

INDIA OUTBOUND

T&A Consulting

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On the outbound front, summer months for Indian corporates are usually tepid. And this year was no different. Most of the action in the last three months was limited to the Information Technology and Pharmaceutical space. Major Indian pharma companies have been following a strategy of acquiring OTC brands from global pharma players, especially to make low-cost headway in the US market. That trend is very much intact with Dr.Reddy's, Zydus Cadilla, and Piramal busy acquiring OTC brands over the summer. There was a buzz in the medical technology space with Trivitron's activity in Turkey and news of BPL Medical Technologies actively looking for USD 50 million deals in Europe and the US. On the technology front there was interesting news of a bus ticket booking company—redbus.in expanding in Latin America, while the larger established IT player Tech Mahindra took a Fintech firm under its wings.

The Summer was also witness to the release of UNCTAD's World Investment Report 2016, with some interesting trends to consider on outward investments. According to the report, in 2015, India was one of the dominant investors from South Asia with outbound investments of USD 7.5 billion and the number of announced greenfield projects by Indian firms at 324 in 2015 compared with 261 in 2014. In the first half of the last decade, OFDI was directed towards resource rich countries such as Australia, UAE, and Sudan while in the latter half, tax incentive countries such as Mauritius, Singapore, British Virgin Islands, Netherlands, and Switzerland emerged as destinations of investment. The primary method of investment for Indian firms has remained M&A as it allows companies access to newer markets and better technologies. For the next two years, the report ranks India as the 6th most promising source of FDI as per surveys of Investment Promotion Agencies. Amen!

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Tech Mahindra To Acquire UK's Target Group For USD 175 mn...

Software services firm Tech Mahindra has agreed to acquire UK-based fin-tech firm Target Group in an all cash deal valued up USD 175 million including debt to boost the Indian IT players' offerings in the banking and financial services segment. The deal amount comprises nearly USD 150 million in enterprise value and up to USD 11 million as adjustment of surplus cash, Tech Mahindra will pay up to USD 85 million upfront and a 2017 deferred consideration of up to USD 22 million for the deal. It will also pay back USD 22 million on account of loan notes at closing. Also, Target's management is rolling over 7.6% of their stake into the company worth USD 9 million and this will be paid out in 2020 as a second deferred consideration.

Target Group provides business process as a service (BpaaS) to financial institutions such as Goldman Sachs, Morgan Stanley and Credit Suisse. The acquisition is expected to strengthen Tech Mahindra's presence in the UK's financial services industry through Target's intellectual property (IP) and proprietary platform that automate processing, servicing and administration of loans, investments and insurance products.

Target Group has about 740 employees and docked revenues of USD 69 million in 2015. Post acquisition, Target will remain a standalone entity and its entire management will continue to have full operational responsibility,

...Also Acquires BIO Agency For About USD 66 mn

In another acquisition in the UK, Tech Mahindra Ltd has agreed to purchase digital services provider BIO Agency Ltd for up to USD 66 million including debt. This would be the software services provider's second acquisition in as many months.

The all-cash deal has been struck at an enterprise value of USD 52 million and includes payment of up to USD 6.5 million in surplus cash. Tech Mahindra will pay USD 29 million and surplus cash upfront, and the balance as deferred payments between 2016-17 and 2018-19 based on the performance of BIO Agency.

BIO Agency specialises in digital transformation and innovation and helps clients engage with customers more effectively. It works with companies across financial services, retail, property, travel and technology sectors. The acquisition is expected to open up more clients for BIO, especially in Europe and the US and help scale their offering geographically and enable new services.

SeQuent Scientific's Arm To Buy 60% In Spain's Karizoo Group

Pharmaceutical company SeQuent Scientific's subsidiary Alivira Animal Health Ltd will acquire a majority stake in Spanish animal health firm Karizoo Group for USD 8.2 million. The acquisition is part of

Sequent's continued strategy to expand its presence in the global animal health space. Alivira will acquire 60% stake in family held Vila Vina Participaciones, which owns Karizoo Spain, Phytosolutions Spain, Covivet Spain and Karizoo Mexico, while the remaining stake will be held by the promoters. With this transaction, Alivira will account for over two-thirds of SeQuent's revenues. The acquisition will be made through Alivira Ireland, a wholly owned subsidiary of the Alivira Animal. The transaction is likely to be closed by the end of this month.

Karizoo Group, which was established by Vila family in 1983, achieved net sales of USD 32 million in 2015 with an adjusted EBITDA of USD 2.4 million. Karizoo is present in 14 countries, including Spain, Poland, Germany, the UK, Mexico and Iran. It brings to Mumbai-based Sequent, an EU approved manufacturing base and strong R&D capabilities.

SeQuent has nine manufacturing facilities in India and Turkey. The company makes bulk drugs and formulations in the animal health segment and offers niche human health and analytical services. It operates its animal health business through Alivira, which has close to 200 dosage forms. The acquisition comes just six weeks after Alivira's plan to acquire a 70 per cent stake in veterinary products maker Interchange Brazil for USD 3.6 million in cash.

Aurionpro Solutions To Buy US-Based Spikes Security

Mumbai-based enterprise security company Aurionpro Solutions Ltd has agreed to acquire Silicon Valley-based startup Spikes Security for an undisclosed amount. A new entity will be created focused on enterprise security by merging Aurionpro's enterprise security division and Spikes Security. The subsidiary will be headquartered in Silicon Valley with global operations in North America, Europe, Asia and Australia. Aurionpro will hold 80 per cent stake in the subsidiary. Post merger the subsidiary is expected to be valued at USD 100 million. The new subsidiary will have Michael Mansouri as CEO and Swapnil Mehta as President. Mansouri is currently CEO of Spikes Security.

The deal is expected to expand Aurionpro's enterprise security division's addressable market with offerings ranging from identity and access management to web malware isolation, and identity and access management.

Founded in 2012, Spikes Security offers a web malware isolation solution that protects organisations from the most advanced web borne threats by isolating all web content outside the network perimeter.

HT Media To Buy Majority Stake In Singapore's Sports Asia

HT Media Ltd has decided to pick a 50.5% stake in Singapore-based digital content firm Sports Asia Pte. Ltd for an undisclosed amount in an all-cash deal, as part of the newspaper publisher's strategy to expand its online offerings. HT Media is the publisher of dailies *Hindustan Times* and *Mint*. The Indian media house will make the investment through wholly owned subsidiary HT Overseas Pte. Ltd. As part of the deal, HT Media is expected to buy Sports Asia's shares for SGD 1 a-piece. Sports Asia, a Joint-Venture with Minute Media, is authorised to operate an online platform across the web, mobile and social media for football-related content and runs 90min.in.

Centum Electronics Picks 51% Stake In France's Adetel

Bangalore-based electronics company Centum Electronics Ltd has acquired a 51% equity stake in French firm Adetel Group for an undisclosed amount.



The transaction is expected to translate to greater international presence for the Group in terms of operations and scale for its products and technologies.

Centum Electronics offers a range of products and services in defence, aerospace, space, industrial, medical and communications. About 80% of Centum's revenue comes from the global markets. In the quarter ended March 31, 2016 Centum's net profit stood a little over USD 1 million while its sales were about USD 18 million.

Adetel specialises in design, development and industrialisation of embedded electronic systems for defence, aerospace, industrial, transportation, medical and energy sectors. It has operations in the US, Europe and Canada.

HT Media 90min.in is a football media content website powered by HT Media which gets an estimated 200 million page views monthly out of which 55 million are unique visitors and is the largest fan-generated football media brand globally. The website was originally founded by Asaf Peled in 2011, and has raised USD 45 million in total funding till date. The venture is backed by Battery Ventures, Dawn Capital, Gemini Ventures, North Base Media and ProSieben. The deal will mark the launch of 90min in India with an app and a website. The tie-up with HT Media will introduce 90min's open technology platform to the Indian market and cater to the growing number of football fans across the country. HT Media has been strengthening its digital play. In December, HT Overseas acquired a 5% stake in Singapore-based Dealstreetasia Pte Ltd for an undisclosed amount. The digital media firm, which competes with VCCircle, began operations in December 2014 and covers India and Southeast Asia.

Dr. Reddy's Acquires US Consumer Healthcare OTC Brands

Dr.Reddy's  Dr. Reddy's Laboratories Ltd has acquired a portfolio of half a dozen over-the-counter (OTC) drug brands from American drug maker Ducere Pharma for an undisclosed sum to enter the branded consumer health business in the US. The acquired brands - Doan's, Bufferin Ointment, CruexNail Gel, Comtrex and Myoflex - represent products in the cough-and-cold, pain and dermatology categories. These legacy products enjoy strong brand equity built over several decades that Dr.Reddy's is expecting to cash-on in the branded OTC consumer health business in the US market. According to Dr. Reddy's the acquisition will build upon the sales and marketing efforts for these brands and focus on expansion into existing and new market channels. Dr.Reddy's had Last year acquired a portfolio of established brands of Belgium-based pharmaceutical firm UCB in India, Nepal, Sri Lanka and Maldives for approximately USD 128 million. The deal strengthened its presence in dermatology, paediatrics and respiratory verticals with brands such as Atarax, Nootropil, Zyrtec, Xyzal and Xyzal M. Currently, Ducere Pharma's products are sold in over 20,000 stores across the United States and the firm is backed by US-based consumer products and specialty logistics-

Zydus Cadila Acquires Two Drugs From Teva To Strengthen US Portfolio

Drug maker Cadila Healthcare, which operates under the brand Zydus Cadila, has decided to acquire Teva Pharmaceutical's two abbreviated new drug applications (ANDAs), to strengthen its US portfolio. While the financial details of the transaction remain undisclosed, the total market size of the two ANDAs is estimated to be around USD 200 million. The acquisition, transacted through Zydus' wholly owned subsidiary Zydus Worldwide DMCC, will be financed through internal accruals. The acquired portfolio comprises an ANDA, which is already commercialized, and a pipeline ANDA, which is a transdermal patch — a medicated adhesive patch placed on the skin to deliver a specific dose of medication through the skin. This acquisition is expected to help Zydus expand its existing portfolio in the US and strengthen its pipeline of complex generic products.



Piramal Enterprises To Acquire Four Pfizer Brands For USD 16.5 mn

Piramal Enterprises Ltd has agreed to purchase four brands from global drug maker Pfizer for USD 16.5 million. While the company, through its consumer products division, will purchase Ferradol, Neko, Sloan's and Waterbury's Compound brands from the Indian unit of Pfizer Inc, the agreement also includes trademark rights for Ferradol and Waterbury's Compound in Bangladesh and Sri Lanka. Ferradol, launched in 1982, is a nutritional supplement for children and adults. Neko, launched in 1967, is a medicated soap indicated for body odour and minor skin infections. Sloan's, launched in 1982, is muscular pain reliever and Waterbury's Compound, launched in 1970, is used for building cough and cold immunity.



Earlier, Piramal had acquired the brand Little's for an undisclosed amount in November 2015

Acrysil Acquires 13% More In Homestyle Products



Acrysil Ltd, a quartz and stainless steel kitchen sink manufacturing and trading company, has acquired an additional 13% equity stake in Homestyle Products Ltd through its wholly-owned subsidiary Acrysil UK. Financial details of the transaction, however, have not been disclosed.

Following this increase, the total holding of Acrysil in UK-based kitchen sink distribution firm Homestyle Products has risen to 87%. Acrysil now has the rights to acquire the remaining 13% stake in Homestyle Products over the next three years.

In December 2014, Acrysil and its UK arm Acrysil UK had agreed to acquire 74 per cent stake in Homestyle Products for USD 3.3 million. Homestyle Products imports and markets kitchen sinks mainly in the UK market. It also deals in faucets

Redington Raises Stake In Turkish Supply Chain Firm Linkplus To 80%

Telecom and IT products distributor Redington (India) Ltd has raised its stake in Turkish company Linkplus to 80% from 70% for nearly USD 1.2 million. Redington will acquire the remaining 20% stake on an equitable basis during 2016 and 2017 at a price-to-earnings multiple of 5X. Redington holds the stake in Linkplus through its subsidiary Redington Gulf FZE. At the time of signing the agreement for a 70% stake in October last year, the company had agreed to purchase the remaining stake over a period of next three years.



Established in 1995, Linkplus is a distributor of Oracle software in Turkey, while Redington, set up in 1961, distributes products of more than 100 international brands. Redington provides supply chain solutions for all categories of IT products including personal computers as well as networking, software and enterprise solution products. It also distributes telecom products, digital lifestyle products, entertainment products and digital printing machines. Standard Chartered Private Equity holds a 12% stake in the Indian IT

Emami Raises Stake in Australian Unit Fravin To 85%

Consumer goods maker Emami Ltd has increased its stake in Australian unit Fravin Pty Ltd to 85% from 66.67%. The company holds the stake in Fravin through its Dubai unit Emami International FZE. Emami, however, did not disclose financial details of the transaction.



Fravin has an R&D and manufacturing plant in Adelaide, the capital city of South Australia. Emami, set up in 1974, has about 250 products based on ayurvedic formulations and operates in 63 countries in Asia, Europe, and Africa. Its brand portfolio includes BoroPlus antiseptic cream, Navratna hair oil, Fair and Handsome cream and Zandu pain relieving balm.

Redbus Acquires Peru Bus Portal



redBus.in, owned and operated by Naspers-backed Goibibo Group, has acquired a majority stake in Peru-based bus ticketing platform Busportal, operated by Empresa Digital Peruana S.A.C, for an undisclosed amount.

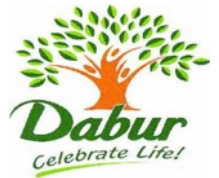
The investment will give redBus an entry into the online bus ticketing markets in Latin American countries of Peru, Colombia and Chile. Busportal.pe, in turn, will be able to leverage redBus' technology, product and brand name to scale up operations. Busportal co-founders Hassan Bourgi and Carol Riboud will continue to drive operations in Peru and expand in Colombia and Chile. Busportal.pe allows users to compare and purchase bus tickets from more than 20 bus operators in Peru and covers over 70% of the routes.

Peru is not the first overseas market that redBus has entered. In July last year it launched operations in Singapore and Malaysia, allowing travelers to book bus tickets for travel between the two Southeast Asian countries in addition to inter-city travel within Malaysia

Founded in 2006, redBus.in, which operated under Pilani Softlabs Pvt Ltd, was acquired by Naspers for an undisclosed amount in June 2013. The acquisition saw the exit of Seedfund, Inventus Capital and Helion Venture Partners.

Dabur To Acquire African Cosmetics Firm Discaria

Consumer products maker Dabur India Ltd has acquired South African cosmetics manufacturing and trading firm Discaria in its first takeover deal in the African continent, through its Middle East unit Dabur International Ltd.



The Indian company has one manufacturing unit each in Nigeria and Egypt, which caters to the North and East African markets. Discaria will now enable the maker of Real Juices to enter the Southern part of the continent. Dabur had made its first foreign acquisition by buying Hobi Kozmetik Group, a personal care products company in Turkey, for USD 69 million and in 2010 it bagged its biggest deal by acquiring US-based Namaste Laboratories for USD 100 million.

Dabur's India rival Godrej Consumer Products Ltd has also struck several acquisition deals in recent years. Godrej Consumer has struck three acquisitions this year to boost its Africa operations.

Granules Pharma To Acquire 12.5% In American drug company USpharma



Granules Pharmaceuticals, a wholly owned subsidiary of Hyderabad-based Granules India, has agreed to acquire 12.5% stake in US-based development stage pharmaceuticals firm USpharma for an undisclosed amount. The investment is part of Granules' strategy to grow the limited competition products market in the US.

USpharma makes generic pharmaceuticals, including controlled-release, controlled-substance and patent-challenge products. USpharma has formulation, development and manufacturing facilities in Philadelphia and Mumbai, and an analytical laboratory in Kansas City. It has submitted five abbreviated new drug applications (ANDA) with paragraph IV certifications of which four ANDAs have already been out-licensed to Granules exclusively.

Granules, makes active pharmaceutical ingredients (APIs), intermediates and finished dosages for drugs such as Paracetamol, Ibuprofen, Metformin, and Guaifenesin. The company has two Joint Ventures — one with Hubei Biocause in China and another with Ajinomoto OmniChem in Belgium. For the Financial Year ended March 2016, Granules reported a turnover of USD 220 million of which 38% was from the North American Market.

BPL Medical Scouts For More Overseas M&A



BPL Medical Technologies Pvt. Ltd is

looking to buy more overseas assets to enter new technology verticals. The Goldman Sachs-backed healthcare devices maker has stepped up its expansion plans after buying UK-based company Penlon Ltd for an undisclosed amount in September last year.

The company is screening potential targets in the US and Europe in segments such as hospital consumable radiology and imaging. According to media reports, BPL Medical may zero in on a target within six months and may look to close a maximum of two acquisitions in next 12 months. The company might seek to raise USD 50 million to fund an acquisition.

BPL Medical is part of the consumer electronics maker BPL group, controlled by the Nambiar family. Goldman Sachs Private Equity, which invested USD 17 million in BPL Medical in 2013, owns about 60% of the Bangalore-based medical devices maker.

BPL Medical operates in an Indian market that is estimated to cross USD 17 billion by 2020. Indian companies, however, make up a small part of the local and global medical devices market, which is dominated by multinational companies such as Siemens, GE Healthcare and Phillips

BPL Medical is among of handful of Indian companies looking to make acquisitions in niche technology areas that would not only give it a foothold in some overseas markets but also possibly an opportunity to bring manufacturing to India for cost arbitrage.

Triviron Buys 60% Stake In Turkey's Bome For USD 5.5 Million

Medical technology firm Triviron Healthcare has acquired 60 per cent stake in Turkish firm Bome Sanayi Urunleri Dis Tic Ltd Sti for USD 5.5 million. The remaining 40 per cent stake in the in-vitro diagnostic (IVD) device manufacturing firm will be held by the promoters. With this acquisition, Triviron will have direct access to the Turkish, Middle Eastern, African, South and South East Asian Markets, it added



Through this acquisition, Triviron will acquire Bome's expertise on running low-cost new born screening programmes in a public-private partnership mode. With this, Triviron will have access to produce IVD diagnostics kits using Finnish and Turkish techniques for sale in France, Turkey and India. Triviron Healthcare has a revenue turnover of over USD 107 million and exports products to over 165 countries

MPS Acquires US, European Digital Publishing Platform Magplus

Indian publishing services company MPS Ltd has acquired Sweden- and US-based Magplus, a digital platform that creates and distributes content to mobile apps, for an undisclosed amount.



The acquisition of Magplus has enhanced platform capabilities and is expected to expand reach for MPS into newer publishing markets including enterprises and magazine publishers. The enhanced platform is also likely to provide mobile content strategies for MPS. Magplus was part of Bonnier Growth Media, the venture arm of Swedish media group Bonnier AB. It provides tools to create and deliver designed touchscreen-native documents, news items, real-time notifications, in-app messaging and web content. The company has offices in Stockholm and New York

This is the third acquisition by MPS in as many years. In March 2015, MPS, through its US unit MPS North America LLC, had acquired publishing services company TSI Evolve for USD 1 million. In October 2014, it purchased Electronic Publishing Services, a provider of editorial, content creation, art and design services. MPS, formerly Macmillan India Ltd, provides content creation, production and technology services to academic and educational publishers in India, Europe and the US. It also offers BPO solutions, including subscription management, journal, magazine and book distribution, content aggregation and data mining, and customer services.

MPS has offices in Chennai, Noida and Bangalore, among other cities. It was earlier part of the Macmillan Group, a privately held global publishing firm. However, Delhi-based ADI BPO purchased Macmillan's stake in MPS in 2011 and now has management control of the company.

T&A To Assist Hungarian Companies Enter Indian Market



T&A Consulting has successfully won the mandate to manage the Northern India trade office for the 'Hungarian National Trading House- MNKH'. Hungarian Trading House issued a public procurement tender to appoint 48 partner offices worldwide, including two in India - Northern India and Southern India. As part of the mandate, T&A Consulting shall facilitate Hungarian enterprises with export-worthy products, technology and services to enter Indian Market (Northern India).

The objective would be to link Hungarian exporters of products/ services with the highly potential buyers, importers, distributors or project owners. Proposed activities include: presentation of Hungarian companies to relevant distributors, provide regular and structured market intelligence to Hungarian companies selected by MNKH for business opportunities in India.



hungarian national
trading house



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

Contact Us

Give us a call for more information about our services

T&A Consulting

1400 A, 14th Floor, Devika Towers, 6 Nehru Place, New Delhi – 110019 India

+91 (0) 11 41709326

+91 (0) 11 40546760

contact@insideindiatrade.com

Visit us on the web at www.insideindiatrade.com



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