

Round II: India Inc graduates to brands

Vivek Sinha
NEW DELHI

HAVING kicked off its global ambitions with a string of M&As in industrial products, pharma, IT, oil & gas and other sectors, India Inc has now started sewing cross-border brand acquisitions. These brand-led acquisitions have primarily been in the food & beverage, textile and FMCG sectors. While a majority of these deals relate to brands whose presence is limited to one or a few particular markets, the pipeline includes few mega deals involving global consumer brands.

The size of the completed consumer products and retail brand-led M&As over the last 10 months has crossed the \$500-million mark. However, if big deals like that of UB Group's interest in Whyte & Mackay and Videocon — which is among the final shortlist of bidders for Daewoo

Electronics — is counted, then the pipeline looks robust enough to push total brand-led cross-border acquisitions in the billion-dollar league.

Says brand consultant Harish Bijoor, "Even large Indian companies are realising that they are small in the global world. Brand acquisitions is an easy way to expand abroad. It also indicates a very clear fast growth strategy instead of waiting to build one's own brand overseas."

Adds Hoshedar Press, executive director and president of Godrej Consumer, "Building a new brand is not easy. By acquiring a branded business one gets hold of a proven success. If one starts from scratch in a new market there is the issue of probability of success which needs to be evaluated." Godrej Consumer had recently sealed its deal for acquiring UK-based Keyline Brands, which included FMCG brands such as Cuticura, Erasmic and Nulon.

The trend gained strength after



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- ▶ India Inc scripted string of M&As in industrial products, pharma, IT, oil & gas and other sectors
- ▶ It is now sewing cross-border brand-led acquisitions, primarily in food & beverage, textile and FMCG sectors
- ▶ Size of completed M&A deals over last 10 months over \$500 m
- ▶ Pipeline includes UB Group's interest in Whyte & Mackay and Videocon's bid for Daewoo Electronics
- ▶ Brand acquisitions an easy way to expand abroad

Apeejay Group's acquisition of the tea business of UK-based Premier Foods last year. This came with brands such as Typhoo, London Fruit & Herb and Lift, among others. At the same time Tata Tea acquired Good Earth — one of the fastest growing specialist tea brands in

the US. Then there was Welspun's acquisition of UK's towel brand Christy and GHCL's acquisition of US-based Dan River which has brands like Bed In a Bag, Marquis Home Collections and Alexander Julian. More recently, the UB group acquired French wine-mak-

er Bouvet-Ladubay and Tata Coffee acquired US-based Eight O'Clock Coffee.

According to Harish HV, head (M&A) at Grant Thornton India, "Cross border acquisitions typically have been non front-end but the next phase will involve brands. This is a logical progression as Indian companies gain confidence of managing outside India."

Cross-border brand acquisitions was one area where Chinese companies had overshadowed India Inc with TCL acquiring defunct German television brand Schneider and following it up with global CTV brand rights for Thomson and RCA. Chinese appliance major Haier also hit headlines while bidding for American white goods brand Maytag, which was later picked by Whirlpool. According to international media reports, BMW has agreed in principle to sell the Rover trade mark to Chinese auto company Shanghai Automotive Industry Corporation.