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Newsletter

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This document covers news related to India with a special focus on areas like mergers & acquisitions, private equity & venture capital.

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Mergers & Acquisitions News

France's Group SEB May Acquire Stake In Maharaja Whiteline

France based Group SEB may acquire majority stake in Delhi based kitchen appliance maker - Maharaja Whiteline. SEB may buy upto 55% of Maharaja with an option to increase its holding if earnings growth matches mutually agreed parameters. Kumar will continue to be chairman and MD of the company and will work closely with Groupe SEB's vice president strategy Patrick Le Corre. Group SEB was also talking to Chennai-based TTK Group for a potential stake sale but the talks were not successful. Maharaja Whiteline had announced it's plans to raise funds by diluting 20% stake to fund its expansion in the domestic market in December last year but there were no developments on the fund raising. The proposed sale was to happen through issue of fresh shares to expand product portfolio and market reach, besides a new manufacturing facility in North India. Started in 1976 and completely owned by Harish Kumar, Delhi-based Maharaja Whiteline makes more than 60 products across 18 categories including food processors, electric kettles and toasters. Maharaja Whiteline plans to enter new product categories such as water heaters, coolers and some big appliances and expand existing categories. It currently operates three manufacturing facilities in Himachal Pradesh. Maharaja had acquired Kelvinator's Gem brand in 2006. It had also acquired 50% stake in Beltek, a consumer electronics company known for its televisions. Group SEB manufactures and sells small appliance under brand names - Krups, Moulinex, Rowenta, and Tefal.

IL&FS Transportation Networks To Pick 49% In Chinese Toll Road Project

IL&FS Transportation Networks Ltd (ITNL) has submitted its Expression of Interest to the Chongqing Expressway Group Company Ltd (CEG) for acquiring 49% equity stake in Chongqing Yuhe Expressway Co, Ltd that operates 58 km of Yu He Expressway in Chongqing in south-west China, with the toll concession rights till 2032. In March 2008, ITNL had acquired Elsamex SA of Spain, a road maintenance, operation and management company, for €50 million. The Spanish company has presence all over South America. Incorporated in 2000, ITNL (formerly Consolidated Transportation Networks Ltd) specializes in the development, implementation, operation and maintenance of surface transport infrastructure projects, both in India and abroad. The company constructs and operates national and state highways, roads, flyovers and bridges under the build-operate-and-transfer (BOT) model. It also provides maintenance services, primarily for highways and roads, in Spain, Portugal and Latin America, as well as advisory & project management services for road projects. In November 2009, Bessemer Venture Partners acquired 2.4% stake in ITNL worth Rs 100 crore. Other PE investors in the company include Goldman Sachs Strategic Investments and Standard Chartered IL&FS Asia Infrastructure Growth Fund who acquired 5% each in the company.

IL&FS holds 78.75% stake in the firm while the rest 5.35% is held by IL&FS EWT after the sale to Bessemer.

BNP Paribas To Acquire 100% Stake In BNP Paribas Securities India

BNP Paribas is buying out Geojit Financial Management Services of its Indian Broking JV - BNP Paribas Securities India Private Ltd for Rs40.5 cr. The JV was formed after BNP Paribas bought a 33% stake in the retail broking business of Geojit Financial Services, which is now Geojit BNP Financial Services. BNP as so far invested Rs27.5 cr in the firm. This transaction will not change BNP's holding in Geojit BNP Paribas Financial Services. In a separate development, BNP Paribas is also planning to exit its mutual fund JV with Sundaram Finance Limited by selling its 49.90% stake in Sundaram BNP Paribas Asset Management Company to its Indian partner. BNP Paribas has decided to exit this JV as SEBI prohibits a single entity from holding stakes in more than one domestic asset management companies. BNP is present in India through a number of JVs in different areas. It has JV with SBI for Life Insurance operations, which was formed in 2001. In 2007, it picked up a stake in Geojit marking its foray into retail broking. Same year, it entered into a JV with Sundaram in the area of home loans and a JV with SREI in the area of infrastructure equipment finance.

HCL Targets Europe For Acquisitions

HCL Technologies Limited is targeting deals in the Nordic countries, Germany and France because of current European debt crisis. HCL is benefitting from the current economic climate as more companies and governments are ditching their existing information technology service providers and searching for partners that offer better value. HCL Technologies Limited provides software-led information technology (IT) solutions, remote infrastructure management, engineering, research and development (R&D), and business process outsourcing services worldwide. Mahindra & Mahindra is also looking at IT companies specializing in health-care and financial services in Europe, as well as in Australia and New Zealand. Tata Consultancy Services and Wipro, is also planning acquisitions in Europe.

Mergers & Acquisitions Deals

Bank Of India Acquires 51% In Bharti AXA

Bank of India is acquiring 51% in Bharti AXA Investment Managers, part of AXA Group. According to the deal structure, BOI will acquire 51% of the equity and the balance will be with AXA Group. Post regulatory approval, the bank will acquire 25% stake from Bharti Enterprises and 26% from the Axa Investment Managers Asia Holdings. Following the stake transfer the name of the fund house will be changed to Bank of India AXA Investment Managers. Bharati Axa Investment Managers was started in 2007 as 25:75 JV with AXA Group. Bharti entered the

JV through Bharti Ventures Ltd while AXA Investment Managers and AXA APH (through NMIFL) represented the AXA Group. Bharti has been scouting for buyers for its mutual fund business since 2010. It is also planning to sell its 74% stakes in two insurance joint ventures with Axa. It was talking to Reliance for the potential stake sale, but the deal has been called off. Headquartered in France, AXA IM is a European-based asset managers with approximately Euro 514 bn in assets under management (AUM) as at the end of September 2011. AXA IM employs more than 2 400 employees, operate in 30 cities across 23 countries in Europe, the Americas, Asia and the Middle East. This deal will mark the re-entry of Bank of India in the 41 member Mutual Fund Industry six years after scrapping its solo venture. BoI started a MF business in 1990 and launched six schemes. It redeemed four of them and transferred two to Taurus Mutual Fund after offering an exit option to investors by 2004. BoI started scouting for partners for re-entering the MF business late last year. It was talking to a number of foreign players including Axa Group and US-based Prudential Financial Inc.

Gitanjali Gems Acquires Hongkong Based Jewellery Distributor-Crown Aim

Jewellery retailer - Gitanjali Gems has acquired 100% stake in Hongkong based jewellery distributor - Crown Aim Limited through its subsidiary - Aston Luxury Group. Crown Aim distributes jewellery in China, Japan, USA, Middle East and Europe. In addition, Crown Aim has a Jewellery manufacturing unit in China and plans to setup retailing of Jewellery in China. Crown Aim also has a 100% subsidiary - Alfred Terry Holding Limited and a step down subsidiary named Alfred Terry Limited in London, for distribution of Jewellery in UK. Alfred Terry Limited is 45 years old Company and has a wide distribution to Chain Stores and Independent presence in UK. It covers nearly 2000 jewellery shops. Gitanjali Gems sells jewellery under the Nakshatra, Gili, D'Damas, Asmi, Gitanjali, Sangini, Gianti and Dia brands in India. Apart from diamond and jewellery, it also has presence in infrastructure and retail sectors.

Yash Technologies Acquires Aarseya Technologies

Yash Technologies has acquired Pune based IT service provider - Aarseya Technologies for an undisclosed amount. The acquisition of Aarseya will strengthen Yash's goal to enhance its Oracle Center of Excellence and complement its existing services and solutions portfolio. Pune based Aarseya was founded in 2009. It specializes in migration services of legacy applications that comply with Oracle's strategic platform, particularly in the healthcare, telecom, and financial services industries. It is Gold partner for Oracle related solutions focusing on Oracle applications, business intelligence, enterprise content management, ERP and service oriented architecture. It has sales offices in London and Wilmington. Yash Technologies was founded in 1996 by Manoj Baheti. Yash Technologies offers end-to-end business and technology solutions. As a strategic partner YASH manages entire business lifecycle initiatives, as well as drives the strategic IT road-map for an organization. It has development centres in US and India.

DLF Buys Out Hilton In 74:26 Hotel JV

The country's largest realty firm DLF has bought out its foreign partner Hilton in its hospitality firm DLF Hotels (formerly known as DLF Hilton Hotels Ltd) for an undisclosed sum. DLF held majority stake in the 74:26 joint venture that clocked revenues of Rs 22.95 crore with profit after tax of Rs 14.5 crore during the year ended March 31, 2011. The financial details of the latest transaction stands undisclosed but it would run into several crores. Although the JV did not manage to scale up as fast as hospitality industry analysts had hoped for, arguably due to the economic slowdown that hit the hospitality business especially hard during 2008-10, the JV had paid up capital of Rs 534.5 crore as per balance sheet disclosure for FY2011. DLF, which also owns and operates the luxury segment hospitality brand Aman Resorts across the world, had formed an alliance with Hilton for development and management of hotels in India a few years ago.

Wolters Kluwer Health Acquires Medknow Publications

Wolters Kluwer Health has acquired Mumbai based Medknow Publications And Media Private Limited, open access Scientific, Technical & Medical journal publisher. The acquisition expands Wolters Kluwer Health's Medical Research business' presence in key developing markets and supports its strategy to increase locally written content and incorporate more open access platforms into its business model. Headquartered in Philadelphia, Wolters Kluwer Health provides information and business intelligence to students, professionals and institutions in medicine, nursing, allied health and pharmacy. It employs around 19,000 people worldwide, and maintains operations in over 40 countries. Its major brands include traditional publishers of medical and drug reference tools and textbooks, such as Lippincott Williams & Wilkins and Facts & Comparisons; and electronic information providers, such as Ovid, UpToDate, Medi-Span, Pharmacy OneSource and ProVation Medical. Founded in 1977, Medknow is a publisher for peer-reviewed, online/print plus online journals in the area of STM. It has a portfolio of more than 155 journals and has presence in India, Asia Pacific and MEA Region. In addition to its print and electronic journal content, the company provides an electronic peer-review system for authors and editors, ensuring high quality clinical research.

Sindictum Captive Acquires 49% Stake In Simbhaoli Power

Singapore based Sindictum Captive Energy is acquiring 49% stake in Simbhaoli Power Limited. Post acquisition, Simbhaoli Power will operate as a JV between Sindictum and Simbhaoli Sugars. The transaction size is estimated to be about Rs100 cr. The transaction is subject to approval of Simbhaoli Sugar's lenders as a part of its ongoing business restructuring exercise. Simbhaoli Sugars is transferring its existing power assets of the cogeneration plants located within its Simbhaoli, Chilwara and Brijnathpur complexes to Simbhaoli Power Limited. It will use the funds to enhance its power generation to 115MW from 60MW currently. Following the expansion, which is expected to be completed 18 months from financial closure, the power

plants will have the capacity to generate 80MW of surplus power, exportable to third parties. The total cost of the expansion is expected to be Rs 3.3 bn which is being provided by the banking institutions via debt funding. Simbhaoli Sugars was set up as a partnership firm in 1933 with a sugar unit at Simbhaoli, UP. It was reconstituted in 1936 as a private limited company and went public in 1989. It acquired a distillery and converted its Simbhaoli sugar plant into a sugar complex in 1992. The company has three plants at Simbhaoli, Brijnathpur, and Chilwaria in UP with a combined capacity to crush 20,100 tonnes of cane per day. As a part of restructuring exercise, Simbhaoli has also hived off its alcohol business into a wholly-owned subsidiary Simbhaoli Spirits for a consideration of Rs136 cr. Sindictum Captive Energy finances and operates clean energy projects worldwide and produces sustainable resources from the utilization of natural products waste. Sindictum's projects fall into four key sectors: agricultural solutions, municipal waste to energy, coal mine methane and low carbon energy. These include the development and operation of 33 fully financed projects worldwide. Sindictum's investors include three leading US university endowments, five prominent US charitable foundations and global financial institutions representing the commodity, banking, insurance and alternative investment sectors.

Deepak Cables Acquires Adhunik Power Transmission

Deepak Cables India has acquired 100% stake in Adhunik Power Transmission Limited from Adhunik Metaliks Limited for an undisclosed amount. Adhunik Power Transmission (formerly known as Unistar Galvanizers & Fabricators) manufactures transmission line towers and sub-station structures. It has approval from Power Grid Corporation of India and various other state electricity boards for manufacturing transmission line towers and sub-station structures. Its products include tower accessories (clamps, anti-climbing devices, bird guards, U bolts, hangers etc.), ground-based and rooftop galvanized telecom towers, galvanized cable trays, perforated trays (and accessories like coupler plates, bends, fasteners etc), welded structures and masts for the railways and lightning masts, pipe structures, foundation bolts and accessories utilized in power and telecommunication. It was a wholly owned subsidiary of Adhunik Metaliks. Deepak Cables manufactures conductor cables, transmission & distribution lines and electrical substations. It raised about Rs285 cr from IDFC PE and UTI Ventures in 2008 by diluting 26% stake in the firm. It is headquartered in Bangalore and has offices and manufacturing facilities across India. Adhunik Metaliks is the flagship company of Adhunik Group of Industries. Adhunik Metaliks manufactures varieties of steel products like auto steels, bearing steels, spring steels, carbon steels, cold heading steels, shape steels, free cutting steels and stainless steel. The company has a manufacturing facility at Sundargarh District, Rourkela, Orissa.

Jasch Industries Acquires US Based Indev Gauging Systems

Jasch Industries Limited has acquired US based Indev Gauging Systems Inc through its wholly owned subsidiary Jasch North America Co. Formed in 1969, Indev is a web gauge measurement which measure important process variables such as thickness, weight and moisture content. It serves various industries including plastics, coatings, building products, non woven and textiles industries among others. In early 1980s, Indev was acquired by Barbara-Coleman and later in 1991, The Numina Group acquired the company. Delhi based Jasch Industries specialize in on-line measurement and control systems for flat sheet products, which include instruments such as thickness gauge, coating thickness gauge, paint thickness gauge, and basis weight/ash/moisture measurement gauges for industries, such as paper, plastic films, and steel. JIL's manufacturing unit is located in Sonapat (Haryana). Jasch started manufacturing PU/PVC coated fabric in 1994. The electronic gauge system segment became operational in 2002-03. The other group activities are in synthetic leather, non-woven, chemicals etc.

ABB Acquires Transformer Service Co - General Trafo

ABB India Limited is acquiring Hungary based transformer service company - General Trafo to expand its transformer service offering for distribution and small power transformers. The transaction is expected to close in the coming months and is subject to customary regulatory approvals. General Trafo provides utility and industrial customers with service solutions for distribution and small power transformers. The company employs about 40 people. ABB Limited provides engineering, products, solutions, and services in the areas of automation and power technology. The company was formerly known as Asea Brown Boveri Limited and changed its name to ABB Limited in April 2003. ABB Limited is headquartered in Bangalore, India. As of July 27, 2010, ABB Limited operates as a subsidiary of ABB Switzerland Ltd.

Private Equity News

Rakesh Jhunjunwala To Exit Aptech Ltd

Rakesh Jhunjunwala is selling his six year old investment in Aptech Ltd. Rakesh Jhunjunwala owns 35.79% stake in Aptech, which he had bought for Rs81 cr from Chennai based Kalpathi Suresh - founder of IT training firm - SSI. Rakesh Jhunjunwala is seeking a valuation of about R600Cr, or about 14 times it's operating profit. Aptech's current market cap is about Rs460 cr. If the transaction goes through, it will be the third change in Aptech's ownership. Aptech was founded in 1984 by Atul Nishar. Atul sold off Aptech to Kalpathi, who later merged SSI's education business with Aptech. Kalpathi then sold it to Jhunjunwala two years later.

Dewan Housing Unit To Raise \$40 mn Real Estate Fund

ArthVeda Fund Management, a unit of Dewan Housing Finance Corp. (DWNH.NS) said it plans to raise Rs2 billion (about \$40 million) to invest in greenfield real estate projects. The fund, which is open for domestic institutions and high net-worth individuals, has a greenshoe option of raising another 1 billion rupees, it said in a statement. The fund will invest in middle income housing projects, ranging Rs1.5 million to Rs4 million per unit, with most of the investments in tier-II and tier III cities and metro outskirts across India, it said. The ticket size of the fund deployment will be between Rs50 million and Rs200 million with an investment duration of 24-36 months, it said.

Manappuram Jewellery To Raise Rs100 cr

Manappuram Jewellery Limited is planning to raise more than Rs100 cr to fund its growth plans. It plans to expand its stores from 18 to 100 in next two years. Around Rs350 cr has already been invested in the retailer of which founders have contributed Rs125 cr equity, the rest has been raised via bank loans. Thrissur based Manappuram Group entered into Jewellery retail business in 2008. It has a network of showrooms spread across Andhra Pradesh, Karnataka, Tamil Nadu and Kerala. The group has branded it as Riti. Manappuram Finance Ltd, the flagship company of the group which provides loans secured by gold jewellery has raised funding from Ashmore Alchemy India, Barings Private Equity PE Partners India Ltd, Sequoia Capital India and India Equity Partners have invested in Manappuram Finance. The group was also planning to invest Rs1000 cr in its healthcare arm Manappuram Health Care Ltd in the next 5 years to set up a chain of 50 medical, dental and diagnostic clinics across South India.

Private Equity Deals

Peepul Capital Commits Up To \$15 mn To Sresta Natural Bioproducts

Peepul Capital, a Chennai and Hyderabad-based private equity fund, has committed up to \$15 million into Sresta Natural Bioproducts Ltd, a farm-to-fork organic food business in Hyderabad. Sresta, a company operating in the organic food space, was founded in March 2004 by Rajshekhar Reddy Seelam or Raj Seelam. However, this is not the first round of institutional funding for the company that has earlier raised \$1.14 million from Biotechnology Venture Fund, a fund managed by VenturEast Fund Advisors India Ltd. The IIM-Ahmedabad alumnus began by selling pesticides and fertilisers to farmers at the Murugappa Group company, EID Parry. After working closely with farmers and piggybacking the first-hand knowledge gained from them, Seelam went on to create Sresta – an organic food business which could help avert pesticide havoc. Currently, the company owns more than 30000 acres of land, under various stages of organic production. It has the ability to produce 6,000 tonnes of organic food products ranging

from grain and fruits to pickles, jams and bakery items. Its key competitors include Fabindia and Mumbai-based Conscious Foods, besides other small players.

Oak Hill Capital Cuts Stake In NASDAQ-listed ExlService

Private equity firm Oak Hill Capital Partners has halved its stake in ExlService Holdings, Inc. (a NASDAQ-listed business processing outsourcing firm) over the past three months through market sales. Oak Hill Capital has sold 17-18% stake in the firm since September this year, realizing \$120 million in the process. Oak Hill Capital, along with Financial Technology Ventures and ExlService management team, had acquired 100% stake in the company from insurance firm Consec, Inc. (now called CNO Financial Group) in 2002. ExlService was founded by former Bank of America executive Vikram Talwar and the current CEO Rohit Kapoor. While Oak Hill sold 3 million shares at \$23 each in September, it has sold 2 million shares at \$25 apiece during the current round. Oak Hill, also a shareholder in Genpact, will now have a little over 17% stake in the firm. ExlService provides outsourcing services to industries including insurance, banking, financial services, utilities, transportation and travel. Its services include decision analytics, financial & risk management, operational & process excellence, re-engineering and integrated transaction processing. ExlService started operations in 1999 and has delivery centres in India, the Philippines, the USA, the Czech Republic, Romania, Malaysia and Bulgaria, with sales offices in New York, New Jersey and London.

Warburg Pincus Sells Over 6% In Max India For \$59 mn

Private equity major Warburg Pincus has sold bulk of its holding in its seven-year-old investment in the diversified company Max India, which houses insurance and healthcare businesses of Anil Singh, for Rs 308 crore (\$59 million). This comes after a part-exit in June this year when it sold around 2% stake. Warburg Pincus held around 12.3% stake in Max India as of September 30, 2011, through three investment arms and has sold around half of this in an open market transaction. Warburg first invested in Max India in 2004, pipping ChrysCapital to the deal. It picked up 29% stake in the firm for Rs 200 crore, subscribing to shares at a price of Rs 200 per unit. Max India went for a stock split in 2007 in a ratio of 1:5, which brings down Warburg's average investment per share to Rs 40. Before the recent stake sale, Warburg Pincus held 14.64% stake in Max India through its entities Madison Holdings, Melany Holdings and Parkville Holdings. The PE major still has around 6.4% stake in Max, which is valued at Rs 257 crore or \$50 million. Warburg had sold 5-6% stake in Max India in July 2009, for Rs 246 crore, making nearly 5x on its investment.

Venture Capital News

August Capital Raising \$25 mn Early-stage Fund; Backs Etable

Early-stage venture capital firm August Capital Partners is raising \$25 million for its maiden fund, which will look to invest in start-ups tapping India's consumption story. The firm is expected to make a first close after garnering commitments worth \$10-12 million, which it expects to reach by March 2012. August Capital has been started by Sameer Narula who also started Indigo Design & Engineering Associates Pvt. Ltd. six years ago after moving back to India. Before that, Narula worked with Accenture, focusing on M&A and strategy projects in the TMT space. He had also worked at Japan's MCI WorldCom where he was part of the senior team responsible for the post-merger integration of the UUNet business. Narula also worked at PRTM (now PwC) and did his engineering from the University of Virginia and attended HEC Paris and Columbia Business School for MBA. August Capital has already made its first investment in Bangalore-based Etable, a stealth-mode start-up. It is a social network-based data analytics platform that allows restaurants, service providers and advertisers to capture insight into their customers' preferences and usage patterns.

Venture Capital Deals

Karishma Kapur Invests In Baby Products Portal - BabyOye.com

Karishma Kapur has made an investment in BabyOye.com. BabyOye.com is a e-commerce store selling baby products. It was founded in 2010 by Sanjay Nadkarni and Arunima Singhdeo, BabyOye offers over 4000 Indian and imported baby products across categories, like diapers, bath and skincare, health and safety products. In April it raised, \$2.5 mn from Accel Partners and Tiger Global. It has tied-up with over 80 brands like Johnson & Johnson, Hauck, Graco, Medela, Avent, Chicco, Fisherprice, Farlin, Pampers, and Huggies, among others. The portal offers free home delivery for orders above Rs 2,000. Babyoye.com claims that it receives 1,000 daily visitors and has over 25,000 fans on Facebook.

Kaboodle Team Launches Poshmark; Raises \$3.5 mn Funding Led By Mayfield

Poshmark, a US-based mobile fashion marketplace co-founded by entrepreneurs of Indian origin – Manish Chandra, Gautam Golwala and Chetan Pungaliya (they were also behind Kaboodle – has raised \$3.5 million in Series A funding, led by early-stage investor Mayfield. Previous Kaboodle investors Kanwal Rekhi (through Inventus Capital), Jeff Clavier (through SoftTechVC) and Ron Conway (through SV Angel) all participated in the funding round for the

start-up that began operations less than a year ago. Only recently Poshmark has officially unveiled the company and its first product, the free Poshmark iPhone app, which reveals a new shopping experience called the Posh Party. Posh Parties are real-time, themed shopping events held within the mobile app, where people gather to browse, buy and sell clothes and accessories from the comfort of their home/preferred location. Headquartered in Menlo Park, California, Poshmark was founded in February 2011 by a team of e-commerce, social and fashion pioneers including Chandra, Golwala, Pungaliya and Tracy Sun, a fashion industry executive.

Social Wavelength Raises Second Round Of Angel Funding

Mumbai-based Social Wavelength, a full-service social media agency, has just raised second round of angel funding from four investors including two existing angel investors Sunish Sharma and Jayendra Shah. Sunish Sharma, a former managing director at the private equity firm General Atlantic, has recently floated a separate PE firm along with two other industry executives. Jayendra Shah is a senior partner at the accountancy firm NA Shah Associates and an independent director at the media group Lokmat. In June 2010, Social Wavelength had raised an angel round from Sharma and Shah, as well as a US-based high net worth individual. The three are repeat investors in the current round while a fourth Indian investor has also joined the consortium. The fresh round of funding has been raised a couple of weeks ago. The money will be used for expanding operations to Bangalore and Delhi, developing technology tools and verticalization of its services. The Mumbai-based start-up is looking to set up offices in Delhi and Bangalore in the next 3-6 months and is on a hiring spree. The company's founders were reluctant to disclose the quantum of fund raised and the names of the other two angel investors. Jayendra Shah, who is also the director of Mumbai-based Trans-continental Capital Advisors Pvt Ltd, a boutique investment bank, has joined the board of directors at Social Wavelength. Social Wavelength has attempted pilots for these three verticals and has begun hiring domain experts. By April, a swathe of new services targeted at the three verticals will be launched.

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