



Private Equity in India – 3Q Sep'09

Momentum in PE not in sync with Stock Market buoyancy...A Quarterly report



PE Environment Continues to be Difficult

- ❑ In Q3 Sep'09, Private Equity deals slowed to a four-year low with total investment of \$644MM. Year to date (Jan-Sep'09), 113 private equity deals of \$2,186MM were closed
 - Q3 Sep'09 was the worst quarter of 2009 in terms of deal value as total investments declined to \$644MM compared to \$793MM and 749MM in Q2 and Q1 respectively
 - However, it was also the best quarter of 2009 in terms of number of deals with of 40 deals closed in the Q3 compared with 34 and 39 in Q2 and Q1 respectively

- ❑ With the risk appetite still being low, deals with the higher valuation seem to have lost the charm. The average deal size declined to \$16MM and 19MM in Q3 and year to date (Jan-Sep'09) respectively

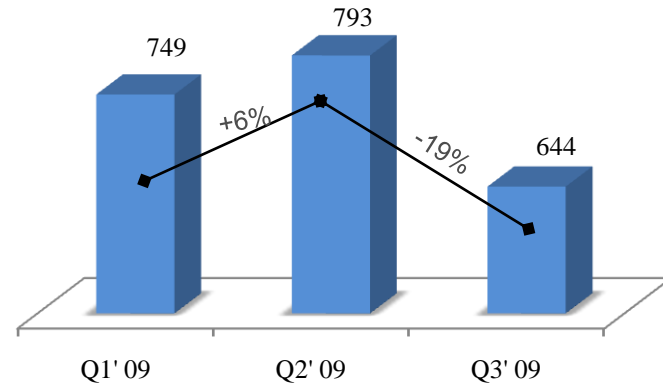
- ❑ Driven by tight credit environment, PE are turning to more intensive portfolio management. Funds are more focused on domestic consumption driven and non-cyclical industries like Education, Healthcare and Energy sector

- ❑ We expect the recovery in PE market in early 2010 with some recovery towards year-end, as the global economy scenario continues to show improvement. Buoyancy in secondary stock markets further our belief of improvement in equity investment scenario

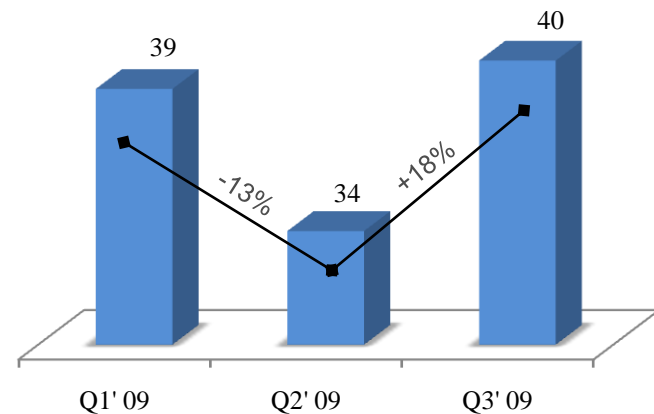
PE Activity in India

- ❑ The value of Indian PE deals in Q3 Sep'09 stood at \$644MM, down 19% QoQ as compared to 793MM in Q2 Jun'09*
- The largest investment during Q3 Sep'09 was a \$255MM investment by KKR to buy out Flextronics' residual stake in telecom software services firm, Aricent. The deal accounted for a 1/3rd of total value of investment (\$644MM) during the period
- Investment activity continued at a significantly slower pace, despite improvements in the global economic scenario in last quarter

PE Deals in India (\$MM)



PE Deals in India (No.)



* Total deal value doesn't include deals whose values are not disclosed

Sectoral Break Up: Comparative Analysis of Deals

Sector	No. of deals		Trend
	Q2 Jun'09	Q3 Sep' 09	
Telecom, Media & Technology	10	10	—
Real Estate & Infrastructure	8	0	↓
Industrials	7	16	↑
Consumer & retail	3	1	↓
Healthcare & life sciences	3	4	↑
Hospitality	2	0	↓
Banking & Financial services	1	5	↑
Education	0	4	↑
Total	34	40	↑

Sector contributed 40% of the total deals in the quarter

Disclaimer

The information contained herein has been obtained from various public sources. The above information is believed to be correct but is not necessarily complete and its accuracy cannot be guaranteed.

ARC Financial Services is not responsible for any error or any decision taken by the reader based on this information. It should not be relied upon as a substitute for detailed advice and the company does not accept responsibility for any loss as a result of relying on material contained herein. ARC Financial Services Pvt. Ltd. will not accept any liability, whatsoever with respect to the use of this document or its content. This document has been distributed for information purposes only and does not constitute or form part of any offer or solicitation of any offer to buy or sell any securities. The Company may from time to time solicit from, or perform consulting, or other services for, any company mentioned in this document.

About ARC Financial Services

ARC Financial Services Pvt. Ltd. provides 'Financial Research & Analytics', 'Business & Corporate Intelligence', 'Management & Strategic Consultancy' and 'Content Management' services to its clients across the Globe. We offer a full range of services and transactions expertise including Private Equity placements, Capital Raising services in public markets (IPOs and QIPs), FCCBs, Capital Restructuring, Mergers & Acquisition, Spin offs, and Corporate Restructuring Advisory services. We also act as an advisor on various corporate, financial and commercial matters and provides content management services including Investors Relations Consulting to the organisations based on in-depth industry study and company research. We cover the key sectors including Agriculture and Agro Processing, TMT, Consumers Products and Retail, Banking and Financial Services, Healthcare and Life Sciences, Oil and Gas, Power, Pharmaceuticals, Infrastructure, Real Estate, Auto & Auto Ancillary and Manufacturing & Distribution amongst others.

For further information please visit us www.arc-fs.com and /or email us at info@arc-fs.com

For a detailed report please reach us at:

ARC Financial Services Private Limited

311, Ansals Majestic Tower
PVR Complex, Block G, VikasPuri
New Delhi – 110018
India

Tel: +91 11 4560 1622
Tel: +91 11 4562 2127
Email: info@arc-fs.com
Website: www.arc-fs.com

