

# INDIA OUTBOUND

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We begin the first edition of 2017 wishing our readers a Very Happy and Successful Year Ahead! As has been the case in the past, the outbound investment train of 2016 was carried by key sectors of Pharma, Information Technology, and Industrials. And the last three months of the year were no different. In fact closer scrutiny would suggest that outbound activity in the last three months read as a Pharma Digest! A dominant trend that has been emerging is that the pharma narrative for Indian firms is moving to “*building brands*,” “*portfolio re-balancing*” and “*predictable revenues*”. The play is now about Innovative brands as opposed to supplying generics to distributors. Be it blue chip names such as Sun Pharma, Dr. Reddy’s, Zydus Cadila, Aurobindo or their ilk, the trend is investments to bolster indigenous research and lapping up late clinical stage drugs or new brands in the US, Nordics, and Continental

Europe. Add to that the availability of Teva’s European assets and Indian pharma firms have a sizeable opportunity to change their global strategy. Just as Indian pharma has been evolving its global strategy, so has Indian IT. The year gone by, 2016, has been the year of picking up assets in analytics, cloud services, and specialized services within key verticals, most prominently aerospace, defence, and niche financial services. The industrial sector was again driven by auto component manufacturers who saw maximum opportunity in the US both from an acquisition and greenfield perspective, while Eastern Europe also witnessed some interest. As the Indian outbound activity ensued, headlines both within and outside the country continued to be grabbed by the Government’s demonetization decision. Already the liquidity shock transmitting itself to slower economic growth has been acknowledged by the Government with its GDP Growth forecast of 7.1% for 2016-17 down from 7.6% forecast earlier. How the multifaceted dimensions of the decision impacts the economy and its related agents, we shall see. In the meanwhile, have a fantastic year!

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## Manali Petrochem Acquires UK's Notedome for USD 18 Million

Chennai-based petrochemical firm Manali Petrochemicals has acquired UK-based System House Notedome Ltd for about USD 18 million. Founded in 1986, Manali Petrochem made the acquisition through its UK subsidiary, AMCHEM Speciality Chemicals UK Ltd. The acquisition was funded through internal resources and funding from international banks.

The acquisition will help the company upgrade its technologies, strengthen its specialty and value-added products portfolio, and expand its global customer base, especially in the UK and the wider European market.

Manali Petrochemicals' products find application in industries such as appliances, automotive, bedding, food & fragrances, furniture, footwear, paints and coatings, and pharmaceuticals. The Indian company launched an application centre in Chennai in 2016, which focuses on developing and bettering systems for polyurethane applications. It plans to set up new application centres in Singapore over 2017 with centres also expected in Doha and Europe in the near future.

Notedome was established in 1979 and has presence in 45 countries. It manufactures neuthane polyurethane cast elastomers, which are used in a range of industries including automotive and agriculture.

## Quess Corp Acquires Singapore Staffing Firm Comtel

Quess Corp has agreed to acquire a majority stake in a Singapore firm Comtel as part of its 'string of pearls' acquisition strategy for expansion. Quess itself was acquired by travel and tour company Thomas Cook, part of Canadian billionaire Prem Watsa's Fairfax Holdings in early 2013 for CHF 4 million. This deal adds to the 10 acquisitions that Quess Corp has struck in the last three years, but is the first since the company went public earlier last year on Indian bourses.

The deal centers around Quess initially acquiring 64% of Comtel and the balance in a phased manner over the next two years. Comtel marks Quess' entry into the technology staffing domain in Singapore. Quess expects the deal to provide a significant boost to its operations in Asia Pacific where it already has presence in Malaysia, the Philippines and Sri Lanka. The acquisition is expected to serve as a springboard for expansion of other Quess services such as general staffing, managed services for technology, training and skill development, and facility management to Singapore.

Comtel is one of Singapore's largest independent staffing companies and also has operations in Malaysia and Indonesia. The company has more than 60 clients and 1,400 employees with revenues of close to USD 58 million for the year 2016.



## HCL Tech Acquires Butler America Aerospace for USD 85 Million

HCL Technologies Ltd has acquired US-based engineering and design services provider Butler America Aerospace LLC, a wholly owned subsidiary of Butler America Inc., for USD 85 million in an all cash deal. The acquisition is expected to bolster HCL's capabilities in engineering services and provide access to clients with large R&D spends.



Butler Aerospace was recently spun off

from Butler America and serves customers primarily in the aerospace and defence industries in the US. The firm has a strength of about 900 engineers and seven design centres. The company had revenues a little over USD 85 million in 2015 up from USD 78.3 million the year before..

HCL has a strong focus in engineering services business, which brought in revenue of around USD 1.2 billion in 2015. In 2016, HCL bought UK-based Point to Point Ltd and Point to Point Products Ltd for around USD 11 million. It also purchased customer relationship management services provider PowerObjects for USD 46 million in October last year and the same month it inked a deal to take over Swedish automaker Volvo's external IT business for about USD 138 million.

## Wipro Acquires US Cloud Services Firm Appirio for USD 500 Million

Wipro Ltd has agreed to buy US-based cloud services company Appirio Inc. for USD 500 million in cash, as India's third-largest software services exporter continues to strike acquisitions overseas to strengthen its offerings in new technologies. The acquisition is likely to create one of the world's largest cloud transformation practices.



Appirio was set up in 2006 and has 1,250 employees across its headquarters in Indianapolis and offices in San Francisco, Dublin, London, Jaipur and Tokyo. Appirio's acquisition is expected to bring to Wipro's fold the Topcoder crowdsourcing marketplace that connects more than a million designers, developers and data scientists across the world with customers. The US cloud services firm posted revenues of USD 196 million in 2015, up from USD 178 million the year before.

Wipro, however, has been aggressively acquiring growth assets over the last 15 months, having spent nearly USD .3 billion in acquisitions. In February 2016 Wipro purchased US-based HealthPlan Services, a business-process-as-a-service (BPaaS) provider for USD 460 million, while in December 2015, it had agreed to acquire US-based Viteos Group, a BPAas provider for the alternative investment management industry in the US, Europe and Asia, for USD 130 million in cash.

## Cyient Acquires UK Geospatial Firm

IT solutions firm Cyient Ltd has acquired UK-based Blom Aerofilms Ltd for an undisclosed amount to expand its services offerings. By combining Blom Aerofilms and Cyient's geospatial business, Cyient will be positioned as a service provider covering acquisition, modelling and processing services in the area.

# CYIENT

Blom Aerofilms provides ground surveying, digital mapping, aerial photography and laser scanning solutions. Blom's revenues in 2015 stood at nearly USD 7.5 million with a 10% EBITDA margin.

Cyient has been pursuing an aggressive acquisition strategy. In July 2015, it acquired Singapore-based Global Services Engineering Asia from aerospace engine manufacturer Pratt & Whitney for an undisclosed amount. Cyient has expertise in aerospace, consumer, energy, medical, oil and gas, mining, equipment, semiconductor, rail transportation, telecom and utilities industries, and is based out of across 38 global locations.

## Sun Pharma Acquires Ocular Technologies For USD 40 Million...



Sun Pharmaceutical has acquired Ocular Technologies from global private equity firm Auvén Therapeutics for USD 40 million to boost its ophthalmic pipeline. Sun Pharma will make the payment to Auvén upfront, in addition to contingent development milestones and sales milestones as well as tiered royalty on sales of Ocular's eye disease treatment drug *Seciera*.

*Seciera* is currently in a Phase-3 confirmatory clinical trial for the treatment of an inflammatory eye disease that affects nearly 16 million people in the US alone. Along with Sun Pharma's existing pipeline of BromSite, DexaSite and Xelpros, the new drug will enable the pharma blue chip to significantly expand its ophthalmic presence and reach globally. The dry eye disease market is estimated to reach almost USD 5 billion worldwide by 2020. Ocular was set up in October 2012 in Switzerland, and its turnover is still nil as the drug *Seciera* is yet to be commercialized.

Sun Pharma, has been making some acquisitions and entering new segments in the past months. The drugmaker, which has 47 manufacturing facilities in six continents, posted consolidated revenues of USD 4.3 billion in the year through March 2016, of which the US contributed nearly half.

## ...Acquires Cancer Drug From Novartis For USD 175 Million...

India's biggest drugmaker, Sun Pharma, plans to acquire skin cancer drug Odomzo from Swiss firm Novartis AG for an upfront payment of USD 175 million. The company will also make additional milestone payments as part of the proposed deal. Odomzo was approved by the US FDA in July 2015. The drug is used in the treatment of adult patients with locally advanced basal cell carcinoma that has recurred following surgery or radiation therapy, or those who are not candidates for surgery or radiation therapy. Odomzo provides an opportunity to Sun Pharma to expand its established branded dermatology business and support an expansion into branded oncology. Earlier in March 2016, Sun Pharma acquired 14 prescription brands from Swiss firm Novartis AG in Japan for USD 293 million in a deal to help the company establish a strong footprint in the world's second-largest pharmaceutical market. Later with the launch of its sunscreen product *Suncros*, it sought to expand its over-the-counter business.

## ...Acquires Majority Stake In Russia's Biosintez For USD 24 Million...

Sun Pharmaceutical agreed to acquire a(n) 85.1% stake in Russian drug maker JSC Biosintez as part of its strategy to expand in emerging markets. The equity consideration for the majority stake is valued at USD 24 million. The company will also assume debt of about USD 36 million as part of this transaction. Biosintez makes and sells pharmaceutical products in Russia and former Soviet Republics with a focus on the hospital segment. Biosintez reported annual revenues of about USD 52 million for 2015. It makes a wide variety of dosage forms including pharmaceuticals for injections, blood substitutes, blood preservatives, ampoules, tablets, ointment, creams, gels, suppositories and bulk drugs. The Russian pharmaceutical market is estimated to be worth about USD 10 billion.



## ...Acquires 14.6% Stake In scPharmaceuticals For USD 13 Million

Sun Pharmaceutical has acquired a minority stake in US-based pharmaceuticals company scPharmaceuticals Inc for USD 13 million. The transaction involved Sun Pharma acquiring 1.3 million Series B preferred stock in the entity through one of its wholly owned subsidiaries. The investment translates to roughly 14.6% of fully diluted equity upon conversion, scPharmaceuticals, is a US-based drug discovery firm founded in 2014 and is developing a portfolio of pharmaceutical products for subcutaneous delivery - the process where medication is administered 'under the skin'. scPharmaceuticals' lead products include *furosemide*, a drug that is used to treat heart failure, and *ceftriaxone* which is a type of antibiotic. The firm made no income in 2014 and 2015.

## Dabur India Acquires South African Firm's Personal Care Business For USD 1.5 Million

Consumer products maker Dabur India Ltd is to acquire the personal care, hair care and creams businesses of South Africa-based CTL Group of companies. The deal valued at USD1.5 million will mark Dabur's entry into the South African personal care market through Dabur South Africa (PTY), a wholly owned subsidiary of Dabur International. Dabur South Africa will engage in the business of development, manufacturing, packaging and sale of personal care products of CTL Contracting Proprietary Ltd, In addition, Dabur South Africa (PTY) would acquire certain equipment of Carbotec Laboratories Proprietary Ltd and immovable property of CTL Management and Personnel Services Proprietary Ltd. Dabur's first take over deal in the African continent took place in July 2016 when it had bought South African cosmetics manufacturing and trading firm Discaria. In July 2010, Dabur had made its first foreign acquisition by buying Hobi Kozmetik Group, a personal care products company in Turkey for USD 69 million. Dabur's rival Godrej Consumer Products Ltd has also made several acquisitions in recent years in the African continent and in South Africa in particular - Godrej Consumer struck three acquisitions in 2016 to boost its African operations.



## Strides Shasun Acquires Moberg Pharma's Paediatric Brand For USD 5 Million

Drug maker Strides Shasun is to acquire Sweden-based Moberg Pharma's paediatric brand – *PediaCare* – for USD 5 million as the company aims to expand its consumer healthcare portfolio across Europe. *PediaCare* is an established paediatric cough, cold and allergy brand with annual sales of close to USD 6 million, The brand will form an important part of Strides' expertise in the paediatric segment,



Strides Shasun has been on an acquisition and divestment spree over the past year. In February, it agreed to pay nearly USD 11 million upfront to buy a 51% stake in Australian pharmaceutical and research company Generic Partners Holdings Co. Pty Ltd and acquire a 51% stake in Kenyan drug maker Universal Corporation Ltd for an initial payout of USD 11 million in cash. In May, Strides approved the divestment of its contract research and manufacturing services and API unit, Shasun Pharma Solutions Ltd, UK, for an enterprise value close to USD 36 million. Strides Shasun makes tablets, hard and soft-gelatin capsules, sachets and semi-solids, among others. It has 14 manufacturing facilities across three continents and three dedicated R&D facilities in India with global filing capabilities and commercial footprint across 85 countries.

## Practo Acquires Analytics Start-up Enlightiks For USD 14 Million



Practo Technologies, a web-based clinic management software developer, has acquired US-based data analytics firm Enlightiks Inc. and its Indian operations in a cash-and-stock deal.

The deal, which includes the acquisition of Bengaluru-based Enlightiks Business Solutions, has been valued at USD 13.9 million. As part of the deal, the entire team of Enlightiks will become part of an analytics business unit within Practo. The unit will be headed by Enlightiks co-founder and CEO Vamsi Chandra Kasivajjala. Through its proprietary business intelligence and predictive analytics platform, *Querent*, Enlightiks offers insights for healthcare providers.

Practo helps patients book appointments with doctors online and also enables doctors in primary clinics and hospitals to manage patient records under a software-as-a-service (SaaS) model. Practo also facilitates online delivery of medicines, e-consultation and beauty and wellness products. This is Practo's fifth acquisition till date and its third in the enterprise space. Practo had acquired four companies last year – hospital information management solution provider *Insta Health* for USD 12 million, hospital appointment scheduling firm *Qikwell*, web and app-based fitness management platform *FithoWellness* and product outsourcing firm *Genii*. Practo is the one of the most well-funded healthcare startups in the country. The company has so far raised more than USD 120 million. In August 2015, it raised USD 90 million from Chinese media and technology conglomerate Tencent Holdings; raised USD 30 million from Sequoia India and Matrix Partners in February 2015 and in 2012, it had raised USD 4.6 million from Sequoia Capital in Series A.

## Zydus Cadilla Acquires Brands From Merck

Drug maker Cadilla Healthcare, which operates under the brand Zydus Cadilla has acquired six brands from global drug giant Merck for an undisclosed amount as part of its strategy to strengthen its therapeutic segment portfolio.

The brands were acquired through the Indian company's wholly-owned unit



Zydus Healthcare from MSD and its

subsidiaries. Merck is known as MSD outside the US and Canada. The six brands – *Deca-Durabolin*, *Durabolin*, *Sustanon*, *Multiload*, *Sicostat* and *Axeten* – fall in the men's and women's health, wound management and cardiovascular therapy segments. These brands clocked in sales of USD 12.5 million in 2015. This is the second known sale of some of its brands by MSD in India as it aims to focus on select core brands. Among the acquired brands, *Multiload* is an intra uterine device (IUD) is expected to widen Zydus' offerings in the women's contraceptive space while *Deca-Durabolin* and *Durabolin* are widely prescribed drugs for osteoporosis. Zydus develops, manufactures and markets a broad range of healthcare therapies including small molecule drugs, biologic therapeutics, vaccines, APIs, animal healthcare and wellness products.

## Aurobindo Pharma Buys Select Teva Assets In France



Drug maker Aurobindo Pharma's French unit Arrow Generiques SAS has signed a pact to acquire select commercial products in France from Israel-based Teva Pharmaceutical. Arrow Generiques will acquire the right, title and interest in products Calcium and Calcium Vitamin D3, including the use of the OROC. The European anti-trust regulator had asked Teva to divest certain products to address competition concerns to complete its USD 40.2 billion acquisition of Allergan Plc's generics business.

The latest acquisition will enable Aurobindo's subsidiary, Arrow Generiques, which focuses on selling generics to the retail and hospital markets in France since 2002, to increase its branded products portfolio and leverage its position as a key player in the drug market. Aurobindo had previously bought some of Teva's assets in the US.

Many Indian companies have lined up to buy remaining bits of Teva's divestitures from the EU. The size of this dispersed basket is estimated to be around USD 50 million with the largest individual deal likely to be up to USD 10 million.

## Mahindra Agri Buys Majority Stake In Dutch Fruit Distributor For Over USD 6 Million



Mahindra & Mahindra's subsidiary has inked a pact to acquire up to 60 per cent stake in Netherlands-based OFD Holding BV for close to USD 6.3 million. Mahindra Agri Solutions Ltd (MASL), a wholly-owned subsidiary of the company, has inked a definitive agreement to acquire a majority stake in OFD Holding BV, a fruit distribution company.

MASL's strategy with respect to the acquisition is to become a significant player in the global grapes trade with a transnational sourcing and distribution network. The acquisition also helps expand the distribution base in Europe and in China. The acquisition is also expected to provide farmers in India access to new markets.

## Piramal To Buy Products From Janssen Pharmaceutica For Nearly USD 175 Million



Piramal Enterprises Ltd has bought a clutch of products from Janssen Pharmaceutica NV for up to USD 175 million and in doing so has joined other Indian pharma companies such as Lupin, Cipla, Aurobindo and Intas that have inked big overseas deals abroad in the last one year. The deal was entered into by the UK based wholly owned critical care subsidiary of Piramal. Piramal had earlier sold its domestic formulations business to Abbott in a multi-billion dollar deal in 2010. According to the agreement, Piramal has acquired five anesthesia and pain management injectable products from Janssen. The products are injectable versions of established Janssen brands, *Sublimaze* (fentanyl citrate), *Sufenta* (sufentanil citrate), *Rapifen* (alfentanil hydrochloride), *Dipidolor* (piritramide), and *Hypnomidate* (etomidate). The deal involves an all cash up front payment of USD 155 million and up to an additional USD 20 million if the products achieve certain agreed financial milestones over the next 30 months.

Piramal has agreed to acquire brand names and all related intellectual property of the products, including the know-how to make both active pharmaceutical ingredients (API) and the finished dosage forms. The products are currently marketed in over 50 countries.

This would be Piramal's sixth healthcare acquisition in the last two years, having invested nearly USD 270 million across the healthcare business. In August 2016, Piramal agreed to acquire US-based Ash Stevens Inc for up to USD 53 million in an all-cash deal to boost its high-potency drug development business. In May of the same year, Piramal had agreed to purchase four brands from drug maker Pfizer Ltd for USD 16.5 million.

## Indegene Acquires US-Based Encima Group For USD 16 Million

Healthcare solutions provider Indegene Pvt. Ltd has bought US-based Encima Group for an estimated USD 16 million in its third acquisition this year. The deal is likely to help Indegene strengthen its analytics and omni-channel digital solutions capability for the pharmaceutical industry. Encima helps clients in the pharmaceutical and life sciences sector establish enterprise capabilities in marketing and analytics. The acquisition of Encima will help Indegene decode customer behaviour and rationalise brand engagement spends to channels that deliver highest return on investments. Bangalore-based Indegene has made a string of acquisitions in the past months. In April 2016, it acquired the life sciences business of Canada's Skura Corporation for an undisclosed amount to help the firm expand its software suite for life sciences, product development capabilities in North America and global life science customer base. Indegene has around 1,400 employees and offices in Montreal, Los Angeles, Atlanta, Shanghai, Zurich and Bangalore.





## Intas Buys Teva's Operations Under Actavis in UK, Ireland For USD 769 Million

Intas Pharmaceuticals Ltd has acquired the world's largest generic drug maker Teva Pharmaceutical's assets and operations of Actavis Generics in the UK and Ireland for USD 769 million. This marks the second-biggest overseas acquisition by an Indian pharma company ever after Lupin's acquisition of Gavis Pharma in the summer of 2015. The latest transaction with Intas includes a portfolio of generic medicines and a manufacturing plant in Barnstaple, England. As part of the agreement, Teva will retain a number of Actavis non-overlapping generic products as well as certain specialty medicines and OTC (over-the-counter) products, which have been added to Teva's existing operations. The divestment of Teva's assets and operations was part of an undertaking that the company made to the European Commission related to the acquisition of the Generics business from Allergan, valued at USD 40.5 billion.



Intas Pharma is privately held and counts Singapore's State investment firm Temasek as a shareholder. In 2015, Intas had last year acquired a part of Spanish firm Combino Pharm for an undisclosed amount, to strengthen its business in Europe. Vis-à-vis its Indian suitors for its products, Teva had found 11 buyers for its basket of over 70 products including Dr Reddy's Laboratories, Zydus Cadila, Cipla and Aurobindo Pharma.

## Bharat Forge Buys US-Based Walker Forge For USD 14 Million



**BHARAT  
FORGE**

Auto components major Bharat Forge has acquired US-based Walker Forge Tennessee LLC (WFT) for USD 14 million. The move is aimed at expanding Bharat Forge's product range in automotive and other industrial segments in the United States. The company's finance and risk management committee has approved the proposed acquisition of 100 per cent shareholding of WFT through its US subsidiary, Bharat Forge America. The transaction is to be funded through internal accruals and debt.

In particular, the acquisition is focused on increasing the company's product offering in the passenger car and commercial vehicle segments as well in industrial sectors such as construction and mining.

WFT is a supplier of complex steel and high-alloy steel, and engine and chassis components to a diverse group of customers across automotive and industrial sectors. The US firm is expected to record revenues of USD 28 million in 2016 with a balanced revenue mix across automotive and industrial sectors.

## HUNGARIAN NATIONAL TRADING HOUSE - NORTHERN INDIA OFFICE OPENING CEREMONY

T&A Consulting hosted more than 50 key dignitaries from various companies and the Government sector during the opening ceremony of the Hungarian National Trading House, Northern India office on November 23rd, 2016. T&A Consulting had earlier in September won the mandate to Represent Hungarian National Trading House-Northern India Office. Mr Gyula Petho, Ambassador of Hungary to India and Mr Zsolt Pakozdy Senior Economic and Commercial Counsellor, Embassy of Hungary graced the occasion with their presence and made presentations on the India Hungary Bilateral relationship.





**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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