

INDIA OUTBOUND

Whilst one gets to see and experience most Earthly seasons in India, the one season that never goes out of season is Election season! On the heels of the Gujarat elections late last year, came in elections in India's North Eastern states of Meghalaya, Nagaland, and Tripura. Just as results for Gujarat were expected to set the stage for the 2019 General Elections, results from the three North Eastern states set the analyst community to proclaim that "momentum for 2019" was being established. The election juggernaut nonetheless has a few more pit stops, namely Karnataka, Madhya Pradesh, Rajasthan, and Chhattisgarh before the pundits can decide on momentum and the ilk. The economy continues to form a base and create a foundation for its consolidation in the coming quarters. According to the World Bank, India's GDP Growth is forecast to touch between 7.3% to 7.5% next year while capital expenditure picked up 12% in Q3 (December Quarter) 2017 to pull up GDP growth to 7.2%. The economy has shown signs of a pickup, even as the outbound activity of Indian firms continues to remain subdued in Q1 2018.

The sectors that are usual suspects of OFDI activity such as Pharmaceuticals and Information Technology continue to find favour. And In continuation of trends in the previous four months, large IT and Mobile application players have acquired assets to diversity into Digital and Internet of Things play. Pharma companies continued to spread themselves in the largest global pharmaceutical market - United States - and are also vying for a slice of Sanofi's European generic business. The agri-tech, financial technology, and chemicals space were also witnessed to some interesting activity with acquisitions in Israel, Switzerland, and Italy respectively.

While domestic interest rates are expected to remain largely unchanged, key macroeconomic risks arising from the widely held fear of an upward interest rates cycle in the US is inevitable. To make matters more challenging going forward, the PNB-Nirav Modi bank fraud of nearly USD 2 billion is likely to bring headwinds to credit disbursal especially for growing firms and dampen activity including global expansion plans for some.

IN THIS ISSUE

- NIIT Technologies Scalps US Tech Training Firm 2
- Shree Cement Acquires Asset In The Middle East 2
- Indian Pharma Firms Scout Global Major's European Generic Business 2
- Mobile Ad-Tech Firm Makes Large US Acquisition 3
- Torrent Pharma Consolidates US Biopharma Presence 3
- Godrej Agrovvet Acquires Israel-Based Bio-Tech Firm 4
- IPCA Labs Pockets Small US Pharma Firm 4
- SH Kelkar Sticks To Plan, Expands In Europe 4
- Wipro Invests In US Security Apps Firm 5
- Servion Global Expands With European Acquisition 5

NIIT To Acquire US-Based Technology Training Firm

Technology education services provider NIIT Ltd has acquired US-based Eagle International Institute, Inc. for USD 8.1 million in a cash deal. The deal value includes both upfront and deferred payments to be made over five years.



NIIT bought Eagle International, which operates under the name Eagle Productivity Solutions, through wholly owned subsidiary NIIT USA Inc. The acquisition is expected to strengthen NIIT's customer base in the pharmaceutical and life sciences industries and expand its training capability for global rollouts of cloud-based enterprise applications.

Incorporated in 1988, Eagle provides technology training and work-process consulting services to clients. The firm has offices in New York and Malaga, Spain. Its consolidated revenue stood at USD 10.7 million in 2017.

Established in 1981, NIIT offers technology and computer training courses to individuals, enterprises and various institutions. It has three main lines of business – corporate learning group, skills and careers group, and school learning group. The company posted consolidated revenue of USD 185 million and a net profit of nearly USD 10 million for the year through March 2017.

Shree Cement To Acquire Majority Stake in UAE's Union Cement

Shree Cement Ltd has agreed to buy a majority stake in UAE-based Union Cement Company in its first takeover deal outside India. The Indian cement maker will acquire a stake of nearly 93% in Union Cement. The deal has been struck at an enterprise value of USD 305 million for 100% of Union Cement.



The acquisition includes a net working capital of USD 59.4 million of UCC and is expected to help increase cement capacity from 29.3 MTPA to 33.3 MTPA for Shree Cement.

Union Cement Company, which is listed on Abu Dhabi Stock Exchange (ADX), has an operating clinker capacity of 3.3 MTPA and cement capacity of 4 MTPA. UCC owns 60% equity stake in UCC Norcem which is dealing in the marketing of oil-well cement. The transaction would be completed through subsidiaries of Shree Cement in the UAE.

UCC reported revenues of USD 153 million in the calendar year 2016 with an EBITDA of USD 34 million.

Indian Pharma Firms Scout Sanofi's European Generics Business

Indian drug makers, including Aurobindo, Zydus Cadila, Torrent Pharma and Intas Pharma, are in initial talks



to buy the European generics business of pharmaceuticals major, Sanofi. The valuation of the business is estimated to be around USD 1.5-2 billion. Global PE firms and a Chinese drug maker are also in the fray for a pie of Sanofi's European business. Some of these global PE firms have tied up with homegrown pharmaceutical companies. While Apex Partner has backed Zydus Cadilla, Temasek and Chrys Capital have partnered with Intas.



Sanofi on its part has hired investment banks JP Morgan, Morgan Stanley and Rothschild to run the sale process. According to media reports, Sanofi is planning to exit the European Union generics business and expects to complete the sale by the end of 2018.

InMobi To Acquire US-Based AerServ For USD 90 Million



Mobile ad-tech firm InMobi has acquired Los Angeles-based AerServ, which deals with inventory and audience monetisation technology for mobile publishers, for USD 90 million in cash and stock. For InMobi the acquisition is expected to enhance monetisation for publishers globally and enhance their premium mobile programmatic platform InMobi Exchange.

After the deal, InMobi's video and programmatic business is likely to account for 35% of the overall company revenue and is expected to solidify InMobi's leadership position in the mobile video advertising space in the US.

Singapore-registered holding company InMobi Pte Ltd's revenues remained largely stable at USD 280 million in 2016-17 compared with USD 283 million in the previous financial year. The company claims that it has been EBITDA profitable since June 2016. InMobi primarily earns from targeted advertisements on mobile apps of partner publishers. It gets revenues each time an end-consumer clicks an ad or downloads the subsequent offering.

In 2013, InMobi acquired Overlay Media, a UK-based mobile data analytics start up for an undisclosed amount. In July 2012, InMobi acquired Metaflow Solutions, also a UK-based mobile app management and distribution solutions company for an undisclosed amount. In the same month, it had also acquired MMTG Labs, Inc, a US-based startup. Prior to that, the company had acquired US-based ad software developer Sprout for an undisclosed amount.

InMobi started out as a mobile search platform before renaming itself and entering the advertising space. In 2015, it reappeared as Miip, a discovery-led mobile commerce platform which was shut down later.

Torrent Pharma acquires US-based Bio-Pharm

Pharmaceutical manufacturer Torrent Pharmaceuticals Ltd has acquired US-based generic pharmaceuticals company Bio-Pharm, Inc. for an undisclosed amount.



The acquisition is expected to help Torrent Pharma diversify its dosage form, expand its presence in the US and provide the firm with manufacturing and R&D capabilities in the largest pharma market.

Established in 1992, Bio-Pharm, manufactures and develops oral solutions, suspensions and suppositories. Based in Levittown, Pennsylvania, the company has a 75,000 sq. ft. manufacturing facility registered by the US Food and Drug Administration. Torrent Pharma is the flagship company of Ahmedabad-based Torrent Group, which also operates a power generation business, besides others. Torrent Pharma has manufacturing plants at Indrad, Baddi, Sikkim, Dahej, Pithampur and Visakhapatnam in India.

The company's consolidated income stood at USD 935 million with a net profit of USD 143 million for the year ending 31 March 2017. The pharma company's most recent acquisition was in November 2017, when it acquired the branded formulations business of Unichem Laboratories Ltd in India and Nepal for over USD 550 million. Prior to that, it bought a portfolio of brands from Novartis India in March 2017. In June 2016, it bought an active pharmaceutical ingredient facility of Hyderabad-based Glochem Industries Ltd for an undisclosed amount. In 2015, Torrent acquired Zyg Pharma, which manufactures various dermatological formulations such as creams, ointments, gels, lotions and solutions for an undisclosed amount.

Godrej Agrovet To Acquire Majority in Israel's Maxximilk

Godrej Agrovet Ltd, the agri-business subsidiary of Godrej Industries Ltd, has bought a majority stake in Israel's bio-tech firm Maxximilk Pvt Ltd. According to Godrej, it has picked a 51% stake in Maxximilk, which has become its subsidiary as part of the deal. The financial details of the transaction couldn't be immediately ascertained. Maxximilk specialises in in-vitro production of high-quality embryos that aid dairy farmers produce top quality milk, thereby increase their yield by a significant proportion. The company claims that its embryos are genetically predisposed to withstand hot weather conditions. Originally established in central Israel in 2008, Maxximilk shifted gears and opened a production facility in Maharashtra last August, after signing a partnership agreement with Godrej Agrovet Ltd.



Godrej Agrovet, which made its public market debut in October 2017, is a diversified, research- and development-focused agri-business of the 120-year-old Godrej Group. The company was incorporated in 1991, produces 1.1 million tonnes of feed and nutritional products for dairy cattle, poultry and aquaculture annually. It also has palm oil plantations and makes hybrid seeds. According to industry reports, Godrej Agrovet ranked fourth among India's animal compound feed producers in terms of sales volume in the financial year 2015-16. It is also India's largest crude palm oil producer by market share. The company, which is backed by Singapore state investment firm Temasek, had in the past made two acquisitions – Maharashtra-based Astec Life Sciences and Hyderabad-based Creamline Dairy. The animal feed business vertical accounted for over 52% of its revenue in 2016-17 and reported a net profit of USD 42 million in 2016-17 on total revenue of USD 766 million.

Ipca Labs To Acquire US Pharma Firm Pisgah For Nearly USD 10 Million



Mumbai-headquartered pharma firm, Ipca Laboratories has fully acquired US pharmaceutical company Pisgah Labs for nearly USD 10 million. The acquisition was made via Ipca Labs' US subsidiaries, Ipca Pharmaceutical Inc and Onyx Scientific Ltd. The acquisition would help Ipca establish a foothold in the US market in the fields of contract research, intermediates manufacturing and small-volume active pharmaceutical ingredients (API). Pisgah Labs has been a chemistry solutions provider for over three decades and will continue to operate out of its North Carolina manufacturing facility under the Pisgah trade name. Pisgah, which was founded in 1981, had a total income of nearly USD 3 million and EBITDA of USD 1.1 million in the previous financial year. Ipca Labs has previously made several similarly-sized acquisitions, including in the US. In 2015, the company had acquired a 19% stake in Hyderabad-headquartered Krebs Biochemicals & Industries Ltd. The year before that, the firm had acquired a manufacturing plant in Indore from Alpa Labs for USD 12 million. Ipca's investors include India-focused private equity firm Chrys Capital and Malaysian Sovereign Wealth Fund Khazanah. More than 40% of the firm's revenues come from exports that helped Ipca Labs report revenues of USD 485 million for the financial year 2016-17.

SH Kelkar To Acquire Italian Fragrance Firm

SH Kelkar & Company Ltd, which counts Blackstone Capital Partners as its chief private equity backer has received board approval to acquire Italian fragrance firm Creative Flavours and Fragrances (CFF) S.p.A. Blackstone owns about 10% stake in the Mumbai-headquartered fragrance and flavour maker which also went public in November 2015. SHK will initially buy a 51% stake for nearly USD 15 million. The remaining stake will be acquired within three years and the deal consideration will depend on CFF's business performance. The deal to buy 100% stake through internal accruals – on its own or through its subsidiaries – in CFF is expected to increase SHK's presence in the fine fragrances and fabric care segments. Headquartered in Milan, CFF is a leader in the production and distribution of fragrances in Italy. CFF's products are sold in more than 32 countries with its presence in Europe, West Asia and Africa. SHK's most recent acquisition was with in India last September, when it bought Mumbai-based VN Creative Chemicals Pvt. Ltd (VNCC) as part of efforts to cut costs in its overseas fragrance division. The earnings-accretive acquisition of CFF is in line with SHK's strategy to expand its international footprint to emerge in the top 15 global players. CFF's revenue from its core fragrance business stood at USD 16.6 million in the calendar year 2016. SHK also recently announced its decision to restructure operations at PFW Aroma Ingredients BV (PFW), Netherlands and relocate part of its production base to India to optimise the cost structure of its fragrance business.



Wipro To Invest Nearly USD 9.0 Million In US Security Firm Denim Group



Wipro Ltd, India's third-largest software services exporter is set to buy a minority stake in US-based application security firm Denim Group Ltd. Wipro has entered into an agreement to acquire a one-third stake in Denim Group for close to USD 9 million in an all-cash deal. As part of the transaction, Wipro will pick 510 Series A preferred units of Denim Group and 500 membership units of Denim Group Management, LLC.

The partnership will bring together Wipro's digital transformation and cyber security capabilities with Denim Group's application security consulting, assessments and implementation services. The US-based firm will use the investment to enhance its ThreadFix platform and drive growth. Denim Group's flagship product ThreadFix helps security practitioners understand the security posture of their applications and conduct remediation. Wipro's investment in Denim Group is expected to strengthen its portfolio of digital transformation services and help tap into services for embedding security in software development methodologies such as Agile and DevOps.

Established in 2001, Denim Group is an application security firm which helps organisations assess and mitigate application security risks. It has offices in San Antonio and Austin with around 60 employees. The company's revenues stood at USD 11.3 million in 2017. In January 2018, Wipro agreed to invest nearly USD 10.0 million in US-based marketing services company Harte Hanks for a minority stake and in 2017, it acquired Brazilian IT firm InfoSERVER SA for about USD 9 million to expand its presence in Latin America.

Everstone Backed Servion Global Acquires Swiss Insurtech Firm Innoveo



Chennai-based customer interaction management solutions provider Servion Global Solutions Ltd has acquired Zurich, Switzerland-based insurance technology firm Innoveo AG for an undisclosed amount. The acquisition of Innoveo is likely to strengthen Servion's focus on omnichannel cloud offerings and also propel it in the insurtech vertical of the financial technology space. Founded in 2007, Innoveo is an omnichannel cloud software provider in the insurtech space. It has offices in Zurich, Hong Kong, and Budapest. Innoveo Skye is the flagship product of the company. It is offered as a cloud service and has been implemented for major insurance companies as well as insurtech startups in Europe, Asia, Middle East, Africa, Central and North America.

Incorporated in 1991, Servion Global Solutions offers customer experience management solutions. Servion's solutions handle over 10 billion multi-channel interactions every year across multiple channels and industry verticals.

In November 2014, private equity firm Everstone Capital and US-based private equity firm Solmark had agreed to invest USD 62 million in Servion. Everstone Capital made a follow-on investment of USD 8 million in May 2017. Everstone Capital, through its investment vehicle Evertch Pte Ltd, owns a majority stake in the company.

T&A CONSULTING AT SOUTH CAROLINA DEPARTMENT OF COMMERCE, INTERNATIONAL WEEK JANUARY 2018



T&A Consulting, India representative for the South Carolina Department of Commerce, participated at the International week, 22nd January to 26th January 2018, in Columbia, South Carolina. During the course of the international week, the India team also had the opportunity to meet Mr. Henry

McMaster, Governor, state of South Carolina.

T&A Consulting also visited the new greenfield site of Sundaram-Clayton, the flagship company of Chennai-based USD 7 billion TVS Group, which has made South Carolina its home with the announcement of a USD 50 million investment, and creation of 130 jobs over the next 5 years. Currently, under construction, the 51-acre site in Ridgeville Campus with 238,000 square feet built-up area in Dorchester county, South Carolina is the new home to SCL with its first manufacturing plant in the US for the manufacturing of aluminium die cast products.

T&A CONSULTING AT MASTERS OF BUSINESS, BUDAPEST HUNGARY



T&A Consulting participated at the Masters of Business, Budapest, event hosted by the Ministry of Trade, Hungary. The event witnessed representatives from nearly 150 partner companies and over 100 targeted face to face meetings with representatives from 50 trading houses including India. Saurabh Khanna and Anuradha Bhattacharya represented the India desk and held face to face meetings with 20 Hungarian companies exploring business opportunities in the Indian market. Over the last 1 year, T&A has helped 6 Hungarian companies explore business opportunities in the Indian market and continues to engage new Hungarian firms on their India entry ambitions.



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



**LOOKING
FOR
INVESTMENT
OVERSEAS?**

CONTACT US!