckrodt Pharmaceuticals, based in Staines England, produces specialty pharmaceutical products, including generic drugs and imaging agents. Mallinckrodt manufactures and distributes products used in diagnostic procedures and in the treatment of pain and related conditions. This includes development, manufacture and distribution of specialty pharmaceuticals, active pharmaceutical ingredients, contrast products and radiopharmaceuticals.

Wipro To Acquire Brazilian IT Firm InfoSERVER

Wipro Ltd, India's third-largest software services exporter has signed a pact to acquire Brazilian IT firm InfoSERVER SA for USD 8.7 million as part of its plan to expand its presence in Latin America.

InfoSERVER, is focussed on the Brazilian market and provides custom application development and software deployment services. The firm has been functional for two-decades, and counts some of the largest Brazilian banks as its clients. The acquisition will help Wipro expand its presence in the country's highly traditional and competitive Banking, Financial Services and Insurance market besides adding domain and process knowledge in the sector.



The acquisition strategy closely aligns with Wipro's vision to localise and become a significant partner of choice in the LATAM market. Wipro has significant presence in Latin America with offices across 5 countries in the region - Argentina, Brazil, Chile, Colombia and Mexico.

Mahindra Buys Majority Stake in Turkey's Hisarlar For USD 19 Million

Mahindra & Mahindra Ltd, India's biggest tractor manufacturer has agreed to acquire a 75.1% stake in Turkish farm machinery maker Hisarlar Makina Sanayi ve Ticaret Anonim Sirketi. Mahindra will spend USD 19 million to buy this stake and expects to conclude the deal by April. Hisarlar, incorporated in 1977, is a key player in the agriculture machinery industry, tractor cabins and components for off highway machinery in Turkey.

Under the transaction, Mahindra will acquire a 75.1% equity stake in Hisarlar. Mahindra hopes to grow the farm equipment business in Turkey and Europe. The balance shareholding will be with the European Bank for Reconstruction and Development (EBRD - 18.7%); and the founding family (Turker Family - 6.2%). Further, as part of the transaction, Darby Converging Europe Fund III will exit its investment in the farm machinery manufacturer. Darby is a private equity fund which is part of the Franklin Templeton Group.



Mahindra

Aurobindo Pharma To Buy Portugal's Generis Farmaceutica For USD 142 Million



Drug maker Aurobindo Pharma Ltd has acquired Portugal-

based pharmaceuticals products and supplier Generis Farmaceutica SA from private equity firm Magnum Capital Partners for USD 142 million in an all cash deal.

The deal is expected to consolidate Aurobindo's footprint in Portugal, which currently consists of Aurovitae, Unipressoal LDA and Aurobindo Pharma (Portugal).

The newly acquired entity Generis, which was founded in 1982 and has a manufacturing facility in Amadora, Portugal, is a generic pharmaceuticals firm that focuses on both the retail and hospital segments apart from exports. It has a wide portfolio of products with a major share in therapeutic areas such as cardiovascular, central nervous system, anti-infective and the genitourinary system.

Aurobindo Pharma has been steadily expanding its European footprint since 2006, via acquisitions across several key markets. In 2014 the company acquired Actavis' commercial operations in seven West European countries.



Mahindra Holidays and Resorts Buys Additional Stake in Holiday Club Resorts Oy

Mahindra Group firm Mahindra Holidays & Resorts India (MHRIL) has increased its stake in Finland-based Holiday Club Resorts Oy by an additional 6.33 per cent shares at a consideration of USD 4.7 million. The additional stake has been bought through Covington S.a.r.l, Luxembourg - a step down subsidiary of Mahindra Holidays. Holiday Club Resorts Oy is a leading weekly timeshare company in Europe and a significant operator in the fields of holiday housing and tourism. The company is owned by Mahindra Holidays & Resorts India Ltd, the acting management and Fennia Group, and is based out of across 38 global locations.

TVS Logistics Picks 60% Stake In UK-Based SPC International



TVS Logistics, one of the leading integrated supply chain solution providers, has picked a 60% stake in UK-based SPC International through its UK arm TVS Rico Supply Chain Services. TVS Logistics will be investing approximately USD 15 Million for this acquisition and funding future growth for Uxbridge-based SPC International. This acquisition in the UK now adds repair and parts supply to the company's comprehensive list of end-to-end supply chain services.

SPC International has operations in the UK, France, Slovakia, the USA and India. It provides employment to 350 skilled professionals across these geographies and offers hardware support with specialization in IT spares and repairs, supporting OEM and multi-vendor maintenance companies. SPC's services and solutions include repair and refurbishment, remarketing, reselling, warranty management and inventory management. Products offered include retail, banking, barcode and data collection, PCs, printers, and notebooks.

Tech Mahindra To Acquire CJS Solutions For USD 110 Million

Information technology firm Tech Mahindra Ltd has agreed to acquire US-based healthcare software provider CJS Solutions Group LLC for an enterprise value of USD 110 million with upfront cash payment of USD 89.5 million worth 84.7% in CJS and will purchase the remaining over three years. The acquisition positions Tech Mahindra as a healthcare provider via Electronic medical records implementation and surrounding services route. It will also help scale up Mahindra's healthcare revenues on the back of several active contracts in this segment. CJS Solutions operates as the HCI Group specializing in providing information technology services to healthcare providers and implements Electronic Medical Records (EMR) software. The Florida based company also has a presence in Europe, Middle East and Asia Pacific and employs about 500 people globally.

Aurobindo Pharma Buys Biosimilar Brands From TL Biopharmaceutical



Aurobindo Pharma Limited has acquired four cell culture derived biosimilar products from Swiss firm TL Biopharmaceutical AG. As part of this agreement, TL Biopharma will supply all developmental data for four molecules, while Aurobindo will develop, commercialise and market these products globally. The branded market size of these four biosimilars, three of them monoclonal antibodies, in oncology, according to Aurobindo Pharma is very promising. Regulatory filing for these products is expected during the period 2020-22. Aurobindo is preparing to take its lead molecule from this transaction, a *Bevacizumab* biosimilar, for clinical trials in 2017. *Bevacizumab* is an anti-angiogenesis drug used in treating multiple-cancers including metastatic colon or rectal cancer, non-squamous and non-small cell lung cancers.

Zydus Cadila Acquires US Drug Maker Sentyln Therapeutics

Cadila Healthcare Ltd, which operates under the brand Zydus Cadila, has purchased US-based specialty pharmaceuticals company Sentyln Therapeutics Inc. According to industry reports the deal **Zydus** has been valued at USD 171 Million. Zydus Cadila has been on an acquisition spree over the past year, both in India and overseas, as pharmaceutical companies continue to stitch strategic deals. Sentyln Therapeutics Inc. is specialty pharmaceutical company founded by an experienced management team that has built multiple successful pharmaceutical companies. Sentyln acquires, develops and commercializes prescription products. They provide healthcare professionals with treatment solutions that enable them to meet the needs of individual patients.

Sun Pharma's Arm To Acquire Canadian Drug Firm Thallion



India's biggest drug maker Sun Pharmaceutical has agreed to acquire Canadian pharmaceuticals firm Thallion Pharmaceuticals for USD 2 million. The acquisition will be executed through Taro Pharmaceuticals Inc (Canada), the indirect arm of its group firm Taro. The total deal size includes additional cash due at the completion of an additional pre-clinical animal study. The transaction will help its Canadian unit expand product development through the acquisition of orphan drug candidate *Shigamab*, which is used for treatment of E.Coli induced hemolytic-uremic syndrome. Thallion Pharmaceuticals, which was founded in 1998 was acquired by drug firm Bellus Health Inc in 2013. The current acquisition by Taro Pharmaceuticals Inc (Canada) comprises only *Shigamab* while all other Thallion assets have been transferred to Bellus Health.

Motherson Sumi Acquires Finland's PKC Group For USD 610 Million



Motherson Sumi Systems Limited

Motherson Sumi Systems Ltd, India's largest auto-component maker, has acquired Finland's PKC Group Plc for as much as USD 610 million. Motherson Sumi will make a public offer to acquire all shares and option rights in PKC, listed on the Nasdaq Helsinki stock exchange. Motherson Sumi said the proposed acquisition will help expand its presence in the niche market of global wiring harness business for commercial vehicles. The deal is likely to be "highly value accretive as there is minimal overlap" between the companies' operations in terms of geographical presence and synergy in product segments. The Indian company will also make a public offer through a wholly owned unit at €23.55 a share - 51% higher than the €15.59 price at which shares of PKC Group closed on the deal day.

Helsinki-based PKC supplies wiring harness and associated components to commercial vehicle makers and automakers across North America, Europe, Brazil and China. PKC, which set up its first wiring harness factory in 1969, now has production facilities in 11 countries with over 22,000 employees. It recorded €846 million in revenue for 2016.. Motherson Sumi's revenue has grown at a compound annual pace of 40% over the past 10 years. For the year ended 31 March 2016, it had revenue of USD 5.8 billion and a net profit of USD 190 Million. The company has grown rapidly on 14 acquisitions it has made since 2002. Its most recent acquisition was in September 2016, when it agreed to acquire the automotive business unit of Hungary's Abraham and Co. Ltd for about USD 11.7 million .

Omega Buys US-Based Healthcare Analytics Firm White Space



Omega Healthcare Management Services has acquired WhiteSpace Health, a US-based healthcare analytics company for an undisclosed sum. Omega Healthcare with this acquisition gets access to employees and a development facility in Hyderabad.

White Space Health's provides data analytics technology, which it claims, enables better patient outcomes and improved financial performance. Omega Healthcare is an offshore provider of healthcare outsourcing services with largest pool of medical coders outside the US. The solutions help healthcare providers improve practice engagement, reduce cost, improve productivity and also meet the reporting of core measures.

T&A PARTICIPATED IN MASTERS OF BUSINESS BUDAPEST 2017

As Hungarian National Trading House' India representative, T&A Consulting was invited to participate in 'Masters of Business-Budapest 2017'. The event is the first of its kind organized by HNTH, which involved representatives from 47 partner countries.

Mr Saurabh Khanna and Mr Jasraj Singh from T&A Consulting represented the India desk, and met prospective Hungarian companies exploring opportunities in the Indian market. Some of the focus sectors were Food & Agriculture, Cleantech, Automobile, and Healthcare.



T&A PARTICIPATED IN THE SELECT USA 2017 ROADSHOW

As India representative of South Carolina Department of Commerce, T&A Consulting participated in the 'Select USA 2017' Roadshow. The visit was spread across three cities of New Delhi, Ahmedabad, and Bangalore from 6th to 10th March. The team led by Mr. Tarun Gupta - Director India Office, and colleagues Ms. Arti Gulati and Ms. Simranjeet Kaur represented the State at the event.



It was a platform that welcomed Indian investors seeking critical business information to facilitate a physical establishment in the US. The roadshow featured knowledge and interactive sessions on Legal Aspects of Doing Business in the United States,



RBI regulations pertaining to outbound Foreign Direct Investments, and latest norms pertaining to visa requirements. During the course of the week several B2B meetings were held with prospective investors especially from the Automotive and Aerospace sector.

INDIA MARKET NEEDS PATIENCE, PERSEVERANCE: BATTERY ENERGY DRINKS



FINNISH ENERGY DRINK "BATTERY" INDIA LAUNCH EVENT

From left to right

Saurabh Khanna (T&A Consulting), **Simon Frauenfelder** (Export Manager, Battery Finland), **Rahul Sangoi** (Silver Ice Beverages), **Jukka Holappa** (Head Finpro India)

T&A Consulting successfully lead the mandate to execute the search for an India partner for a leading Finnish energy drink brand "Battery". Battery Energy Drink is a subsidiary of Carlsberg and sells in more than 25 countries.

During early 2015, the company contacted T&A to evaluate entry options into India by identifying potential distributors/licensees for its Energy drink. T&A shortlisted more than 45 companies with experience in manufacturing or importing beverages in India and funnelled the search to three potential partners.

In mid-2015, the senior management team from Battery visited India and had focused meetings with the three companies. It finally shortlisted "Silver Ice Beverages" based out of Pune, Maharashtra. After a year long process which involved seeking regulatory approvals including FSSAI registration and streamlining production line capabilities, the energy drink was successfully launched in March 2017.



T&A Consulting is a boutique advisory firm headquartered out of New Delhi (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

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