



Quarterly Newsletter

The Indian Investment Banking Industry (Jul- Sept 2014)

10th October 2014

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India Macroeconomics – Growth & Inflation

Chart 1: GDP Growth (% YoY)

Economic growth has already rebounded and IMF has recently upgraded India's GDP growth forecast to 5.6% for 2014 and 6.4% for 2015.

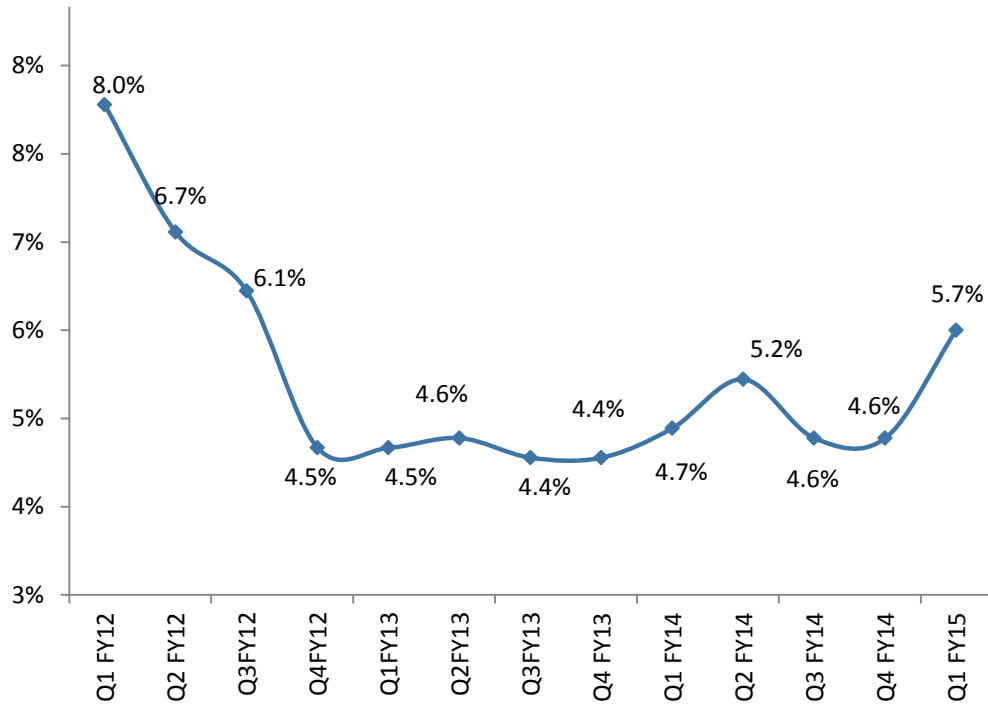


Chart 2: WPI Inflation Trend (%)

Falling inflation has been a positive for the economy and may prompt the RBI to kick-start easing interest rate in the near term.

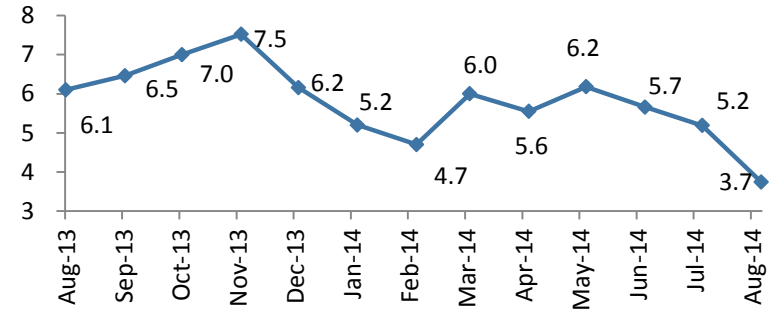
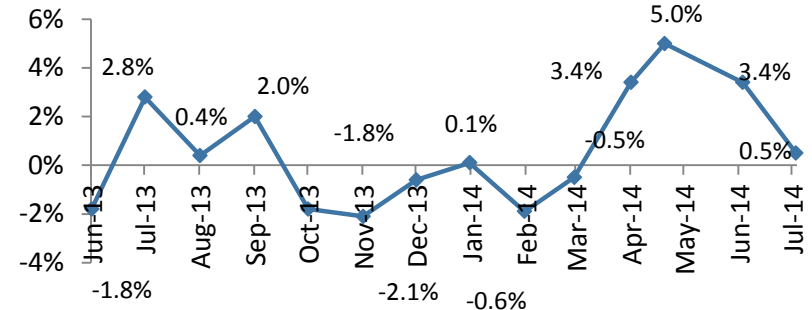


Chart 3: IIP Growth (% YoY)

Volatility remains in IIP, which is a concern for recovery.



While the economy is witnessing stronger GDP and lower inflation, mild growth in factory output is a concern. However, as we enter results and festive season, this quarter is expected to be one of the strongest indicators of future growth of the economy.

Capital Flows and USD / INR movement

Chart 4: FDI (in USD bn)

FDI flows have got a boost in Q1 FY15, a sign of stronger global investor belief in the Indian economy.

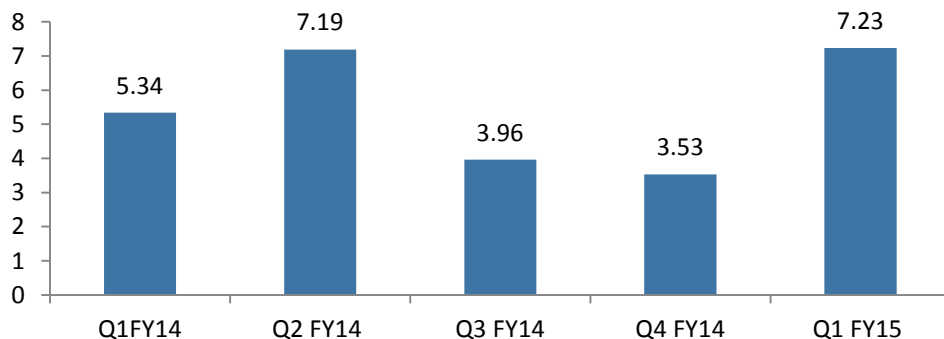
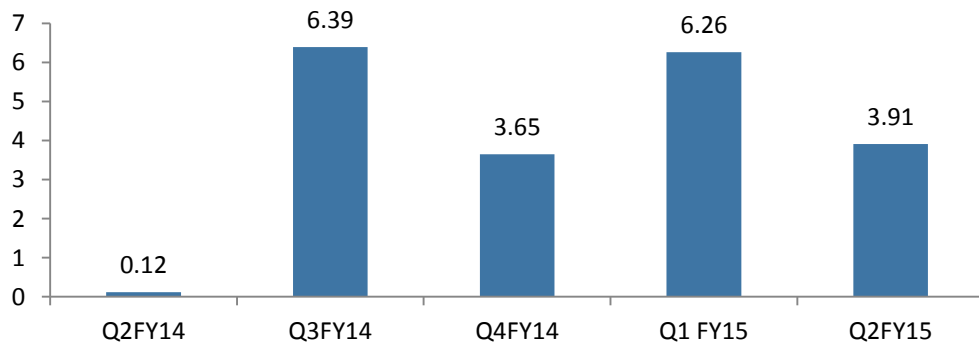


Chart 5: FII (in USD bn)

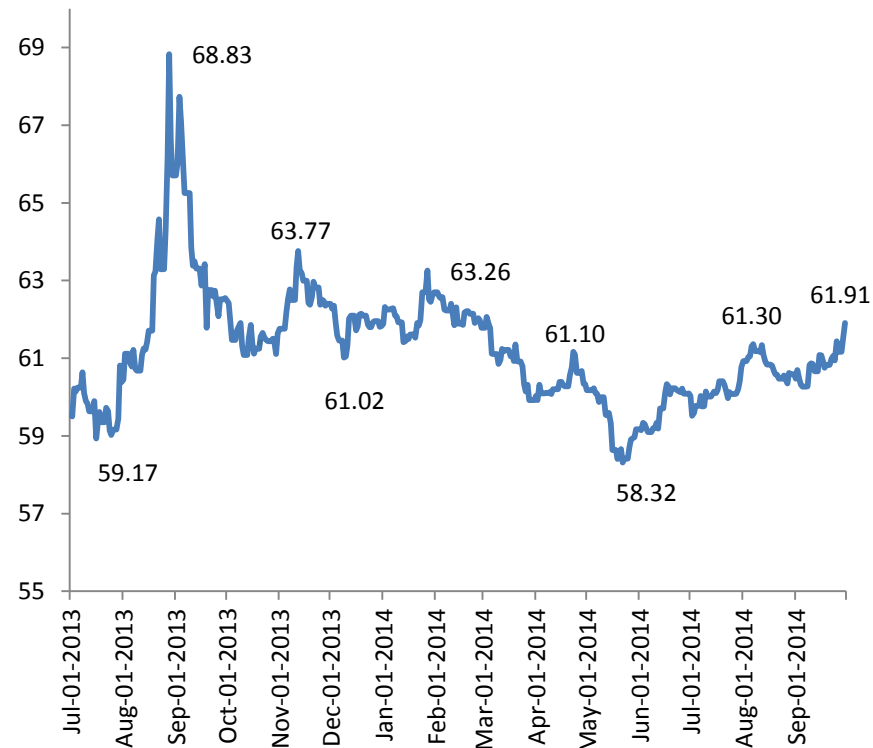
FII flows have also been impressive so far this fiscal year.



Leading economic indicators suggest the economy is on a recovery mode. On this backdrop, overseas capital flows into the economy are expected to strengthen further and the rupee is expected to remain strong. However, reform measures of new government and revival of investment cycles will hold the key for pace of recovery.

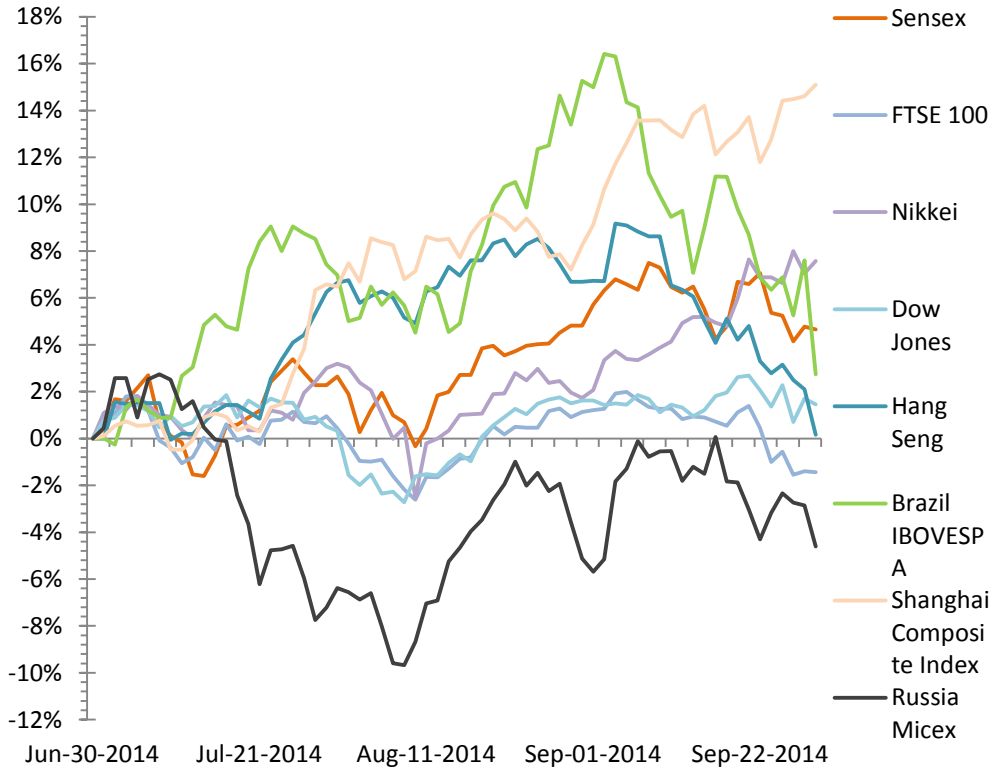
Chart 6: Performance of INR against USD

Rupee has stabilized at 60 vs USD for the last quarter. The rupee is set to appreciate against the dollar going forward on the back up economic turnaround.



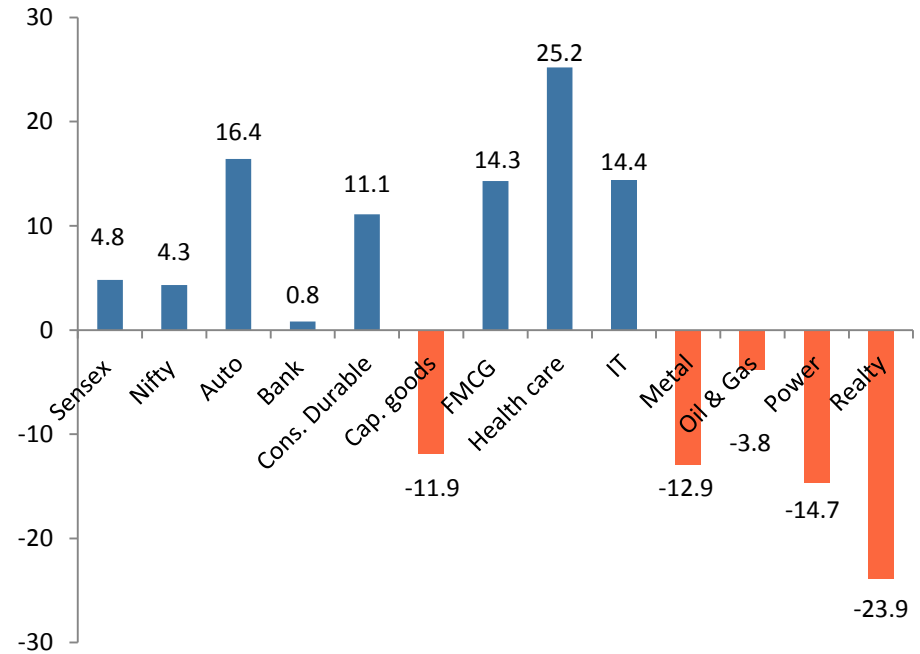
Markets Movement and Global Peers

Chart 7: Performance of Sensex and Global Peers in Q2 FY15



Sensex one of the top performers among global indices: Shanghai composite index tops the global indices returns chart with 15.4% returns. On the back up of economic turnaround in Japan, Nikkei posted 6.7% during the last quarter. Sensex delivered modest returns of 4.8% and Russia's Micex was the worst performer with negative returns of 4.4%. With recovery in the major global economies, investors sentiment has improved.

Chart 8: Sensex sectoral indices returns chart (%) in Q2 FY15



Defensives score high: Defensive stocks such as healthcare, IT and FMCG outperformed others. BSE Auto index posted impressive 16.4% returns on the back up strong demand for 2-wheelers vehicle in India. Capital goods, Metal, Power and Realty delivered negative returns. Broadly, defensive sectors stole the limelight while cyclical sectors spoiled the party during the last quarter.

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M&A and Private Equity Activity (July–Sept 2014)

Chart 9: India - M&A Trend (No. of deals)

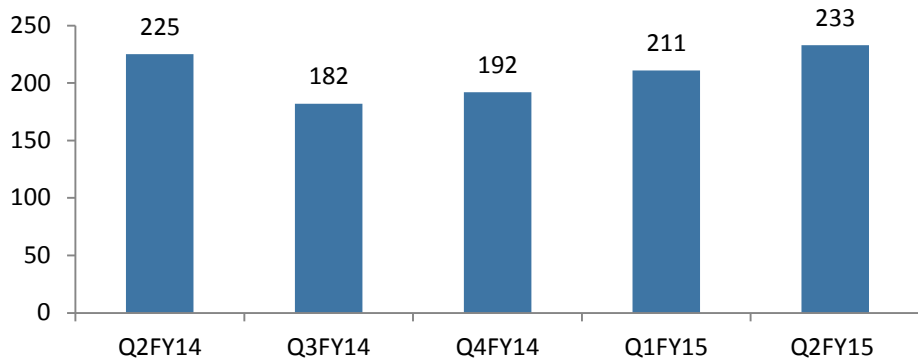


Chart 10: India - PE Trend (No. of deals)

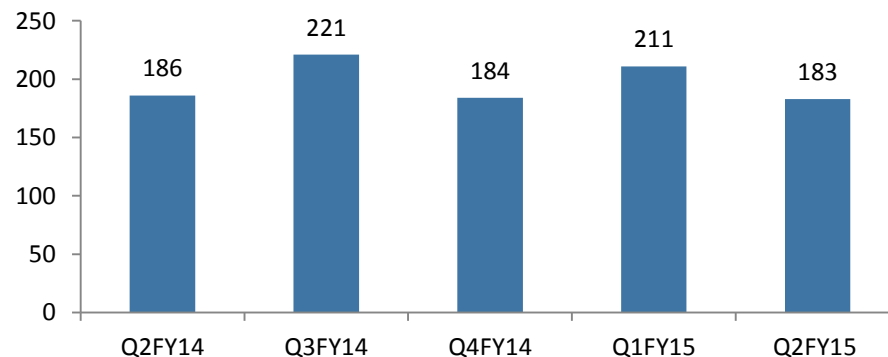


Chart 11: M&A Deals Break up (Q2 FY15) (No. of deals)

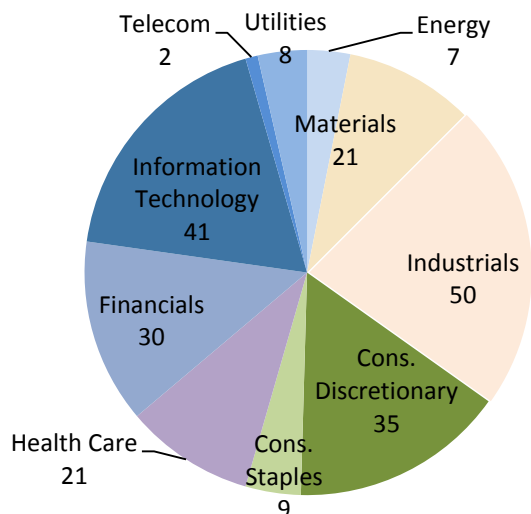
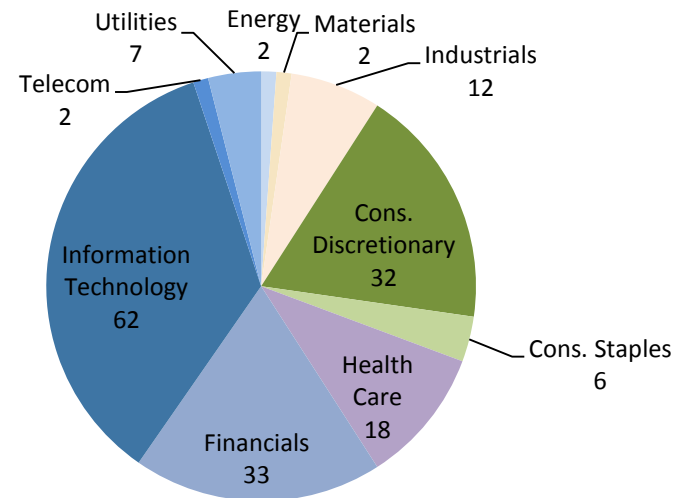


Chart 12: PE Deals Break up (Q2 FY15) (No. of deals)



M&A activity picked up in Q2 FY15. Volume rose 3.6% in Q2 FY15 vs Q2 FY14 as economy recovery is gaining strength. Industrials, IT, Consumer Discretionary and Financials saw maximum number of deals.

PE activity remained flat in Q2 FY15 as number of deals was 183 deals in Q2 FY15 vs 186 deals in Q2 FY14. IT saw the highest number of deals while Financials saw the second highest number of deals.

Top Ten M&A Deals by Value (Jul-Sept 2014)

Date	Target	Buyer	Seller	Deal value (USD mn)	Industry
13-Aug-2014	Udupi Power Corporation Ltd.	Adani Power Ltd.	Lanco Infratech Ltd.	979	Heavy Electrical Equipment
7-Sep-14	Aegis USA Inc.	Teleperformance S.A.	AGC Holding Ltd.	610	Data Processing & Outsourced Services
4-Sept-14	PT Kaltim Prima Coal	Bakrie Group	The Tata Power Company Ltd.	250	Coal & Consumable Fuels
15-Sept-2014	Haldia Petrochemicals Ltd.	TCG Software Pvt. Ltd.	West Bengal Industrial Development Corp. Ltd.	216	Specialty Chemicals
18-Aug-2014	Grapp Energies Pvt. Ltd.	Solargise Ltd.	Grapp Energies Pvt. Ltd.	200	Construction & Engineering
29-Sept-2014	Shasun Pharmaceuticals Ltd.	Strides Arcolab Ltd.	Shasun Pharmaceuticals Ltd	200	Pharmaceuticals
18-Jul-2014	Atco I-Tek	Wipro Ltd.	ATCO Group	195	IT Consulting & Other Services
02-Jul-2014	Prime Focus Ltd.	Reliance MediaWorks Ltd.	-	145	Movies & Entertainment
8-July -2014	Positive Packaging Industries Ltd.	Huhtamaki PPL Ltd.	Enpee Group	136.61	Paper Packaging
12-Sept-2014	RadLink-Asia Pte Ltd.	Medi-Rad Associates Ltd.	Fortis Healthcare International Pte. Ltd.	108.42	Health Care Services

Top Ten PE Deals by Value (Jul-Sept 2014)

Date	Target	Investor	Deal Value (USD mn)	Industry
29-Jul-2014	Flipkart Pvt. Ltd.	Tiger Global Management LLC , Accel India Venture Fund , Iconiq Capital LLC, MIH Holdings Ltd. , Morgan Stanley Investment Management Inc. , DST Global , GIC Special Investments Pte Ltd. , Sofina Societe	1000	Internet Retail
4-Sept-2014	Idea Cellular Ltd.		233	Wireless Telecommunication Services
4-Sept-2014	DataStax Inc.	Kleiner Perkins Caufield & Byers , Epic Ventures , Lightspeed Advisory Services India Pvt. Ltd.	106	Systems Software
30-Sept-2014	SourceHOV Holdings Inc.	HandsOn Ventures LLC	95	Data Processing & Outsourced Services
07-Jul-2014	Sterlite Power Grid Ventures Ltd.	Standard Chartered Private Equity Advisory India Pvt. Ltd.	84	Electric Utilities
26-Jul-2014	Cholamandalam Investment and Finance Company Ltd.	Apax Partners LLP	83	Other Diversified Financial Services
07-Aug-2014	Hathway Cable and Datacom Ltd.	SmallCap World Fund Inc, American Funds Insurance Series, and Management (Capital Group), CLSA Global Market Pte	74	Cable & Satellite
05-Aug-2014	Supertech Ltd., Township and Group Housing Projects	Xander Advisors India	65	Real Estate Development
22-Aug-2014	Hike Ltd.	Tiger Global LP , Bharti SoftBank Holdings Pte. Ltd.	65	Application Software
15-Sept-2014	Idea Cellular Ltd.	International Finance Corp.	65	Wireless Telecommunication Services

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Regulatory Update (M&A and PE)

SEBI

Regulations for Real Estate Investment Trusts ([Circular Dated 26th September 2014](#))

- SEBI move will provide a framework for registration & regulation for setting up & listing of Real Estate Investment Trusts (REITs).
- REIT will invest in commercial real estate assets, either directly or through special purpose vehicles (SPVs). In such SPVs, a REIT will hold controlling interest and not less than 50 per cent of the equity share capital or interest. Further, such SPVs will hold not less than 80 per cent of their assets directly in properties and will not invest in other SPVs.
- Once registered, the REIT will raise funds through an initial offer. Subsequent raising of funds would be through follow-on offer.
- The units offered to the public in initial offer will not be less than 25 per cent of the number of units of the REIT on post-issue basis. Units of REITs will be mandatorily listed on a recognized Stock Exchange.

Regulations for Infrastructure Investment Trusts ([Circular Dated 26th September 2014](#))

- Infrastructure Investment Trusts will invest in infrastructure projects, either directly or through a SPV; In case of public-private-partnership (PPP) projects, such investments will be only through an SPV.
- While listing, the collective holding of sponsors of an InvIT has to be at least 25% for at least three years. An InvIT will be required to have a holding worth at least Rs.500 crore in the underlying assets, and the initial offer size of the InvIT has to be at least Rs.250 crore.
- Also, the minimum subscription size and trading lot of such a listed InvIT has to be Rs.10 lakh and Rs.5 lakh, respectively.

Regulations for Research Analysts ([Circular Dated 1st September 2014](#))

- As per the new norms, every individual or entity desiring to function as a research analyst would need to get registered after meeting the prescribed criteria regarding qualifications, capital adequacy, establishment of internal policies and procedures, firewalls against conflict of interest, sufficient and timely disclosures, among others.
- The new norms seek to register and regulate research analysts as well as those entities that make recommendations related to securities and public offers such as brokerage houses, merchant bankers and proxy advisors.
- However, Investment Advisers, Credit Rating Agencies, Portfolio Managers, Asset Management Companies, fund managers of Alternative Investment Funds or Venture Capital Funds would not be required to be registered under these regulations.

Regulatory Update (FDI)

Ministry of
Finance

The Union Cabinet cleared the long delayed proposals for raising FDI in some sectors and fully opened up railway infrastructure segment.

Defence:

- Raised FDI limit in defence sector to 49% from 26% earlier
- However, the control in joint venture manufacturing defence equipment will remain Indian hands

Railway Infrastructure

- Fully opened up the railway infrastructure segment
- Areas include high-speed train systems, suburban corridors and dedicated freight line projects implemented in PPP mode
- However, FDI will not be allowed in train operations and safety

Insurance:

- Raised the cap of FDI in insurance sector from 26% to 49%

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M&A Activity in the Consumer & Building Products Sector

Chart 13: M&A deals (No. of deals)

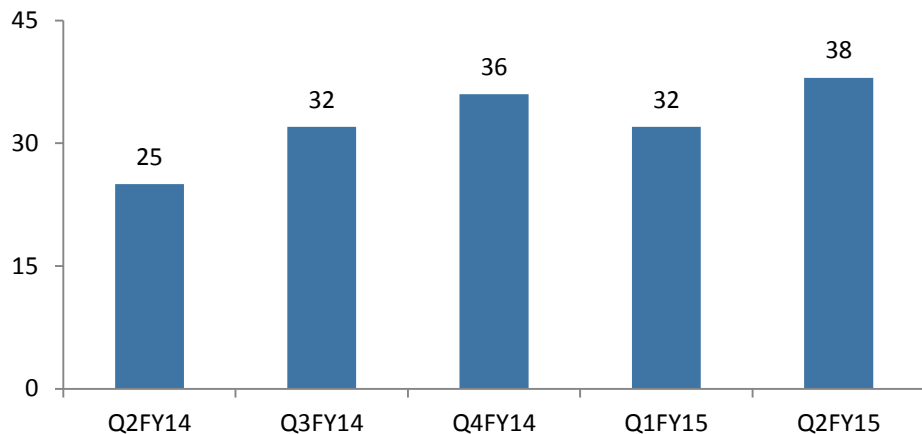
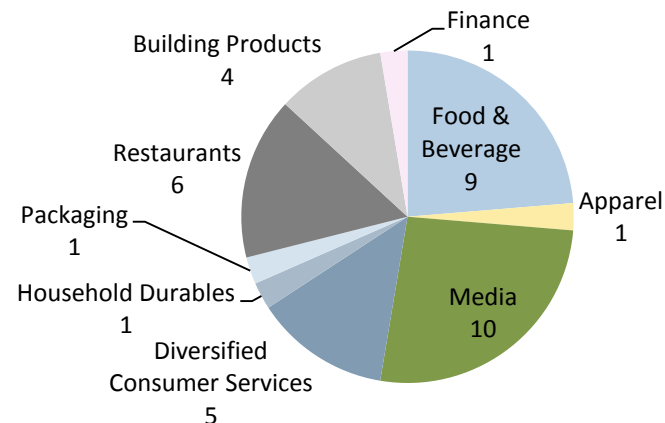


Chart 14: M&A (Q2FY15) (No. of deals)



Top Five M&A Deals (Consumer & Building Products in Jul - Sept 2014)

Date	Target	Buyer	Seller	Deal Value in \$mn	Industry
2-Jul-14	Prime Focus Ltd.	Reliance MediaWorks Ltd.		145	Media
8-Jul-14	Positive Packaging Industries Ltd.	Huhtamaki PPL Ltd.	Enpee Group	136.61	Containers & Packaging
22-Sep-14	Blue Coat Pvt. Ltd., Adhesive Business	Pidilite Industries Ltd.	Blue Coat Pvt. Ltd.	43.3	Paper & Forest Products
30-Jul-14	Satyam Cineplex Ltd.	Inox Leisure Ltd.	IFCI Venture Capital Fund	30.28	Media
9-Jul-14	What's On India Media Ltd.	Tribune Company Inc.	Intel Capital India Technology Fund, Sequoia Capital India III, Nexus India Capital I, L.P.	27	Media

PE Activity in the Consumer & Building Products Sector

Chart 15: PE deals (No. of deals)

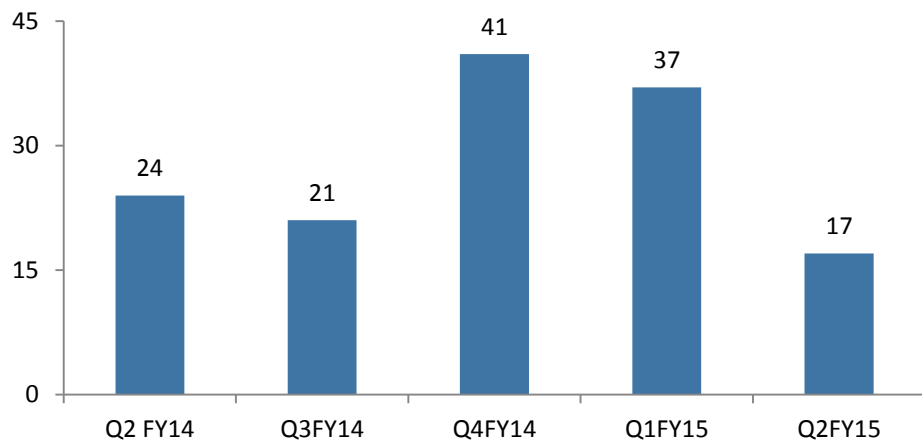
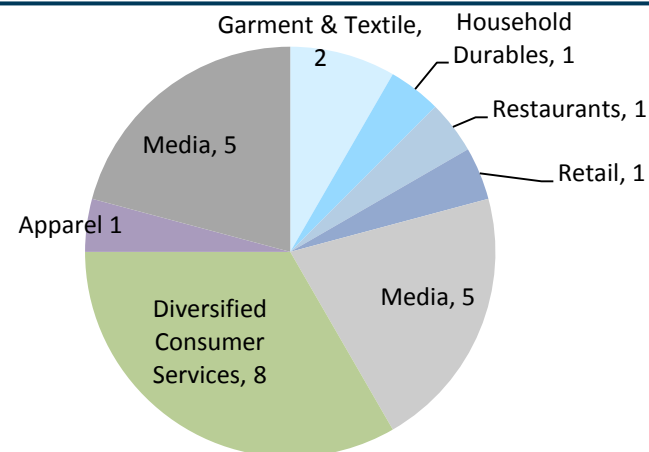


Chart 16: PE Investments (Q2 FY15) (No. of deals)



Top Five PE Deals (Consumer & Building Products in Jul- Sept 2014)

Date	Target	Investor	Deal Value in \$mn	Industry
5-Sep-14	Hathway Cable and Datacom Ltd.	SmallCap World Fund Inc, American Funds Insurance Series, and Management (Capital Group), CLSA Global Market Pte	74.04	Media
29-Jul-14	La Opala R G Ltd.	Westbridge Crossover Fund	9.21	Household Durables
26-Aug-14	Ganesha Ecosphere Ltd.	MCap Fund Advisors Pvt. Ltd.	6.28	Textiles, Apparel & Luxury Goods
1-Sep-14	Culture Machine Media Pvt. Ltd.	Zodius Technology Fund II	3.5	Media
2-Jul-14	Hippocampus Learning Centres Pvt. Ltd.	Unitus Seed Fund, Khosla Impact, Asian Development Bank	2.39	Diversified Consumer Services

Systematix's Coverage in the Consumer & Building Products

Within the Consumer & Building Products sector, we focus on Fast Moving Consumer Goods (FMCG), Food & Beverage, Retail, Personal Care, BFSI, and Building Materials.

We expect FMCG, Personal care, BFSI and Building Materials to witness increasing PE & M&A activity going forward.

Food & Beverage

- The Food & Beverage industry in India has attracted significant attention from the Indian Government, that has announced a slew of measures over the last few quarters for the development of this sector.
- In the vision-2015 document, the government envisages trebling the size of investment in the processed food sector.
- With profound government support, the sector is attracting significant interest from both domestic & global players – ex of latest deals: acquisition of Gobind sugar mills by Zuari Investments, investment by Sequoia Capital in Milky Mist.

Personal Care

- Rising urbanization, disposable income, young population and working women population is driving the demand for personal care products and services in India; companies are looking to build a strong foothold in this industry.

- Expansion In products - large Indian businesses are strengthening their Indian presence besides expanding in other developing economies, in services the trend is more domestic driven, with investors backing salon chains, spas, etc.

Building Products

- With a new government at the center, we expect a large number of stalled infrastructure and real estate projects to be approved in the next 3-4 quarters.

- This together with government's plan of developing Indian infrastructure (smart cities, bullet trains, bridges and highways) is likely to boost the building products sector in India.

- Expect to see more traction in the sector - large domestic players expanding in India through capacity additions besides foraying into "premium" product categories, while international companies looking for entry in India.

- Latest deals in the sector: MOPE's investment in Glass Wall Systems, Acquisition of Espiem Plastics Ltd. by Roca Bathroom Products.

Financial Services

- H1 FY2015 has marked significant positive developments in the BFSI industry - RBI issuing new banking licenses, and relaxing norms pertaining to NBFCs; GOI approving hike in FDI in insurance sector to 49%.

- Together creating renewed interest in the sector, which could lead to increase in M&A and private equity deal activity.

- In Q2 FY2015, total deal activity in the sector was valued at USD 451.9mn (9 deals) – ex of latest deals in the sector: Acquisition of minority stake in MCX by Kotak Mahindra Bank, Acquisition of additional stake in Shriram Capital by Sanlam Investment Management (Pty) Ltd.

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M&A Activity in the Logistics Sector

Chart 17: M&A Trend in the Sector (No. of deals)

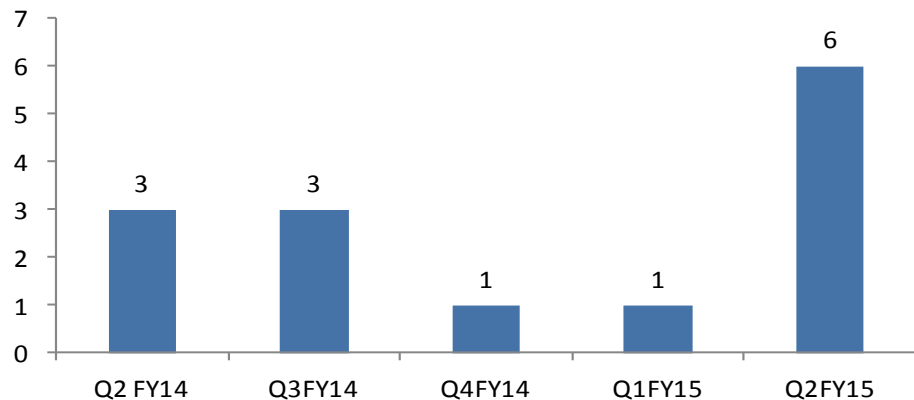
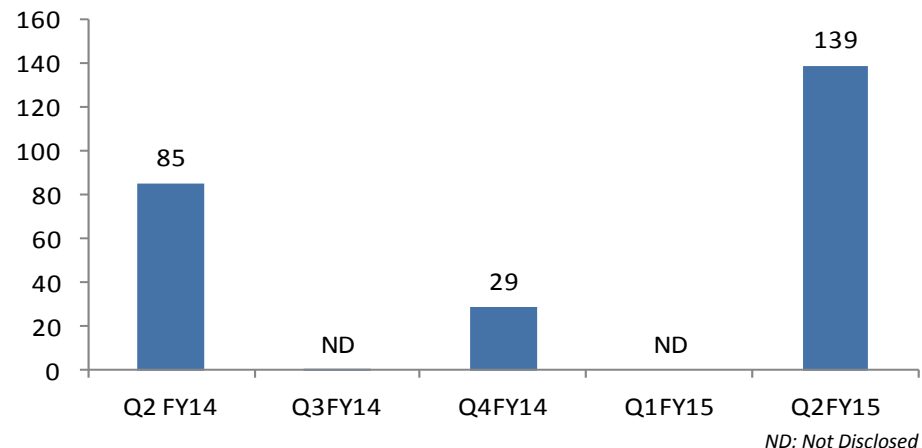


Chart 18: M&A Trend in the Sector (Value in USD mn)



Top M&A Deals by Value (Jul-Sept 2014)

Date	Target	Buyer / Investor	Seller	Deal Value (USD mn)	% Stake
9-Jul-14	Transpole Logistics	SBS Logistics (Japan)	Everstone/Fidelity	75.41	66.0%
20-Aug-14	Lords Freight (India)	Mahindra Logistics	-	Undisclosed	Majority
26-Aug-14	Ennore Automotive Logistics	Undisclosed	Sical Logistics	Undisclosed	40.9%
27-Aug-14	ACORN Logistics Park	Undisclosed	Milestone PE	25.0	Entire
19-Sep-14	Aegis Logistics (Singapore)	Itochu Petroleum	Aegis Logistics	5.85	40.0%
24-Sep-14	Clarion Shipping (UAE)	Apollo LogiSolutions Ltd.	-	32.80	Majority

PE Activity in the Logistics Sector

Chart 19: PE Trend in the Sector (No. of deals)

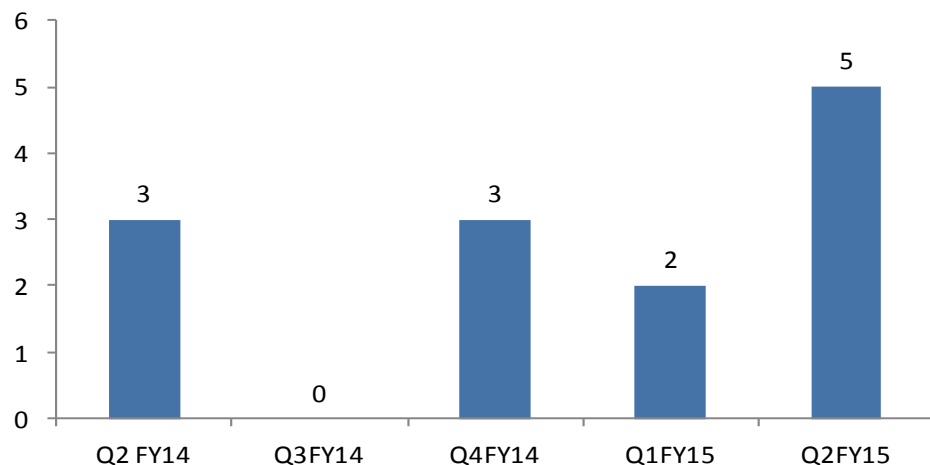
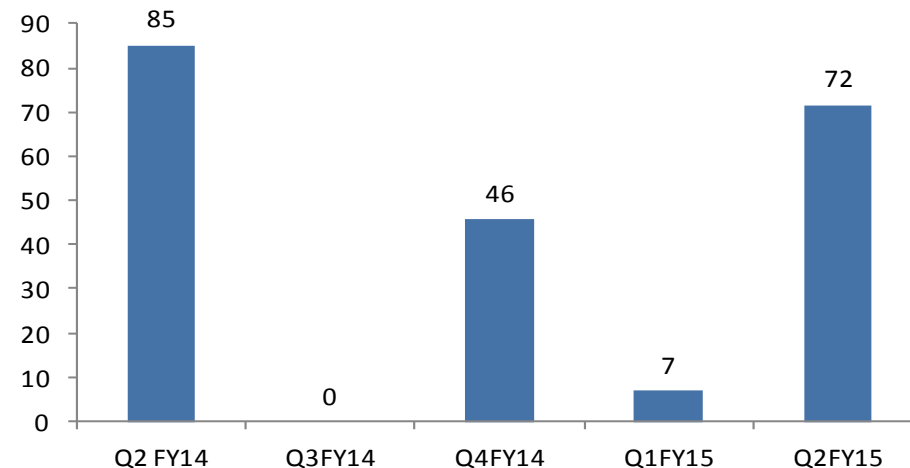


Chart 20: PE Trend in the Sector (Value in USD mn)



Top PE Deals by Value (Jul-Sept 2014)

Date	Target	Buyer / Investor	Deal Value (USD mn)	% Stake	Deal Type
25-Aug-14	Holisol Logistics	Datavision Systems	1.5	Undisclosed	Venture Funding
28-Aug-14	Attero Recycling	Forum Synergies & Others	16.5	Undisclosed	PE Investment
8-Sep-14	SSN Logistics (Delhivery)	Multiples PE & Others	35.0	Undisclosed	PE Investment
9-Sep-14	Ecom Express	Peepul Capital	16.6	Majority	PE Investment
29-Sep-14	Allfresh Supply Mgmt	Aspada Investment Co.	2.0	Undisclosed	PE Investment

Systematix's Coverage in the Logistics Sector

Within the Logistics sector, we focus on Supply Chain Management, Distribution, Reverse logistics , Temperature Controlled Logistics and certain niche businesses within logistics.

We expect Supply Chain Management and freight & forwarding verticals to witness increased M&A activity & niche logistics companies to witness increased venture / early growth funding activity.

Freight Forwarding

- There is huge fragmentation in the Indian Freight Forwarding (FF) business, which has led to squeezing of margins by clients and delay in receipt of fees, leading to longer working capital cycle.
- 'One Stop shop' cross-border offering is the key to the success in Freight forwarding vertical. We expect consolidation in this sector by 'big boys' including by overseas corporates.
- With the new government formation indicating a positive sign towards macro environment, focus is expected to be on infrastructure improvement and ease of policy implementation by single window clearances, thereby ensuring a hassle free and smooth trade with and from India.

Supply Chain Management

- New government's focus on infrastructure development and implementation of GST in the near future are strong signs of changes in Supply Chain industry.
- With the GST implementation in the near future, large Indian companies have initiated PAN India expansion to capture a larger share of the market. Further, overseas logistics companies are exploring India entry strategy via acquisitions, Greenfield projects or strategic joint ventures.
- Technology advancement, strategically located infrastructure, last mile connectivity and vertical expansion are the keys to the success with an ultimate goal to reduce logistics cost and build an efficient supply chain.

Temperature Controlled logistics

- Organized corporates who specialize into temperature controlled transportation are looking to complete their value chain by offering cold chain warehousing capacities across India. Further, mid-tier fleet operators are adding new regions and routes to capture the growing organized market.
- Addition of warehousing capacities and new fleets would lead to significant capex deployment by companies in the form of debt or private equity.
- Government's thrust on creation of cold chain infrastructure with tax incentive schemes, concession on indirect taxes and cheap borrowing would lead to creation of infrastructure on a faster pace.

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M&A Activity in the Pharma & Healthcare Sector

Chart 21: M&A Trend in the Sector (No. of deals)

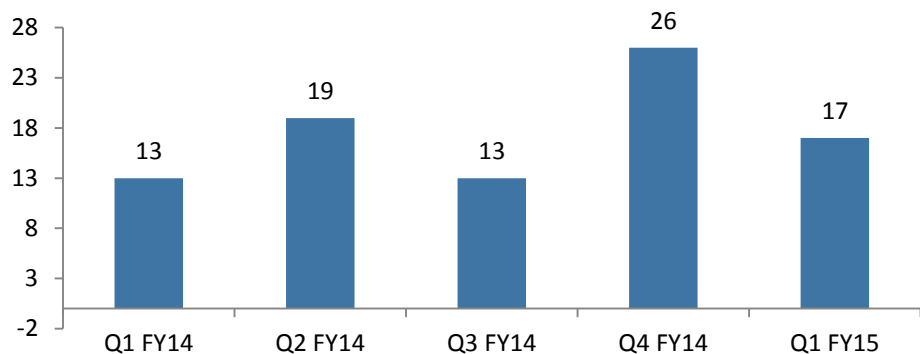
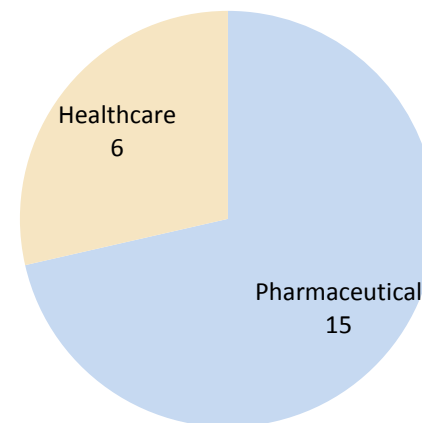


Chart 22: M&A Deals Break up (Q2 FY15) (No. of deals)



Top Five M&A Deals (Pharma & Healthcare in Jul-Sept 2014)

Date	Target	Buyer	Transaction	Deal Value (USD mn)	Industry
29 th Sept 14	Shasun Pharmaceuticals Ltd.	Strides Arcolab Ltd	Domestic	200.00	Pharmaceuticals
09 th Sept 14	Syngene International Ltd.	Biocon Research Ltd.	Domestic	35.70	Healthcare
17 th Sept 14	Hetero Med Solutions Ltd., Pharmacy Stores Business	Apollo Hospitals Enterprise Ltd.	Domestic	23.88	Healthcare
21 st July 2014	Bafna Pharmaceuticals Ltd., India Branded Generics Business	Strides Arcolab Ltd.	Domestic	7.98	Pharmaceuticals
05 th Sept 14	Okasa Pvt. Ltd., Manufacturing Facility	Medispray Laboratories Pvt. Ltd.	Domestic	4.80	Pharmaceuticals
15 th Sept 14	Piramal Enterprises Ltd., Diagnostic Solutions Business	DiaSys Diagnostic Systems GmbH	Inbound	2.15	Pharmaceuticals

PE Activity in the Pharma & Healthcare Sector

Chart 23: PE Trend in the Sector (No. of deals)

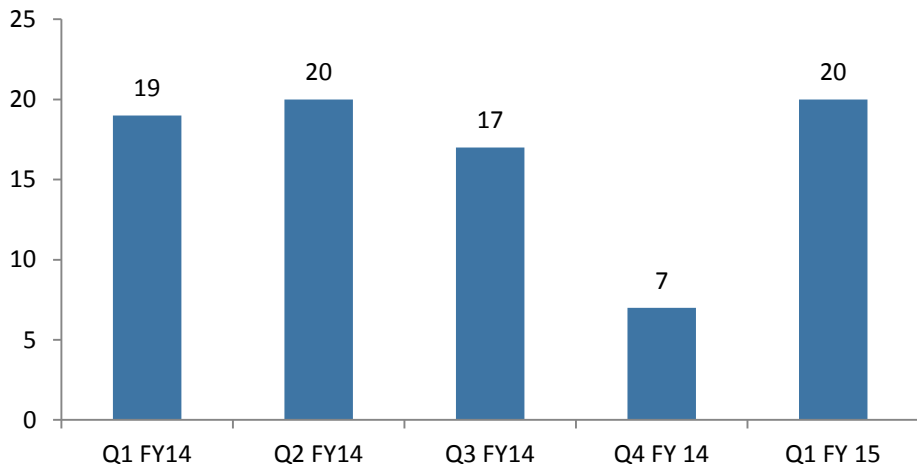
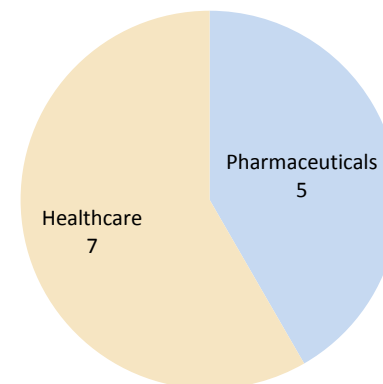


Chart 24: PE Deals Break up (Q2 FY15) (No. of deals)



Top Five PE Deals (Pharma & Healthcare in Jul-Sept 2014)

Date	Target	Buyer	Deal Value (USD mn)	Industry
18 th Sept 2014	Syngene International Ltd.	India Value Fund Advisors Pvt. Ltd.	62.25	Healthcare
25 th July 2014	Ipca Laboratories Ltd.	Khazanah Nasional Berhad	39.30	Pharmaceuticals
29 th Aug 2014	DCDC Health Services Pvt. Ltd.	Pragati India Fund	10.00	Healthcare
8 th Sept 2014	Strides Arcolab Ltd.	Apax Partners India Advisers Pvt. Ltd.	8.10	Pharmaceuticals
11 th Aug 2014	Vyome Biosciences Pvt. Ltd.	Sabre Capital Investment Managers Pvt. Ltd. , Kalaari Capital Fund II , Aarin Capital Fund I	8.00	Pharmaceuticals

Systematix's Coverage in the Pharma & Healthcare Sector

Within the Pharmaceutical and Healthcare sector, we are focused on advising Indian and global companies operating in the areas of Active Pharmaceutical Ingredients (API), Formulations (including Injectables) and Invasive Medical Devices & Medical Technology.

We expect the M&A activities to remain strong in the Pharmaceutical and Medical Devices/Technologies sector on the back of the fact that, global companies are looking for quality Indian companies and Indian companies are exploring synergies with global companies for further growth.

The Healthcare Services sector is also expected to remain attractive from a PE point of view. We expect private equity exits / secondary deals to pick up in this sector.

Pharmaceuticals

- Expect to see more domestic M&A in the pharmaceuticals sector, driven by a need to consolidate among small / mid-sized players.
- Increasing investments by MNCs reflect at their renewed interest in the Indian market. Also, the market share pressure on the Indian players with the MNC pharmaceutical companies being very aggressive in the domestic market place.
- Transactions to be driven by the need to acquire niche product portfolios or plug specific geographic gaps.
- Expect major Indian players continuing to make strategic acquisitions overseas to yield synergies, with recent being Cipla's (100% subsidiary) acquiring two manufacturing facilities from Okasa Pharma Pvt. Ltd (Mumbai).

Medical Devices and Med Tech

- Several domestic medical devices & med tech players are carving out a niche of being a "low cost" and "high quality" manufacturing company and competing in the global market.
- Medtech companies are trying to increase their footprint in order to strengthen their negotiating position and also are seeking to enhance profits via vertical integration evolving from manufacturers to healthcare providers. On the other hand, we believe private equity funds are actively looking for investments in the Medical Devices / Med Tech space.
- In Q2 FY2015, the total deal activity in Healthcare sector was valued at USD 213 mn (M&A and PE) as compared to deal value of USD 153 mn in Q2 FY14.
- Life Healthcare Group Proprietary Ltd. acquiring Max Healthcare Institute Ltd for a deal value of USD 65 mn.

Healthcare Services

- Health care providers have been among the favored acquisition targets in recent years, a trend that is likely to continue and sustained interest in the healthcare delivery model is expected to continue.

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M&A Activity in the Real Estate Sector

Chart 25: M&A Trend in the Sector (No. of deals)

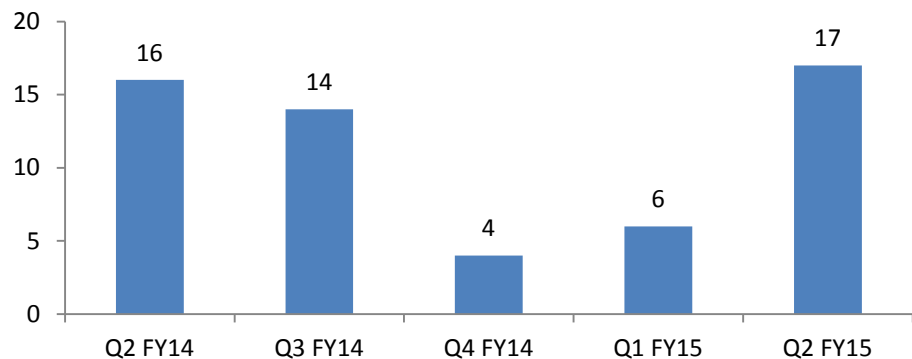
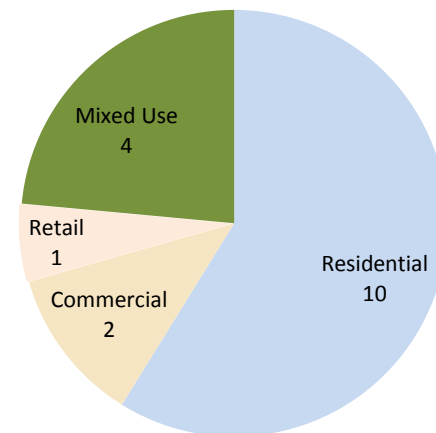


Chart 26: M&A Deals Break up (Q2 FY15) (No. of deals)



Top Five M&A Deals (Real Estate in Jul-Sept 2014)

Date	Target	Buyer	Transaction Type	Deal Value (USD mn)	Industry
22-Jul-14	Leela Soft Pvt. Ltd.	Asian Business Connections Pvt. Ltd.	Merger, Domestic	46.47	Commercial/ IT Park
19-Aug-14	Ashok Leyland Ltd., Chennai Residential Properties	N/A	Merger, Domestic	34.54	Residential
31-Aug-14	Grand Central Mall, Rajkot (IL&FS Milestone Stake Sale)	N/A	Stake Sale	8.26	Retail
29-Aug-14	Pelican Realty Ventures Pvt. Ltd.	Pelican Realty Projects Pvt. Ltd.	Buyback	6.11	Residential
31-Aug-14	GM Infra Ventures Pvt. Ltd. (Milestone Stake Sale)	N/A	Stake Sale	5.94	Commercial/ IT Park

PE Activity in the Real Estate Sector

Chart 27: PE Trend in the Sector (No. of deals)

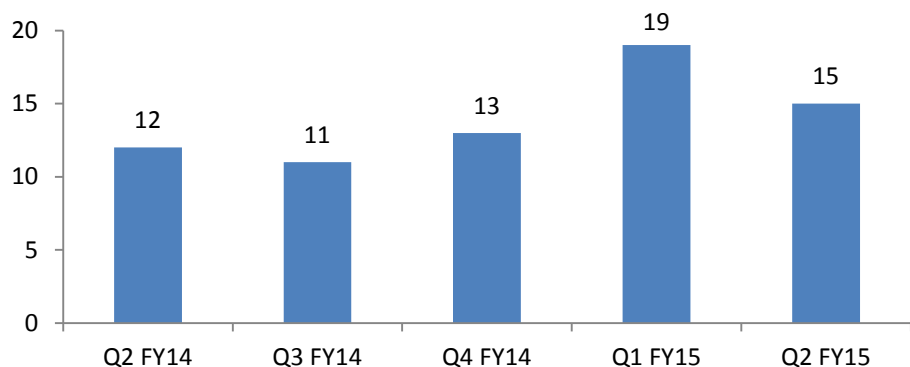
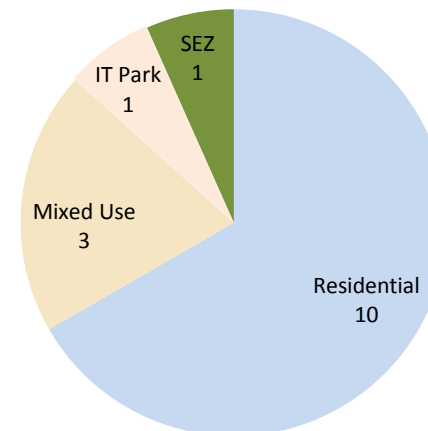


Chart 28: PE Deals Break up (Q2 FY15) (No. of deals)



Top Five PE Deals (Pharma & Healthcare in Jul-Sept 2014)

Date	Target	Buyer	Deal Value (USD mn)	Industry
29-Sep-14	Galaxy Mercantile Ltd. (IT Park) & Neopro Technologies Pvt. Ltd. (SEZ)	Blackstone Real Estate Partners	183.33	IT Park & SEZ
5-Aug-14	Supertech Ltd., Township and Group Housing Projects	Xander Advisors India	65.49	Residential
19-Aug-14	Ansal Hi-Tech Townships Ltd.	Peninsula Brookfield Realty Fund	49.24	Mixed Use
6-Aug-14	Marvel Zeta Developers Pvt. Ltd.	IIFL Income Opportunities Fund – Series Special Situations	23.27	Mixed Use
21-Jul-14	ATS Green Pvt. Ltd., Noida Project	ASK India Real Estate Special Opportunities Fund Pte Ltd.	21.07	Residential

Systematix's Coverage in the Real Estate Sector

The Indian Real Estate sector has attracted investments worth USD 243 million in Q2FY15 as compared to USD 221 million in Q2FY14.

With the emergence of REITs and Apartment Funds (Fund raise of INR 350 crore by Piramal Fund Management), the Real Estate sector is expected to witness a boost in the liquidity situation and also respite for the commercial segment by developers being able to unlock value of their assets.

Within the real estate sector, we focus on advisory services for companies in Residential, Commercial, Retail and Hospitality segment. Our service offering includes advising companies on raising capital for their expansion and acquisition or divestiture of assets.

Residential

- Despite strong supply growth in the past decade, urban housing shortfall is still estimated at 19 million units.
- The residential segment attracted 66% of the total number of PE transactions, and 59% of the total number of M&A transactions concluded in this quarter.
- This segment is expected to witness more PE transactions as PE funds prefer investing in self liquidating assets.

Commercial

- There has been limited PE and M&A activity in the Commercial space this quarter, with only a few transactions focused towards the IT Park segment.
- The segment in future is expected to see acquisitions of developed assets as fund managers prefer yield generating asset.

Retail

- Currently, organized retail accounts for a small portion of the Indian real estate market. The total mall space in the top cities of India (NCR, Mumbai, Bengaluru, Chennai, Pune, Kolkata, Hyderabad) is ~55 mn sq.ft.
- This segment is expected to see increased PE & M&A activity once the uncertainty that exists with respect to the policy on FDI in multi-brand retail is cleared.

Hospitality

- India currently has ~1,04,000 organized hotel rooms, and is expected to add ~52,000 new hotel rooms by 2017, with NCR likely to contribute about a third of these with 17,000 rooms.
- With global brands such as Hilton, Best Western, Wyndham, etc. looking to expand their footprint in India there is likely to be a large amount of M&A activity in the near future.

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Overview of Systematix Group

Systematix is a 27-year old financial advisory firm, founded by Mr. C.P. Khandelwal in 1987

Investment Banking/Advisory

- Established corporate advisory, capital markets advisory and fund raising capabilities
- Closed transactions aggregating to USD 1.5 bn over the last years
- SEBI Registered 'Category I' Merchant Banker

Institutional Broking

- Serving a majority of the top institutional money managers: FIIs, DIIs, Insurance, Mutual Funds, etc.
- Well experienced Research Team and Expertise in identifying hidden gems from small cap and mid cap space

Retail Broking

- Pan India presence, servicing over 62,652 clients
- 'Customer First' philosophy is the cornerstone of the firm's success

Wealth Management

- Structured finance solutions to Corporates and HNIs
- Managing investment portfolios of over USD 200 million for Corporate, UHNI / HNI clients

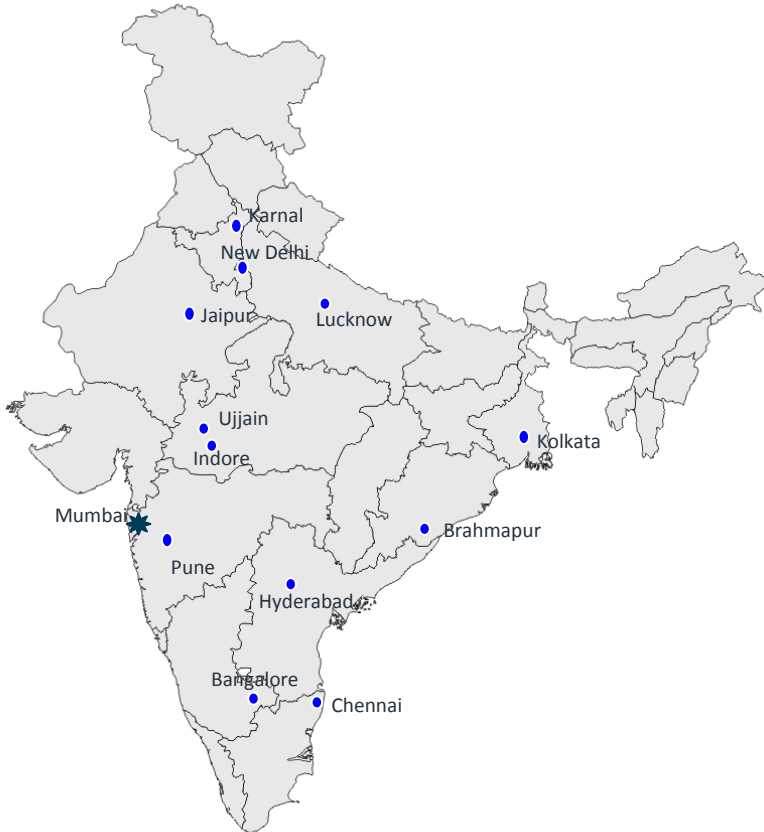
Venture Capital Funds/Private Equity

- SEBI registered Venture Capital funds:
 - USD 30 mn Real Estate fund
 - USD 40 mn Consumer Centric fund – fund raising under process

The Systematix Network

Systematix has offices in 20 locations across 13 cities in India

Systematix's India Presence



Note: Cities may have more than one office

Systematix's Global Presence



★ Associate Partners

Systematix Investment Banking

Select Transaction Experience

FY 2014-2015

Logistics
April 2014



Acquisition of 5% stake in
GATI
Sole Advisor to
KWE

Finance
June 2014



Suryakrupa Finance Limited
Open Offer

Consumer
May 2014



FTD Companies, Inc.
Fair Market Valuation

Consumer
May 2014



Tupperware Brands
Fair Market Valuation

Financial Services
July 2014



Spark Capital
ESOP Advisory

IT & ITES
June 2014




F5 Networks
ESOP Advisory

IT & ITES
Apr 2014



Kellton Tech Solutions Ltd.
ESOP Advisory

IT & ITES
Apr 2014



RealPage, Inc.
Fair Market Valuation

FY 2013 -2014

Tours & Travels
Mar 2014



Thomas Cook (India) Ltd
ESOP Advisory

Hospitality
Feb 2014



Marriott International Inc.
Fair Market Valuation

Consumer
Jan 2014



Future Life Style Fashions Ltd
ESOP Advisory


Private Equity
Jan 2014



Carlyle Group
Valuation

FY 2012 -2013

Healthcare and Pharma
Mar 2013




Goa formulation unit has been acquired by
FRESENIUS KABI
Sole Transaction Advisor

Insurance
Mar 2013




has sold 22.5% stake in
FUTURE GENERALI
to
IITL GROUP
Sole Advisor

Consumer
Feb 2013



Secondary Placement of Shares to
CLEARWATER CAPITAL PARTNERS
Sole Transaction Advisor

Consumer
Dec 2012



Open Offer
CLEARWATER CAPITAL PARTNERS
Sole Advisor to
Clearwater

We have closed transactions aggregating to USD 1.5 billion

Systematix Investment Banking

Senior Management



Mr. C.P. Khandelwal
Chairman

- Founded the company as an advisory business in 1987.
- With over 27 years of experience in financial services, he has been instrumental in aiding the company achieve several key milestones including obtaining a merchant banking license in 1994-95, initiating its broking desk in 2000, starting NBFC operations in 2007, portfolio management (SEBI Registered) in 2008 and the recent foray into Venture Capital / Private Equity business.



Mr. Sunil Sarda
Managing Director

- More than 18 years of experience at various levels in the financial services industry.
- Currently overseeing the Brokerage (Stocks, Commodities & Currency), Wealth & Portfolio management and NBFC business within Systematix.
- Previously, Executive Director with Anand Rathi Securities and Manager-Finance with Indian Rayon and Industries Ltd., part of the Aditya Birla Group.



Mr. Nikhil Khandelwal
Managing Director

- Responsible for overseeing the group's expansion into investment banking advisory business and in the last 8 years, has built relationships with many corporate and investment houses across India in the last 8 years.
- Previously worked with IDFC Research and Reliance Communication.
- Holds a degree in management studies (MBA) from the Indian School of Business, Hyderabad and Bachelor in Engineering (BE) from Manipal Institute of Technology (MIT).

Systematix Investment Banking

Senior Bankers



Mr. Abhishek Dhanesha

- Leads the Logistics, Consumer & Retail initiatives for the firm.
- Before joining Systematix group, he was part of Avista Advisory/Houlihan Lokey and Aarayaa Advisory Services in Mumbai where he worked on fund raising, cross border M&A and buyouts.
- Abhishek is a Chartered Accountant (CA) and a Law graduate (LLB).
- Major prior transactions include:
 - Advisory to Classic Stripes on their buyout by Navis Capital
 - Fund raising for Astarc Group Companies from various lenders to the tune of INR 2,250 million
 - Pre-IPO equity placement for Pipavav Shipyard Limited to the tune of INR 320 million
 - Advisory to Sheel Gems & FineFacet, India for their acquisition of Kaprisa International
 - Strategic consulting for Emerson Network Power, India, for setting up an additional manufacturing facilities.
 - Advised Shin-Etsu Polymer India , (subsidiary of Mitsubishi) for their India Entry Strategy



Mr. Souvik Chatterjee

- Leads the Pharmaceuticals & Healthcare initiatives for the firm.
- Previously worked with major Indian financial organizations like SMC Global, Proactive Universal Group (India) and CNBC TV 18.
- He is a Chartered Accountant (CA) and Holds an MBA - Finance from one of the premier institutes in India.
- Major prior transactions include:
 - Acquisition of Parenteral Drugs' Goa Formulation Unit by Fresenius Kabi
 - Currently, advising on a medical device transaction

Thank You

Our Offices

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