

Quarter 1 | April 2023

 **INDIA**

OUTBOUND

ON-THE-ROAD





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Foreword



The first quarter of the calendar year holds particular importance in the Indian context as it is also the end of the financial year for corporates i.e. 31st March. There is pressure across the board to achieve projected sales targets and often strategic deal flow be it green field investments or M&A tends to be more measured.

However, unambiguously India has been a shining star as a beacon of macroeconomic stability and reasonably strong growth rate of 6 percent. This is also evident in certain leading indicators:

- Tax collections being higher than even revised estimates and showing overall growth rate of 17 percent y-o-y
- India's industrial output, as measured by the index of Industrial production showing consistent growth
- Domestic aviation reaching close to pre pandemic levels
- Anecdotally speaking, rented housing demand in high growth metropolises like Bengaluru, Gurugram resulting in landlords evaluating LinkedIn profiles, zoom interviews, and even academic scores of young tenants !!!

Besides the economic momentum, we are witnessing an unprecedented focus on innovation and sustainability in large established companies from India which are now scouting key markets in North America and Europe primarily, for carbon-free or very low carbon technologies. There is a renewed willingness to invest in these areas, a fresh change from the historical cautiousness prevalent in the organisational cultures across such firms. This is also apparent from some of the biggest names in Indian Inc. backing some deep tech start-ups as early as the prototype stage.

The recently enacted Inflation Reduction Act in the US and EU's Carbon Border Adjustment Mechanism are also nudging Indian corporates to shift their strategies as these are the two biggest end markets for them. On the other end, one of the few selected companies under India's Production Linked Incentive (PLI) scheme for solar module manufacturing is a Canadian name, as announced in March. There is a certain emphasis on certain corridors such as India-North America and India-Europe for capital and talent flows at both levels - diplomatic and corporate.

India and Indian corporates are being wooed aggressively and India's importance in global supply chains appears to be going up. This is also being signalled by the arrivals lounge of the New Delhi airport witnessing a rare high frequency of high level political and business delegations in Q1 of this year.

With increasing global linkages, India is not an island which has not been impacted by global liquidity squeeze especially the start-ups who are being tested severely on their roadmap to profitability by their investors. It is interesting to note that while this is particularly true for companies who overestimated India consumption story, deep tech companies with global technology-based solutions continue to attract considerable interest. In line with this, we continue to witness international expansion interest from growth stage start-ups and mid-sized companies in areas such as space tech, robotics, and precision manufacturing. These companies have already reached a product-market fit and are willing to experiment locally in developed markets outside India.

Happy reading and, as always, we welcome any feedback.

Tarun Gupta

Global Managing Partner
T&A Consulting



Key Highlights

Richa Mahajan
Executive Director

T&A
we go beyond



Global FDI

Despite the economic uncertainty in global geopolitics and concerns regarding a global recession, the world is witnessing a sustained cross-border capital movement. As per estimates from the World Bank, the net global FDI inflows reached USD 2.13 trillion in 2022, showing no negative signs compared to the USD 2.07 trillion figure for 2021. Further, the Kearney Foreign Direct Investment Index (released in March 2023) predicts sustained growth in international investments by global companies over the next three years as they focus more on profitability and supply chain resilience. Although there might be shifts in host and home countries of investments, we expect overall investments to increase during the next three quarters of 2023. This view is partly based on countries' renewed focus on local industrial development and bringing fragmented supply chains closer to home. This trend is visible in a substantial uptick in the number and scale of projects announced by international companies in the US post the CHIPS and Science Act and the Inflation Reduction Act.

ODI from India

In line with their global peers, outbound investments from Indian companies also sustained their momentum in FY 2022 but reduced in Q1 2023. Total outbound direct investments from India reached USD 23.5 billion in FY 2022-23 (97% of the 2021 figure) and USD 5 billion in Q1 2023 (89% of the Q1 2022 figure). Despite the 11% decrease in overall value in Q1 2023, the equity component of the investments increased by 6% compared to Q1 2022, and the financial guarantee component showed flat growth. The key driver for this quarter's fall was reduced debt investments by Indian companies, which fell by 41% compared to the same period in 2022.

Indian Investment:

However, despite present challenges and sombre macroeconomic projections for 2023, approx. two-thirds (62%) of Indian CEOs are optimistic about the Indian economy over the next three to five years. They are looking to expand aggressively into new businesses, invest in technology, make acquisitions, and hire talent. As per the recent study by Arthur D. Little, most of the CEOs are keen on investing in environmental, social, and governance (ESG)-led businesses as they enter areas like green hydrogen and recycling. Further, Small and Medium Businesses (SMBs) in India have also set their sights on global expansion, with many first-generation entrepreneurs successfully building their companies and looking to grow overseas.

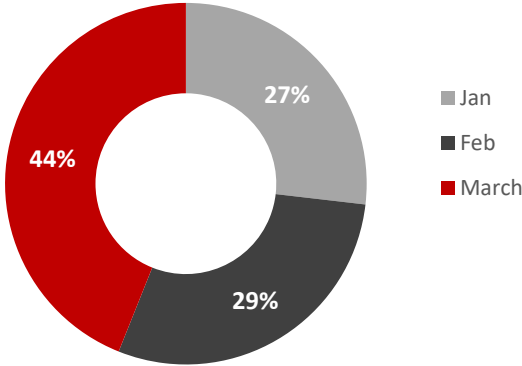
Adding to the ecosystem is the start-up community wherein out of India's 100+ unicorns, 30 per cent, have expanded internationally and are continuously seeking new ways to attract foreign capital. The crucial drivers for setting up overseas operations are early access to new technologies, mentors, investors, and new markets. These companies are open to evaluating locations offering a stable political climate, favourable socioeconomic and immigration policies, moderate tax regulations, and high mobile and broadband penetration.

Recently, expansion into the North American market, specifically Canada, is gaining attraction for growing businesses. Canada is strategically located next to the world's largest economy – the US. This proximity benefits Indian entrepreneurs as they can be closer to North American customers, besides facilitating collaboration with peers and subject matter experts who can play a critical role in their expansion programs.

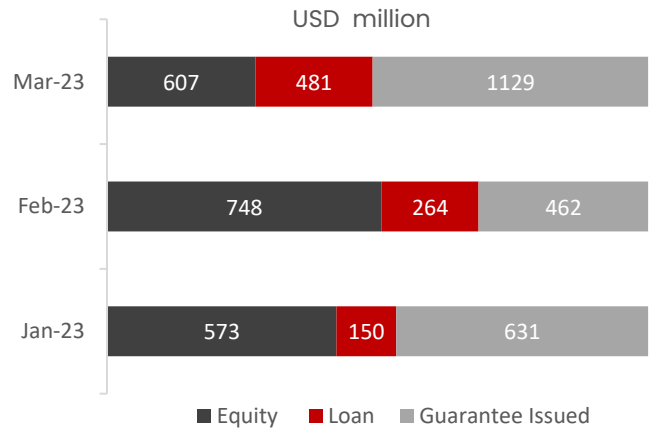
Quick View of Q1 2023

Total Volume of Outbound Investments from Indian : **USD 5 billion**

Month wise breakup of total outbound investments in Q1



Investment Breakup



In Q1, Top 5 companies accounted for **26%** of the total investments

1

Bharat Petroleum
Oil & Gas



2

wipro
IT & ITES



3

adani
Logistics



4

GAIL (India)
Oil & Gas



5

glenmark
Pharmaceuticals

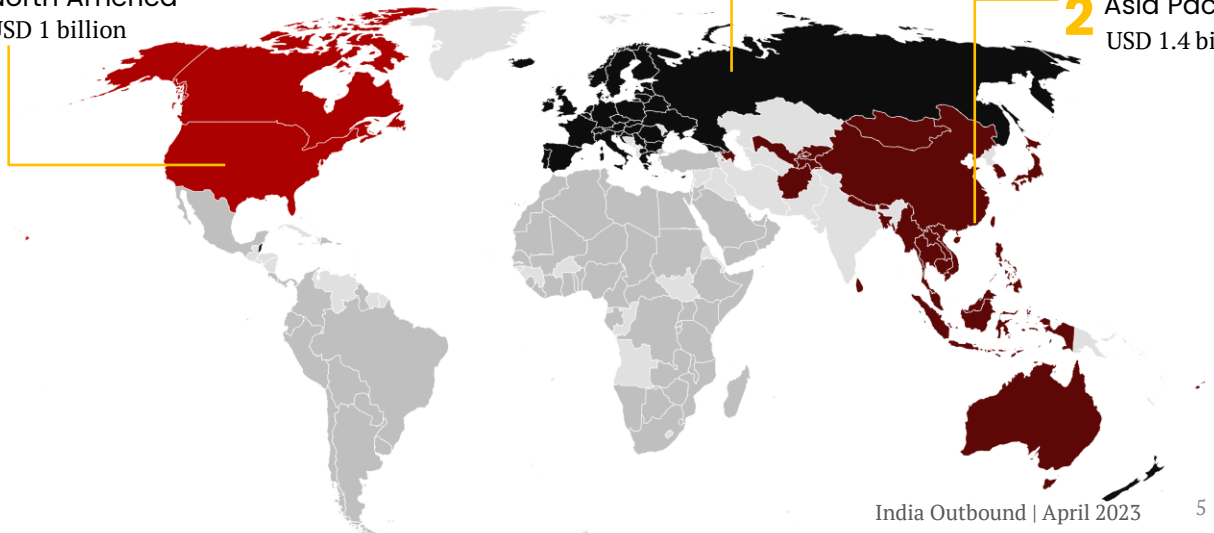


Investments by Region

3 North America
USD 1 billion

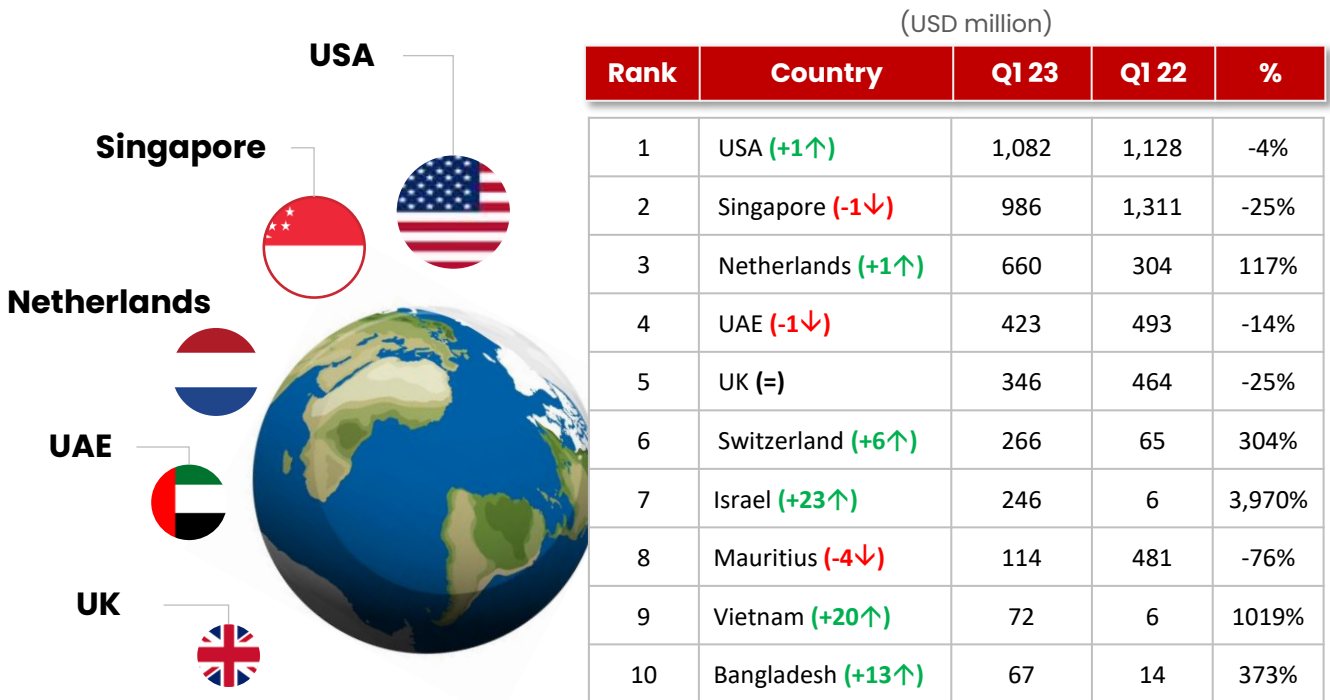
1 Europe
USD 1.5 billion

2 Asia Pacific
USD 1.4 billion



Indian Investments Overseas

The table provides information about the FDI investment values of various countries in the first quarter of 2023 as compared to the same period in the previous year.

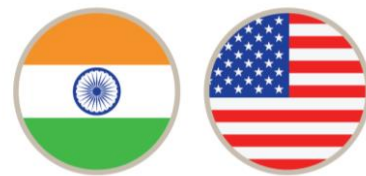


This significant increase in investments from India to Israel in Q1 2023 can be attributed to the acquisition of Haifa port by Adani which provides an opportunity to tap into the growing trade between India, Israel, and other countries in the region, especially with the ongoing peace deals and economic collaborations between Israel and Arab countries.

Adani Group acquired the strategic Israeli port of Haifa for **\$1.2 billion** and vowed to transform the skyline of the Mediterranean city as part of its decision to invest more in Israel, including opening an artificial intelligence lab in Tel Aviv. This accounts for one of the biggest foreign investments by India in any Israeli sector as Adani Ports and Special Economic Zone (APSEZ) acquired a **70 percent stake** of the now privatised Haifa Port, while Israel's Gadot Group purchased the remaining 30 percent.



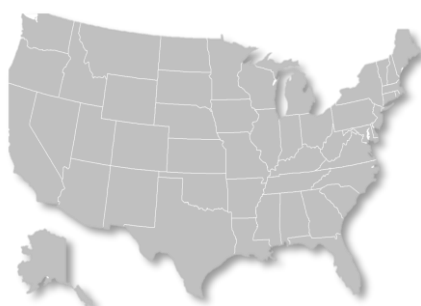
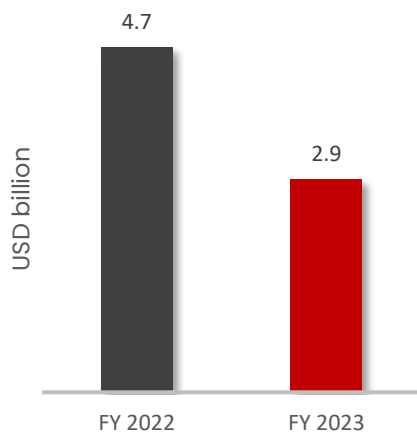
India – USA Corridor



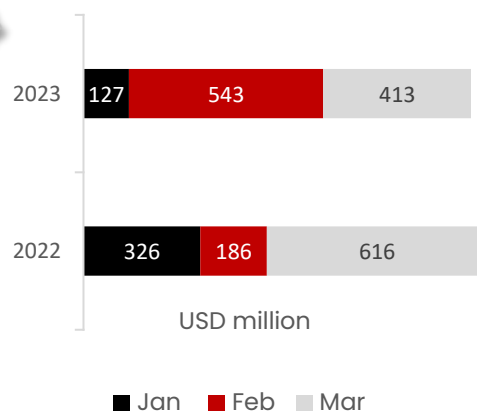
Overview

The trend of Indian companies expanding and investing in the USA has grown steadily over the past decade and reached its peak in 2021. Over 2022 and Q1 2023, we witness a marginal decline. According to the Reserve Bank of India (RBI), India's FDI in the US was **USD 2.9 Billion** in FY 2023, down from USD 4.7 Billion in FY 2022. Despite the decline in the volumes, there has been an increasing inclination among Indian companies to make investments in the US.

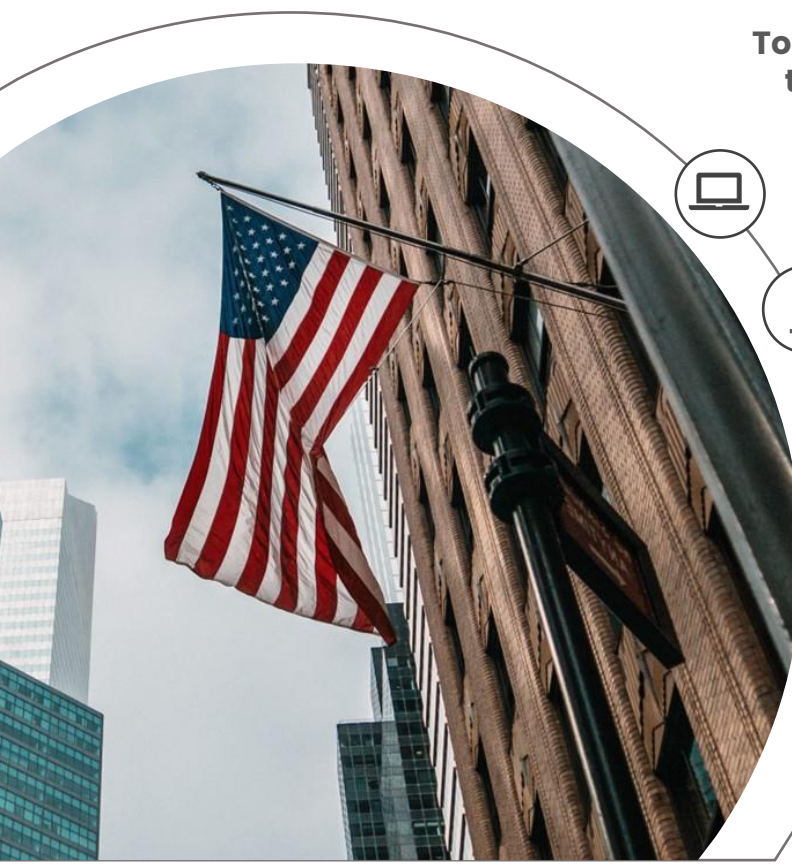
TOTAL FDI OUTFLOW FROM INDIA TO THE USA



Y-o-Y Q1 analysis for FDI outflows from India to the USA



Top 5 deals accounted for ~67% of the total Investment in USA in Q1 2023



1 Wipro Ltd
USD 300 Million



2 Gail (India) Ltd
USD 204 million



3 Access Healthcare Services Pvt Ltd
USD 89 million



4 Cipla Ltd.
USD 69 million



5 Zydus Lifesciences Limited
USD 65 million

Featured Deals

Wipro Announces its Americas Headquarters in New Jersey

Sector: IT and ITES

Wipro, one of the leading Indian IT companies in India, opened its new Americas Headquarters in New Jersey, which is expected to boost the state's economy significantly. The New Jersey office will serve clients across industries, including banking and financial technology, life sciences, healthcare, telecommunications, gaming and tech, energy and utilities, and manufacturing sectors, to name a few.



Rationale: Wipro has set up its Headquarters in East Brunswick, New Jersey, to accommodate its growing client base across various industries and to provide a platform for its employees, clients, and partners to collaborate and innovate. It aims to transform its operations by adopting Cloud Technology and Artificial Intelligence and leveraging its vast experience in technology. The company's investments in the US are focused on creating jobs locally and tapping into the best talent. The strategy is to hire the next generation of talent directly from college campuses across the US.



Granules India Establishes Packaging Facility in Virginia

Sector: Pharmaceuticals


Granules India, An Indian pharmaceutical company, announced the opening of a new packaging facility in Prince William County, Virginia. The USD 12.5 million investment will be used to lease 79,000 square ft of the facility in Manassas to develop packaging lines and shipping, thus creating 57 new employment opportunities.



Rationale: The new plant will expand the packaging capacity for essential drugs to fill the gaps in the supply chain of biopharmaceutical products. The facility will enable the company to meet fast-moving consumer shifts and reduce lead times for critical prescription products. Several factors drove Granule's decision to choose Virginia, including faster access to commercialisation, a dynamic and diverse workforce in proximity to the existing site, the state's strategic location on the East Coast of the United States and well-established transportation infrastructure, including international sea and air routes.

Other Investments

JANUARY 2023


Company Name	Sector	Type	Value	Country
 RateGain®	Technology	M&A	USD 16Mn	USA

Rationale - RateGain Travel Technologies, one of the global service providers of SaaS solutions for the travel and hospitality industry, acquired Adara Inc for \$16 million. Adara provides predictive intelligence solutions for optimal consumer engagement. This strategic acquisition by RateGain is expected to enhance its capabilities in leveraging data for the travel and hospitality sector, making it one of the industry's dominant travel and hospitality players.


 TANISHQ	Retail	Greenfield	Not disclosed	USA
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Rationale - Tanishq, an Indian jewellery brand, announced the launch of its first store in New Jersey. The primary rationale of the expansion is to establish Tanishq as a leading jewellery brand in the US market.

FEBURARY 2023

Company Name	Sector	Type	Value	Country
 samvardhana motherson	Automotive	M&A	USD 596Mn	Germany

Rationale - Samvardhana Motherson International Ltd, one of the leading suppliers of automotive components, announced its agreement to acquire a 100% stake in SAS Autosystemtechnik, a Germany-based automobile cockpit manufacturing company. The acquisition will enable the company to enhance its SAS capabilities and offer diversified products and services to its customers globally. Besides, it will also enter into a new segment as an assembler of cockpit modules globally with a particular focus on EV models.

 Dr.Reddy's	Pharmaceutical	M&A	USD 105Mn	USA
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Rationale - Dr Reddy's, an Indian multinational pharmaceutical company acquired the US generic prescription product portfolio of Australia-based Mayne Pharma Group Limited for \$105 million. The acquisition is expected to enhance the company's presence in the US retail prescription pharmaceutical market, particularly in the women's health space.



Healthcare


N/A

N/a

USA

Rationale - The Kerala-based healthcare solutions company NKORR started its operations in Europe by opening two new offices in Germany and Slovakia. Germany and Slovakia are both important markets in Europe, and establishing offices there will help NKORR to serve its clients efficiently.


March 2023

Company Name	Sector	Acquired company	Value	Country
	IT	Greenfield	N/A	USA


Rationale - Wipro Limited, one of the leading Indian technology services and consulting company has announced the opening of its Americas Headquarters in East Brunswick, New Jersey. With nearly 60% of its global revenues coming from the Americas, Wipro recognizes the importance of having a strong presence in the region and this expansion will help the company to serve its clients efficiently

	Ed-Tech	Knowledge Planet	Undisclosed	UAE
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Rationale - The acquisition of UAE based Knowledge Planet by PhysicsWallah represents a significant development and growing trend of cross-border collaborations in edtech space, particularly in the UAE region

	Pharmaceuticals	Greenfield	USD 12.5 Mn	USA
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Rationale - Granules has opened a packaging facility in Virginia to expand the packaging capacity of essential drugs in the state, thus strengthening the biopharma supply chain.

	Manufacturing	New Yaking Pte. Ltd	USD 157Mn	Indonesia
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Rationale - Jindal Stainless has acquired a 49% stake in New Yaking Pte. Ltd, a company based in Indonesia, for \$157 million. The deal aims at securing a stable supply of nickel through the construction and operation of a nickel pig iron facility in Indonesia's Halmahera Islands. Nickel pig iron is an alloy used in the production of stainless steel, and Indonesia is known to have abundant reserves of nickel, making it one of the world's leading producers of metal

Investment Promotion Activities

Gulfood | Dubai

20th Feb – 24th Feb, 2023

T&A Consulting, the official representatives of the State of New Jersey's India and Europe Centre, attended the 28th edition of Gulfood 2023, the world's largest annual food and beverage sourcing event held at the Dubai World Trade Centre. During the event, our team had the opportunity to interact with industry leaders from around the world and various economic development organizations (EDOs).

The event provided the opportunity to gain valuable insights into the current gaps in the Indian food and beverage industry, allowing our team to reflect on ways to connect, create, and shape the future for the better.



Arab Health | Dubai

30th Jan – 2nd February, 2023

T&A Consulting, the official representative of New Jersey's India Centre represented New Jersey at the Middle East's largest healthcare trade show, the Arab Health Exhibition at the Dubai World Trade Centre. The exhibition had more than 3,000 exhibitors from 70+ countries showcasing cutting-edge technology and ground-breaking innovations in healthcare. The team had many successful meetings and conversations with companies evaluating expansion to the U.S. via the State of New Jersey.

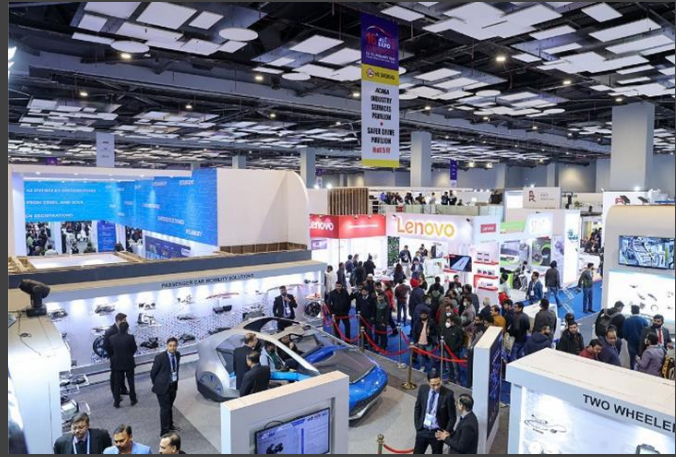


Investment Promotion Activities

Auto Expo 2023 | New Delhi

12th Jan – 15th Jan, 2023

T&A Consulting, India representative of the South Carolina Department of Commerce participated in Auto Expo 2023, Asia's largest automotive show jointly organized by ACMA India, Confederation of Indian Industry and Society of Indian Automobile Manufacturers (SIAM). The team had meetings with a qualified set of companies about their overseas presence, exports to the US market, post-pandemic business situation and plans for greenfield investments in the US via the State of South Carolina.



ABLE 20th Anniversary | New Delhi

12th Jan – 15th Jan, 2023

T&A Consulting, the official representative of New Jersey's India centre attended the 20th Anniversary event of the ABLE - Association of Biotechnology Led Enterprises. The event included enriching panel discussions that shed light on the cutting-edge technologies being developed in this field. The team was able to network with companies that were evaluating expansion to the United States via the State of New Jersey

Munich Security Conference

17th Feb – 19th Feb, 2023

Team New Jersey Europe Center attended Munich's 59th Munich Security Conference (MSC). The team supported Governor Phil Murphy and Wesley Mathews, President & CEO of Choose New Jersey, Inc., in organizing several successful meetings with German companies evaluating expansion to the U.S. via the State of New Jersey.





Investors Roadshow/ Bilateral Meetings

Within India

Mandate	No. of days	Meetings Held	Cities	Sectors
European EDO	3	22	Bangalore & Hyderabad	Pharma, Cybersecurity, Space Tech, Advance Manufacturing
US State EDO	2	6	Pan India	Packaging, Consumer Goods, Advance Manufacturing and Chemicals
Australian State EDO	-	7	Pan India	Technology and Recycling
Canadian State EDO	-	7	Pan India	Life sciences and Technology

Global

Mandate	No. of days	Meetings Held	Country	Sectors
US State EDO	1	3		Clean Tech, Automotive, Technology
European EDO	4	15		Technology, Biotechnology, Life Sciences, Blockchain and Fintech



Upcoming Investment Promotion Events

SPOTLIGHT EVENT

SelectUSA Investment Summit Maryland, May 1st – 4th 2023

The SelectUSA Investment Summit is a one-stop-shop in the United States for FDI promotion. A platform to connect with fellow investors, service providers, economic development organisations (EDOs), and government officials with U.S. investment experience. The event will offer an opportunity to meet EDOs representing the U.S. states and territories and industry experts, providing insights on support offered by the EDOs to help set up operations in the US.



Dublin Tech Summit, Ireland
(31st May – 1 June 2023)

SIAL Canada, Canada
May 8-11

Collision, Toronto
June 23-29

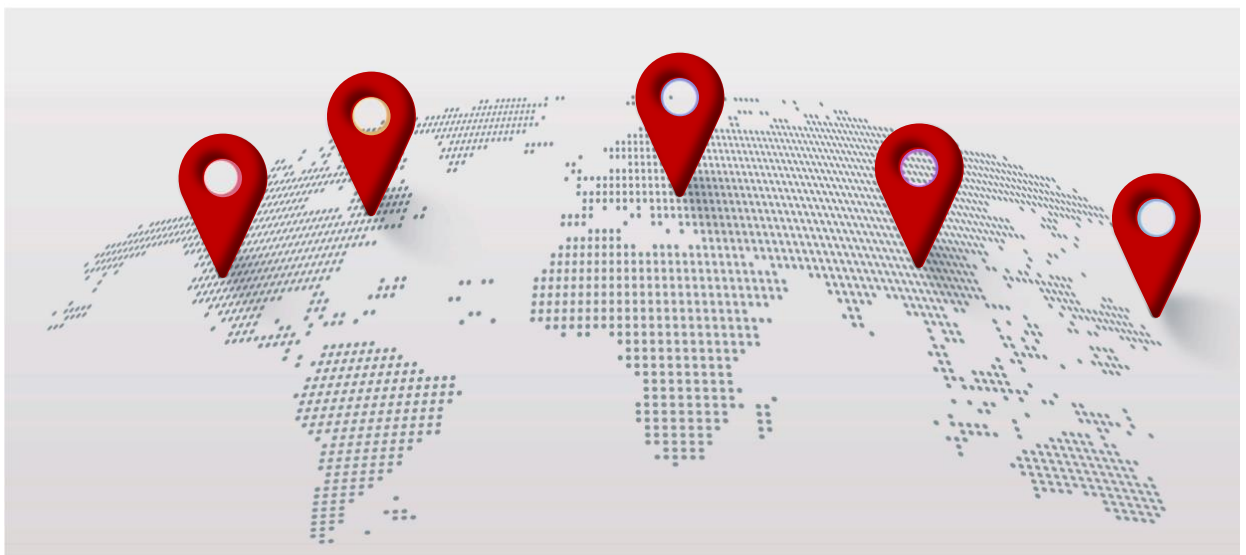
The AI Summit London, UK
14- 16 June 2023

World Hydrogen Summit & Exhibition, Netherlands
9 –11 May 2023

Tutto Food, Milan, Italy
8-11th May 2023

Vita Foods, Switzerland
May 9-11

Aviation Week MRO, Australia
May 17-18



About T&A

T&A has extensive experience of working with various Inward Investment Attraction agencies and have been delivering a range of programmes to identify inward investment opportunities from India, Europe, North America, with a focus on certain key sectors.



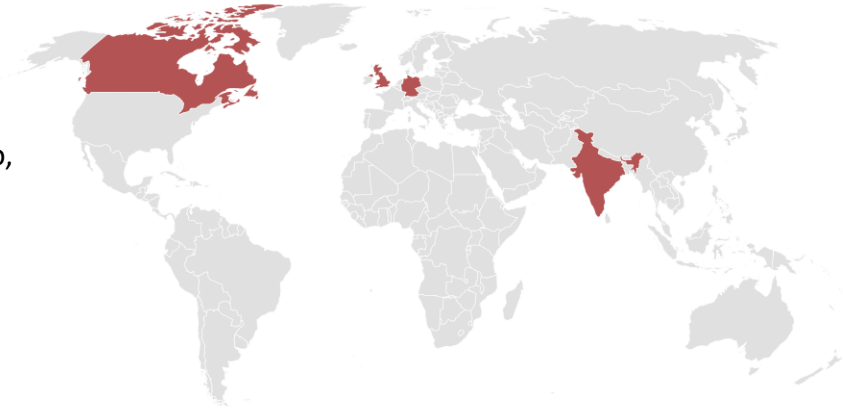
50 + people



4 offices: Gurugram, Toronto, Belfast, Berlin



Fully integrated economic development advisory firm



1

Market Intelligence

2

FDI Lead generation

3

Investment Seminar

4

Investment-led Roadshows

5

Due-Diligence

6

Delegation Visits

Are you looking forward to attract investments in your region?
Write to us on rmahajan@taglobalgroup.com



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