

# India meets Britain Tracker

The latest trends on Indian investment in the UK

2018



# Contents

Introduction	03
India Tracker 2018 at-a-glance	04
Tracking the UK's top Indian companies	05
Indian investment in the UK	07
Fastest-growing companies	08
Major employers	14
Where next for the UK/India relationship?	16
About the Confederation of Indian Industry	18
About Grant Thornton	19

## About our research

Our Tracker, developed in collaboration with the Confederation of Indian Industry, identifies the top fastest-growing Indian companies in the UK as measured by percentage revenue growth year-on-year, based on the latest published accounts.

The Tracker includes Indian corporates with operations headquartered or with a significant base in the UK, with turnover of more than £5 million, year-on-year revenue growth of at least 10% and a minimum two-year track record in the UK, based on the latest published accounts filed as at 28 February 2018, where available. Turnover figures have been annualised where periods of less or more than 12 months have been reported.

It also identifies the top Indian employers. The Tracker highlights companies employing more than 1,000 people.

# Introduction

This is the fifth edition of the Grant Thornton India meets Britain Tracker, developed in collaboration with the Confederation of Indian Industry. The India Tracker identifies the fastest-growing Indian companies in the UK, as well as the top Indian employers. It provides insight into the evolving scale, business activities, locations and performance of the Indian-owned companies who are making the biggest impact in the UK.

This year, our research identified approximately 800 Indian companies operating in the UK, with combined revenues of £46.4 billion (£47.5 billion in 2017). Together, they paid £360 million in corporation tax (£275.7 million in 2017) and employed 104,932 people (105,268 in 2017). This shows the continued importance of the contribution that Indian companies make to the UK economy.

This year a record 87 companies met the qualifying criteria and feature in the India Tracker 2018, achieving an average growth rate of 44%\* (31% in 2017). Seven companies in the ranking achieved turnover growth of more than 100%, including TMT Metal Holdings Ltd (10335%), Route Mobile (UK) Ltd (145%) and Accord Healthcare Ltd (113%). And four companies appear in the Tracker for the fifth consecutive year: Accord Healthcare Ltd, Glenmark Pharmaceuticals Europe Ltd, Milpharm Ltd and Secure Meters (UK) Ltd.

The Indian economy is forecast to become one of the three largest in the world by 2030<sup>1</sup>, creating new opportunities to extend investment into the UK. Meanwhile, as the UK forges a future outside the European Union, it will increasingly look to strengthen ties with long-standing partners like India. These two developments hold the promise of a new era of trade, investment and collaboration between the two countries.

Our congratulations go to all the Indian companies that feature in the India Tracker 2018 on the outstanding contribution they have made to the UK economy. Special congratulations to the four who have been consistent growth performers. This is a great achievement, in the context of relatively flat economic growth in recent years.

\* This figure excludes three outliers with over 500% growth

<sup>1</sup> Projected GDP ranking: Statistics Times, December 2016 <http://statisticstimes.com/economy/projected-world-gdp-ranking.php>

# India Tracker 2018 at-a-glance



Just under  
**800**  
Indian companies  
operating in the UK



Recording combined  
revenues of  
**£46.4bn**



Employing nearly  
**105,000**  
people



Over **£360m**  
total corporation tax paid by  
Indian companies operating  
in the UK



Total capital expenditure by  
Indian companies in the UK of  
**£4.7bn**



**£2.25bn**  
Operating profit for all Indian  
companies operating in the UK



**87,000**  
people employed by  
**13** largest employers



**19%**  
of Indian owned UK subsidiaries  
have women on their board

# Tracking the UK's top Indian companies



**87** companies recognised as fastest growing Indian companies in UK

**22**

Of these companies featured in 2017



**4**

Companies have appeared in the list every year since 2014. They are Accord Healthcare Limited, Glenmark Pharmaceuticals Europe Limited, Milpharm Limited and Secure Meters (UK) Limited



Over **£260m** total operating profit

**47**

**SME's**  
(£5m to £25m turnover)

**34**

**Mid-size corporates**  
(£25m to £250m turnover)

**6**

**Large corporates**  
(over £250m turnover)

## UK's top Indian Tracker companies sector breakdown (number of companies by sector)





# Indian investment in the UK: a shifting backdrop

In 2017, almost 800 Indian companies were operating in the UK, recording combined revenues of £46.4 billion generating £2.25 billion of operating profits and paying over £360 million in corporation tax. The global economy may be taking on a new shape, but the deep economic relationship between the two countries remains strong.

India and the UK have long shared a close economic relationship. India currently invests more in the UK than in the rest of the European Union combined, while the UK is the second largest G20 investor in India<sup>2</sup>. In 2016, imports and exports worth £15.4bn flowed between the two countries<sup>3</sup>.

For the UK in particular, this relationship looks set to become increasingly important as India's status as a world economic power grows. In 2016, India was the fourth fastest-growing economy in the world and has maintained an impressive growth rate of 6.72% in 2017 and is forecast to grow by 7.37% in 2018<sup>4</sup>. This bodes well for it becoming the third largest economy in the world by 2030.

## UK seeks to expand future trade

Following its decision to exit the European Union, the UK is looking to expand trade with countries around the globe, and particularly with Commonwealth countries. India will be a vital future partner. To realise its ambition for deeper trade ties, the UK will need to compete against the many countries now looking to enhance trade with India. While the two countries have made progress in concluding an India UK Joint Trade Review (JTR), it's unclear how quickly the UK and India might reach a trade deal. Negotiations on a free trade agreement between the EU and India, for example, began in 2007 and have not yet produced a deal<sup>5</sup>.

## India FDI into the UK holds up

Uncertainty around the outcome of Brexit negotiations does not appear to have dented Indian companies' enthusiasm for the UK as an investment destination. The Department of

International Trade records India as the fourth largest investor<sup>6</sup> in the UK with 127 FDI projects during 2016–17, creating 6,867 new jobs and safeguarding a further 7,645<sup>7</sup>. The total number of FDI projects from India is down slightly on the previous year but the number of jobs created or protected is almost double.

This ongoing investment from India takes place against the backdrop of continued positive flows of FDI into the UK following the Brexit vote in June 2016. The total number of projects from all sources for 2016–17 is up 2% on 2015–16<sup>8</sup>.

Total capital expenditure by the existing Indian companies in the UK is £4,694 million (compared with £4,245 million in 2017).

## M&A activity

During 2017, deal activity by Indian companies into Europe dropped for a fourth year in a row<sup>9</sup>. One reason may be that Indian corporates have been focused on the significant changes at home following reforms by the Modi government.

Where Indian corporates continued to show interest in buying in Europe, the UK attracted four of the ten top largest deals, with corporates taking advantage of up to a 20% fall in the value of the pound against the rupee since the Brexit vote<sup>10</sup>.

The biggest Indian acquisitions in the UK in 2017 were: Dhoot Transmissions's acquisition of TFC Cable Assemblies, Infosys of Brilliant Basics, HCL Technologies of DataWave and Tenon Facility Management India of Elite Cleaning & Environmental Services. Larsen & Toubro Infotech's acquisition of Syncordis included UK subsidiaries.

<sup>2</sup> Brief on India-UK Bilateral Economic Relations, High Commission of Indian – London, March 2018 <https://hclondon.in/pdf/Brief-IND-UK-Bilateral-Eco-21-March2018.pdf>

<sup>3</sup> Who does the UK trade with?: Office for National Statistics, January 2018 [ons.gov.uk/businessindustryandtrade/internationaltrade/articles/whodoestheuktradewith/2017-02-21](https://ons.gov.uk/businessindustryandtrade/internationaltrade/articles/whodoestheuktradewith/2017-02-21)

<sup>4</sup> India: Real gross domestic product (GDP) growth rate from 2012 to 2022: Statista, 2018 <https://www.statista.com/statistics/263617/gross-domestic-product-gdp-growth-rate-in-india/>

<sup>5</sup> Countries and regions, India: European Commission, April 2017 [ec.europa.eu/trade/policy/countries-and-regions/countries/india/](https://ec.europa.eu/trade/policy/countries-and-regions/countries/india/)

<sup>6</sup> Inward Investment Results 2016-17: Department for International Trade, July 2017 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/625682/DIT\\_Investment\\_Results\\_2016-17-A5-digital.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/625682/DIT_Investment_Results_2016-17-A5-digital.pdf)

<sup>7</sup> Inward Investment Results 2016-17: Department for International Trade, July 2017 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/625682/DIT\\_Investment\\_Results\\_2016-17-A5-digital.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/625682/DIT_Investment_Results_2016-17-A5-digital.pdf)

<sup>8</sup> Inward Investment Results 2016-17: Department for International Trade, July 2017 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/625682/DIT\\_Investment\\_Results\\_2016-17-A5-digital.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/625682/DIT_Investment_Results_2016-17-A5-digital.pdf)

<sup>9</sup> Big ticket consolidation drives record year for Indian deals: Grant Thornton, January 2018 [grantthornton.co.uk/en/insights/big-ticket-consolidation-drives-record-year-for-indian-deals/](https://www.grantthornton.co.uk/en/insights/big-ticket-consolidation-drives-record-year-for-indian-deals/)

<sup>10</sup> XE Currency Charts: GBP to INR [xe.com/currencycharts/?from=GBP&to=INR&view=2Y](https://www.xe.com/currencycharts/?from=GBP&to=INR&view=2Y)

# Fastest-growing companies

This year a record 87 Indian companies meet the criteria for inclusion in the India Tracker, compared with 55 in 2017. Combined, these companies generate revenue of almost £6 billion.

At 192%, the average growth rate among Tracker companies is significantly higher than in 2016, when it was 31%. The jump in average growth is being driven by three companies that have seen turnover grow by more than 500%. When these three outliers are removed, the average growth rate among this year's Tracker companies is 44%, still significantly higher than in 2017.

The three companies with turnover growth of more than 500% are TMT Metals Holdings Limited, Wipro Holdings UK Ltd and Piramal Imaging Limited. TMT Metal Holdings Limited saw turnover grow by 10,335% (rising from £0.16 million to £16.82 million) as its subsidiary, TMT Metals (UK) Ltd, began trading non-ferrous metals. Wipro Holdings (UK) Limited, which delivers IT services, grew by 1,778%. Piramal Imaging Limited, which develops innovative diagnostic imaging solutions, grew by 940%.

Other companies achieving growth of over 100% this year include Route Mobile (UK) Limited and Accord Healthcare Limited. Route Mobile's growth rate of 145%, stems from the setting-up of new sales and channel partners across Africa. The company also successfully established a subsidiary in Ghana. Accord Healthcare's turnover growth of 113%, follows the company's acquisition of Activas UK Limited and Activas Ireland Limited.

Other key contributors to this year's Tracker include Secure Meters (UK) Limited, which contributed more than 9% of the overall revenue of companies in the Tracker, and Rico Auto Industries, which contributed 8.8%

Secure Meters UK Limited is among four companies that have appeared in the India Tracker every year since its launch in 2014. The other three are Accord Healthcare Limited, Glenmark Pharmaceuticals Europe Limited and Milpharm Limited.



### Engineering and manufacturing surges in sector rankings

The dominating sector in the Tracker this year remains technology and telecoms (23%), whilst pharmaceuticals and chemicals retains second place (18%) it is joined by engineering & manufacturing (also at 18%).

The technology and telecoms sector has accounted for the highest number of Tracker companies since 2014. It remains the case this year, although the sector's dominance is waning. This indicates the range and diversity of sectors represented by Indian industry in the UK. This year, technology and telecoms accounts for 23% of companies in the list, compared with 31% last year, and 42% in 2015.

The fastest-growing technology and telecoms companies in the 2018 India Tracker are Wipro Holdings (1778%), Route Mobile (145%) and Incessant Technologies (113%).

With 14 new entrants, engineering and manufacturing accounts for the second equal largest number of companies in the Tracker (18%) for the first time. Last year, the sector

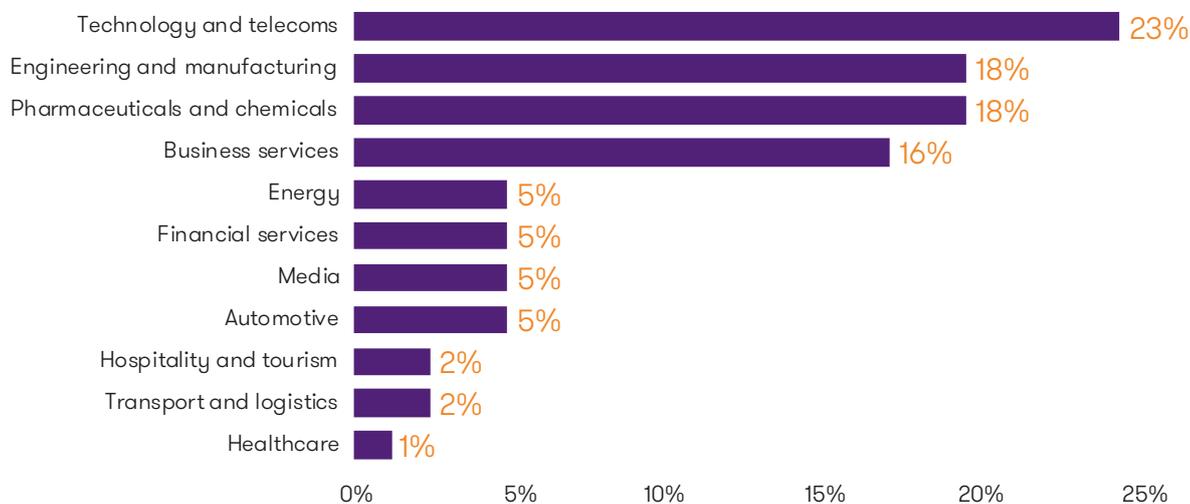
accounted for only 7% of the Tracker. This year, however, UK factories are benefiting from growth in the world economy, including the Eurozone, and UK manufacturing output is currently higher than at any time in the past ten years<sup>11</sup>.

The fastest-growing engineering and manufacturing companies are BSR Pipeline Services (66%) and AVT teas Services (63%).

This surge in manufacturing activity means that pharmaceuticals and chemicals shares second place this year. The pharmaceuticals and chemicals sector had held the number-two spot on its own for the previous four years. The fastest-growing pharmaceuticals and chemicals companies are TCNA (356%), Accord Healthcare (104%) and Faces Cosmetics (67%).

Business services, which was the third most dominant sector last year, is now in fourth position.

### Key sectors – UK's top Indian companies



<sup>11</sup>UK manufacturing output at its highest for 10 years: BBC News, January 2018 [bbc.co.uk/news/business-42633502](http://bbc.co.uk/news/business-42633502)

# Fastest-growing companies

(continued)

## London strengthens its dominant position

London's steady rise as the UK's leading investment destination continues, with more than half of all Indian companies investing in the UK (53%) choosing the capital. This is up from 44% in 2017 and 39% in 2016. In 2015, only a quarter of Indian investors chose London.

London Mayor Sadiq Khan and Deputy Mayor for Business, Rajesh Agrawal visited India in 2017, traveling to Mumbai, Delhi and Amritsar, along with a trade and business mission. Possibly the only city in the UK to proactively and consistently reach out to Indian companies and Indian Diaspora in a concerted strategy and initiative at the Mayoral level, London promoted the strengths of the city and welcomed Indian investors and Indian talent with a "London is Open" message post-Brexit.

The impact of efforts to spread investment more widely across the UK, through initiatives such as the Northern Powerhouse and the Midlands Engine for Growth, are not yet apparent in the India Tracker, possibly indicating the need for more focused India attention. Only 12% of Tracker companies chose the North for their investments (down from 15% in 2017). The Midlands fared slightly better, increasing its share of Tracker companies from 11% in 2017 to 12% this year.

The most dramatic change comes in the South. In this year's Tracker, only 10% of companies are located in the South, compared to 24% last year.

## Fastest growing Indian companies location in the UK





## The UK's top fastest-growing Indian companies

Rank	Domestic ultimate owner	Global ultimate owner (GUO)	Latest Growth %
1	TMT Metal Holdings Limited	UD Holdings Limited	10335%
2	Wipro Holdings (UK) Limited	Wipro Limited	1778%
3	Piramal Imaging Limited	Piramal Enterprises Limited	940%
4	TCNA (UK) Limited	Tata Chemicals Limited	356%
5	Route Mobile (UK) Limited	Route Mobile Limited	145%
6	Incessant Technologies (UK) Limited	Niit Technologies Limited	113%
7	Accord Healthcare Limited	Intas Pharmaceuticals Limited	104%
8	Cigniti Technologies (UK) Limited	Cigniti Technologies Limited	99%
9	Prometheon Enterprise Limited	Cox & Kings Ltd.	98%
10	Prime Focus International Services UK Limited	Prime Focus Limited	97%
11	Union Bank Of India (UK) Limited	Union Bank Of India	84%
12	Intellect Design Arena Limited	Intellect Design Arena Limited	77%
13	Appirio Limited	Wipro Limited	74%
14	BB (UK) Ltd	Cravatex Limited	71%
15	HCL Technologies UK Limited	Hcl Technologies Limited	70%
16	NIIT Limited	Niit Limited	68%
17	Faces Cosmetics Limited	Indivision Ventures li	67%
18	BSR Pipeline Services Limited	Tata Steel Limited	66%
19	Atul Europe Limited	Atul Limited	63%
20	Avt Tea Services Limited	Avt Natural Products Limited	63%
21	Codemasters Group Holdings Limited	Reliance Indoventures private limited	61%
22	Jain International Food Limited	Jain Irrigation Systems Ltd	60%
23	Opg Power Ventures Plc	Gita Investments Limited	60%
24	Secure Meters (UK) Limited	Secure Meters Limited	59%
25	Axis Bank UK Limited	Axis Bank Limited	59%
26	Zensar Technologies (UK) Limited	Zensar Technologies Limited	59%
27	Reliance Globalcom (UK) Limited	Reliance Communication Limited	58%
28	Torrent Pharma (UK) Ltd	Torrent Pharmaceuticals Limited	56%
29	Ecu Worldwide (UK) Limited	Allcargo Logistics Limited	55%
30	Koovs Plc	Koovs Plc	48%
31	Bird Overseas Holdings Limited	Amadeus India Pvt Ltd	45%
32	India Infrastructure Finance Company (UK) Limited	India Infrastructure Finance Company Limited	44%
33	Asia T.V. Limited	Zee Entertainment Enterprises Limited	43%
34	Simec Uskmouth Power Limited	Simec Group Ltd	43%
35	Double Negative Holdings Limited	Prime Focus Limited	42%
36	Glenmark Pharmaceuticals Europe Limited	Glenmark Pharmaceuticals Ltd	38%
37	Emcure Pharma UK Ltd	Emcure Pharmaceuticals Limited	37%
38	Reliance Big Entertainment (UK) Private Limited	Reliance Big Entertainment Private Limited	35%
39	Thermax Europe Limited	Rda Holdings Pvt Ltd	34%
40	Y International (UK) Limited	Mr. Yousuf-Ali Masaliam-Veetil Abdulqader	34%
41	Apollo Vredestein (UK) Ltd	Apollo Tyres Limited	33%
42	Verigold Jewellery (UK) Limited	Renaissance Jewellery Limited	32%
43	Bharti Airtel (UK) Limited	Bharti Airtel Limited	31%

44	Tvs Europe Distribution Limited	T.V. Sundram Iyengar & Sons Limited	31%
45	Hcl Insurance Bpo Services Limited	Hcl Technologies Limited	31%
46	Indiacast UK Ltd	Indiacast Media Distribution Private Limited	31%
47	Mphasis UK Limited	Mphasis India	29%
48	Rico Auto Industries (UK) Limited	Rico Auto Industries Limited	29%
49	Hexaware Technologies UK Limited	Baring Private Equity Asia Gp V.Lp	28%
50	Niche Generics Limited	Unichem Laboratories Limited	28%
51	Milpharm Limited	Aurobindo Pharma Limited	26%
52	Vega Industries Limited	Aia Engineering Limited	26%
53	Cyient Europe Limited	Cyient Limited	26%
54	Target Topco Limited	Tech Mahindra Limited	26%
55	Acg Europe Limited	Acg Associated Capsules Pvt. Ltd.	26%
56	Firstsource Solutions UK Limited	Cesc Limited	26%
57	Neterson Holdings Limited	Chemicals And Ferro Alloys Private Limited	25%
58	Saksoft Solutions Limited	Saksoft Limited	25%
59	Chloride Eastern Limited	LIEC Holdings SA	24%
60	Tvs Logistics Investment UK Limited	Tvs Logistics Services Limited	24%
61	Amchem Speciality Chemicals UK Limited	Manali Petrochemicals Limited	23%
62	WNS Assistance Limited	WNS (Holdings) Limited	22%
63	Yardley Of London Limited	Wipro Enterprises Private Limited	20%
64	Force India Formula One Team Limited	Orange India Holdings Sarl	20%
65	Avocet Hardware (UK) Ltd	Lakshmi Fibrelok Pvt Ltd	20%
66	Multi Trade Links (UK) Ltd	Mtc Business Private Ltd	19%
67	Sterling Pharma Solutions Limited	Tenshi Life Science Private Limited	19%
68	Itc Infotech Limited	Itc Limited	19%
69	Dion Global Solutions (UK) Limited	Dion Global Solutions Ltd.	19%
70	Simec International (UK) Limited	Simec Group Ltd	18%
71	Suprajit Europe Limited	Suprajit Engineering Ltd.	17%
72	Incat International Plc	Tata Motors Limited	17%
73	Manchester Organics Limited	Navin Fluorine International Ltd	17%
74	Lupin (Europe) Limited	Lupin Limited	16%
75	Subex (UK) Limited	Subex Limited	16%
76	Seal It Services Limited	Astral Poly Technik Limited	15%
77	Wockhardt UK Limited	Wockhardt Limited	15%
78	Ienergizer Ltd	Mr Anil Aggarwal	15%
79	Aurionpro Solutions Plc	Aurionpro Solutions Limited	15%
80	Quest Global Engineering Limited	Quest Global Services Pte Limited	14%
81	Novelis Europe Holdings Limited	Hindalco Industries Limited	14%
82	Ttk British Holdings Limited	Ttk Prestige Limited	14%
83	Tata International Metals (UK) Limited	Tata International Limited	14%
84	Bharat Forge International Limited	Bharat Forge Limited	12%
85	Glenmark Pharmaceuticals Europe R&D Limited	Glenmark Pharmaceuticals Ltd	11%
86	Welspun Home Textiles UK Limited	Welspun India Limited	11%
87	Dynamatic Limited	Dynamatic Technologies Ltd	10%

# Major employers account for 87,000 jobs

Indian companies in the UK account for almost 105,000\* jobs. More than 80% of these jobs are with the 13 Indian companies that employ more than 1,000 people. This group of major employers accounts for 87,000 jobs.

Once again, Tata is by far the biggest Indian employer in the UK. Together, Tata Motors, Tata Steel, Tata Chemicals and TCS employ over 65,500 people, around 3,500 fewer than in 2016, mostly attributable to the restructuring of Tata Steel.

Seven of the companies in this year's list of major employers report growth in employee numbers since last year. These include Intas Pharmaceuticals (up 190%) and a further four companies that all achieve double-digit growth in employee numbers: TVS Logistics (up 39%), CESC (25%), Tech Mahindra (19%) and Hinduja Global Solutions (15%).

Intas Pharmaceuticals is a new entrant in the list of major employers. The company acquired Actavis UK Ltd and Actavis Ireland Ltd through its wholly owned subsidiary, Accord Healthcare, in 2016. Other new entrants are Prime Focus and Tech Mahindra.

It is important to note that these employment figures exclude Indian corporates who also operate in the UK through branches. This includes, for example, TCS which operated through both a subsidiary and a branch. In the branch alone it is estimated it employs around 9,000 people.

## Diversity on boards

Given the increasing focus on gender diversity, this year for the first time we have researched how Indian companies in the UK are performing in this respect, compared to their UK counterparts and Indian corporates back at home.

Our research shows that nearly 19%\*\* of Indian owned UK subsidiaries have women on their boards. This compares unfavourably with almost 29%<sup>12</sup> gender diversity in FTSE 350 companies, but reflects well with statistics relating to the NIFTY 500 index back in India, where 14%<sup>13</sup> of board members are female.



\* Employment numbers may include employees outside the UK in overseas subsidiaries of UK companies

\*\* Research based on information available on 471 companies

<sup>12</sup> Record number of women on FTSE 100 boards: Gov.UK, March 2018 <https://www.gov.uk/government/news/record-number-of-women-on-ftse-100-boards>

<sup>13</sup> The truth about women on corporate boards: The Indian Express, December 2017 <http://indianexpress.com/article/gender/the-truth-about-women-on-corporate-boards-4990905/>



### Major Indian employers in the UK

Ultimate parent company	UK subsidiaries	Latest employee number
Tata Motors Limited	Tata Motors European Technical Centre Plc, Jaguar Land Rover Automotive Plc, Incat International Plc	40,611
Tata Steel Limited	Tata Steel Europe Limited, Bsr Pipeline Services Limited	21,168
Cox & Kings Ltd	Clearmine Limited, Cox & Kings (UK) Limited, Prometheon Enterprise Limited, Quopro Global Limited, Holidaybreak Limited	5,099
Cesc Limited	Firstsource Solutions UK Limited	4,620
Hcl Technologies Limited	Hcl Insurance Bpo Services Limited, Hcl Eas Ltd, Hcl Great Britain Limited, HCL Technologies UK Limited	2,787
Tata Consultancy Services Limited	Diligenta Limited	2,697
Essar Global Fund Limited	Essar Energy, Essar Capital Services (UK) Limited	1,991
Tvs Logistics Services Limited	TVS Logistics Investment UK Limited	1,826
Prime Focus Limited	Prime Focus International Services UK Limited, Prime Focus Technologies UK Limited, Double Negative Holdings Limited, De-Fi Media Limited	1,523
Hinduja Global Solutions Limited	Hinduja Global Solutions Europe Limited	1,449
Tata Chemicals Limited	Homefield Pvt UK Ltd., Tcna (UK) Limited	1,084
Intas Pharmaceuticals Limited	Accord Healthcare Limited, Astron Research Limited	1,075
Tech Mahindra Limited	Target Topco Limited, The Bio Agency Ltd, LCC United Kingdom Limited, Citisoft Public Limited Company, LCC Deployment Services UK Limited, Mahindra Engineering Services (Europe) Limited, Sofgen (UK) Limited	1,061

# Where next for the UK/India relationship?

As India becomes one of the largest and most powerful economies in the world, Brexit could help free the way for a deepening of ties between India and Britain.

Momentous changes are underway in the world economic order and nowhere is this more apparent than in the relative size of the UK and Indian economies and their forecast trajectories. In December 2016, the World Economic Outlook from the International Monetary Fund ranked the UK as the fifth largest economy in the world and India as the seventh. By 2030, India is projected to become the third largest in the world, with the UK falling to sixth place<sup>14</sup>.

The back-to-back reforms introduced by the Modi government since 2016 are helping to establish the rule-based, transparent system needed to underpin this projected growth. Demonetisation of high-value currency notes is cracking down on the back of the black economy. The new Goods and Service Tax (GST) is beginning to simplify the country's indirect tax regime. Meanwhile the Insolvency & Bankruptcy Code promises to clear out bad debt from India's banking system. As a result, it's becoming far easier to do business in India. In the World Bank Group's Doing Business's 2018 index, India jumped 30 places to enter the top 100 for the first time ever<sup>15</sup>.

In addition, initiatives such as Make in India (manufacturing), Access India (SMEs) and Digital India (digital strategy) are designed to encourage international investors to play their role in bringing India's potential to fruition. Likewise, the government's Smart Cities Mission invites foreign partners to join India in developing almost 100 citizen-friendly, sustainable cities across the country.

## A new Commonwealth trade partnership?

India's growing wealth and increasingly important role on the world stage is likely to be reflected in the Commonwealth Heads of Government meeting, which takes place in London in April 2018. Leaders from 53 Commonwealth countries will attend, including India's prime minister, Narendra Modi, who is expected to play a prominent role after a decade of lukewarm interest. The conference will focus on six key themes: accessing modern financial services, easing the pathway for business and growth, harnessing Commonwealth technology and innovation, creating a new attitude to sustainable business, mobilising an export economy, and attracting inward investment.

As it plans its future outside the European Union, the UK aims to revitalise trade with Commonwealth countries. Yet until its scheduled exit in March 2019 at least, the UK is unable to sign new trade deals with any countries, Commonwealth countries included. This, along with the ongoing negotiations about the future trade relationship between the UK and the EU, continues to cause considerable uncertainty about how the UK will trade in a post-Brexit world.

## UK retains its pull for Indian investors

For their part, Indian investors seem to be taking a pragmatic stance. There has been no exodus of Indian companies since the Brexit vote and the UK's strengths as an investment destination continues to exert a powerful pull.

A shared language, generations of family ties and a world-class education system are among some of the cultural factors that draw Indian investors to the UK. On the business front, other important factors add weight. The World Bank ranks the UK seventh best in the world for ease of doing business<sup>16</sup>, the corporate tax rate, currently 19%, is low and there are generous reliefs for research and development (R&D) expenditure.

<sup>14</sup> Projected GDP Ranking (2016-2020): Statistics Times, December 2016 <http://statisticstimes.com/economy/projected-world-gdp-ranking.php>

<sup>15</sup> Ease of Doing Business 2018 rankings: India jumps 30 points to reach top-100 club: Business Today, November 2017 [business.today.in/current/economy-politics/ease-of-doing-business-ranking-2018-india-rank-world-bank/story/263003.html](http://business.today.in/current/economy-politics/ease-of-doing-business-ranking-2018-india-rank-world-bank/story/263003.html)



After March 2019, Indian companies may no longer be able to use the UK as a jumping-off point for accessing the EU market, and this could deter some new future investment. Pharmaceuticals businesses, for example, are less likely to choose the UK as a base, following the announcement that the European Medicines Agency (EMA) will move its headquarters from London to Amsterdam<sup>17</sup>. Despite this shift, our research shows that existing Indian Pharmaceutical companies in the UK do not intend to rationalise their operations.

The UK also has much to offer beyond its current role as a gateway to Europe. For Indian companies looking to capitalise on British expertise in design, engineering, technology and financial services, the UK will remain an important contender. For example, Tech Mahindra's recent investment in an innovation centre, which will create 60 new jobs in Greater Manchester.

To encourage continued investment, however, the UK must work hard to ensure it remains a leading investment destination after Brexit. This includes maintaining the unique residency/domicile taxation principles for Indians here for limited periods. It must also ensure that it has visa regime that makes it possible for students and professionals to bring their skills to the UK, rather than putting barriers in their way. This is an issue that has already been raised by India's High Commissioner to the UK.

### Exploring UK's regional business prospects

London looks set to remain one of the world's leading cities, with a dominant financial services industry continuing to offer Indian investors access to vital capital. A ranking from FDI Intelligence named London overall European City of the Future 2018-19<sup>18</sup>, with the city also topping the individual rankings for economic potential, human capital and lifestyle, connectivity and business friendliness.

Many other UK cities featured in the ranking, including Cambridge and Reading in the top 25 overall. In addition, UK regions dominated the Northern European Regions of the Future 2018-19 ranking, with South-east England, Scotland, East of England, West Midlands and North-west England claiming five of the ten top spots. For Indian investors, there is a wide range of investment destinations beyond London.

Several cities are realising the value of developing stronger regional connect with India. Manchester, for instance, has recently launched the Manchester-India Partnership, a public-private initiative aimed at building closer ties with India encompassing the full scope of country to city interaction: encompassing trade, investment, science and innovation, connectivity and culture. Similarly, Liverpool, which is promoting its International Business Festival, has made a few visits to India to woo Indian states and businesses to participate. Initiatives like this may be helpful in bringing a greater share of Indian investments out to the regions.

### Building together for the future

As the UK looks to reinvigorate its role as a global trading nation and India seeks to capitalise on its growing economic status, the future relationship between the two countries has the potential to become stronger and more substantial than ever. The UK will need to court India to compete successfully for the country's trade and investment, but the foundations for a mutually beneficial relationship are already in place. India is one of the most important investors in the UK, while UK businesses will do well to take advantage of the new opportunities emerging in India's modernising economy.

<sup>16</sup> Doing Business – Economy Rankings: The World Bank, June 2017 [www.doingbusiness.org/rankings](http://www.doingbusiness.org/rankings)

<sup>17</sup> EMA to relocate to Amsterdam, the Netherlands: European Medicines Agency, November 2017 [ema.europa.eu/ema/index.jsp?curl=pages/news\\_and\\_events/news/2017/11/news\\_detail\\_002857.jsp&mid=WC0b01ac058004d5c1](http://ema.europa.eu/ema/index.jsp?curl=pages/news_and_events/news/2017/11/news_detail_002857.jsp&mid=WC0b01ac058004d5c1)

<sup>18</sup> FDI's European Cities and Regions of the Future 2018/19 – Cities : FDI Intelligence, February 2018 [www.fdiintelligence.com/Locations/Europe/FDI-s-European-Cities-and-Regions-of-the-Future-2018-19-Cities](http://www.fdiintelligence.com/Locations/Europe/FDI-s-European-Cities-and-Regions-of-the-Future-2018-19-Cities)

# About the Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organisation, playing a proactive role in India's development process. Founded in 1895, India's premier business association has around 9,000 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from around 265 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialised services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organisations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, healthcare, education, livelihood, diversity management, skill development, empowerment of women, and water, to name a few.

As a developmental institution working towards India's overall growth with a special focus on India@75 in 2022, the CII theme for 2018-19, India RISE : Responsible. Inclusive. Sustainable. Entrepreneurial emphasises Industry's role in partnering Government to accelerate India's growth and development. The focus will be on key enablers such as job creation; skill development; financing growth; promoting next gen manufacturing; sustainability; corporate social responsibility and governance and transparency.

With 65 offices, including 9 Centres of Excellence, in India, and 11 overseas offices in Australia, Bahrain, China, Egypt, France, Germany, Iran, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 355 counterpart organisations in 126 countries, CII serves as a reference point for Indian industry and the international business community.



**Shuchita Sonalika**

Director and Head - UK  
Confederation of Indian Industry

T +44(0)207 395 8076

E [shuchita.sonalika@cii.in](mailto:shuchita.sonalika@cii.in)

[www.cii.in](http://www.cii.in)

# About Grant Thornton

## Grant Thornton UK LLP

Grant Thornton UK LLP is part of one of the world's leading organisations of independent advisory, tax and audit firms. We help dynamic organisations unlock their potential for growth by providing meaningful, forward looking advice.

Our underlying purpose is to build a vibrant economy, based on trust and integrity in markets, dynamic businesses, and communities where businesses and people thrive. We work with banks, regulators and government to rebuild trust through corporate renewal reviews, advice on corporate governance, and remediation in financial services. We work with dynamic organisations to help them grow. And we work with the public sector to build a business environment that supports growth, including national and local public services.

In the UK, we are led by more than 180 partners and employ over 4,500 of the profession's brightest minds. We provide assurance, tax and specialist advisory services to over 40,000 privately held businesses, public interest entities and individuals nationwide.

## South Asia Group

Our long-established South Asia Group serves Asian-owned businesses in the UK, as well as those investing into and from the Indian subcontinent.

We have undertaken more than 400 transactions, including mergers and acquisitions with a total value of US\$4 billion. The largest transaction we have advised on was Tata Motors' acquisition of Jaguar Land Rover. We have also helped clients raise £866 million on the London Stock Market.

## Grant Thornton in India\*

Grant Thornton in India is one of the oldest and most prestigious accountancy firms in the country. Today, it has grown to be one of the largest accountancy and advisory firms in India with over 3,000 professional staff in New Delhi, Bengaluru, Chandigarh, Chennai, Cochin, Gurgaon, Hyderabad, Kochi, Kolkata, Mumbai, Noida and Pune, and affiliate arrangements in most of the major towns and cities across the country. The firm's mission is to be the adviser of choice to dynamic Indian businesses with global ambitions – raising global capital, expanding into global markets, adopting global standards or acquiring global businesses.

For further information about this report, contact:



### Anuj Chande

Partner and Head of  
the South Asia Group  
Grant Thornton UK LLP

T +44 (0)20 7728 2133

E [anuj.chande@uk.gt.com](mailto:anuj.chande@uk.gt.com)

\* 'Grant Thornton in India' means Grant Thornton India LLP (a member firm of GTIL) and its related entities, as defined by the Indian Companies Act, 2013.



**Grant Thornton**

An instinct for growth™

---

**grantthornton.co.uk**

© 2018 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. This publication has been prepared only as a guide. No responsibility can be accepted by us for loss occasioned to any person acting or refraining from acting as a result of any material in this publication.

GRT108235