2016 India Private Equity Trends

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**Identify pitch opportunities at the earliest stage**

- Remain ahead of the coverage provided by Financial Sponsors Groups, avoiding an auction scenario.
- Find potential live bidders/targets in the market to generate investments and exit routes via M&A.
- Track the strategic intentions of both corporates and advisors to increase your knowledge of their business and sectors, and bolster your pitch books.
- View the complete “current portfolio” of a specific private equity firm and identify potential exits.

**Know your companies**

- Receive real-time updates about your portfolio companies and markets of interest while on the go with intelligence alerts sent to your e-mail, BlackBerry, iPhone, iPad or Android mobile device.

**Monitor the competition**

- Analyze specific private equity houses in terms of current portfolio, historical exits, potential investments, firm profile, historical advisor and investor relationships, as well as “rival” bidders to monitor competitors.

**Leverage your relationships**

- Identify relevant advisory and corporate relationships between M&A players, including corporates, advisors and PE firms, at both the firm and individual levels.

For more information about Mergermarket, contact Ajay Narang on +852 2158 9764 or ajay.narang@mergermarket.com
Private equity activity in India totaled USD 9.9bn across 87 deals in Q1-Q3 2016. The total number of deals was 72 deals less and the total value of transactions decreased 8.2% compared to the previous year.

Energy, Mining & Utilities was the top sector accounted for 14.4% market share by value. A total of USD 1.4bn was recorded across three announced deals in the sectors during Q1-Q3 2016. It also saw an increase in value from the same period last year, with an 81.2% increase in deal value with the number of deals remaining the same. Consumer saw the strongest annual growth, with an 86.3% increase in deal value totaling USD 961m with nine deals, three deals less from last year.

On a contrast, Technology, previously dominated the market by having USD 2.9bn investment in Q1-Q3 2015, saw a 50.9% drop in value and 19 deals fewer to 16 in Q1-Q3 2016. Pharma, Medical & Biotech noted a 18.5% decrease to USD 1.4bn and deal count dropped 50% only six deals.

Buyout activity for India-based PE investors totaled 65 investments worth USD 5.4bn in Q1-Q3 2016, which saw a drop of 24.5% from same period in 2015. On the other hand, India based Exit activity saw a 4.9% increase to USD 5.6bn for 32 transactions, the highest record in value for first nine months. Q3 2016 alone contributed USD 2.7bn, ranking as the highest quarter on record.

Average deal size for Q1-Q3 2016 was USD 114.3m, the historical high on Mergermarket record since 2001. Nevertheless, 2015 was the top year on record in Deal value when India private equity investors invested USD 10.8bn across 127 deals around the globe during Q1-Q3 2015, with the average deal size of USD 85.3m.

India Private Equity Trends since 2007
## India

### Annual Buyout Activity

<table>
<thead>
<tr>
<th>Period</th>
<th>Value (US$m)</th>
<th>Deal count</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>4,405</td>
<td>62</td>
</tr>
<tr>
<td>2012</td>
<td>3,312</td>
<td>63</td>
</tr>
<tr>
<td>2013</td>
<td>2,847</td>
<td>76</td>
</tr>
<tr>
<td>2014</td>
<td>6,485</td>
<td>82</td>
</tr>
<tr>
<td>2015</td>
<td>8,977</td>
<td>116</td>
</tr>
<tr>
<td>Q1-Q3 2016</td>
<td>5,426</td>
<td>65</td>
</tr>
</tbody>
</table>

### Annual Exit Activity

<table>
<thead>
<tr>
<th>Period</th>
<th>Value (US$m)</th>
<th>Deal count</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2,662</td>
<td>15</td>
</tr>
<tr>
<td>2012</td>
<td>1,715</td>
<td>23</td>
</tr>
<tr>
<td>2013</td>
<td>2,277</td>
<td>29</td>
</tr>
<tr>
<td>2014</td>
<td>2,193</td>
<td>26</td>
</tr>
<tr>
<td>2015</td>
<td>8,017</td>
<td>59</td>
</tr>
<tr>
<td>Q1-Q3 2016</td>
<td>5,609</td>
<td>32</td>
</tr>
</tbody>
</table>

### Top Announced Private Equity Deals (Buyouts)

<table>
<thead>
<tr>
<th>Deal value (US$m)</th>
<th>Ann. Date</th>
<th>Deal Type</th>
<th>Bidder company</th>
<th>Target company</th>
<th>Seller company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,008</td>
<td>4-Apr-16</td>
<td>IBI</td>
<td>Blackstone Group LP</td>
<td>Mphasis Limited (76.27% Stake)</td>
<td>HP Inc</td>
</tr>
<tr>
<td>593</td>
<td>13-May-16</td>
<td>IBI</td>
<td>Consortium for Crompton Greaves Consumer Electrical Ltd</td>
<td>Crompton Greaves Consumer Electricals Limited (60.37% Stake)</td>
<td></td>
</tr>
<tr>
<td>330</td>
<td>2-Mar-16</td>
<td>MBI</td>
<td>Plutus Financials Pvt Ltd</td>
<td>GE Capital Services India Limited; and GE Money Financial Services Limited</td>
<td>General Electric Company</td>
</tr>
<tr>
<td>320</td>
<td>6-Jul-16</td>
<td>IBO</td>
<td>TPG Capital LP</td>
<td>ICICI Home Finance Company Limited</td>
<td>ICICI Bank Limited</td>
</tr>
<tr>
<td>221</td>
<td>17-Feb-16</td>
<td>IBI</td>
<td>Ontario Teachers’ Pension Plan; Brother Fortune Apparel Pte Ltd; Iron Pillar; and Clouse SA</td>
<td>Snapdeal</td>
<td></td>
</tr>
</tbody>
</table>

### Private Equity Sector Analysis in Q1-Q3 2016 vs Q1-Q3 2015

- **Energy, Mining & Utilities**: 16% (Q1-Q3 2016), 14% (Q1-Q3 2015)
- **Pharma, Medical & Biotech**: 4% (Q1-Q3 2016), 4% (Q1-Q3 2015)
- **Technology**: 13% (Q1-Q3 2016), 14% (Q1-Q3 2015)
- **Financial Services**: 14% (Q1-Q3 2016), 14% (Q1-Q3 2015)
- **Business Services**: 8% (Q1-Q3 2016), 8% (Q1-Q3 2015)
- **Consumer**: 5% (Q1-Q3 2016), 5% (Q1-Q3 2015)
- **Telecommunications**: 15% (Q1-Q3 2016), 16% (Q1-Q3 2015)
- **Transport**: 1% (Q1-Q3 2016), 2% (Q1-Q3 2015)
- **Industrials & Chemicals**: 13% (Q1-Q3 2016), 14% (Q1-Q3 2015)
- **Leisure**: 1% (Q1-Q3 2016), 1% (Q1-Q3 2015)
- **Construction**: 2% (Q1-Q3 2016), 2% (Q1-Q3 2015)
- **Real Estate**: 14% (Q1-Q3 2016), 14% (Q1-Q3 2015)
- **Agriculture**: 2% (Q1-Q3 2016), 2% (Q1-Q3 2015)
- **Media**: 7% (Q1-Q3 2016), 7% (Q1-Q3 2015)
PE Coverage

**Dodla Dairy’s PE backer Proterra hires Edelweiss for an exit**

April 21, 2016 - Dodla Dairy’s sponsor Proterra Investment Partners has hired Edelweiss Financial Services to facilitate its exit from the company, said a source familiar with the situation.

This would be a secondary transaction to a financial or strategic investor which may include a small primary component, the source added.


Dodla reported a turnover of INR 10.28bn (USD 155m) in FY15, and was expecting to reach INR 12.5bn in FY16, as per a November 2015 Mergermarket report.

Proterra Investment Partners declined to comment. Dodla Dairy and Edelweiss Financial Services did not respond to emailed requests for comment.

The company retails milk and related products such as butter, curd, and ice cream under the Dodla brand. The majority shareholders in Dodla include founder Sesha Reddy and his family, as per its website.

Recent deals in this segment include French Lactalis’ acquisition of Indore-based Anik Industries for INR 4.7bn in March 2016.

by Ranjani Raghavan and Mithun Varkey

**PE Target**

**Warburg Pincus working with Morgan Stanley to exit from Lemon Tree Hotels**

May 16, 2016 - Private equity firm Warburg Pincus is in negotiations with several financial investors to sell its entire stake in Lemon Tree Hotels, the New Delhi, India-based hotel chain, a source familiar and a source briefed on the situation said.

Morgan Stanley is advising the seller on the deal which is likely to be around INR 8bn (USD 120m), the source familiar said. The deal is likely to be closed by June and will be a secondary sale, he added.

Warburg and Morgan Stanley did not respond to requests for comments. Lemon Tree declined to comment.

Warburg invested INR 2.1bn for an undisclosed minority stake in 2006. The private equity firm is speculated to seek a company valuation of up to USD 1bn, a sector expert who previously looked at the company said.
In 2014, Lemon Tree was valued at INR 40bn (USD 589m), a media report said.

Dutch pension fund APG owns a 15% stake in the hotel chain and is unlikely to exit in this round, the source familiar said.

APG bought a 5.6% stake in the company in 2012 and raised its stake to 15% in two tranches, according to media reports. Founding shareholder Patu Keswani owns a majority stake in the company, according to the source familiar.

The potential investor would be a private equity firms with short investment horizon considering the potential initial public offering ahead, the sector expert said.

Lemon Tree Hotels said in March that it is planning to go for an initial public offering (IPO) in next 18 months which could provide a partial exit route for its exiting private equity (PE) backers, such as APG. The company will consider an IPO in 2017 which may provide a partial exit to APG, the source familiar and the source briefed said.

Lemon Tree Hotels is likely to turn profitable in FY17 and sustain its profitability for the next few years, which will improve its valuation in the public market, the source familiar said. The source declined to give revenues and bottom-line figures.

Lemon Tree Hotels has got regulatory clearances for its Mumbai hotels and it is likely to be operational soon, which will also boost its operational performance and valuation, the source briefed said.

The company recorded revenues of INR 2.4bn and a loss of INR 602m in FY15, according to a January 2016 media report.

Lemon Tree owns 24 hotels with 3,000 rooms and is building 9 more hotels with a capacity of 1,400 rooms that will be operational by 2018. Apart from its own hotels, it currently manages 300-400 rooms across five hotels.

Founded in 2002 by Keswani, the company owns and operates three brands of hotel chains catering to premium, midscale and economy segments.

### Live Situation

**International Tractors revisiting stake sale, IPO put on backburner**

Nov 14, 2016 - International Tractors has put its initial public offering on a slow track as the Blackstone Capital Partners-backed Indian tractor maker revisits the option of a stake sale, three sources familiar with the transaction and four sources briefed on the situation said.

The Punjab, India-based company is in talks with several potential buyers, including Japanese farm equipment maker Yanmar, which already has an about 12% stake in International Tractors, and Indian conglomerate Mahindra & Mahindra [NSE: M&M], the world’s largest tractor manufacturer, the first source familiar and the sources briefed said.

International Tractors believes the valuation from a trade sale will be higher than that of an IPO, and allows the company to remain private, the first source briefed said.

Yanmar is the frontrunner to buy Blackstone’s nearly 18% stake as the founders, who have more than a 70% stake in the company, are unlikely to sell out, the first source familiar said. Indian strategic investors are generally not keen on holding minority stakes, he added.

When asked whether Yanmar has any plans to further step up its stake in the Indian company, a Yanmar spokesperson said nothing has been decided. International Tractors has an important role for Yanmar and is acting as a key foothold in India, along with its own subsidiary in the country, the spokesperson said.
As reported by this news service, International Tractors has mandated Kotak Investment Banking, JM Financial, Goldman Sachs and ICICI Securities for the INR 8bn- INR 10bn (USD 120m-USD 150m) IPO, which would provide an exit for Blackstone. But it has always been on a dual track process, the second source familiar said.

The company has been in talks for a trade sale, though it hasn’t been made headway recently, he said.

International Tractors has nearly INR 15bn (USD 225m) in cash and could evaluate other options to give Blackstone an exit, in case it decides against a public issue, said a sector banker, who is familiar with the company.

The options could include a buyback, the first source familiar noted.

Mahindra may not have enough cash to fund an acquisition, as it could be a multi-billion dollar deal, he said. The diversified Mahindra Group, which has a market cap of INR 818bn, had cash in hand of INR 158bn as of June this year, according to media reports.

Blackstone invested USD 100m for a 12.5% stake in the company in 2012. But the sector banker said the private equity firm now controls roughly 18% of International Tractors.

International Tractors, Blackstone and Mahindra & Mahindra did not respond to requests for comment.

International Tractors is the third-largest tractor manufacturer in India after Mahindra & Mahindra and privately held TAFE.

International Tractors, part of India’s Sonalika Group, posted a revenue of about USD 650m in the fiscal year to end-March 2015, according to its website. It exports to over 70 countries and has a 10% share in India’s tractors market.

Sonalika Group also has businesses in the farm equipment, sports utility vehicles and diesel generator sets sectors. It manufactures tractors under the brand Sonalika.

by Ruth Saldanha and Savitha K in Mumbai, Mithun Varkey and Anna Youk in Hong Kong, and Norie Hata in Tokyo
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PE-linked primary bond market exclusives

Jain Irrigation and Greenko mulling USD bond deals

October 20, 2016 - The Maharashtra-based Jain Irrigation Systems Ltd, a manufacturer of hydration products for farms, mandated JPMorgan and Deutsche Bank for an inaugural, approximately USD 200m bond issuance, according to two sources familiar with the matter.

The sovereign-wealth-fund backed Greenko Energy Holdings is mulling a USD bond issuance to fund its acquisition of distressed solar company SunEdison's 390 MW operating and near completion assets in India, according to the one of the first sources and two other sources familiar...

KKR-linked Dalmia Cement mandates Deutsche Bank for planned USD bond offering

September 19, 2016 - Dalmia Cement (Bharat) Ltd, a subsidiary of KKR-backed Indian conglomerate Dalmia Bharat Ltd (DBL), has mandated Deutsche Bank for a planned USD bond offering, said two sources with knowledge of the matter. The unlisted cement maker is currently undergoing a ratings exercise for the planned high-yield bond, three other sources with knowledge said. The company is likely to get a BB rating, according to the third source...

Goldman-backed ReNew Power meets investors in HK ahead of possible USD bond offering

August 31, 2016 - Goldman Sachs-backed Indian clean-energy company ReNew Power Ventures has met investors in Hong Kong ahead of a possible USD bond offering, said two sources with knowledge of the matter.

The non-deal roadshow for the Mumbai-based company was arranged by BofA-Merrill Lynch, said the two sources and a third source with knowledge. The unlisted solar- and wind-energy company is looking to raise up to USD 250m, said the third source. The deal is likely to be of a “decent” size, considering the company requires USD 700m-USD 800m of capex, said the second source...
Private financing

Greenko founders raise USD 120m share-backed loan from institutions to boost stake in company

August 17, 2016 - Greenko Energy Holdings’ founders Anil Kumar Chalamalasetty and Mahesh Kolli have raised a USD 115-USD 120m share-backed loan to fund their acquisition of an additional stake in the Indian renewable energy producer from controlling shareholder GIC, said two sources with knowledge of the matter.

SSG Capital was among a clutch of investors that participated in the financing, said the first source with knowledge and a third source with knowledge, who was aware of the financing deal but not the final size. Investec (London) and Clifford Capital also joined, the first source with knowledge said.

The loan yields around 11%-13% in USD terms, the first two sources with knowledge said. The tenor is three-to-five years, the second source with knowledge said….

Analysis

International creditors to lose key bargaining tool in India’s new bankruptcy regime

July 14, 2016 - By most accounts, India’s planned new bankruptcy code is a positive signal of India’s push to modernize its financial system, making it a better home for international capital.

For international creditors, however, the changes might actually be negative, blunting an important tool to seek redress: filing – or at least threatening – winding up petitions even when structurally senior onshore bank creditors have already signed off on a deal, according to four Indian restructuring and insolvency lawyers and two special-situation hedge-fund analysts.

Borrowing from international best practices, the Insolvency and Bankruptcy Code, 2016, was passed in May endeavoring to unify India’s opaque alphabet soup of restructuring options, smoothing the process for creditors to implement overarching restructuring plans or to launch liquidations. The changes are part of the slate of key economic reforms pushed by commercially minded Prime Minister Narendra Modi, who in an interview with The Economic Times last week touted the new code’s ability to “…greatly increase the speed and efficiency of recovery of loans… and enable much higher level of financing for economic activities.”

Most analysts believe that indeed will be the case. However, because offshore creditors generally hold a small minority of claims against Indian debtors, they could be compelled to go along with the choices of the more senior, domestic claimants with a history of implementing restructurings disconnected from the actual economic benefits to the claimants….
Distressed-loan trading

**Jindal Steel & Power: US hedge fund picks up USD 10m loan position from SC Lowy; standstill talks continue**

November 8, 2016 - SC Lowy sold around USD 10m of its Jindal Steel & Power Ltd. (JSPL) loan exposure to the Singapore desk of a large US-based hedge fund, said three sources with knowledge of the matter.

The HK-based boutique investment bank over the summer bought up a controlling portion of the distressed Indian steel maker and electricity generator’s defaulted USD 150m loan as well as a relatively smaller exposure to a USD 400m facility. The firm used the larger position in the smaller loan to accelerate in late August, compelling holders of the larger loan to follow suit two weeks later, as reported.

Both loans were raised via Jindal Steel & Power Mauritius Ltd – the offshore intermediate holding company for the group’s international businesses – and guaranteed by the India parent. The holders of the two loans have yet to invoke the parental guarantee but the SC Lowy-led smaller loan group has sent the borrowing entity a statutory demand notice, a key step before a winding up petition can be filed, said the third and a fourth source with knowledge…

Restructuring talks

**GTL Infra reaches deal with CB ad hoc group on swap terms**

November 3, 2016 - GTL Infrastructure has proposed swapping its restructured USD 193.53m-outstanding convertible bonds due 2017 for two tranches of new convertible instruments and a spot of equity, according to three sources with knowledge of the matter and a market source.

An ad hoc committee of holders is broadly on board with the plan though certain terms need to be fleshed out before the offer could go to a formal vote…

For more information about Debtwire, contact Jessie Ma on +852 2158 9735 or jessie.ma@debtwire.com
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