T&A CONSULTING
Business with India starts here...

INDIA OUTBOUND

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There is a perfectly comprehensible phenomenon that Indian government puts off reforms that are politically unpopular closer to the election. It's the time when the government focuses more on politicising healthcare, education and welfare to impress voters. Despite the looming possibilities of policy paralysis due to the upcoming election, the recent months have made the Indian businesses optimistic. The numbers pertaining to India's economic growth, industry performance and broader investment climate reflected signs of a recovery in animal spirits, assuring that the country's mid-term outlook can weather market pressure and global trade anxiety. Indian economy grew at 7.7% in the Q4 FY2018 and has been projected to gain momentum in the Q1 FY2019. Sentiment in the manufacturing and services sectors—both account for about 80% of the USD 2.6 trillion Economy—rebounded in June. New orders picked up pace, bank loan disbursals grew and auto sales—a barometer of overall demand—soared at double-digits. India's export conundrum, which suffered from the double blow of currency demonetisation and chaotic implementation of consumption tax, was further exacerbated by the gathering trade war clouds. The only silver lining is a weaker rupee which could make software exports more competitive. Meanwhile, India continues to rank among the top FDI destinations, and a cursory analysis shows that the magnitude of OFDI from India has impressively expanded, helped by the government's policy liberalisation and financial deregulation attempts. According to latest figures from US Department of Commerce, direct investment from India to the United States (inward) in 2017 was $9.8 billion, an increase of 11.5% from 2016. The Indian firms have taken pragmatic attempts to expand their presence in developed economies through M&A and in developing countries through greenfield investments. Last month, United Phosphorus Limited (UPL) agreed to acquire the agrochemicals unit of New York-listed Platform Specialty for $4.2 billion, a deal that demonstrated Indian firms' orientation to invest in overseas long-term investments. Recently, the RBI raised key rates by 25 bps to 6.5% to curb inflation and forestall a rout of the rupees, and SEBI enhanced the overseas investment limit of alternative investment funds and venture capital funds from $500 million to $750 million. The industry predicts Indian OFDI to grow further given the stable market conditions and the government's calibrated approach. Doubt you not – 2018 will be another consequential year for India's OFDI.

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TPG, ADIA to invest USD 1.2 bn in UPL arm to back Arysta Acquisition

Indian agrochemical major UPL Ltd will buy US-based Arysta LifeScience Inc. for USD 4.2 billion that the company will finance with help from private equity firm TPG and Abu Dhabi Investment Authority (ADIA). UPL's Mauritius unit, UPL Corp, has agreed to acquire Arysta and its subsidiaries from NYSE-listed Platform Specialty Products Corporation. TPG Capital Asia and the Gulf kingdom's sovereign wealth fund will invest USD 1.2 billion divided equally in UPL Corp for a total stake of about 22 percent. The remaining USD 3 billion has been arranged in debt from Japan's MUFG Bank and Rabobank.

The acquisition will enable UPL to offer a complete basket of solutions for arable as well as specialty crops comprising crop protection chemicals, bio solutions and seeds covering the entire crop value chain from planting to post-harvest activities. With Arysta, UPL will reach over 130 countries with more than 12,800 products. Arysta holds a differentiated position in the crop protection market given its focus primarily on specialty applications and tailored local solution. Arysta LifeScience focuses on development, formulation, registration, marketing and distribution of crop protection products for specialty applications, including seed treatments and biosolutions.

CK Birla's HIL to buy German building materials firm Parador

HIL Ltd, part of the diversified CK Birla Group, has announced it would acquire German building materials maker Parador Holding GmbH in a bid to enter the European market and expand its product portfolio. The acquisition will also help HIL enter Southeast Asia and the US.

The deal has been struck at an enterprise value USD 100 million, for Parador. HIL will pay a cash consideration of USD 84.4 million (at the current rate) for Parador. This comprises USD 62 million for equity shares and the remaining for repayment of certain loans.

Parador's current shareholders include German private equity firm NORD Holding, which had bought into the company in 2016. Parador was founded in 1977 and has one factory each in Germany and Austria that make resilient flooring, laminate and engineered wood floor, wall and ceiling panels. Its net revenue rose to USD 166 million in 2017 from USD 158 million the year before.

HIL makes building materials and roofing products at its 24 factories. The company expects to complete the transaction in two-month time.

JSW steel plans to invest USD 500 million in US plant

JSW Steel announced it would invest USD 500 million to modernise its Ohio facility, which it recently acquired as part of the Acero transaction. Earlier, the company had announced USD 500 million capex to modernise its Texas facility. In total, JSW Steel agreed to invest USD 1 billion to modernise its two manufacturing facilities in Texas and Ohio. The company aims to further augment its capacity in Acero Junction over the next few years and to take the combined capacity of JSW USA to 4 MT per annum - 3 MT at Acero and 1 MT at Baytown in Texas. The Ohio investment will be used to upgrade and enhance Acero's integrated manufacturing unit.

In phase one, JSW will revamp & restart the electric arc furnace and the slab caster and modernise the hot strip mill. The proposed investment including the cost of acquisition, is expected to be approximately USD 250 million. In phase two, depending upon the economic viability & prevailing market conditions, JSW will evaluate the possibility of adding another electric arc furnace (EAF) at the hot strip mill to make the Ohio facility a fully integrated unit with 3 mtpa capacity. The proposed investment in phase two could be up to USD 250 million.

Tata Steel seals joint venture deal with European steel-maker Thyssenkrupp

Thyssenkrupp has approved for a steel joint venture with Tata Steel, paving the way for the European steel sector's biggest shake-up in more than a decade. The definite agreement would be signed shortly. The largest deal in Europe's steel industry since the takeover of Arcelor by Mittal in 2006, the 50-50 joint venture – to be named Thyssenkrupp Tata Steel – will have about USD 17.5 billion in sales and about 48,000 workers.

Based in the Netherlands, the company will emerge as the continent's No. 2 steelmaker after ArcelorMittal and forms the core of Thyssenkrupp CEO Heinrich Hiesinger's plan to turn the steel-to-submarines conglomerate into a technology company.

The joint venture with Tata Steel is an important milestone for the transformation of Thyssenkrupp to an industrials and service group and will lead to a significant improvement of the financial figures of Thyssenkrupp, effective with closing. The deal comes as European steel makers face stiff tariffs of 25 percent on their exports to the United States, their biggest market, fuelling fears the local market might be forced to absorb more volume as a result.

Thyssenkrupp said that in case of an initial public offering of the joint venture, which is widely expected by investors and has been flagged by both companies, it would get a bigger share of the proceeds "reflecting an economic ratio of 55-45.

The German group also said it now expects annual synergies of 400 million to 500 million euros from the transaction, having previously communicated a maximum of 600 million. Tata Steel would continue to remain liable for environmental risks in Britain, where its Port Talbot factory is based. Tata Steel's Dutch unit would be part of the joint venture's cash-pooling mechanism, which had been a key demand for German workers concerned that Tata would give its own workers better conditions in the new company.

Aurobindo Pharma to acquire Apotex's businesses in five European countries

Aurobindo Pharma Ltd will acquire the commercial operations and certain supporting infrastructure of Canadian pharma firm Apotex International Inc. in five European countries for USD 86.5 million. The five countries are Poland, the Czech Republic, the Netherlands, Spain and Belgium.

The acquisition is in line with Aurobindo's strategy to strengthen its European business and to expand in Eastern Europe's generics drug market, as the Indian drugmaker said in a stock-exchange filing. It will make the purchase via a wholly-owned step-down Dutch unit.

The acquisition will help Aurobindo diversify its European product portfolio by adding over 200 generics and more than 80 over-the-counter (OTC) products that had total sales of USD 160 million in the year ended March 2018.

Furthermore, the acquisition will make Aurobindo one of the top 15 generic drug companies in Poland and the Czech Republic, a leading OTC company by volume in the Netherlands, and among the top five brands in retail generics market in Belgium.

Aurobindo said closing of the transaction is conditional on the receipt of competition clearances for the transaction by the Dutch and Polish authorities, and the deal is likely to be completed in three to six months. Aurobindo and Apotex will enter into a transitional manufacturing and supply arrangement to support the ongoing growth plans of these businesses.

Hyderabad-based generic drugs and active pharmaceutical ingredients maker Aurobindo has been expanding in Europe since 2006, largely through acquisitions in recent years in several key markets. For the fiscal year ended March 2018, Aurobindo had sales of USD 980 million from its European businesses in nine countries–Portugal, France, Germany, the Netherlands, Spain, Italy, Belgium, the UK and Romania. The US and Europe are Aurobindo's two largest markets accounting for over 70 percent of the company's total sales of USD 2.6 billion.

Sterlite Technologies to buy Italian optical cable maker for $54.3 mn

Sterlite Technologies, Maharashtra-based manufacturer of telecom products, has agreed to acquire 100 percent stake in Italy-based optical cable maker Metallurgica Bresciana for USD 54.3 million. The company said it would make the acquisition through its wholly-owned Italian subsidiary Sterlite Technologies S.p.A. The acquisition of Metallurgica Bresciana will expand Sterlite Tech's optical fibre cabling business by augmenting access to key European markets and add highly complementary speciality cables to its products portfolio. The transaction is being funded through a combination of debt instruments and internal accruals and expects to be completed in July. Incorporated in 1987, Metallurgica Bresciana designs and manufactures special precision optical fibre cables and specialised copper cables for various communication applications. It has operations in Italy and China, designing, building and managing digital networks and has customers in more than 100 countries. The company's offerings include optical communication products, system and network-integration services, and telecom software. It has manufacturing facilities in India, China and Brazil, with two software delivery centres in India. In September 2015, Sterlite Technologies acquired Elitecore Technologies, a telecom software product company, for an enterprise value of USD 27 million.

Reliance Industries to acquire US telecom solutions firm Radisys

Reliance Industries Ltd (RIL) has agreed to acquire Radisys Corporation, a US-based open telecom platform solutions provider, for USD 75 million in cash. The acquisition has potential synergies with Reliance's investments in digital communication and services framework. This will help in fostering innovation efforts through access to high-quality engineering talent. The transaction is subject to statutory and regulatory approvals, including approval from the committee for foreign investment in the US, and shareholders of Radisys. The deal is likely to be completed in three to six months.

Oregon-headquartered Radisys provides open-centric software, hardware and service capabilities that enable the migration to next-generation network topologies. Radisys reported revenue of USD 138 million in 2017, compared with USD 212 million the year before and USD 185 million for 2015.

In April, Billionaire Mukesh Ambani-led RIL had invested USD 180 million in ed-tech startup Embibe. In March, RIL's retail unit picked up a 16 percent stake in US-based KaiOS Technologies, In February, it agreed to buy a 5 percent stake in New York Stock Exchange-listed movie producer Eros International PLC.

HCL Tech to acquire German IT firm for $35 mn

HCL Technologies recently announced it has signed an agreement to acquire 100 percent stake in H&D International Group, a German IT and engineering services provider, for about USD 35 million in a cash deal which includes earn-outs. The acquisition was part of its long-term growth plan in Germany. H&D will further enhance HCL's domain expertise in the global automotive sector. HCL Technologies said it will attain significant in-country front office and delivery capabilities through this deal, which it expects to close by the August this year.

H&D International Group is among the largest IT service providers in the German automotive industry with operations in over 20 locations globally including US, Czech Republic and Poland. With this deal, H&D's existing delivery centre at Gifhorn will become part of HCL's global delivery footprint and will focus on IT and engineering services. HCL Tech has acquired several overseas assets in the recent past. In April this year, HCL and Sumeru Equity Partners, a technology and growth-focussed private equity firm, agreed to jointly acquire US-based Actian Corporation for USD 330 million in cash. In the same month, it agreed to acquire life sciences and consumer services provider C3i Solutions from US-based drug maker Merck & Co for USD 60 million in cash.

Minda set to acquire Germany's iSYS, sets up wheel-making JV with Japan's Kasei

Automobile parts manufacturer Minda Industries announced it would acquire Germany-based iSYS RTS GmbH, a hardware and software developer for global original equipment makers (OEMs). The flagship company of India's Uno Minda Group also announced a joint venture with Kasei Group, a maker of alloy wheels in Japan, for making moulds in Bawal, Haryana. The venture will have an initial investment of USD 4 million, with Minda holding 49.9 percent equity and Kasei Group the rest 50.1 percent.

On the acquisition, Minda Industries confirmed that it will invest USD 5.86 million to buy 80 percent equity of iSYS by the second quarter of 2018-19 and that it will pump USD 1.76 million in fresh shares of the firm, which clocked a revenue of USD 6.91 million in 2016-17.

The buyout will help Minda Industries expand its electronic control units' offerings and technology solutions in India and global markets. Upon completion of the transaction, iSYS will operate as an independent unit led by its existing management team, while remaining a subsidiary of Minda. It will have access to Minda's engineering centres globally.

Minda Group manufactures automobile components for OEMs and has manufacturing facilities in Indonesia, Vietnam, Spain and Colombia, as well as design offices in Taiwan, Japan and Spain. It runs 58 manufacturing plants globally. In 2016, Minda Industries agreed to acquire a 49 percent stake of Roki Japan in a joint venture for USD 7 million. Same year, Uno Minda Group acquired Spain-based Rinder Group's global automotive lighting business for USD 22 million.

Air cooler maker Symphony to acquire Australia's Climate Technologies

Ahmedabad-based air cooler manufacturer Symphony Ltd has agreed to acquire a 95 percent stake in Australia's Climate Technologies Pty Ltd. The acquisition adds to Symphony's international footprint and provides an opportunity to reduce business risks as a result of opposite winter and summer seasons in India and Australia. The deal valuation will be AUD 29.7-32.7 million depending on earnings before interest, tax, depreciation and amortisation for the year through June. The valuation is subject to change based on customary closing conditions, it added.

The latest acquisition is expected to provide Symphony access to new geographies such as Australia and a strong position in the US, which is the largest air cooler market in the world. The company plans to finance the acquisition through a mix of debt and internal cash accruals. The deal is likely to be closed within a month.

Headquartered in Adelaide, Climate Technologies makes and sells evaporative air coolers, ducted gas heaters and other cooling products in Australia and the US. The company owns established brands such as Bonaire and Celair. It commands 30 percent and 25 percent market share of the domestic Australian evaporative air coolers and ducted gas heaters market, respectively. It entered the US through a tie-up with Home Depot. The company has a factory in Salisbury, South Australia and an assembly operation in Las Vegas in the US state of Nevada.

Multiplex chain Carnival Group to buy UAE's Novo Cinemas

Mumbai-headquartered Carnival Group, which operates the multiplex chain Carnival Cinemas, has agreed to buy Dubai-headquartered Novo Cinemas for an undisclosed amount. The firm will acquire 100 percent stake in Novo Cinemas from Qatar-based Elan Group. The transaction is subject to applicable regulatory and statutory approvals and customary closing conditions.

Novo Cinemas operates more than 100 screens across the United Arab Emirates, the Kingdom of Bahrain, and Qatar. The new deal is expected to expand the Novo Cinema's operations further. Earlier known as Grand Cinemas, Novo Cinemas was set up in 2000 by film distributor Gulf Film LLC, which rebranded the entity to the current form in 2014. In 2012, Gulf Film was absorbed by Qatar-based media and entertainment company Elan Group.

This is the latest to the Carnival Group's overseas acquisition. In 2007, the firm bought two new properties in Singapore—Rex Mackenzie, which has three screens with over 700 seats, and Rex Golden Mile, which has one screen with over 1,000 seats. In one of the largest deals in the sector at that time, Carnival Cinemas bought Big Cinemas, formerly a part of Anil Ambani-led Reliance Group for about Rs 710 crore in December 2014. In 2010, Big Cinemas had acquired a chain of 188 screens in the US, only to sell it later.

In 2012, multiplex chain operator PVR Ltd acquired majority stake in rival Cinemax India Ltd for Rs 395 crore. Last year, PVR said it would buy a minority stake in US-based luxury restaurant and theatre company iPic Gold Class Entertainment LLC to mark its first-ever overseas acquisition.

Lithium-rich Bolivia seeks Indian investment to manufacture EV batteries

Bolivia is keen on signing a preferential trade agreement with India and is wooing Indian investors to manufacture lithium batteries and related products in the country. Some large Indian companies are exploring investment opportunities in Bolivia as they await a NITI Aayog policy recommendation on subsidies for the sector. Lithium batteries can be used in electric vehicles which the Indian government wants to promote. Having the largest reserves of lithium, Bolivian government has invited both public and private sector Indian companies as well as small scale auto battery makers to visit the country and explore its markets for lithium.

Currently, Bolivia exports lithium to the major manufacturing nations, and there is a lack of domestic manufacturing process for battery plants of factories. Bolivia has the largest reserve of lithium in the world. Salt flats in highlands of Bolivia are thought to hold millions of tonnes of untapped lithium reserves. The Salar de Uyuni salt flats contain nine million tonne of lithium, over a quarter of the world's known reserves. In total, Bolivia is estimated to possess about half of the world's lithium.

To meet the government's target of achieving 100 percent electric vehicle (EV) sales by 2030, India will require a strategy designed to overcome India's relatively weak initial position in battery manufacturing. India's market for EV batteries alone could be worth as much as USD 300 billion from 2017 to 2030. India has no known source of lithium and cobalt and access to these minerals is critical to the success of plan to convert most of its vehicles to electric power in about a decade. According to reports, India's requirement of lithium is expected to be 350,000 tonnes per year as per estimated of the auto industry, with companies like Suzuki India planning to manufacture lithium-ion batteries in India.

T&A Consulting moves into new headquarters to accommodate growth

T and A Consulting is pleased to announce a huge milestone. The earlier-New Delhi-headquartered firm has moved into new corporate office at Emaar Digital Green, Tower - A, 416-418, Sector-61, in Gurgaon, to accommodate company growth and expansion. The new office space reflects T and A Consulting's long-term objective that focuses on delivering innovative services through Business Incubation Centre (BIC). The BIC has been designed to help overseas companies achieve an accelerated entry into India and establish a low risk & cost effective local presence.

In addition to BIC, the new business facility features a wide reception area and upgraded meeting facilities, which create a platform for larger business activities and opportunities. T&A Consulting Moves into New Headquarters to Accommodate Rapid Growth The new office will allow for a better work environment for current and future team members and opportunity for company expansion into additional services. More than anything, the relocation represents the company's ironclad commitment to serving its clients with in-market support during their visit including pre-qualification of clients and arrangement of meetings.

T&A CONSULTING PARTNERS LUCID VENTURES TO FACILITATE BI-LATERAL INVESTMENTS

T&A Consulting has joined hands with Israel-based Lucid Ventures to facilitate bilateral investment. As part of the agreement, both companies will also undertake fundraising activities for Israeli startups, for both equity investments and investments into their Indian operations, subsidiaries or joint ventures (JVs). The complementary nature of this cooperation between the two companies characterises their common interests and experience encompassing Agri-tech, water-tech, renewable energy, smart mobility, fintech and blockchain, healthcare and medical, e-commerce and retail sectors and affirm their commitment to help Israeli firms in their India entry plan.

Lucid Ventures is headquartered in Tel Aviv and has profound experience of both Israeli and Indian culture. The company was founded by Tzakhi Freedman and is supported by expert advisors and trusted partners in both Israel and India. The company has supported various Israeli companies to make inroads into the Indian market and is active in fundraising ecosystem.

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

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