

INDIAN UNLISTED EQUITIES (PRIVATE EQUITY)

“MARKET OUTLOOK – 2018”

Edition: April 2018



Private Equity



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Year 2017 went down as one of the strongest years for PE funds and VC investments. A trend expected to carry forward in 2018 will be further increase in fund sizes for most PE funds and funds continuing to chase large strategic deals.

“2017-The Year gone by”

Year 2017 saw an increase in total deal value, taking it to an all-time high of USD 26 Bn

How was the deal activity for the PE industry last year?

India remained a breeding ground for deal making in 2017

Total deal value in India during 2017 was USD ~ 26 Bn

Number of deals fell by ~30% in 2017 to 682 from 976 in 2016

In terms of value, a few large deals in 2017 increased the deal value

Which sectors got investor interest?

Sectors which attracted the most PE/VC investments

- Consumer Lending / NBFC
- Business Financial Services & Insurance (BFSI)
- Telecom

What were the key trends in 2017?

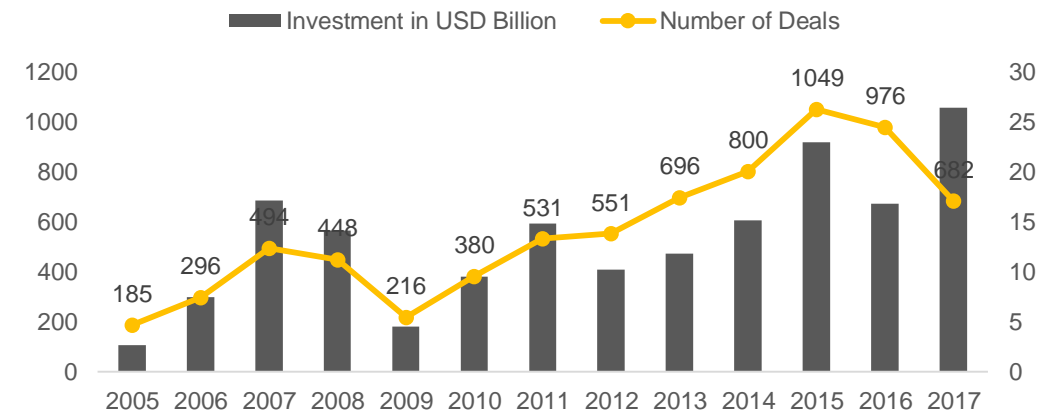
Increase in deal size in terms of value

Increase in Fund size

Successful exits in the primary markets for PE funds

Traditionally most of the deal flow was in SME / MSME segments with lower ticket size

Number of deals Vs Investment (USD Bn)



Consumer tech, Retail, Telecom and Real Estate saw good exits for investors in 2017

Did PE investors got exits?

Exit momentum continued to be robust, indicating healthy and strong public markets in India. Initial public offerings (IPOs) are the primary exit mode in India. More than 200 exits took place in 2017.

The number of exits increased by 7% to 211 compared with 197 in 2016, but big-ticket deals increased. The top 10 exits alone in 2017 accounted for almost 40% of the total exit value.

The total exit value grew by more than 60% to USD 15.7 Bn.

Consumer technology, BFSI and telecom had the highest exit activity and accounted for 50% of the total exit value.

Which sectors saw maximum exits?

Sector	Deal Value (USD Billion)			Deal Volume (Number of Deals)		
	CY2016	CY2017	CAGR	CY2016	CY2017	CAGR
Consumer Technology	3.2	9.3	191%	454	244	-46%
BFSI	3.6	4.9	36%	71	74	4%
Telecom	0.02	1.7	8,400%	2	6	200%
Real Estate	1.1	3.1	182%	42	27	-36%
IT & ITES	2.4	1.8	-25%	130	92	-29%
Healthcare	1.1	0.8	-27%	60	45	-25%
Consumer & Retail	0.8	1.8	125%	60	86	43%
Shipping & Logistics	0.5	0.9	80%	17	23	35%
Engineering & Construction	0.1	0.4	300%	9	13	44%
Energy	1.1	0.8	-27%	12	13	8%
Media & Entertainment	0.2	0.2	0%	12	11	-8%
Manufacturing	1.6	0.2	-88%	54	18	-67%
Other	1.0	0.3	-70%	53	30	-43%
Total	16.8	26.4	57%	976	682	-30%

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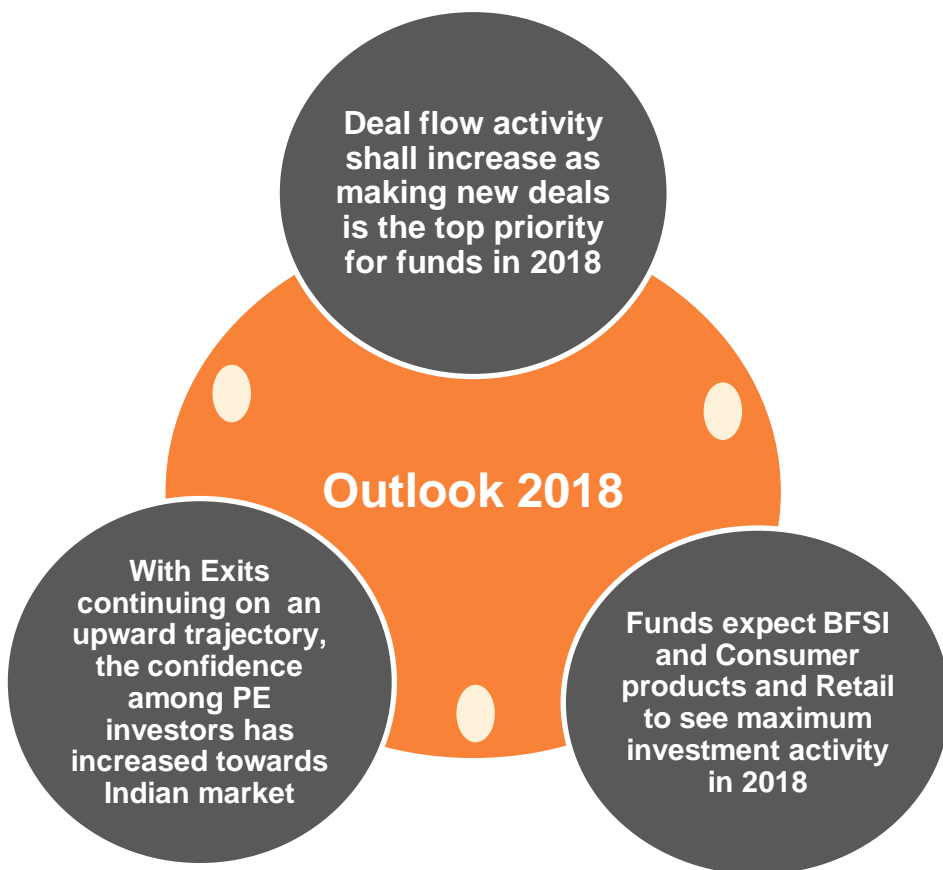
Investors feel the current valuations are high, but they expect a slowdown in 2018. Making investments is the top priority for funds. Funds expect Financial services, Consumer products and Retail to see the most investment activity in 2018.

“2018-Expectations of Investor”

BFSI, Consumer products & Retail and Healthcare likely to see maximum investment activity in 2018

Is more deal flow activity likely to be witnessed this year?

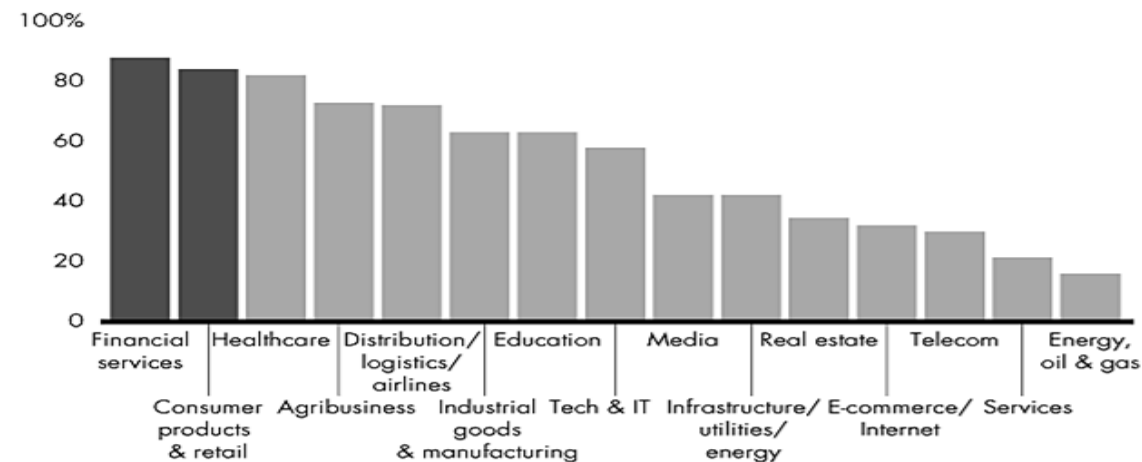
Which sectors are likely to get investor interest?



Sectors that will continue to attract PE/VC investments in 2018

- Consumer Lending / NBFCs / BFSI
- Fintech
- Healthcare
- Consumer Goods & Retail
- Disruptive Technologies

% of total investors selecting top sector for investment in 2018



Plethora of profitable exits by way of IPOs, strategic sales, and other means, have given investors greater confidence in the PE / VC asset class and augur well for the year ahead

What will be the emerging trends?



Early-and growth-stage deals continue to be the most dominant stages of investment



Going ahead in 2018 the buyout market is expected to gather further steam and can show growing trend.

Emerging Trends



Good exit will attract more investments



The number of active players in PE increased—particularly institutional investors.

Content Reference

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2. *Business Today*
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We expect another year of active deal-making by the PE/VC investors coupled with buoyant growth outlook for the economy

“Concluding remarks - Transjovan Capital”

Concluding remarks

- According to a survey of 106 limited partner (LPs) by EMPEA, a global industry association for private capital in emerging markets, India in 2017 was ranked number one investment destination by PEs
- India is witnessing a better than before exit environment for PE/VCs and indicates a positive maturing of the sector; investment to exit ratio has been improving consistently over the past few years. In 2014, the ratio was at 3.4 which has come down consistently to 3 in the year 2015 and to 2.4 in the year 2016.
- 2018 seems to be poised for topping the previous year figures as more than 20 India based funds have in principle secured and closed cumulative fund raising of approximately USD 3 Billion. Additionally, more than 80 funds in the process of roadshows to raise approximately USD 15 Billion.
- Competition for deals is increasing, with growth in the number of participating funds and PE funds developing pockets of strength across sectors and regions. The number of active players and institutional investors is expected to grow
- Fund sources continued to diversify: Sovereign wealth funds and pension funds participated in about 20% of the total deal value. New asset classes, which include alternative investment funds, continue to scale their India plans
- Overall, we expect another year of active deal-making by the PE/VC investors coupled with buoyant growth outlook for the economy

About Transjovan Capital

TRANSJOVAN CAPITAL is a premier new-age Board Advisory firm, focused on providing advice to clients pertaining to Corporate Strategy, Mergers & Acquisitions (M&A), Joint Ventures (JV), Capital-raising (Equity & Debt) and Organization Development.

With offices in New Delhi and Mumbai, the Firm is a preferred Board-advisor to emerging as well as established corporates. The Firm's team has advised clients spread across SMEs, large Indian Conglomerates, Institutional Investors, Fortune 500 Corporations, Government Authorities and New Ventures.

The Firm has received top industry recognition, some of them being:

'Fastest growing BFSI Companies in India' - 2016

'Most Promising M&A Advisory Companies in India' - 2015

'Most Promising Financial Consulting Companies in India' - 2014

Select Team Credentials:

- ✓ Advised on 100+ assignments for clients in the areas of corporate strategy and finance.
- ✓ Collective deal experience of USD 1+ Bn in the transaction advisory space.
- ✓ Access to 200+ PE/VC/Corporate investors
- ✓ Advised 4 of the top 10 largest Indian conglomerates in the areas of M&A advisory and business strategy.
- ✓ Advised across various geographies in India (i.e., Metros, Tier-II & Tier-III locations, etc.).
- ✓ Advised on India entry strategy and JV advisory to various MNCs.
- ✓ Extensive relationships with major Financial Institutions, Private Equity funds and various Institutional Investors - in India and globally.

For more info about the company, you may refer to: <http://www.transjovancap.com>

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