

INDIAN UNLISTED EQUITIES (PRIVATE EQUITY)

“MARKET REVIEW – 2018”

Edition: April 2019



Private Equity



TABLE OF CONTENT

Section	Particulars	Slide No.
1	2018 Deals Activity	3 - 6
2	2018 Investment Exits	7 - 9
3	2019 An Overview	10 - 11
4	Concluding Remarks	12 - 13

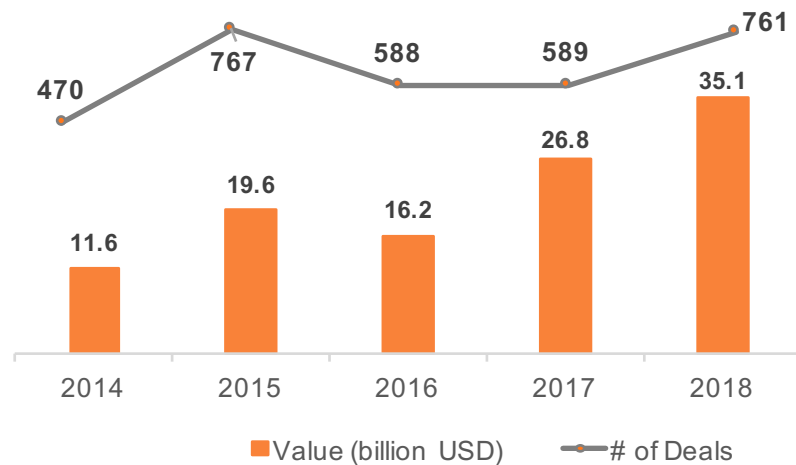
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PE/VC inflows jumped by 35% in 2018, crossing \$35 billion across 761 deals. The reporting period saw as many as 48 large deals worth \$ 9.8 billion, which were mostly buyouts

“2018 – The year gone by”

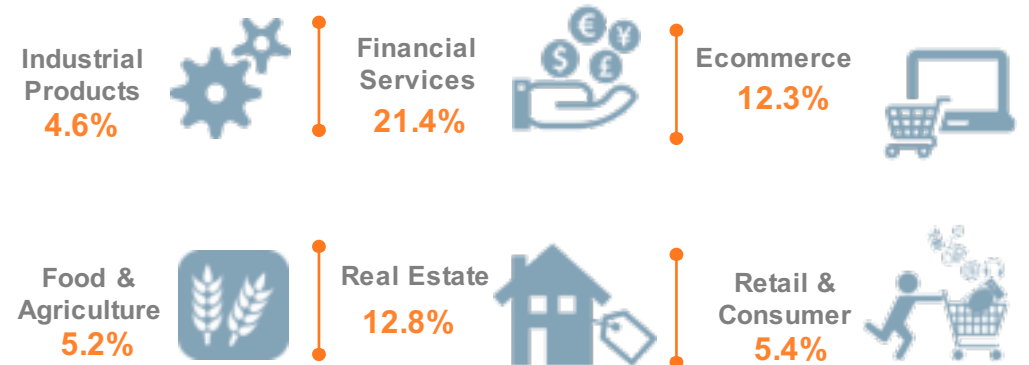
2018 saw an increase in total deal value, crossing the \$35 Bn mark

Deal Trends



Most Attractive Sectors

(Based on value of deals)



2018 Key Trends Summary

On a Y-o-Y basis, investment in start-ups increased 83% to \$6.4 Bn. The total early stage investment into start-ups comprises of 18.2% of the total funding this year

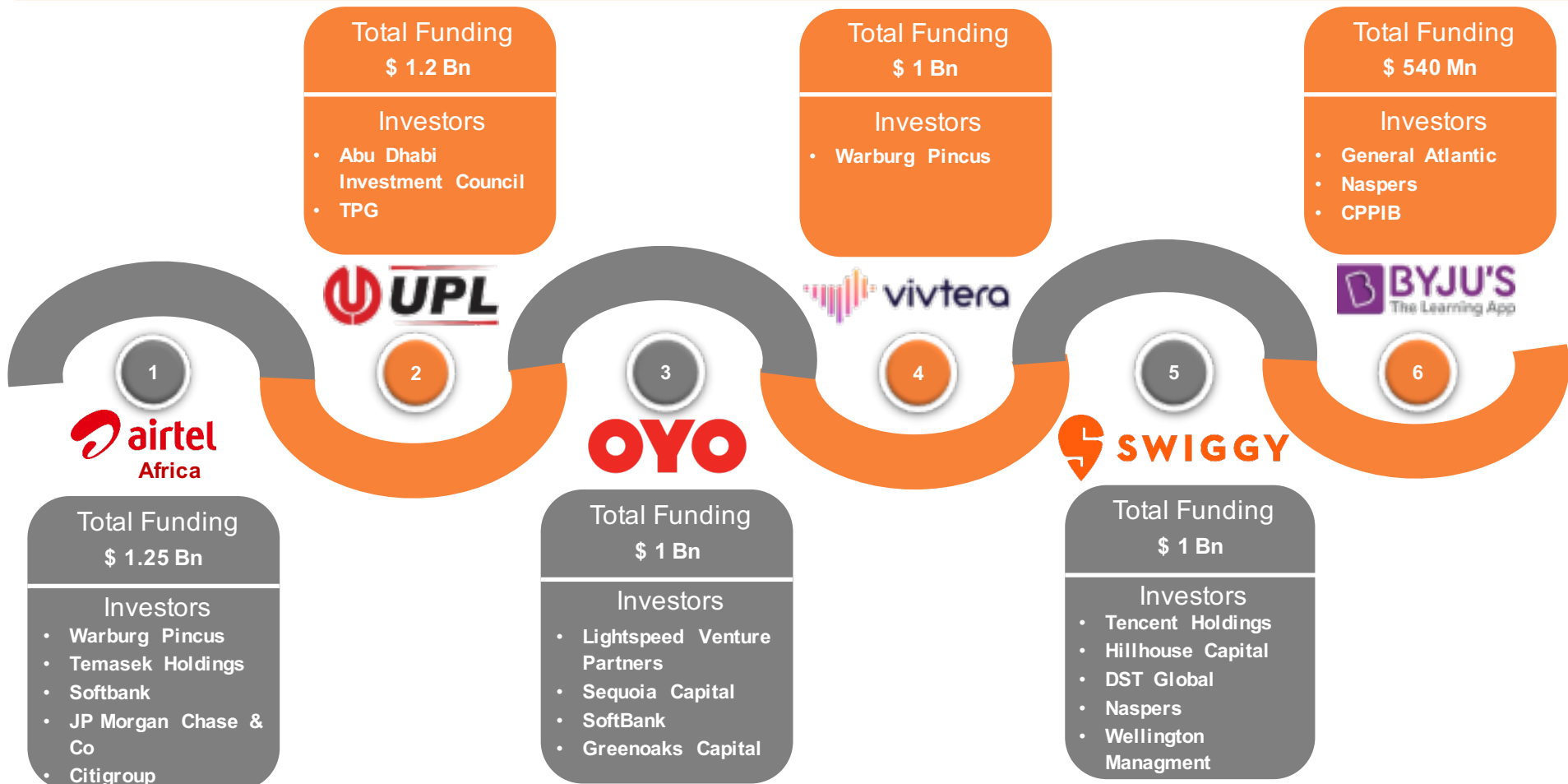
76 deals of more than \$100 million aggregating **US\$25.9 Bn** recorded vs 54 deals aggregating \$18.7 Bn in 2017

Investments have grown by more than 35% in value terms and 28% in volume terms compared to 2017. This is due to strong growth in buyouts and start-up investments

The year witnessed a sharp increase in the number of high value deals. There were **12 deals** over **\$500 Mn**, including **8 deals** over **\$1 Bn**.

Financial services lead with \$7.5 Bn. Real Estate was next in line, with \$4.5 Bn invested across 49 deals

5 Top Deals Overview



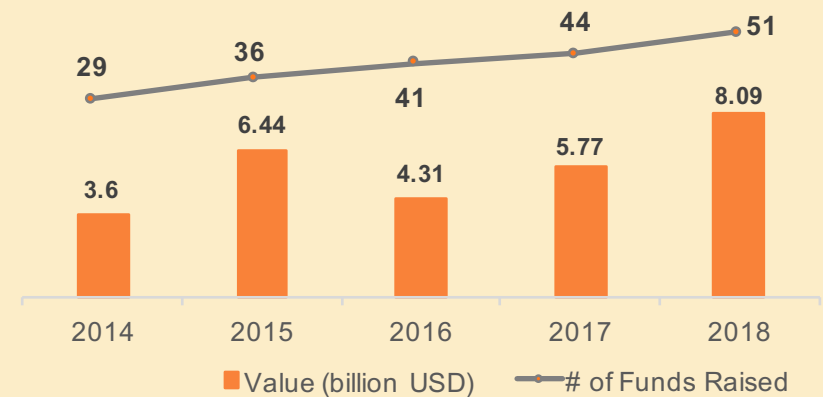
Fund Raising Activity

2018 saw US\$8.1 billion being raised across 51 fund raises by PE/VC funds, a 40% increase over 2017 and the highest ever. Similarly, the fund raise plans announced stood at US\$22.3 billion, which again is the highest ever. This further reiterates the underlying trend, reflected in both investments and exits, of India's improving attractiveness for global PE/VC funds as the domestic PE/VC ecosystem flourishes.

Most Active Funds 2018



Fund Raising Trends



Top Funds Raised

Fund	Amount Raised (\$Mn)	Strategy
Indospace	1,200	Real Estate
Sequoia India	695	Tech, Healthcare & Consumer
True North	600	Buyouts
Godrej Fund Management	600	Real Estate
MOPE	313	FS, Consumer & Healthcare
Nexus Venture Partner	313	Sector Agnostic

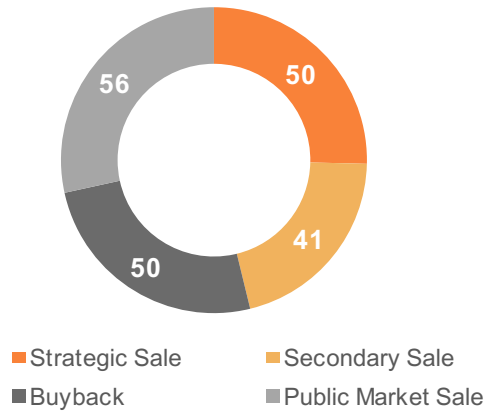
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2018 was the best year ever for exits. In 2018, PE/VC exits, at **\$26 billion**, increased by almost **100%** compared to 2017 and are almost equal to the value of exits in the previous three years combined.

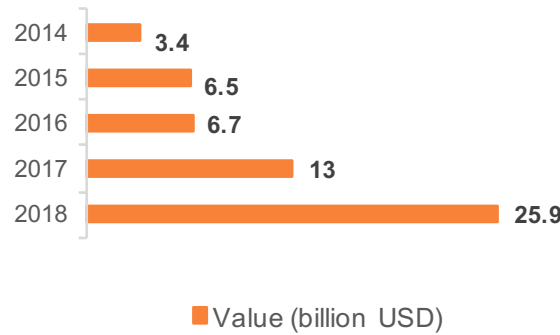
“2018 – Exit Doors Opened”

8 Exits on par with investments

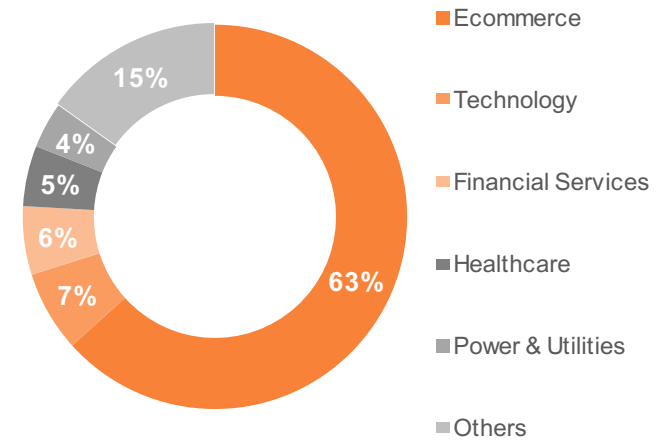
Split of Number of deals by type



Total PE/VC Exits (billion USD)



Key Sectors Exited



2018 Exit Trends Summary

2018 witnessed majority of the PE players cashing out their investments completely from their portfolio companies

PE exits have hit an all-time high. 2018 witnessed 179 exits aggregating \$25.9 Bn, almost equal to the previous 3 years combined

Strategic exits alone accounted for 71% of the exit value in 2018, a trend likely to continue with PEs looking to harvest returns from previously entered deals

A notable deal, the Flipkart's majority stake acquisition by Walmart for US\$16 Bn marked the largest PE exit in 2018.

Technology, financial services, Healthcare, Power & Utilities sectors also saw top exits this year

Notable Exits Overview

1

Flipkart 

Acquired by

Walmart 

Outside of Walmart's 77% shares, the remainder 23% of the business is held by Flipkart co-founder Binny Bansal, Tencent, Tiger Global and Microsoft Corp

 May 2018  \$16 Bn

2

intelenet 
Acquired by
Teleperformance  each interaction matters

Intelenet was founded in 2000 and is headquartered in Mumbai, had posted revenue of \$ 449 million in 2018 was backed by PE Fund Blackstone.

 October 2018  \$1 Bn

3

VISHAL MEGA MART 
Acquired by
KEDAARA  Partners Group  REALISING OPPORTUNITIES. MITIGATING RISKS.

Vishal Mega Mart was bought by TPG and Shriram Group in a distress sale for Rs70 crore in 2010

 May 2018  \$735 Mn

3

2019 is expected to be an inflection point for the Indian PE/VC industry, as exits approach the value of investments, moving towards mature market standards.

“2019 – The Way Forward”

With the resulting “trade wars” and elections in May 2019, much is yet to be seen as to how global investors react to the various macro-economic & geo-political shifts.



Due to high valuations, achieving high returns for funds is becoming difficult. There might be a slowdown in fresh infusions in 2019

A record 3,749 global private equity funds have been in the market looking to raise funds. This increased competition among funds has led to more stringent LP-GP scenarios.

Sectors becoming Attractive

- Enterprise Tech
- Financial Services
- Agriculture

Content Reference

Report Reference

1. *EY*
2. *PWC*
3. *IVCA*

Articles Reference

1. *Business Standard*
2. *Livemint*
3. *Economic Times*
4. *Bloomberg Quint*
5. *VCCircle*

4

We expect 2019 to be a year of consolidations and exits, with active deal making taking a back seat and a slowing down of the global & Indian economy due to trade wars and geo-political uncertainty.

“Concluding remarks - Transjovan Capital”

Concluding remarks

- With 179 exits aggregating \$25.9 billion, 2018 has been a year of consolidations and exits since the value of exits is almost equal to the exits value of last 3 years combined.
- According to a EMPEA 2018 Global Limited Partner's Survey, India provides a wider choice in terms of fund managers coupled with better growth opportunities which has been proven with so many exits taking place.
- With the economy growing and rapid digitization of processes by the Government, it has become relatively easier for businesses to operate efficiently than it was a decade back. Hence sovereign wealth funds have started directly investing into India too which may pick up in the year to come.
- Geo-political uncertainty and “trade wars” may result in slowing down of the global economy and reduced funding into riskier emerging markets.
- The increasing number of funds globally and increased competition may make it difficult for new funds to raise new money. This may lead to some of the new funds unable to complete their targeted raise, thus creating an entry barrier for new fund managers.

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.

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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