

www.pwc.com/globalmoneytree
www.pwc.in

PricewaterhouseCoopers India Pvt Ltd

MoneyTree™ India Report **Q4 2014**

Data provided by Venture Intelligence

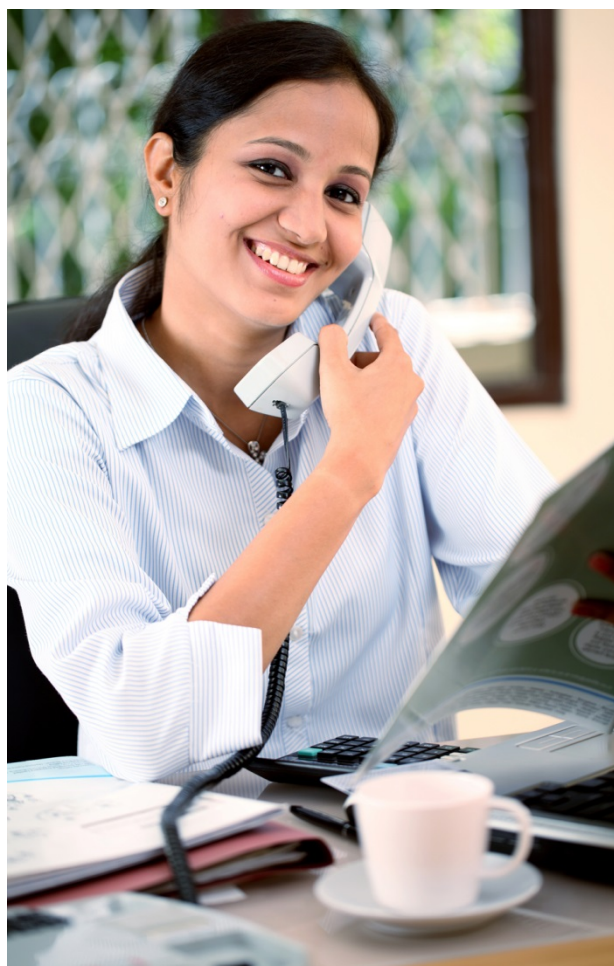
Technology Institute

*This special report provides
summary results of Q4 '13,
Q3 '14, and Q4 '14.*



pwc

Table of contents



| | |
|--|-----------|
| 1. Overview | 3 |
| Good times ahead? | 3 |
| 2. Analysis of private equity investments | 5 |
| Total equity investments in PE-backed companies | 5 |
| Investments by industry | 6 |
| Investments by stage of development | 8 |
| Investments by region | 9 |
| Top 20 PE deals | 10 |
| 3. Analysis of PE exits | 11 |
| Total PE exits | 11 |
| Exits by industry | 12 |
| Exits by type | 13 |
| Top five PE exits | 14 |
| 4. Active PE firms | 15 |
| 5. Sector focus: IT & ITeS sector | 16 |
| Total PE investments | 16 |
| Investments by stage of development | 18 |
| Investments by region | 19 |
| Investments by sub-subsector | 20 |
| PE exits in the sector | 21 |
| 6. Definitions | 22 |
| Contacts | 23 |

1. Overview



Good times ahead?

Buoyed by the fourth quarter's performance, private equity (PE) investments in India in 2014 surged by over 30% with a total investment value of 12.7 billion USD compared to last year's 9.8 billion USD. During the October-December (Q4) period, total private equity investments in India reached 4.4 billion USD across 107 deals. This has been the most noteworthy performance since the incredible Q4 '07 which saw investments worth 5.4 billion USD.

The surge in the yearly investments can be attributed mainly to the increasing interest in e-commerce, which saw a total investment of over 2.5 billion USD, and the fourth quarter has not been that different. The information technology and information technology-enabled services (IT & ITeS) and tech sectors attracted 59% of the total investment, with most of the money invested in e-commerce, and bumped up by considerable investments in Flipkart and Snapdeal.

We expect the growth in PE investments to continue in 2015, anticipating even higher levels of growth backed by economic reforms on the horizon. The exit activity of 2006-08 vintage investments will also encourage this. Along with IPOs and secondaries, the reforms are expected to bring more inbound strategic investors as well.

Opening of foreign direct investment (FDI) in new sectors and enhancing its limits in sectors such as insurance will be helpful as would the easing of labor laws and other government initiatives. The government has also launched the 'Make it in India' campaign, but for it to have a positive impact, it is critical that the ease of doing business in India improves.

Pick-up in demand owing to anticipated higher growth rates, the lower interest rate regime and lower oil prices are also likely to create investment opportunities in the consumer sector including derivative sectors such as logistics, warehousing and business services. Healthcare and life sciences are expected to continue to receive significant PE attention.

Though there is a high interest, infrastructure is unlikely to see any significant PE activity in 2015 since the investing experience in this sector so far has been unsatisfactory. However, it is quite likely that as the government steps on the pedal for infrastructure investments and revives the investment cycle, private investors, including PE investors, would be keen to invest in businesses providing services to this sector.

The financial services sector is also expected to see significant interest on both book-based and fee-based businesses. The focus will mainly be on technology enabled financial services platforms and the activity resulting from payments and small banks licenses. E-commerce is expected to continue to generate interest, as is the IT sector.

However to achieve the above, the ability of the government to speed-up reforms is the key to the activity levels in 2015, and private equity investors are watching.

Sanjeev Krishan
Private Equity Industry Leader
PwC India

2. Analysis of private equity investments

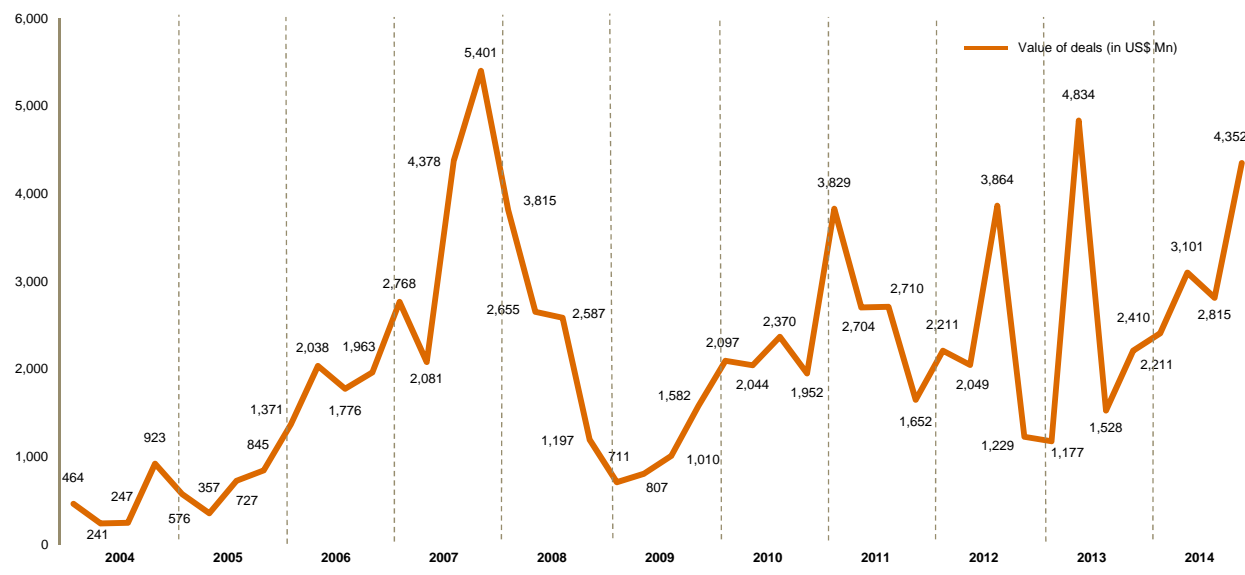
Total equity investments in PE-backed companies

Private equity investments in India have witnessed a phenomenal fourth quarter with 4.35 billion USD across 107 deals, a long-awaited development since the incredible Q4 '07 which saw 5.40 billion USD worth of investments. Despite a 9% drop in the number of deals compared to the previous quarter, the deal value rose by 55%. In Q3 '14, 2.82 billion USD was invested in 117 deals. The investment value doubled, in comparison with the same period last year, with just a 4% increase in volume. In Q4 '13, the total investment was 2.21 billion USD across 103 deals.

Continuing the trend of last quarter, the IT & IT-enabled services (IT & ITeS) sector retained the top slot, attracting 2.56 billion USD in 59 deals, which is more than half of the total investments. It represents a 55% increase compared with the previous quarter and is nearly three times higher than the investment recorded in the same period last year.

The banking and financial sector's (BFSI's) stellar performance during the fourth quarter has made it the second best attraction. With a total investment of 563 million USD, it recorded a two-fold jump from the previous quarter.

Total equity investments



| Quarter | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | | | | | | |
|-----------------|----|----|----|----|----|----|----|----|-----|----|-----|----|-----|----|-----|-----|-----|-----|-----|----|----|----|----|-----|----|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Number of deals | 19 | 23 | 21 | 38 | 44 | 42 | 46 | 62 | 100 | 87 | 106 | 99 | 118 | 95 | 139 | 178 | 165 | 108 | 136 | 87 | 73 | 48 | 69 | 102 | 95 | 84 | 122 | 104 | 121 | 131 | 145 | 125 | 132 | 120 | 131 | 108 | 107 | 124 | 113 | 103 | 144 | 112 | 117 | 107 |

Data provided by Venture Intelligence.

Late-stage investments outperformed growth-stage investments, receiving a total of 2.91 billion USD compared to the 934 million USD worth of investments in growth-stage deals.

Mumbai made a comeback to the top slot with regard to PE investments—both by value and volume of deals—in this quarter with investments of 1.01 billion USD from 29 deals.

Investments by industry **Q4 '13, Q3 '14 and Q4 '14**

The IT&ITeS sector attracted 2.56 billion USD in 59 deals, a 55% increase as compared to the previous quarter and almost three times higher than the investments in the same period last year.

In Q3 '14, the total investment was 1.65 billion USD across 65 deals while in Q4 '13, it was 987 million USD from 48 deals.

BFSI emerged second in terms of investment value with investments worth 563 million USD in 11 deals, a two-fold increase compared to the previous quarter. In Q3 '14, the total deal value was 225 million USD across eight deals, while in Q4 '13 it stood at 90 million USD in eight deals.

The energy sector received investments valued at 481 million USD this quarter in just six deals, a 75% increase from the previous quarter (275 million USD from 11 deals) and a nine-fold increase from the same period last year (52 million USD from three deals).

Both the gems and jewelry and food and beverages sectors sprung a few surprises in the last quarter with their healthy performance. These sectors received investments worth 213 million USD (two deals) and 117 million USD (three deals) respectively.

While internal policy changes such as hikes in FDI in insurance will be one of the lodestones, the actual money on the table will depend on decisions emanating from global flows. Looking at the health of the banking sector, one can expect flows into BFSI in areas such as asset reconstruction companies, recapitalisation of banks and e-commerce where action is expected due to the payment banks ecosystem.

Manoj Kashyap

Financial Services Industry Leader, PwC India

The renewable energy segment continues to attract strong inward investment given the continuation of a positive policy and regulatory outlook. The central government intends to further boost prospects for renewable energy, especially in wind, solar and biomass segments, and we expect to see investments not just in power generation but also in their manufacturing facilities and in services. Further, the proposed amendments to the Electricity Act 2003, in particular, on open access and competition should draw more interest into power trading and power exchanges.

Kameswara Rao

Power & Mining Industry Leader, PwC India

The last quarter of 2014 saw the highest investment (in terms of value) in the IT&ITeS space in the last decade. Within IT&ITeS, e-commerce investments had the highest contribution this quarter, led by marketplaces such as Flipkart and Snapdeal, and aided by niche companies such as OlaCabs and Housing.com. Year 2014 saw investments in the e-commerce sector, which is helping the industry to scale up. Leaders have started emerging in the various business models (marketplace, self-owned, private label and flash sales). In 2015, e-commerce will continue to see strong growth due to growing penetration beyond the metros, as well as the depth of number of products and services provided online. This is fuelled by improvements in 3G connectivity, improving last-mile delivery capabilities, mobile wallets, demographic dividend, etc. Furthermore, consolidation, which started in 2014, is expected to continue in 2015.

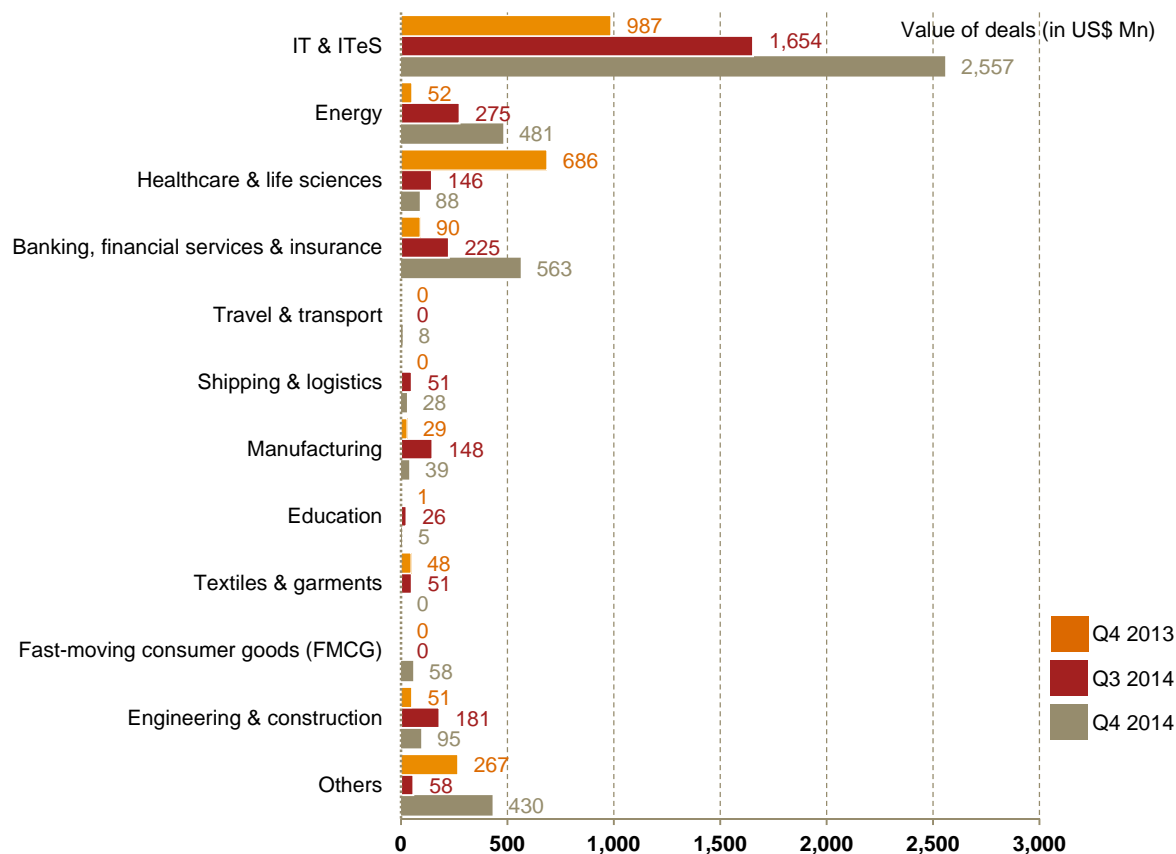
Sandeep Ladda

Technology Industry Leader, PwC India

The manufacturing sector continued to fall this quarter, with a mere 39 million USD investment in two deals. It dipped by 74% compared to the previous quarter's 148 million USD investments.

Note: 'Others' include other services, Telecom, media & entertainment, hotels & resorts, sports & fitness, agri-business, food & beverages, mining & minerals, gems & jewelry and retail.

Investments by industry



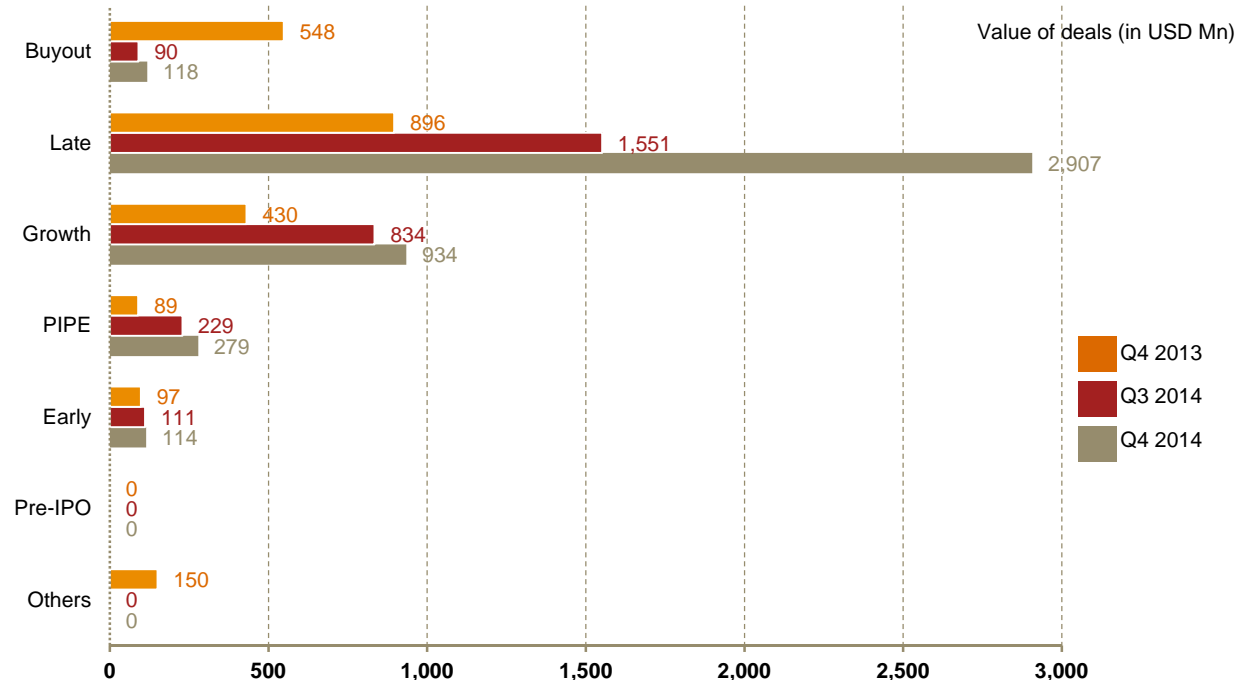
Data provided by Venture Intelligence.

Investments by stage of development

Q4 '13, Q3 '14 and Q4 '14

In Q4 '14, late-stage investment took over as the preferred investment route from growth investment, with the former receiving two-third of the total investment (2.9 billion USD in 34 deals). Growth investment saw 934 million USD during this period, while the private investment in public equity (PIPE) deals attracted 279 million USD.

Investments by stage of development



Data provided by Venture Intelligence.

Note: Definitions for the stage of development categories can be found in the 'definitions' section of this report.

Growth stage in the above graph includes both growth and growth-PE stages.

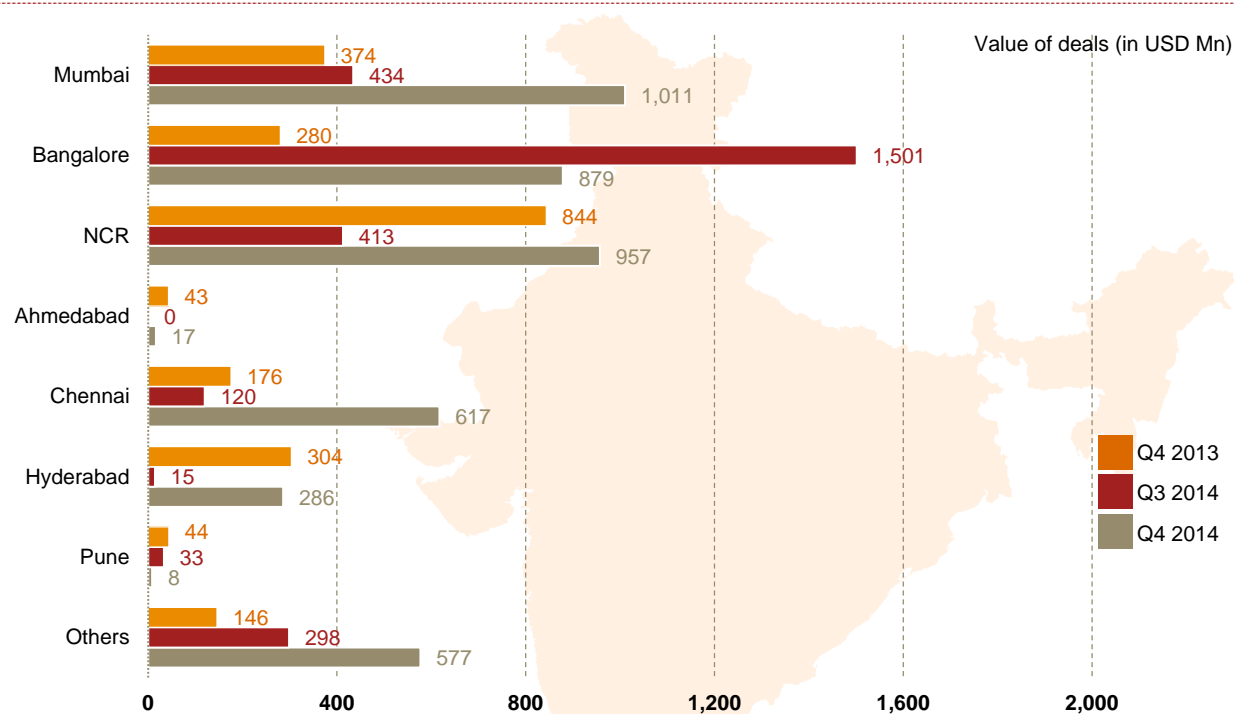
Investments by region Q4 '13, Q3 '14 and Q4 '14

Mumbai superseded both Bangalore and the National Capital Region (NCR) in terms of investment attraction during Q4 '14, with 1.01 billion USD in 29 deals. The NCR received more than double of what it achieved in the previous quarter (957 million USD in 24 deals in Q4) while Bangalore slid to 879 million USD, down by 41% when compared to Q3's 1.5 billion USD investment.

Interestingly, smaller cities such as Thrissur in Kerala and Jaipur in Rajasthan hogged the limelight with 200 million USD from one deal and 112 million USD from two deals, respectively.

Note: The National Capital Region (NCR) includes Delhi, Gurgaon and Noida.

Investments by region



Data provided by Venture Intelligence.

Top 20 PE deals Q4 '14

The top 20 deals comprised 78% of the total deal value in Q4 '14. The top four deals constituted 48% of the total deal value. About 84% of the deals in this quarter are below the value of 50 million USD.



Top 20 PE deals in Q4 2014

| Company | Industry | Investors | Deal amount (in USD Mn) |
|--------------------------------|----------------------|--|----------------------------|
| Flipkart | IT & ITeS | Tiger Global, Iconiq Capital, DST Global, Steadview, Qatar Investment Authority, Others | 700 |
| Snapdeal.com | IT & ITeS | SoftBank Corp | 637 |
| Olacabs | IT & ITeS | Tiger Global, Matrix Partners India, SoftBank Corp, Steadview | 210 |
| Kalyan Jewellers | Gems & Jewelry | Warburg Pincus | 200 |
| Greenko Group | Energy | EIG Global Energy Partners | 125 |
| Janalakshmi Financial Services | BFSI | Morgan Stanley, Tata Capital, TPG Capital, GAWA Microfinance Fund, Others | 100 |
| Axis Bank | BFSI | IFC | 100 |
| Indian Energy Exchange | Energy | TVS Capital, Others | 94 |
| Housing.com | IT & ITeS | Helion Ventures, Nexus Ventures, Qualcomm Ventures, SoftBank Corp, DST Global, Falcon Edge Capital | 90 |
| Jaipur Mahua Tollways | Engg. & construction | I Squared Capital | 85 |
| Devyani International | Food & beverages | Temasek | 82 |
| Clearwater India | BFSI | IFC | 75 |
| Fullerton India | BFSI | IFC | 75 |
| Mytrah Energy | Energy | Merrill Lynch, Apollo Management | 70 |
| Servion Global Solutions | IT & ITeS | Everstone, Solmark | 66 |
| Zomato Media | IT & ITeS | Sequoia Capital India, Vy Capital, Others | 60 |
| Truecaller | IT & ITeS | Sequoia Capital India, Others | 60 |
| Green Infra | Energy | IFC | 59 |
| Financial Software & Systems | IT & ITeS | PremjiInvest | 57 |
| Equitas Micro Finance India | BFSI | IFC, FMO, CDC Group, DEG, India Financial Inclusion Fund, Creation Investments | 53 |

Data provided by Venture Intelligence.

3. Analysis of PE exits

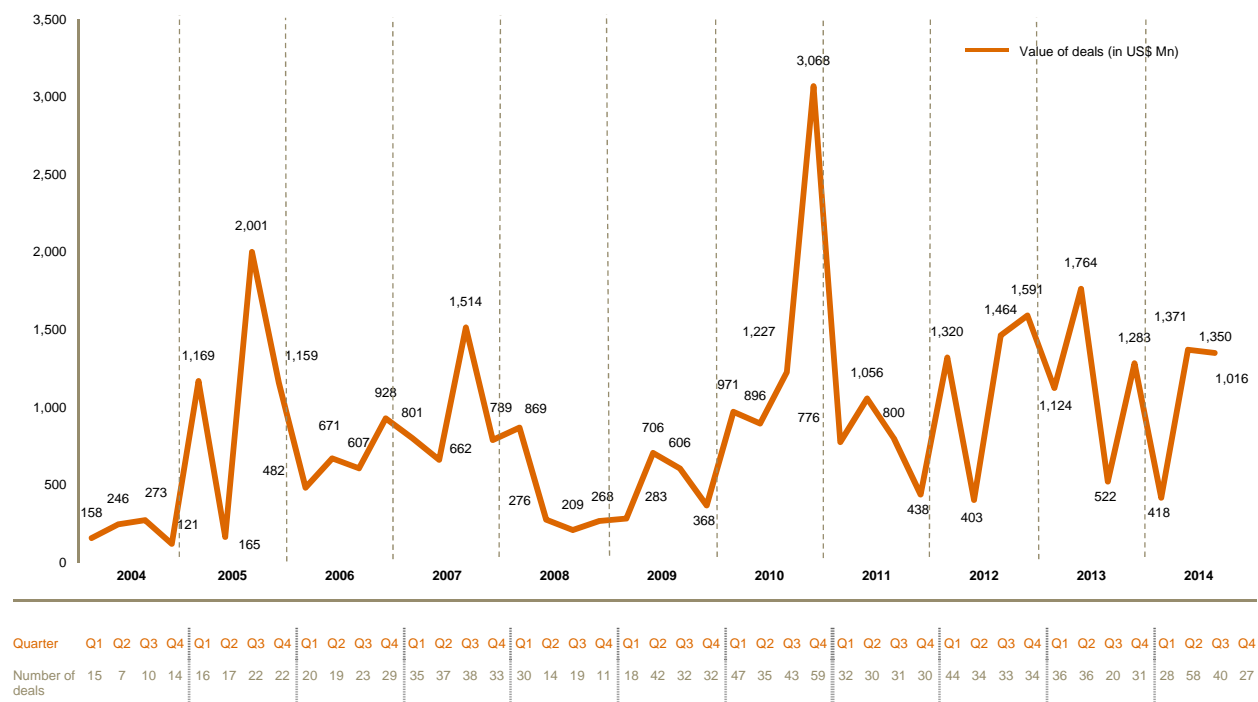
Total PE exits

The declining exit activity has raised concerns for the upcoming quarters as the exit in Q4 '14 plummeted 25% to 1.02 billion USD in 27 deals, as compared to the previous quarter which received 1.35 billion USD worth of exits in 40 deals. During the same period last year, the total exit value was 1.28 billion USD in 31 deals.

The manufacturing sector dominated the exit space this quarter with four deals worth 410 million USD followed by the IT & ITeS sector (354 million USD in nine deals).

Fifty percent of the total exits happened through public market deals valued at 506 million USD across 11 deals.

Total private equity exits



Data provided by Venture Intelligence.

Exits by industry

Q4 '13, Q3 '14 and Q4 '14

With just four deals worth 410 million USD, the manufacturing sector led the exit activity with a 31% surge, compared to the previous quarter's 314 million USD in four deals. During the same period last year, this sector witnessed exit deals worth 10 million USD.

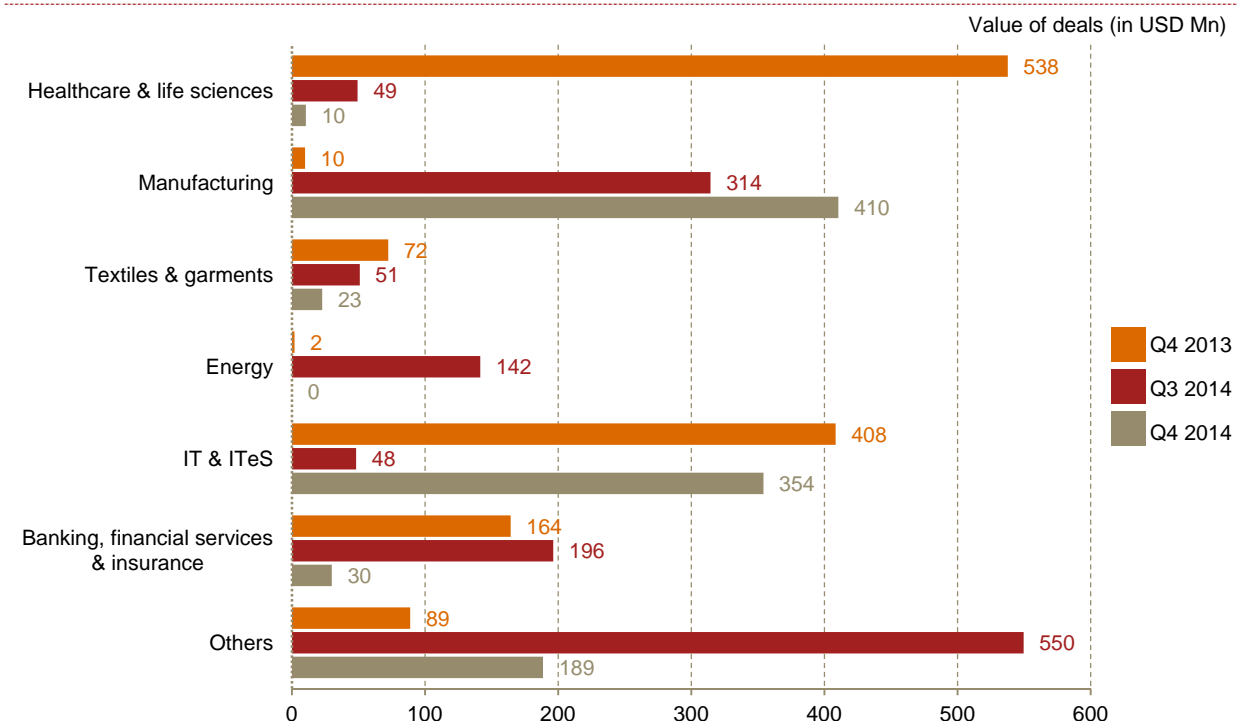
The IT & ITeS sector also fared well, with a seven-fold growth in its exit activity achieving 354 million USD compared to a mere 48 million USD in Q3 '14. It was 408 million USD during the same period last year.

BFSI's exit activity dropped to just 30 million USD this quarter as compared to 196 million USD in the previous quarter and 164 million USD in the previous year. The energy sector didn't see any exit activity this quarter.

The shipping & logistics sector saw a single exit deal worth 100 million USD during this period.

Note: Others include engineering & construction, shipping & logistics, telecom, fast moving consumer goods, energy, other services, retail, food & beverages and hotels & resorts.

Exits by industry



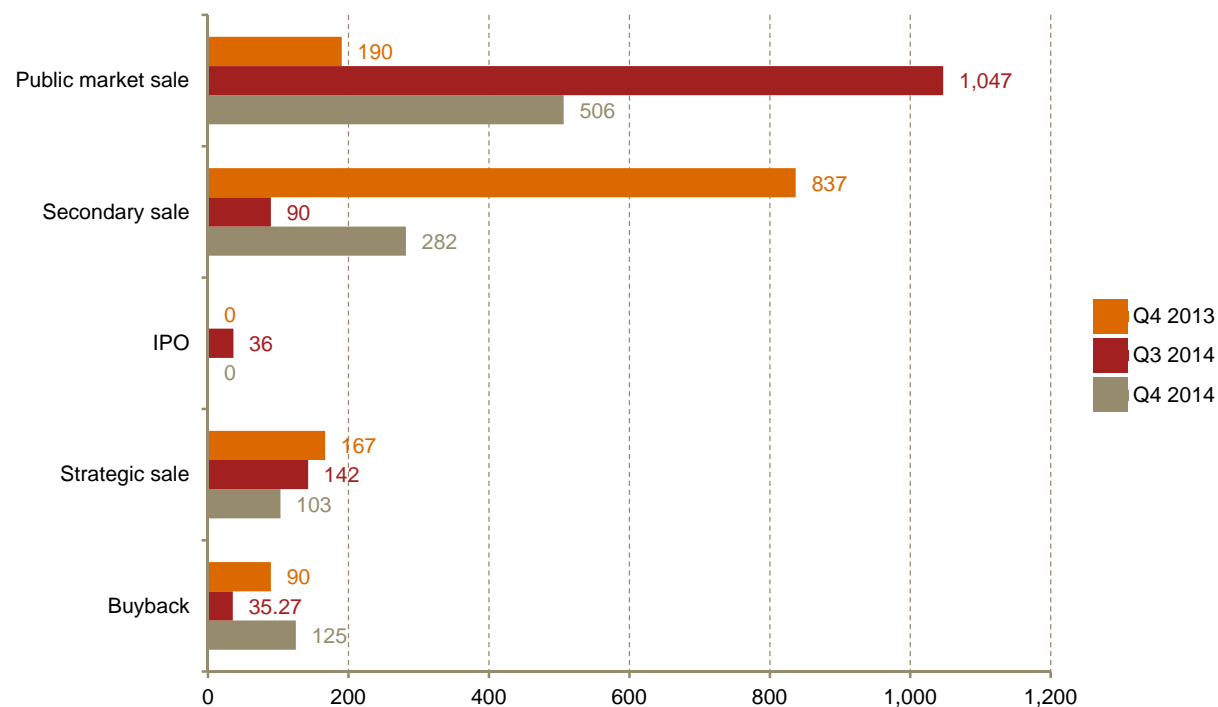
Data provided by Venture Intelligence.

Exits by type

Q4 '13, Q3 '14 and Q4 '14

Public market sales continued to be the preferred mode of exit, with more than 50% of the total exit value emerging from public deals (506 million USD in 11 deals). Secondary sales (282 million USD in five deals) rose above strategic sales (103 million USD in nine deals) during this period. Interestingly, this season witnessed buy-backs worth 125 million USD.

Exits by type



Note: Definitions of the types of exit can be found in the 'definitions' section of this report.

Data provided by Venture Intelligence.

Top five PE exits Q4 '14

The top five exits comprised 60% of the total exit value in Q4 '14.

Top 5 PE exits in Q4 2014

| Company | Industry | Investors | Deal amount (in USD Mn) |
|------------------------|----------------------|--|----------------------------|
| Hero MotoCorp | Manufacturing | Bain Capital | 399 |
| JSW Infrastructure | Shipping & logistics | Eton Park | 100 |
| Justdial | IT & ITeS | SAIF | 41 |
| Newgen Imaging Systems | IT & ITeS | ePlanet Ventures, Franklin Templeton PE, Abraaj Group, | 33 |
| Nilgiri Dairy Farm | Retail | Actis, GIC | 32 |

Data provided by Venture Intelligence.



4. Active PE firms

Based on the volume of deals, International Finance Corporation (IFC) has emerged as the most active investor for Q4 '14.

The most active PE investors in the last quarter of 2014 include the following:

Most active PE investors in Q4 '14

| Investors | No of deals* | Investors | No of deals* |
|-----------------------|--------------|-----------------------------------|--------------|
| IFC | 9 | IDG Ventures India | 2 |
| Sequoia Capital India | 8 | India Quotient | 2 |
| Blume Ventures | 5 | Innovations Investment Management | 2 |
| Helion Ventures | 5 | Inventus Capital Partners | 2 |
| SoftBank Corp | 4 | Matrix Partners India | 2 |
| Tiger Global | 4 | NEA | 2 |
| Accel India | 3 | OCP Asia | 2 |
| Kalaari Capital | 3 | PremjiInvest | 2 |
| Nexus Ventures | 3 | Ratan Tata | 2 |
| SAIF | 3 | Steadview | 2 |
| Bright Ventures | 2 | Tata Capital | 2 |
| Canaan Partners | 2 | Temasek | 2 |
| CDC Group | 2 | TPG Capital | 2 |
| DST Global | 2 | Warburg Pincus | 2 |
| ICICI Venture | 2 | YourNest | 2 |

Data provided by Venture Intelligence.

** Number of deals includes both single and co-investments by PE firms. In cases where two or more firms have invested in a single deal, it is accounted as one deal for each of the firms.*

5. Sector focus

IT & ITeS sector

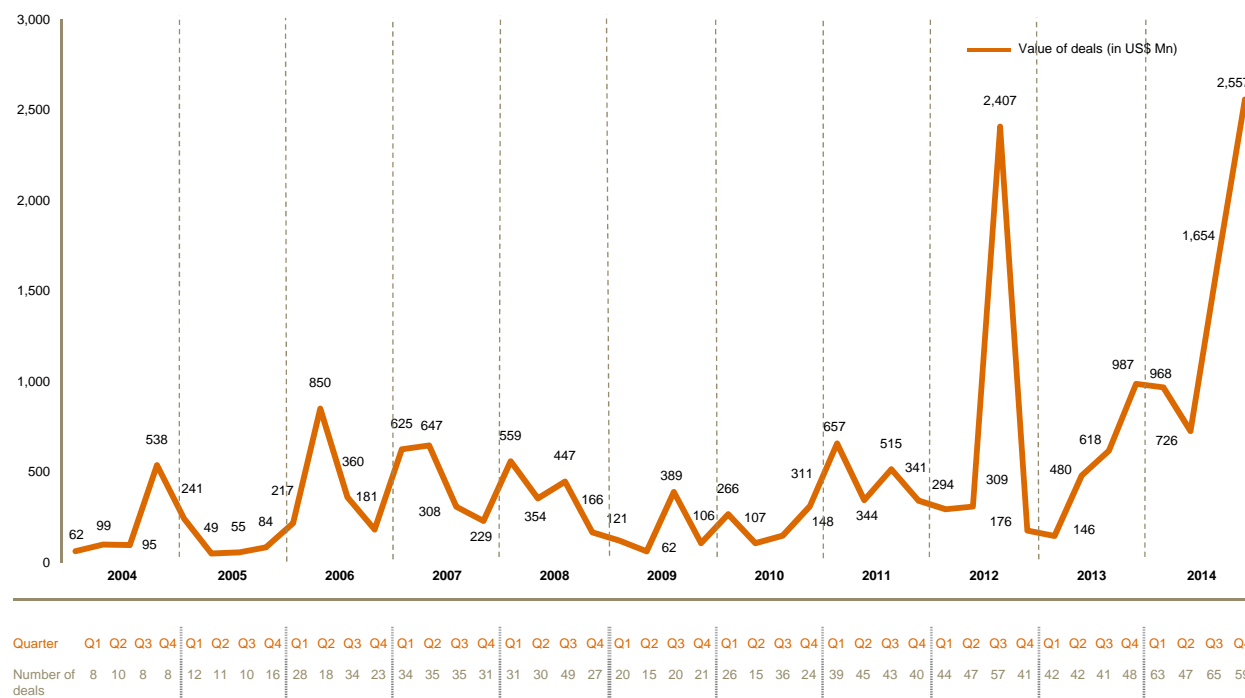
Total PE investments

The IT & ITeS sector's good show continued with over 59% of the total private equity invested in India, funding for the growth of companies in this sector. It registered an increase of 55% as compared to the previous quarter (2.56 billion in 59 deals) and attained a nearly three-fold increase as compared to the same period last year (987 million USD in 48 deals).

The average deal size in this sector surged from 25.4 million USD in the previous quarter to 43.3 million USD this quarter. In Q4 '13, this sector's average deal size was valued at 20.6 million USD.

The average deal size in the early-stage investment climbed to 2.5 million USD this quarter.

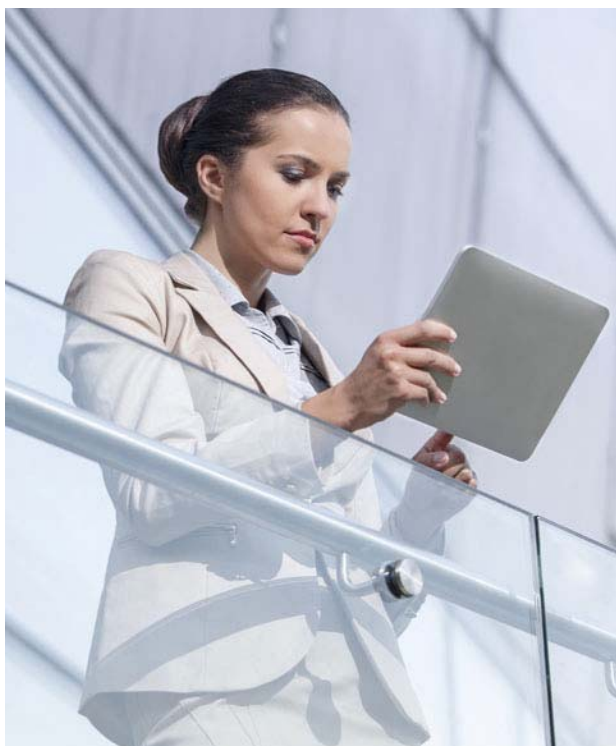
Value of private equity investments in the IT & ITeS sector



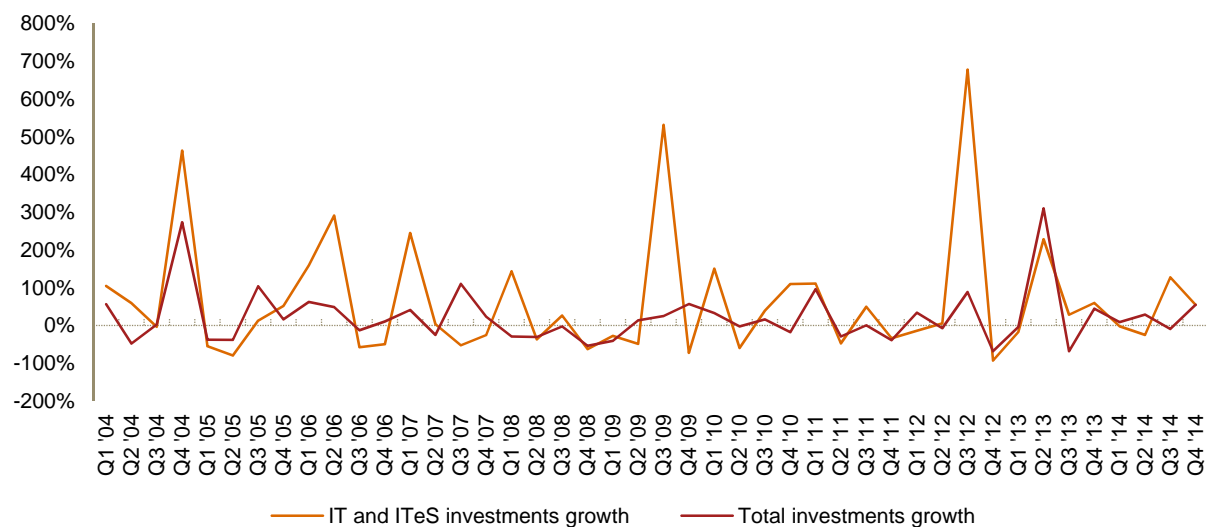
Data provided by Venture Intelligence.

Sector focus: IT & ITeS

In the last decade, a comparison between quarter-on-quarter growth rates of the IT & ITeS PE investments against the total PE investments proved that funding for the sector outpaced the growth of total PE funding in most quarters. Notably in this quarter, the growth percentage of the total PE investment and investments in the IT & ITeS sector both equalled at 55%.



Value of private equity investments in the IT & ITeS sector



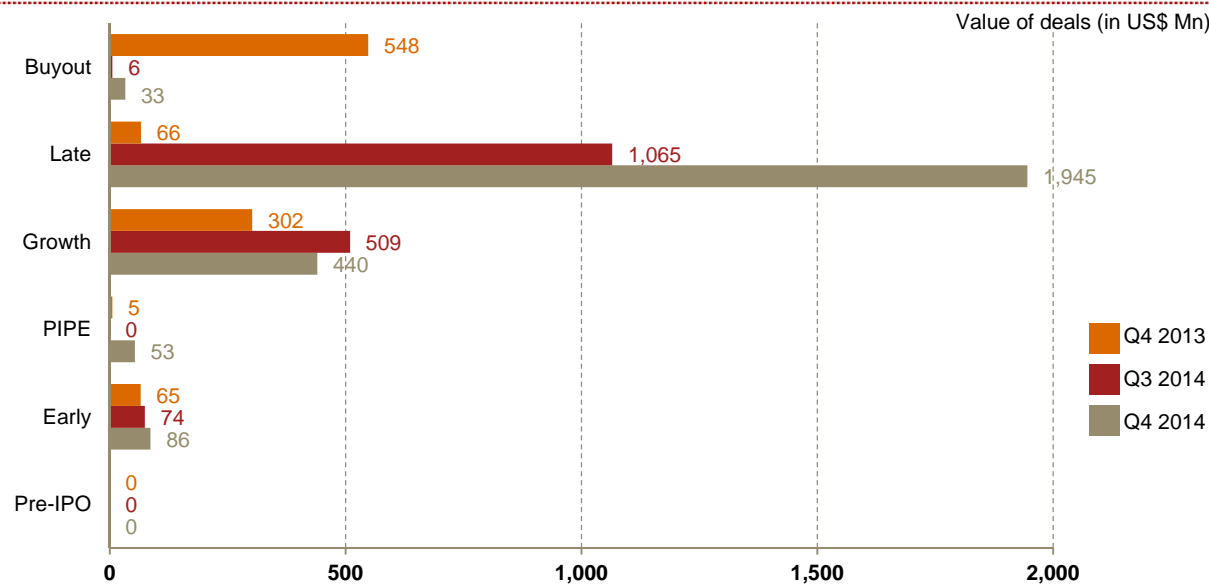
Data provided by Venture Intelligence

Investments by stage of development Q4 '13, Q3 '14 and Q4 '14

Late-stage investments outshined growth investments this quarter with 76% of the total invested money emerging in this mode. Late-stage investment was valued at 1.95 billion USD in 10 deals this quarter, an 83% increase as compared to the previous quarter (440 million USD growth investments in 12 deals).

A total of 86 million USD was invested in 34 companies.

IT & ITeS investments by stage of development



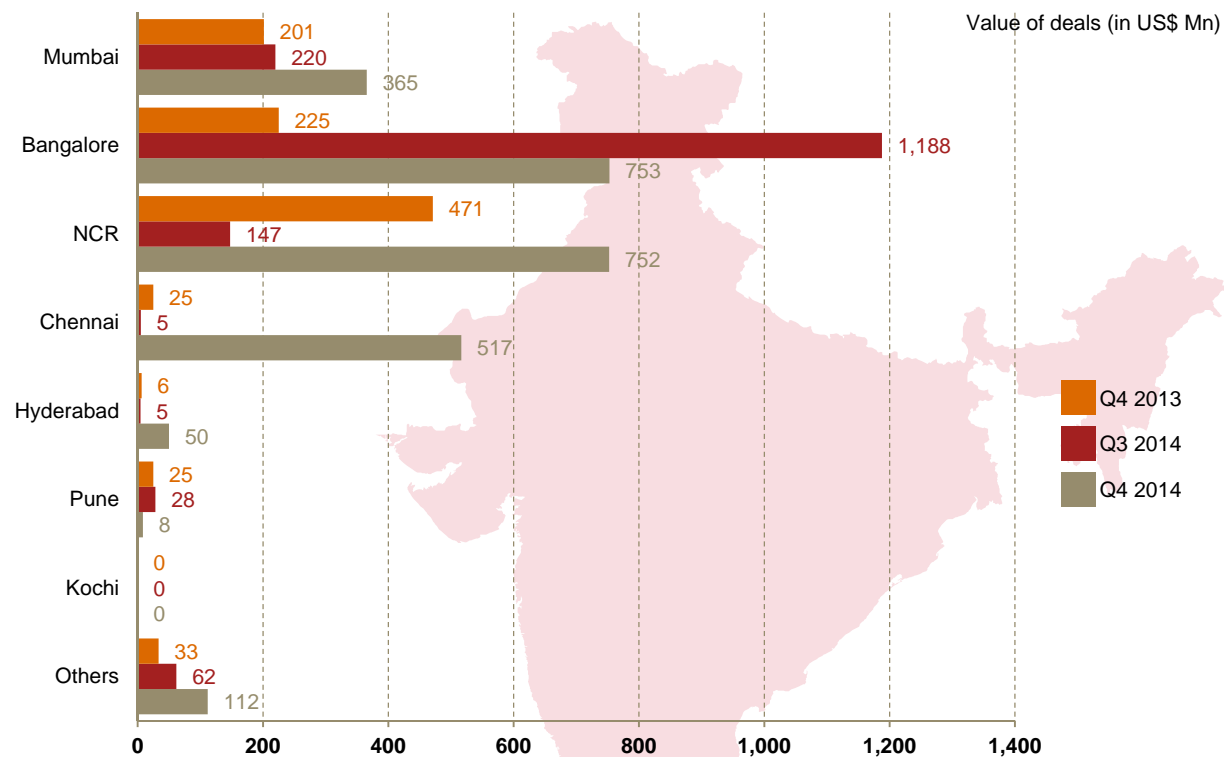
Data provided by Venture Intelligence.

Investments by region Q4 '13, Q3 '14 and Q4 '14

Bangalore retained its prime position as the best IT & ITeS investment destination this quarter as well, with the NCR trailing by a narrow margin. Bangalore attracted 753 million USD, and slipped by 37% from the previous quarter, while the NCR grew five-fold to 752 million USD. Chennai (365 million USD) beat Mumbai (517 million USD) to secure the third spot this quarter.



IT & ITeS investments by region

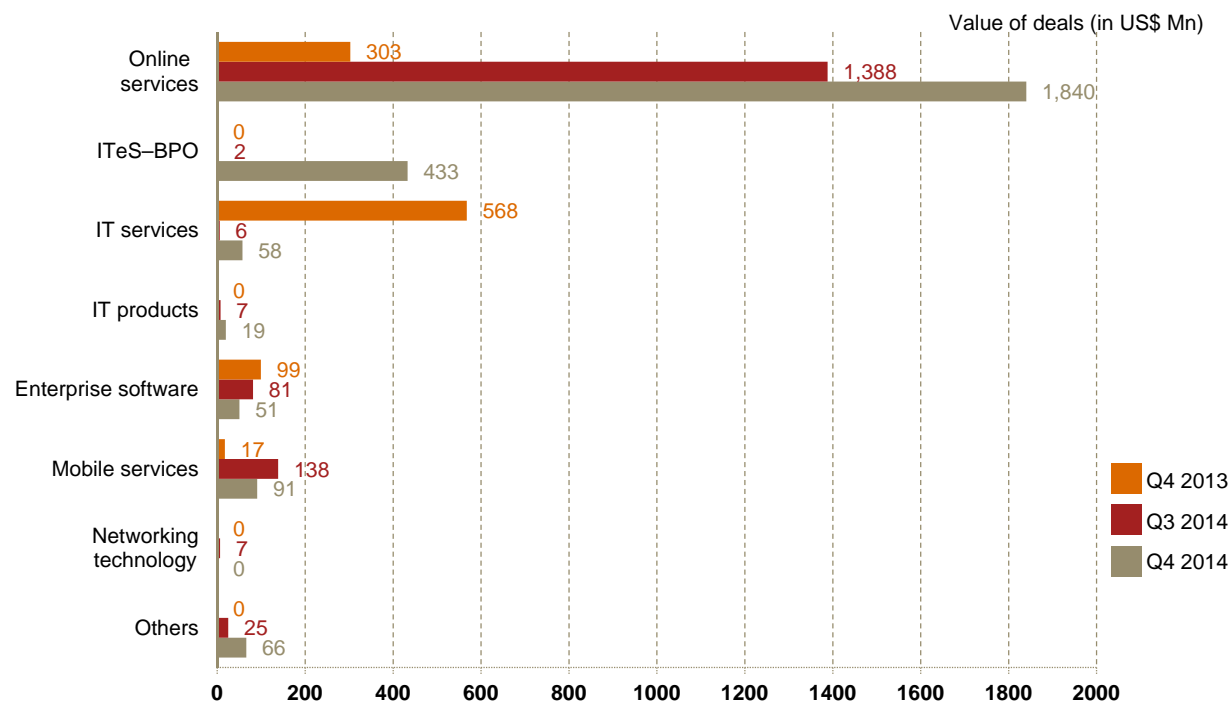


Data provided by Venture Intelligence.

Investments by subsector Q4 '13, Q3 '14 and Q4 '14

The online services subsector received nearly 72% of the total deal value (1.84 billion USD in 30 deals) followed by BPO services (433 million USD in three deals). Online services registered a growth of 33% compared to the previous quarter's 1.39 billion USD in 32 deals.

IT & ITeS investments by subsector



Data provided by Venture Intelligence.

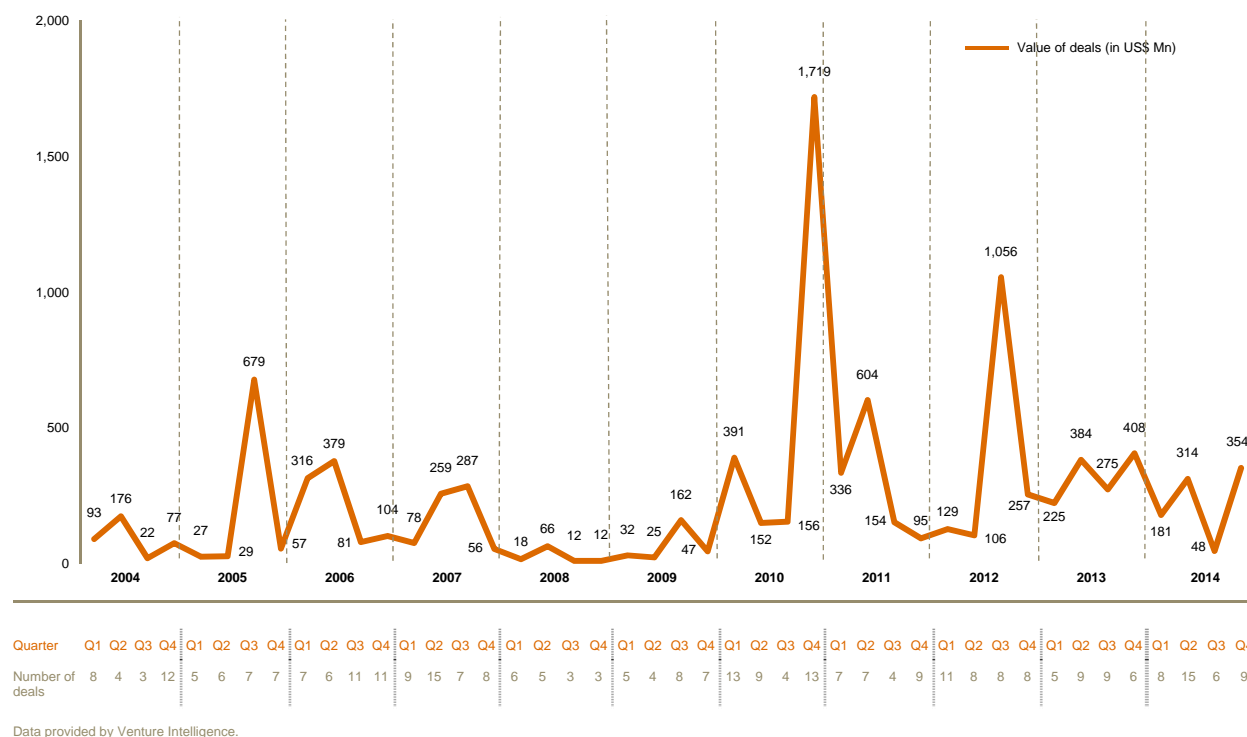
PE exits in the sector Q4 '13, Q3 '14 and Q4 '14

The IT & ITeS sector recorded a robust exit activity with a seven-fold increase compared to the previous quarter. There were nine exits worth 354 million USD this quarter against just six exits valued at 48 million USD in Q3 '14. But in comparison to Q4 '13, it declined by 13% (408 million USD in six deals).

About 79% of the exit happened through secondary sales during this quarter.



Total private equity exits in the IT & ITeS sector



6. Definitions

Stages of development

Early stage: This refers to the first or second round of institutional investments in companies that adhere to the following:

- Less than five years old
- Not part of a larger business group
- Investment is less than 20 million USD

Growth stage: This refers to investments of less than 20 million USD. Also, investments meeting the following criteria are considered in the growth stage:

- Third or fourth round funding of institutional investments
- First or second round of institutional investments for companies that are more than five years old and less than 10 years old or spin-outs from larger businesses

Growth stage-PE: This includes the following:

- First or second round of investments worth 20 million USD or more
- Third or fourth round funding for companies that are more than five years old and less than 10 years old or subsidiaries or spin-outs of larger businesses
- Fifth or sixth rounds of institutional investments

Late stage: This comprises the following:

- Investment in companies that are a decade old
- Seventh or later rounds of institutional investments

PIPEs: The following constitute as PIPEs:

- PE investments in publicly listed companies via preferential allotments or private placements
- Acquisition of shares by PE firms via the secondary market

Buyout: This is an acquisition of controlling stake via purchase of stakes of existing shareholders.

Buyout—large: This includes buyout deals of 100 million USD or more in value.

Other: This includes PE investments in special purpose vehicle (SPV) or project-level investments.

Types of PE exits

Buyback: This includes the purchase of the PE or VC investors' equity stakes by either the investee company or its founders or promoters.

Strategic sale: This includes the sale of the PE or VC investors' equity stakes (or the entire investee company itself) to a third-party company (which is typically a larger company in the same sector).

Secondary sale: Any purchase of the PE or VC investors' equity stakes by another PE or VC investors constitutes secondary sale.

Public market sale: This includes the sale of the PE or VC investors' equity stakes **in a listed company** through the public market.

Initial public offering (IPO): This includes the sale of PE or VC investors' equity stake **in an unlisted company** through its first public offering of stock.

www.pwc.com/globalmoneytree
www.pwc.in

Contacts

Sandeep Ladda

Technology Industry Leader
PwC India
sandeep.ladda@in.pwc.com

Sanjeev Krishan

Private Equity Industry Leader
PwC India
sanjeev.krishan@in.pwc.com

This report was researched and written by the following:

Pradyumna Sahu

Director, Technology Industry
PwC India
pradyumna.sahu@in.pwc.com

Sibi Sathyan

Knowledge Manager, Private Equity Industry
PwC India
sibi.sathyan@in.pwc.com

About PwC's Technology Institute

The Technology Institute is PwC's global research network that studies the business of technology and the technology of business with the purpose of creating thought leadership that offers both fact-based analysis and experienced-based perspectives. Technology Institute insights and viewpoints originate from active collaboration between our professionals across the globe and their first-hand experiences working in and with the technology industry.

About PwC

PwC helps organisations and individuals create the value they are looking for. We are a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us www.pwc.com.

www.pwc.com

PricewaterhouseCoopers and Venture Intelligence have taken responsible steps to ensure that the information contained in the MoneyTree™ report has been obtained from reliable sources. However, neither of the parties can warrant the ultimate validity of the data obtained. Results are updated periodically. Therefore, all data is subject to change at any time. Before making any decision or taking any action, you should consult a competent professional adviser.

© 2015 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see <http://www.pwc.com/structure> for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors. MW-15-0805