



Quarterly Newsletter

Indian Investment Banking Industry (Oct- Dec 2015)

20th Jan 2016

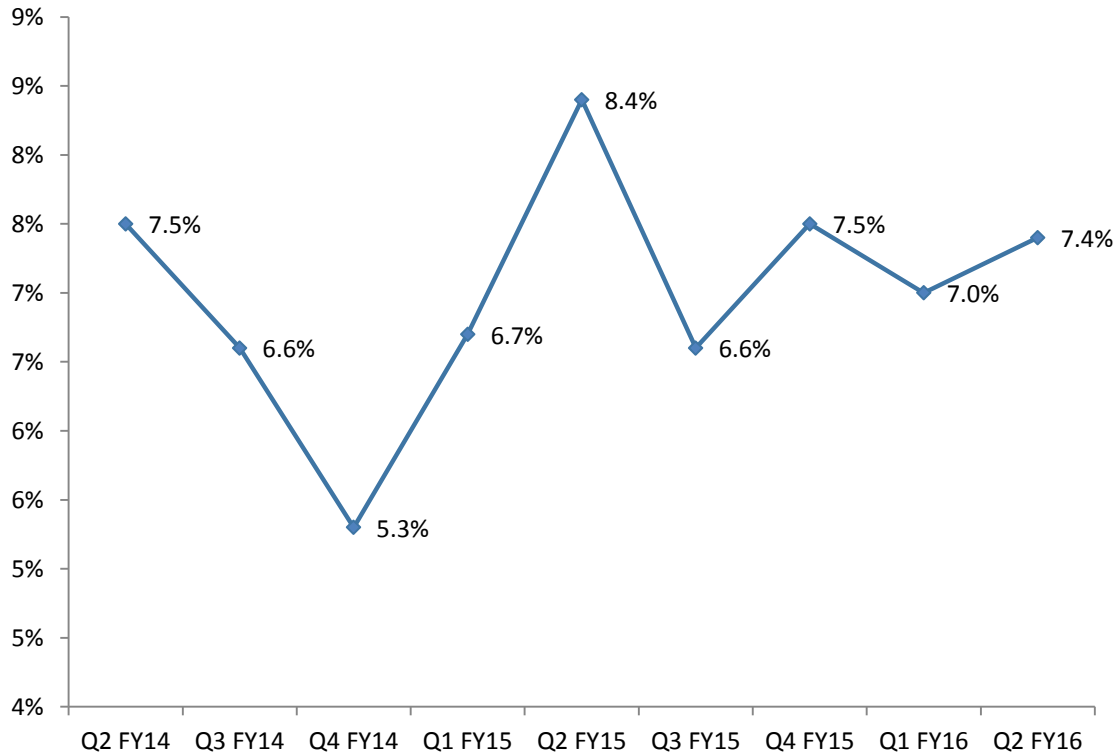
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India Macroeconomics – Growth & Inflation

Chart 1: GDP Growth (% YoY)

Still the fastest growing economy: At 7.4% growth in Q2FY16, India has emerged as the fastest growing economy among major economies across the globe. While troubles cripple China and Europe, India provides compelling opportunities for overseas investors.



Amid global uncertainty, the Indian economy is the only bright spot. Although overseas investors have strong confidence on the Indian economy, the recent economic indicators signal it is not completely out of the woods. Concerns on investment cycle, subdued corporate profitability, and rising Gross NPAs in the banking system is posing potential risks for the overall economy in the near term.

Chart 2: WPI Inflation Trend (%)

With inflation based on WPI in negative zone, retail inflation (CPI) is slowly heading up which remains a key risk to RBI's possible further rate cut moves.

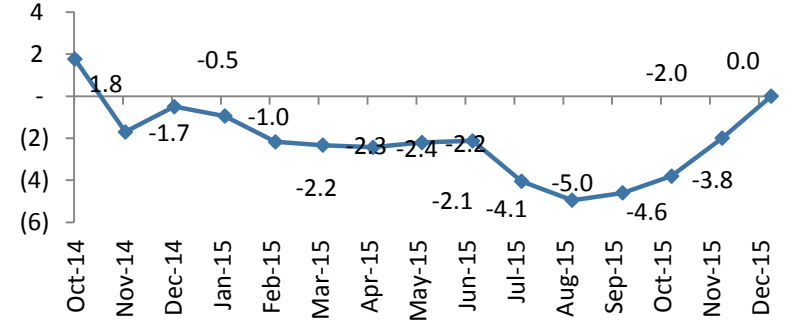
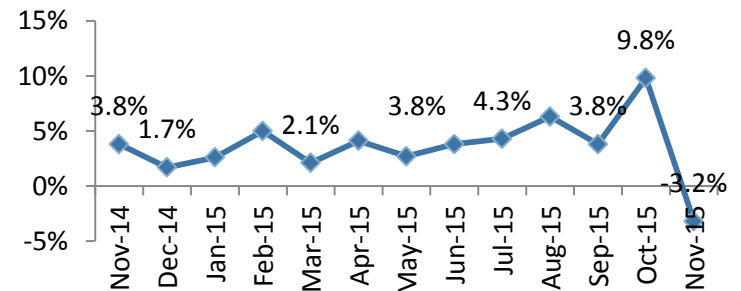


Chart 3: IIP Growth (% YoY)

In November, IIP nosedived raising fresh concerns to economic recovery. Investment cycle and profitability is yet to mend and show strong signal of recovery.



Capital Flows and USD / INR movement

Chart 4: FDI (in USD bn)

With pro-economic reform measures initiated by the present government, FDI flows over the past few quarters are recording modest pace. Further, the Indian government is making continued efforts to ease norms for attracting more FDI across sectors.

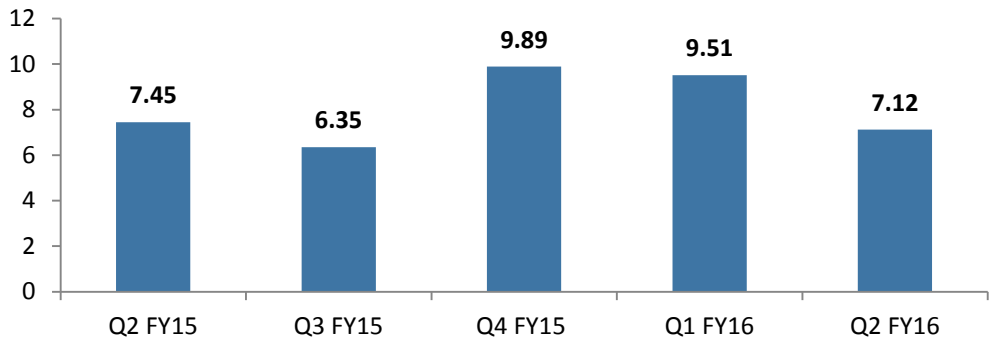
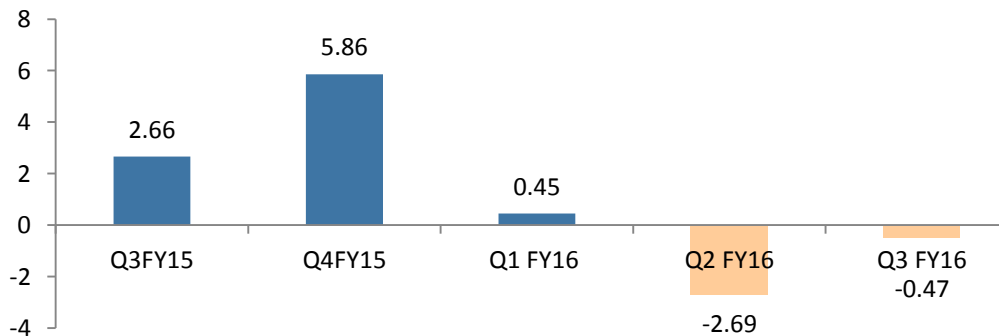


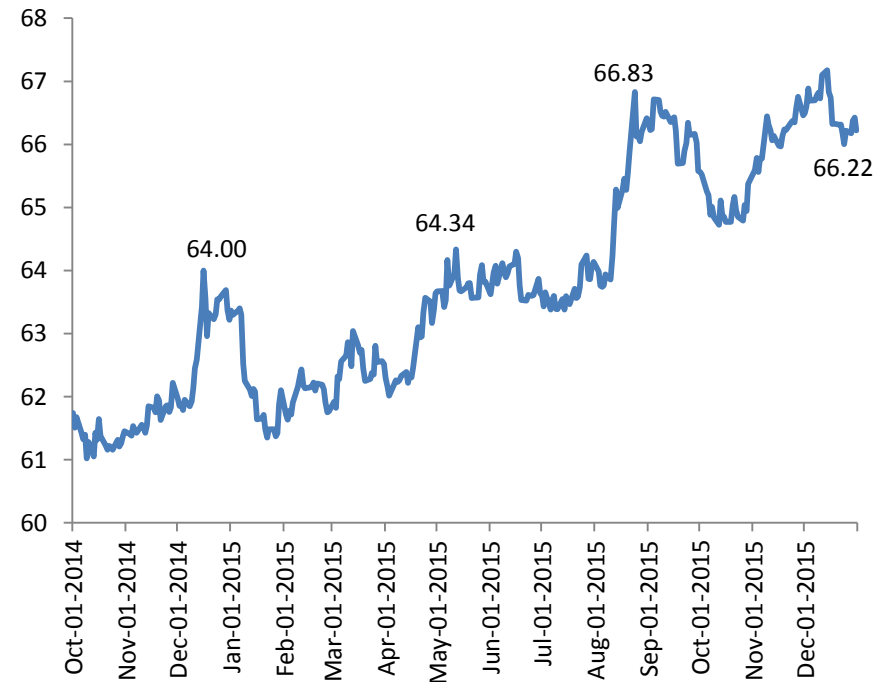
Chart 5: FII (in USD bn)



Over the last nine months, FDIs have maintained sustainable pace reflecting overseas investor confidence on India's growth story. However, net FIIs turned negative over the last two quarters due to global factors such as China woes and growing uncertainty in global commodity markets.

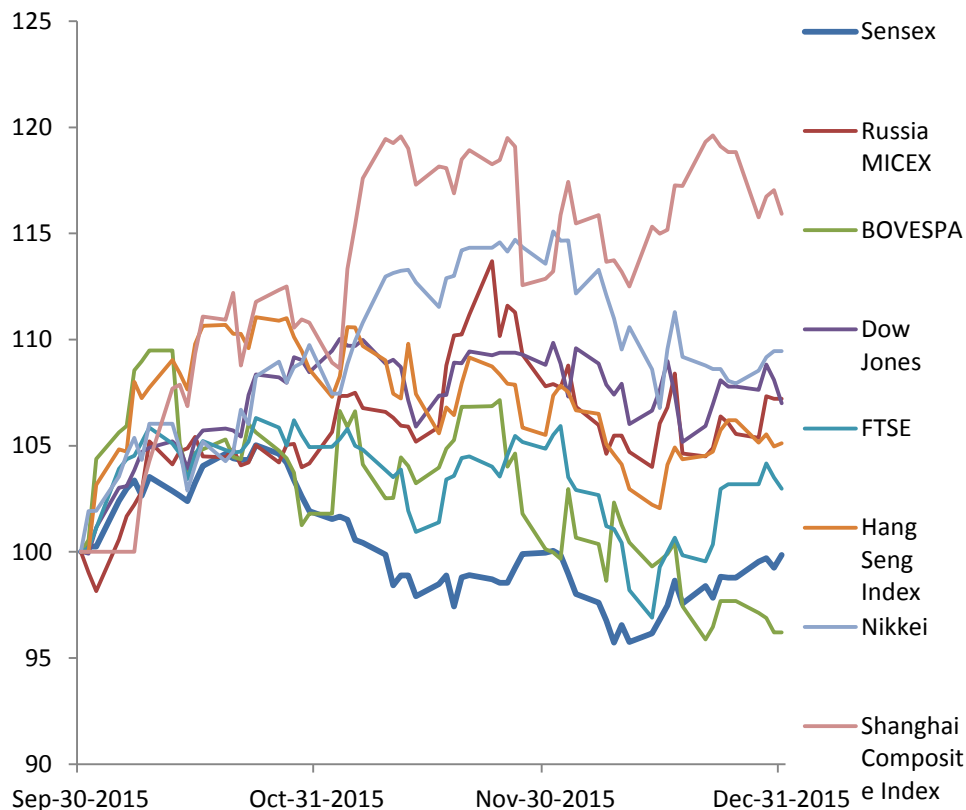
Chart 6: Performance of INR against USD

Volatility in equity markets kept the currency markets volatile. Lower CAD, falling interest rates have failed to help the Rupee to maintain its strength against the dollar.



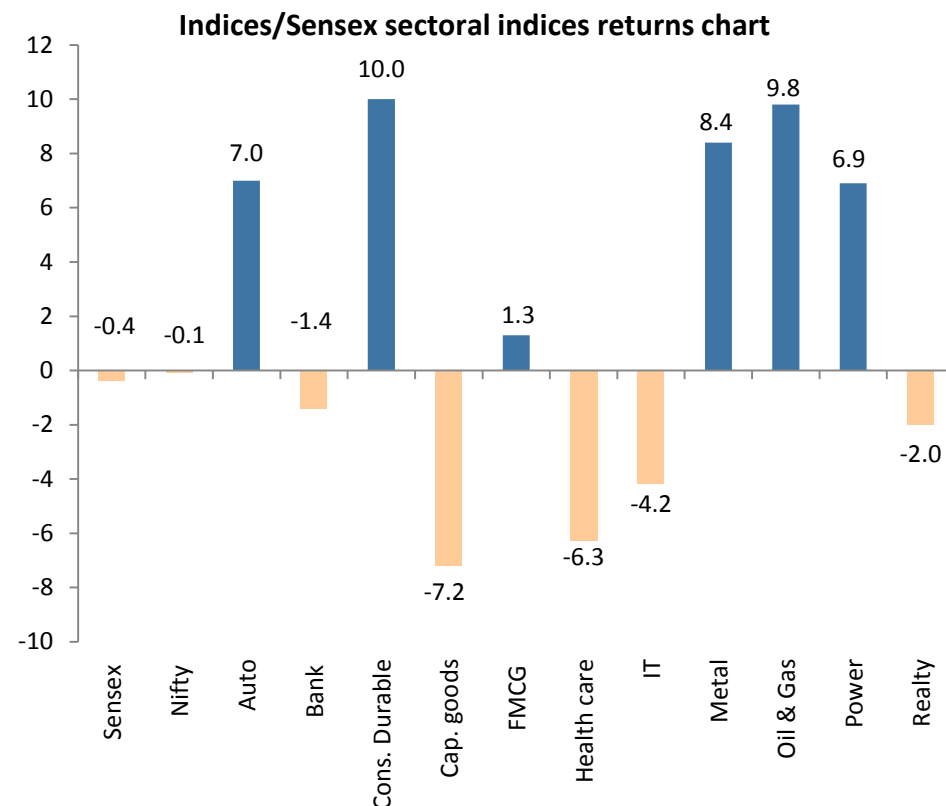
Markets Movement and Global Peers

Chart 7: Performance of Sensex and Global Peers in Q3 FY16



China outperforms and Sensex falls marginally: China bounced back with almost 16% returns in Q3 FY16 after almost 28% fall in Q2 FY16. Nikkei posted 9.5% returns and Russia Micex gained 7.2%. The Sensex was the worst performer among major global indices. The marginal fall in Sensex was due to capital outflows by overseas investors.

Chart 8: Sensex sectoral indices returns chart (%) in Q3 FY16



Oil & Gas and Consumer Durables are star performers: Led by surging consumption in festive period, Consumer Durables posted 10% returns and led by global lower oil prices, Oil & Gas was the second top performer. Capital goods and Healthcare stocks were worst performers. The fall in Health Care was due to overvaluations and fall in Capital Goods due to slow recovery in investment cycle.

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M&A and Private Equity Activity (Oct–Dec 2015)

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

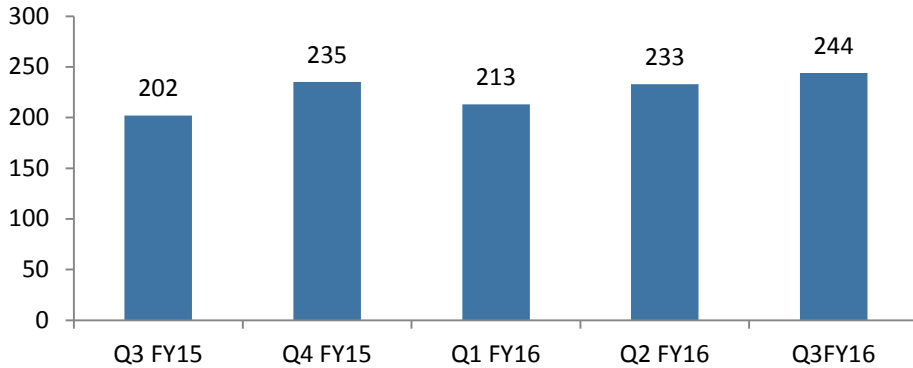


Chart 10: India - PE Trend (No. of deals)

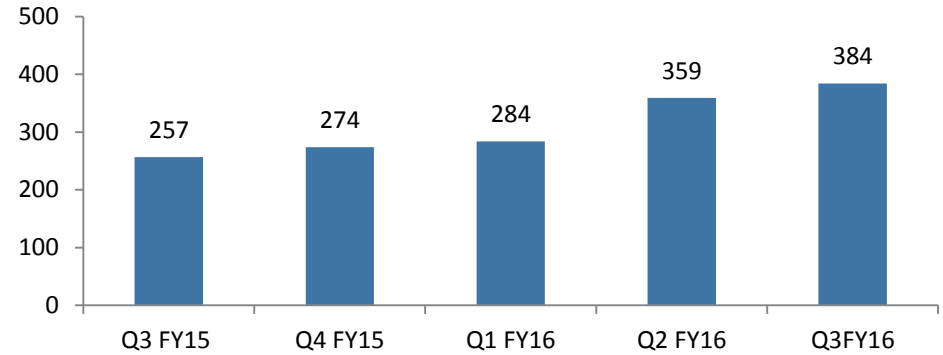


Chart 11: M&A Deals Break up (Q3 FY16) (No. of deals)

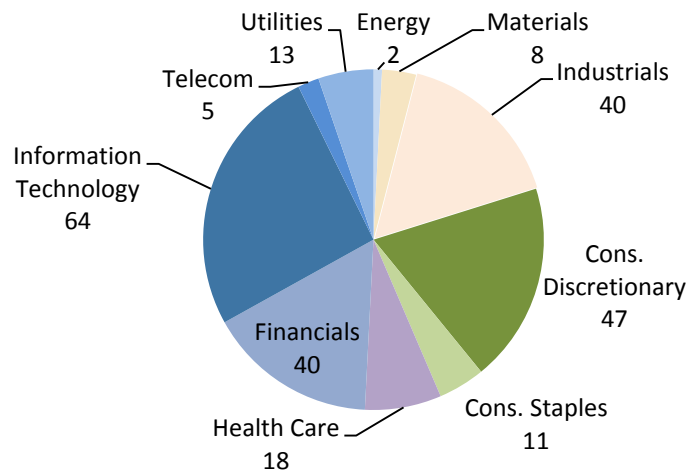
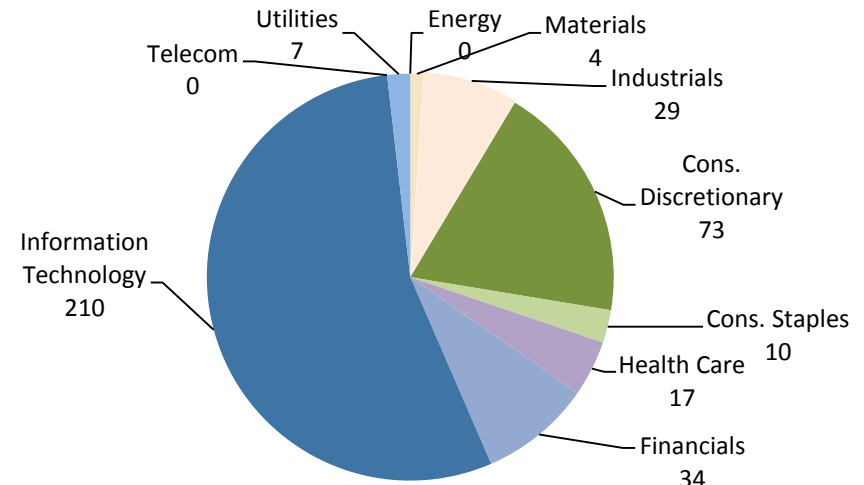


Chart 12: PE Deals Break up (Q3 FY16) (No. of deals)



M&A activity is showing impressive show during the past two quarters. IT saw the highest number of deals, followed by Consumer Discretionary and Industrials.

Driven by surging activities in VC funding for tech businesses, PE/VC activity showed strong growth in Q3 FY16 as number of deals increased to 384 vs 257 deals in Q3 FY15.

Top Ten M&A Deals by Value (Oct-Dec 2015)

Date	Target	Buyer	Seller	Deal value (USD mn)	Industry
21/10/2015	Viom Networks Ltd.	American Tower Corporation	Tata Teleservices Maharashtra Ltd. , IDFC Private Equity Fund III ,Prithvi Infrastructure Fund	1,174	Integrated Telecommunication Services
2/11/2015	Sistema Shyam TeleServices Ltd.	Reliance Communications Ltd.	Sistema JSFC , Government of the Russian Federation	687	Wireless Telecommunication Services
24/11/2015	Videocon Telecommunications Ltd., 2*5 Megahertz Spectrum Band	Idea Cellular Ltd.	Videocon Telecommunications Ltd.	499	Wireless Telecommunication Services
24/11/2015	Reliance Life Insurance Company Ltd.	Nippon Life Insurance Co.	-	342	Life & Health Insurance
5/11/2015	Polaris Consulting and Services Ltd.	Virtusa India Pvt. Ltd.	-	269	Application Software
27/10/2015	GI Retail Pvt. Ltd., Payments Business	Wirecard AG	-	254	Internet Retail
2/12/2015	Birla Sun Life Insurance Company Ltd.	Sun Life Assurance Company of Canada	Aditya Birla Nuvo Ltd.	250	Life & Health Insurance
12/10/2015	Sanad Hospital	Aster DM Healthcare Pvt. Ltd.	-	247	Health Care Services
8/10/2015	Transtar International Freight	TVS Asianics Supply Chain Solutions Pte. Ltd.	-	200	Air Freight & Logistics
13/10/2015	Reliance Capital Asset Management Ltd.	Nippon Life Insurance Co.	-	185	Asset Management & Custody Banks

Top Ten PE Deals by Value (Oct-Dec 2015)

Date	Target	Investor	Deal Value (USD mn)	Industry
13/10/2015	Welspun Renewables Energy Pvt. Ltd.	GE Energy Financial Services	570	Electric Utilities
24/12/2015	QuEST Global Services Pte. Ltd.	Bain Capital LLC , GIC Pte. Ltd.	325	Construction & Engineering
4/12/2015	GMR Infrastructure Ltd.	Kuwait Investment Authority	300	Construction & Engineering
16/11/2015	ICICI Prudential Life Insurance Company Ltd.	PremjiInvest , Temasek Holdings Advisors India Pvt. Ltd.	297	Life & Health Insurance
27/10/2015	ReNew Power Ventures Pvt. Ltd.	Goldman Sachs (Principal Investments) , South Asia Clean Energy Fund LP , Abu Dhabi Investment Council	265	Electric Utilities
4/10/2015	ICICI Lombard General Insurance Company Ltd.	Fairfax Financial Holdings Ltd.	237	Multi-line Insurance
24/10/2015	IIFL Wealth Management Ltd.	General Atlantic Pvt. Ltd.	173	Other Diversified Financial Services
16/12/2015	IBS Software Services Pvt. Ltd.	Blackstone Advisors India Pvt. Ltd.	170	IT Consulting & Other Services
21/12/2015	MXC Solutions India Pvt. Ltd.	Warburg Pincus India Pvt. Ltd. , Temasek Holdings Advisors India Pvt. Ltd. , March Venture Capital Management Services, LLC	145	Internet Retail
9/10/2015	Zensar Technologies Ltd.	Apax Partners LLP	133	IT Consulting & Other Services

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Regulatory Update (M&A and PE)

SEBI

Sebi approves new listing norms for stock exchanges ([Circular 1st Jan 2016](#))

- The new norms, which have been finalised after taking into account the representations received for listing of stock exchanges, aim to put in place necessary safeguards and procedures with respect to shareholding norms, fit and proper criteria, and other issues of conflict of interest.
- The exchanges would need to take steps for maintaining of 51 percentage of shareholding of Public Category and ensuring that holding of trading members, associates or agents does not exceed 49%.
- Stock Exchanges shall be classified as infrastructure Company under SEBI (ICDR) Regulations, 2009.
- In order to effectively implement the provisions of listing of its associates on listed stock exchanges, the definition of associates is being appropriately amended. Another change in the revised listing norms relates to re-classification of promoters as public shareholders under various circumstances.

Sebi eases de-listing procedure for small companies ([Circular 30th Nov 2015](#))

- Sebi relaxed the delisting norms for small companies, a move that would help in weeding out a large number of illiquid stocks.
- Now, small listed firms where trading has been less than 10 per cent of the total shares in the last 12 months can get delisted from the stock exchanges. At present, Sebi norms allow only those companies whose shares have not been traded for the preceding one year to get delisted.
- There are estimated to be more than 1,000 small companies where trading has been negligible for several years.
- However, to protect the interest of investors, the exit price shall not be less than the floor price determined for the purpose of Reverse Book Building for not frequently traded securities in terms of Delisting Regulations read with SEBI Takeover Regulations.

Introduction of Primary Market Debt Offering through private placement on electronic book ([Circular 30th Nov 2015](#))

- Electronic book mechanism shall be mandatory for private placement of bonds above Rs.500 crore.
- The mechanism shall be voluntary for private placement issues where there is a single investor.
- Requirement of minimum bid size for institutional investors is left to the discretion of the issuer.
- The issuer shall provide the draft Private Placement Memorandum to the bidders without incorporating coupon details.

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M&A Activity in the Consumer & Building Products Sector

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

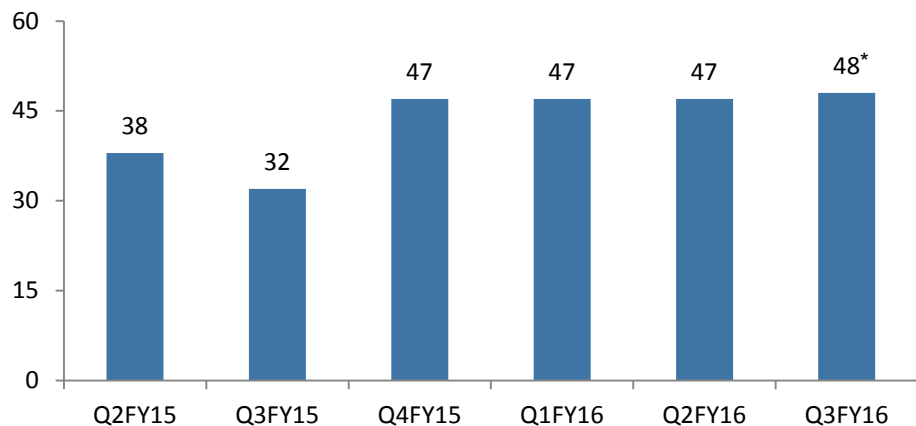
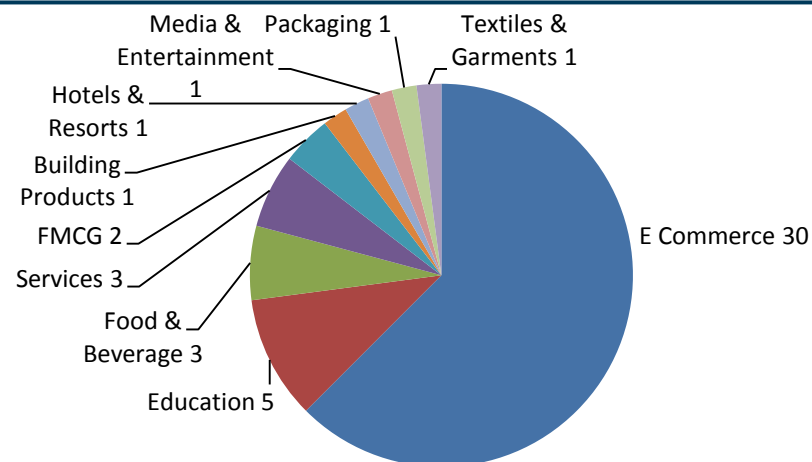


Chart 14: M&A (Q3FY16) (No. of deals)



Top Five M&A Deals (Consumer & Building Products in Oct-Dec 2015)

Date	Target	Buyer	Seller	Deal Value in \$mn	Industry
27-Oct-15	GI Retail Pvt. Ltd., Payments Business	Wirecard AG	GI Retail, Financial Investors	254	Services
12-Nov-15	Automotive Exchange Pvt. Ltd.	MXC Solutions India Pvt. Ltd.	Axel Springer AG	100	Ecommerce
23-Dec-15	VKS Farms Pvt. Ltd., Feed Mill Unit	Hatsun Agro Products Ltd.	VKS Farms Pvt. Ltd.	2	Food & Beverage (F&B)
5-Nov-15	Bookmyspa Services Pvt. Ltd.	Gomalon Technology Ventures Pvt. Ltd.		2	Ecommerce
22-Dec-15	MobieFit Technologies Pvt. Ltd.	Medi Assist Healthcare Services Pvt. Ltd.		2	Ecommerce

PE Activity in the Consumer & Building Products Sector

Chart 15: PE deals (No. of deals)

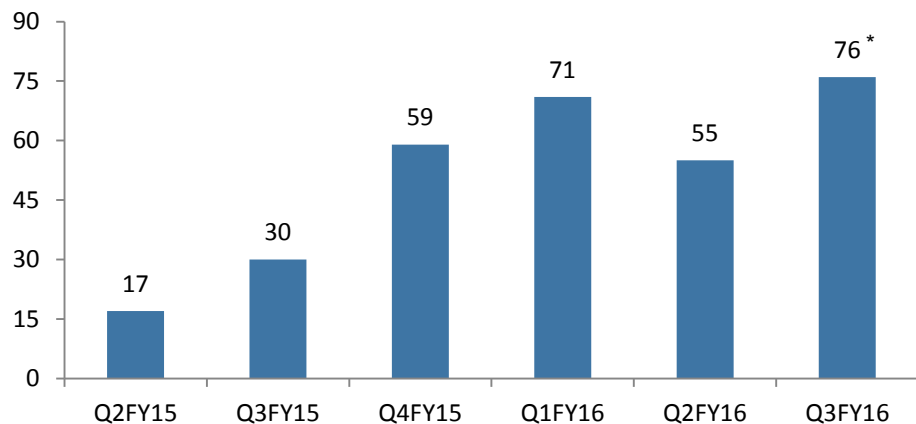
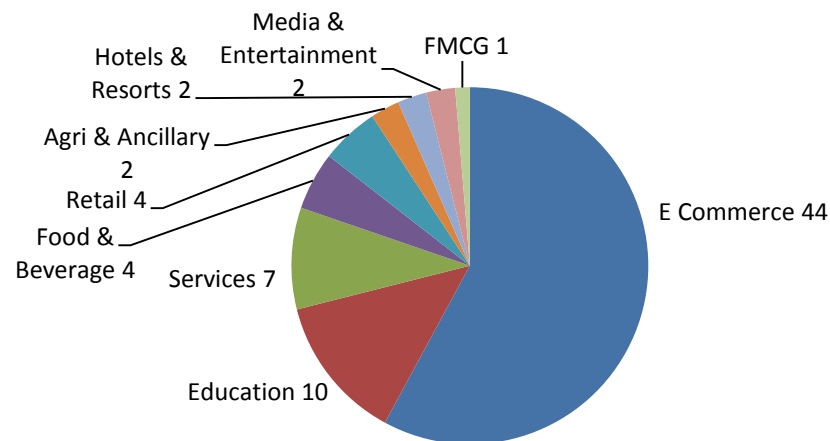


Chart 16: PE Investments (Q3FY16) (No. of deals)



Top Five PE Deals (Consumer & Building Products in Oct-Dec 2015)

Date	Target	Buyer	Seller	Deal Value in \$mn	Industry
21-Dec-15	MXC Solutions India Pvt. Ltd.	March Venture Capital, Temasek Holdings, Warburg Pincus India		145	Ecommerce
7-Dec-15	Indialdeas.com Ltd.	General Atlantic, Temasek Holdings		130	Ecommerce
26-Nov-15	Locodel Solutions Pvt. Ltd.	Sequoia Capital India, Tiger Global, SoftBank, Yuri Milner		120	Ecommerce
11-Dec-15	Mrs. Bector's Food Specialities Ltd.	CX Capital Management, Gateway Management Company	India Business Excellence Fund-I, Motilal Oswal Private Equity Advisors	75	Food & Beverage (F&B)
6-Nov-15	Loylty Rewardz Management Pvt. Ltd.	Indialdeas.com Ltd.		60	Agriculture and Ancillary Industries

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M&A Activity in the Logistics Sector

Chart 17: M&A deals (No. of deals)

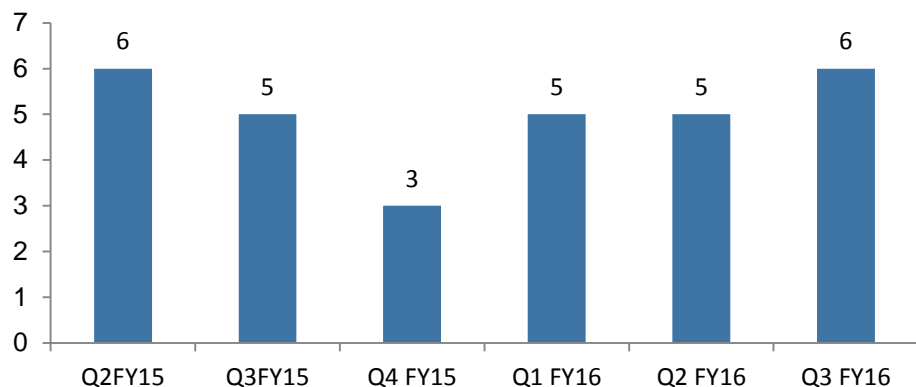
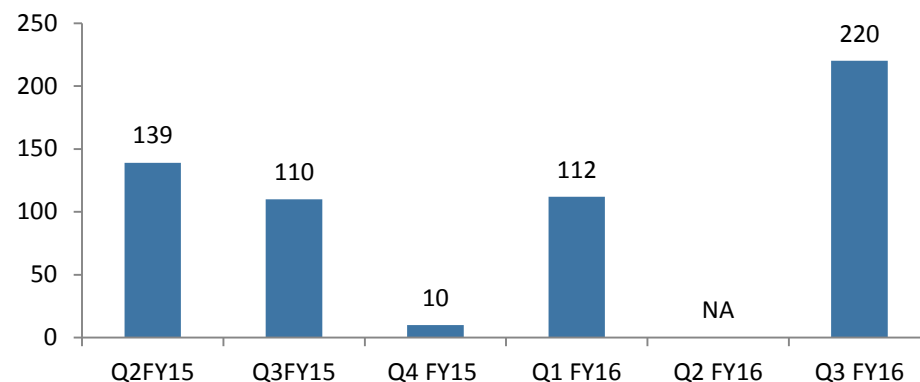


Chart 18: M&A deals (Value in USD mn)



Top Five M&A Deals (Consumer & Building Products in Oct-Dec 2015)

Date	Target	Buyer	Seller	Deal Value in \$mn
8-Oct-15	Transtar International Freight	TVS Asianics Supply Chain Solutions Pte. Ltd.	-	200
2-Oct-15	QuickDel Logistics Pvt. Ltd.	Jasper Infotech Pvt. Ltd.	-	20
8-Dec-15	Accord Ecom Solutions Pvt. Ltd.	Dropbase Software Pvt. Ltd.	-	
9-Nov-15	Pickingo Logixpress Pvt. Ltd.	Shadowfax Technologies Pvt. Ltd.	Orios Venture Advisors Pvt. Ltd.	
9-Nov-15	L and T Shipbuilding Ltd., Kattupalli Port	Adani Kattupalli Port Pvt. Ltd.	L and T Shipbuilding Ltd.	

PE Activity in the Logistics Sector

Chart 19: PE deals (No. of deals)

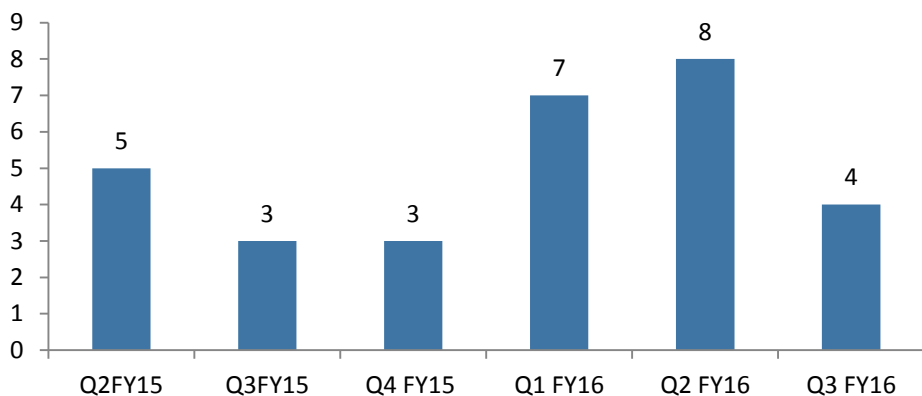
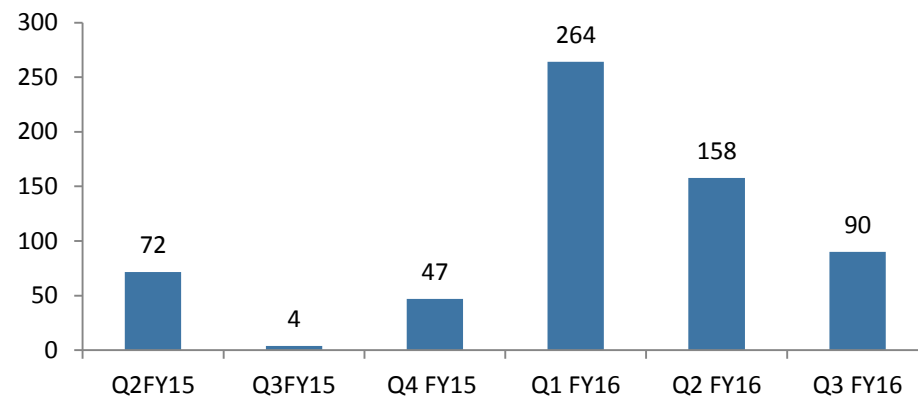


Chart 20: PE Investments (Value in USD mn)



Top Five PE Deals (Consumer & Building Products in Oct-Dec 2015)

Date	Target	Investor	Deal Value in \$mn	Deal Type
2-Oct-15	SSN Logistics Pvt. Ltd.	Tiger Global Management LLC	41	Private Equity
23-Nov-15	Trucksfirst Services Pvt. Ltd.	SAIF Partners India V Ltd.	30	Venture Capital
10-Dec-15	Holisol Logistics Pvt. Ltd.	ARIA Investment Partners IV LP	10	Private Equity
5-Oct-15	Agarwal Packers and Movers Ltd.	CX Partners Fund I	9	Private Equity

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M&A Activity in the Pharma & Healthcare Sector

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

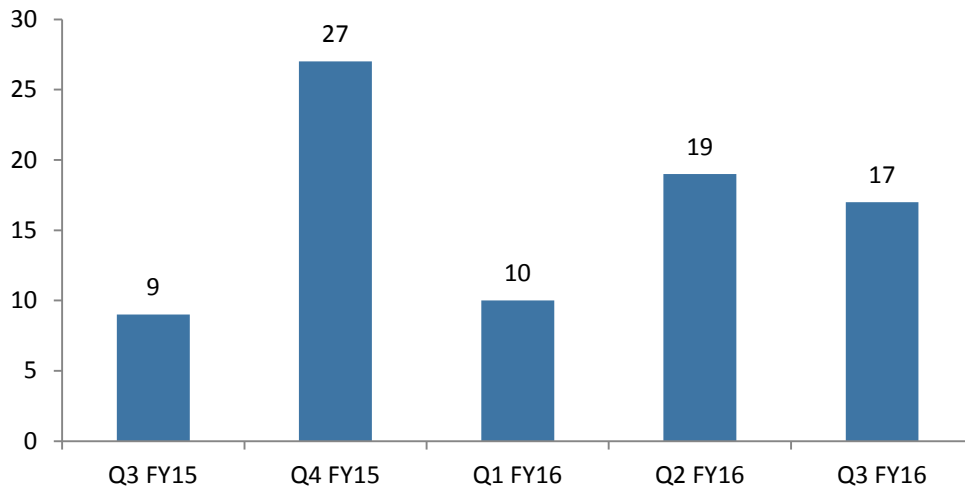
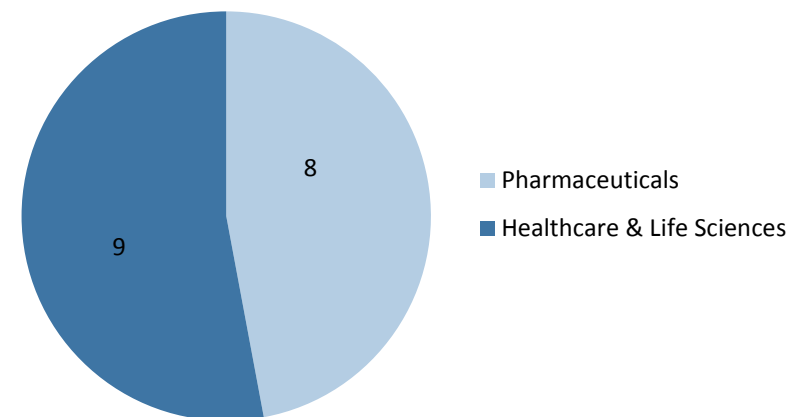


Chart 22: M&A Deals Break up (Q3 FY16) (No. of deals)



Top Five M&A Deals (Pharma & Healthcare in Oct-Dec2015)

Date	Target	Buyer	Transaction	Deal Value (USD mn)	Industry
12-Oct-15	Sanad Hospital	Aster DM Healthcare Pvt. Ltd.	Outbound	247.00	Healthcare & Life Sciences
20-Oct-15	Nitin Lifesciences Ltd.	Recipharm AB	Inbound	103.49	Pharmaceuticals
27-Oct-15	Saket city Hospitals Pvt. Ltd.	Max Healthcare Ltd	Domestic	53.87	Healthcare & Life Sciences
18-Nov-15	Manipal Acunova Ltd.	Take Solutions Ltd..	Domestic	17.42	Healthcare & Life Sciences
23-Dec-15	Merck and Co Inc.,	Piramal Enterprises Ltd.	Outbound	13.88	Healthcare & Life Sciences

PE Activity in the Pharma & Healthcare Sector

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

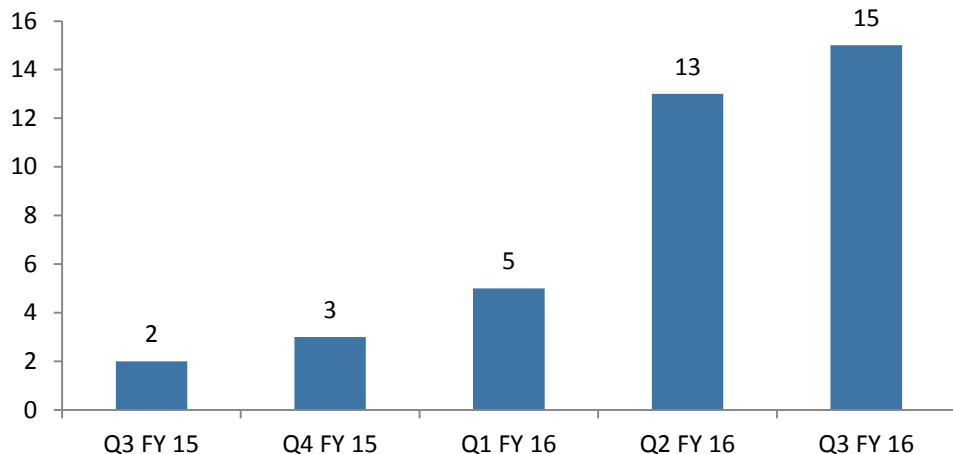
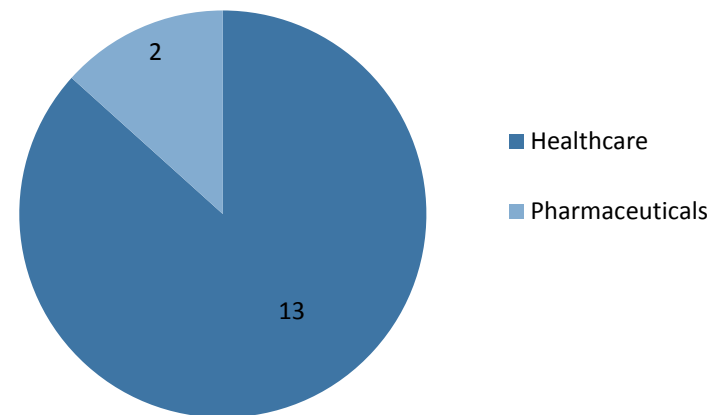


Chart 24: PE Deals Break up (Q3 FY16) (No. of deals)



Top Five PE Deals (Pharma & Healthcare in Oct- Dec 2015)

Date	Target	Buyer	Deal Value (USD mn)	Industry
24-Nov-2015	Kids Clinic India Pvt. Ltd.	India Value Fund Advisors Pvt. Ltd.	60	Healthcare & Life Sciences
20-Nov-2015	Asian Institute of Gastroenterology Pvt. Ltd.	Quadria Capital Investment Management Pte. Ltd.	40	Healthcare & Life Sciences
01-Dec-2015	Sequent Scientific Ltd	Ascent India Fund III	28.35	Pharmaceutical
26-Nov-2015	GOQii Inc.	DSG Consumer Partners, New Enterprise Associates 14 LP , Great Wall Club , Cheetah Mobile Inc ,Pravin Gandhi	13.40	Healthcare & Life Sciences
29-Oct-2015	Synergia Life Sciences Pvt. Ltd.	India Life Sciences Fund II LLC	6.14	Pharmaceutical

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Overview of Systematix Group

Systematix is a 28-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.

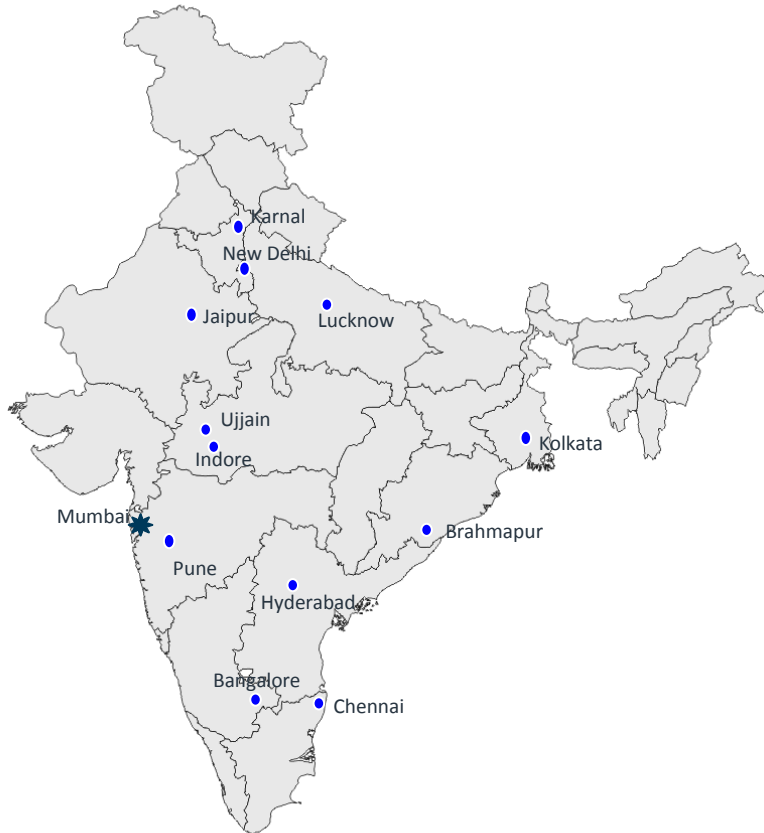
Venture Capital Funds/Private Equity

- SEBI registered Venture Capital funds:
 - USD 30 mn Real Estate fund

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



Systematix Capital and Bridge & Sun Partners have formed exclusive partnerships for Indo-Japan M&A transactions.

Systematix Investment Banking – Select Transactions Overview

Select Transaction Experience

FY 2015-2016

IT & ITES
Sept 2015




Acquired




Advisor to Carlyle Group and Elitecore Technologies
USD 28.3 mn

Healthcare and Pharma
June 2015




Acquired



Sole Advisor to Stericat Gutstrings
USD 12 mn

IT & ITES
Aug 2015



ODI Valuations

IT & ITES
April 2015



Fair Market Valuation

FY 2014-2015

Consumer
Jan 2015




Raised Venture Capital from




Sole Advisor to Manash Lifestyle Pvt Ltd
USD 2.5 mn

Logistics
Dec 2014



Raised Venture Capital from



Sole Advisor to LEAP
USD 4.1 mn

Logistics
April 2014



Acquisition of 5% stake in



Sole Advisor to KWE
USD 5.9 mn

IT & ITES
Apr 2014



Kellton Tech Solutions Ltd. ESOP Advisory


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



Sole Transaction Advisor
USD 36.8 mn

Insurance
Mar 2013



has sold 22.5% stake in



to




Sole Advisor
USD 62.5 mn

Consumer
Feb 2013




Secondary Placement of Shares to




Sole Transaction Advisor
USD 22.3 mn

Consumer
Dec 2012



Open Offer



Sole Advisor to Clearwater
USD 12.3 mn

We have closed transactions aggregating to USD 1.5 billion

Systematix Group – Leadership Team



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.
- The organisation is driven by his vision to think different and think big, while focusing on our core mission of adding value to our Corporate and Investor Clients.



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

- Leads the Investment Banking and Institutional Brokerage business of Systematix and has ~11 years of rich experience in M&A, Private Equity and Strategic Advisory for a wide variety of industries and clients in India and internationally.
- Has been instrumental in building Systematix's advisory business into an Industry Focused Cross Border M&A platform – with strong engagements with several mid to large India, US, Japan and Europe based companies.
- Nikhil holds a degree in management studies (MBA) from the ISB, Hyderabad and Bachelor in Engineering (BE) from Manipal Institute of Technology (MIT).

Systematix Investment Banking

Senior Bankers



Mr. Abhishek Dhanesha

- Leads the Industrial sector initiatives for the firm.
- Previously worked with Avista Advisory - An associate of Houlihan Lokey, US, & Aarayaa Advisory, Investment banks
- Abhishek is a Chartered Accountant (CA) and a Law graduate (LLB).
- Major prior transactions include:
 - Advisory to Elitecore stakeholders (incl. Carlyle) for their buyout by Sterlite Technologies.
 - Advisory to LEAP India for private equity raise by Mayfield.
 - Advisory to Future Group for divestment of its minority stake in Future Generali Life Insurance to IITL.
 - Advisory to KWE for strategic investment in Gati Express & Supply Chain
 - Advisory to Classic Stripes on their buyout by Navis Capital
 - Fund raising for Astarc Group Companies from various lenders
 - Pre-IPO equity placement for Pipavav Shipyard Limited
 - Advised Shin-Etsu Polymer India 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 Stericat Gutstrings Pvt. Ltd by Peters Surgical SAS
 - Acquisition of Parenteral Drugs' Goa Formulation Unit by Fresenius Kabi

Thank You

Our Offices

The Capital, A-wing, No. 603 – 606,
6th Floor, Plot No. C-70, G Block, BKC
Bandra (East), Mumbai – 400 051
Board: +91 (22) 6704 8000
Fax: +91 (22) 6704 8022

J. K. Somani Building, 2nd Floor,
British Hotel Lane
Fort, Mumbai - 400001
Tel: +91 22 39374000, 67048600
Fax: +91 22 39374029

For further details please contact us at ibdinfo@systematixgroup.in