



Q3 2018 (QUARTERLY DEAL REPORT)

Positive Sentiments Fueling Prudent Investments

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Executive Summary

In recent years, India has undoubtedly emerged as one of the fastest growing economies in the world. According to the International Monetary Fund (IMF), the GDP of India is expected to increase from 6.7% in 2018 to 7.3% in 2019. Earlier this year, India surpassed France to become the world's sixth-largest economy and is even expected to overtake Japan to become the world's third-biggest economy by 2030. In a similar trend as last year, India continues to attract a large number of foreign investments this year as well with FDI inflows standing at \$ 22Bn for the period of Apr '18 -Sep '18.

Riding on the same positive outlook, Fundraising activities in Q3' 18 has shown tremendous growth YOY with 17 funds raising a total of \$1.89 billion, which is close to 2.7 times the overall amount raised in Q2' 18. Investors remained active in raising the new funds for making more investments resulting in high-value dry powder available in the market. However, the next quarter is still expected to see a decent drop in investment activity considering the political factors in place including upcoming Indian state elections.

In spite of all the euphoria around the Indian investment ecosystem, Q3 '18 saw a marginal decline YOY with \$5.70 billion in total investments across 216 deals as compared to Q3'17, which was at \$5.99 billion. However, for investors,

IT sector still continues to be the most attractive industry with \$2.26 billion in investments. This includes some of the most notable deals such as OYO Rooms, which is an online hotel booking portal, receiving an investment of around \$1 billion and Udaan, which operates B2B marketplace for traders, wholesalers, retailers and manufacturers, receiving an investment of \$225 million.

PE exits, on the other hand, seem to have been greatly affected this quarter as investors are becoming cautious because of rupee depreciation, subdued Indian market and state elections next year. The exit activity declined significantly by one-fourth as compared to Q2' 18 with an overall decline of 90% in terms of value. Overall, there were a total of 44 deals in Q3' 18 realizing only a total sum of \$1.01 billion in value.

Mergers and Acquisitions also could not keep the pace this quarter as witnessed during the start of this year and fell both in terms of value and volume, as compared to Q2' 18. However, it is also imperative to notice that the primary reason to inflate the overall M&A value last quarter were the two major acquisitions made by Walmart Inc. and Bharti Infratel Ltd. These two acquisitions together adding to \$22.23 Mn (\$16 Bn and \$6.23 Bn, respectively), contributed 31% of the total deal value last quarter, taking it to an outrageous five year high. ■

“ As per a recent report published by Government of India, the total FDI in FY 2017-'18' was close to \$62 billion. With such significant numbers, India continues to be an attractive market for foreign investment both by financial investors such as PE Funds and FPIs, as well as strategic investors who are either looking to invest in existing Indian companies or form joint ventures. In the recent times, we have also observed a spike in Control transactions where the investor aims at acquiring more than 50% stakes in the company.”



Manav Nagaraj
Tatva Legal – Partner

“ We see a lot of action happening in the Investment ecosystem in India however the total investments in terms of value is declining due to the lack of good companies in terms of financials and differentiating factors to attract investments. There is no frenzy of investments, however good companies with unique business propositions still continue to attract adequate mindshare and investments.”



Darshan Rathod
Co-Founder and
Director – Acumen
M&A Advisors

Deal Making

In Q3 '18, the Indian private equity market has shown a downward trend as compared to last year. This quarter attracted 216 deals worth \$5.69 billion, as against 272 deals worth \$5.9 billion in Q3 '17, which cumulates to a decline of 5% in overall investment value and 21% in overall investment volume, respectively. Overall the year 2018 so far attracted 784 deals worth \$18.35 billion, as compared to 957 deals worth \$20.56 billion in 2017. ■



“The only factor that may affect new investments in Q4 is the schedule of the general elections in India where historically investors seem to adopt a wait and watch mode immediately prior to elections.”

Manav Nagaraj
Tatva Legal – Partner

“Depreciation of rupee is hurting investments along with an uncertain global outlook which in turn affects new investment opportunities in the next quarter.”

Darshan Rathod, Co-Founder and Director,
Acumen M&A Advisors

“Issues in proper disclosures. The companies are not disclosing their financials clearly which creates a confusion on what's reported and what's actual. At the same time the sellers have started expecting higher values and non-availability of finance becomes a major issue.”

Darshan Rathod, Co-Founder and Director
Acumen M&A Advisors

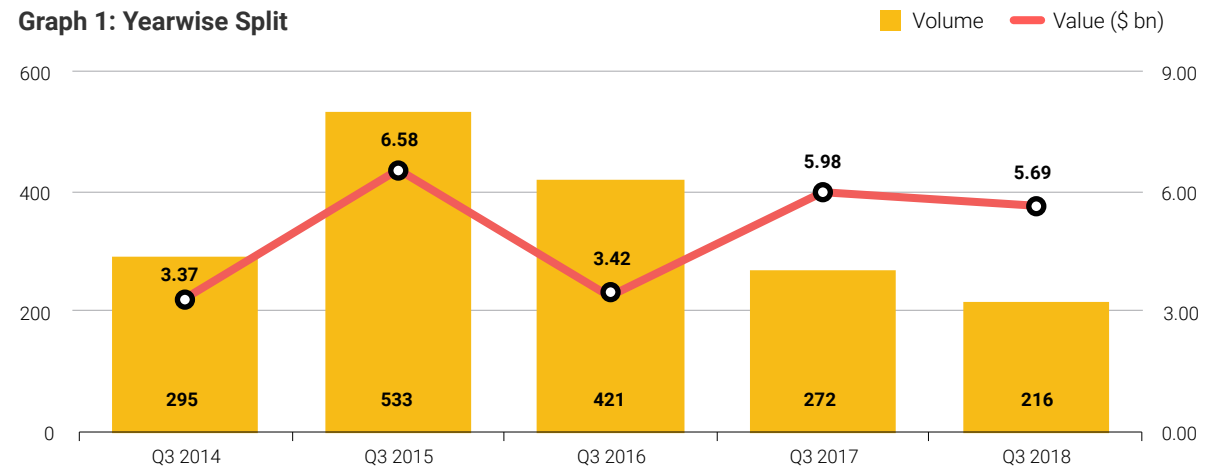
Declining Era of Angel Investments

Angel investors are believed to be the guardians of startups, helping entrepreneurs bring their new and innovative ideas to existence. In India, the year 2015 and 2016 turned out to be the golden era for startups where a large number of them witnessed raising angel funds. However, many of them had to shut shop at a very early stage due to their fragile business models, lack of market/customer validation and lack of innovation. Inadvertent replication of western business models also turned out to be one of the major reasons that the startups in India had to shut down after failing to get subsequent funding from the investors.

As an example, Dial A Celeb founded by Gaurav Chopra and Ranjan Agarwal in the year 2016 and specialized in offering services such as video chat with celebrities, booking them for events had to close its operations within a year of starting due to the changing dynamics in celebrity services.

The other main factor which is continuously pushing the angel/seed investments towards downfall is the "Angel Tax" imposed by the government on the Indian startup community. Due to this policy, angel investors can only get full exemption from tax under certain specific conditions. Ex: If a startup has raised a total investment of INR 100 million, it needs to seek approval from an eight-member government board to

Graph 1: Yearwise Split



be eligible for tax exemption under section 56 of the income tax act. In addition, it also has to obtain a fair market value report from a merchant banker under income-tax rules. This policy was announced on May 24, 2018 during the budget session and was put into effect retrospectively from April 11, 2018.

India has many additives like talent, market potential and DNA/culture to play a vital role in the global idea innovations but it is imperative that the government continues taking initiatives such as educating the entrepreneurs on new idea generation aggressively to overcome the initial roadblock.

Taking the above factors in to consideration, the guardians of startups are negotiating better terms and many are taking a flight to safety. ■

“ I wouldn't say there is an overall downfall in the investments but transactions are taking longer to close. A transaction of a similar size and complexity would close much faster last year or a year ago than in 2018. More investors are looking for comfort on the business diligence such as access to customers, key employees etc which promoters understandably are reluctant to provide until such time that there is a binding commitment to invest. It is also important for advisors to know the nuances in the sector as opposed to generic advice.

Manav Nagaraj
Tatva Legal – Partner

Venture Capital

Indian VC market remained strong this quarter in terms of value, though the activities was marginally slower than the corresponding quarters. When compared to Q3' 17, the same quarter this year saw a significant improvement of around 62% in terms of value while dropping by 11% in terms of volume with Q3' 18 attracting 84 deals worth \$2.46 billion. In 2018 so far, venture capital investors had invested \$4.90 billion across 266 deals, against 317 deals worth \$3.19 billion in 2017 till September end.

This cumulates to a clear indication that securing an early stage VC funding has really been very challenging for

the new startups. Most investors off lately, were also seen preferring a few relevant companies for making bigger investments rather than picking up multiple low ticket deals.

The Indian government was also seen extending its helping hands to startups'/early stage companies in attracting foreign investments/funds. The government has encouraged the foreign investors, to establish their offices in India, which gives them a full access to the companies which are actively looking for funding and further helps them to attract more investments in startups'/early stage companies. ■

“The frenzy of early stage investment has died out. It's no secret anymore that most early stage investors have burnt their fingers. The key problem that happened was that most startups got onto the “Me Too” bandwagon, with little differentiators. Also a lot of startups founders were ill equipped/inexperienced in handling a company once it took off....and also many startup founders didn't put a lot of their own money so they had little at stake. These factors shied investors away from early stage to late stage.”

Darshan Rathod
Co-Founder and Director
Acumen M&A Advisors



Rise of Late Stage VC Funding

Q3'18 was the best quarter in the last five years for late stage venture capital funding. The quarter observed an upsurge of 2.16x in terms of value and an increase of 22% in terms of volume. The companies involved, raised \$2.2 billion across 28 deals in terms of late stage VC funding. The investors have so far put in \$3.77 billion across 71 deals in 2018, against \$1.83 billion across 62 deals for the same period last year.

In Q3'18, two companies, Udaan and Freshworks Inc., raised late stage venture capital funding and acquired unicorn status which is worth noting.

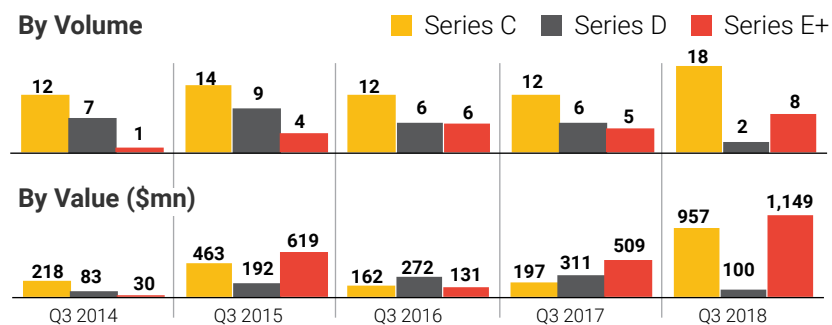
Udaan, which is an online business to business portal was founded by former Flipkart employees Malviya, Sujeet Kumar and Vaibhav Gupta in 2016, raised \$225 million from DST Global and Lightspeed Venture at a valuation of \$1 billion. The funds raised were to be used for creating its logistics piece as it aimed to offer first mile and last mile services to its

customers. Though the company was founded in mid-2016, it reached the Unicorn status in merely 2 years.

Freshworks, a cloud based Technology Company, which was founded by an Indian-origin entrepreneur Jyoti Bansal in 2010, raised \$100 million from Accel Partners, Sequoia Capital, CapitalG and Google Ventures at a valuation of \$1.5 billion. The proceeds were to be used towards its global expansion as well for investment in its integrated software-as-a-service (SaaS) platform.

It is also noteworthy that OYO Rooms which is an unicorn already, reached to a valuation of \$5 billion with its latest fundraising. The company raised \$1 billion from Lightspeed Venture, Sequoia Capital, Greenoaks Capital and SoftBank Vision Fund. Interestingly with the current funding round, the company valuation has surpassed the combined market value of all publicly listed Indian hotel chains including Taj, Oberoi and Lemon Tree. ■

Graph 2.1: Venture Capital Analysis For Late Stage Of Investment



Notable deals in Early Stage

Though the early stage VC funding closed low this quarter, Fin-tech companies attracted maximum number of early stage deals.

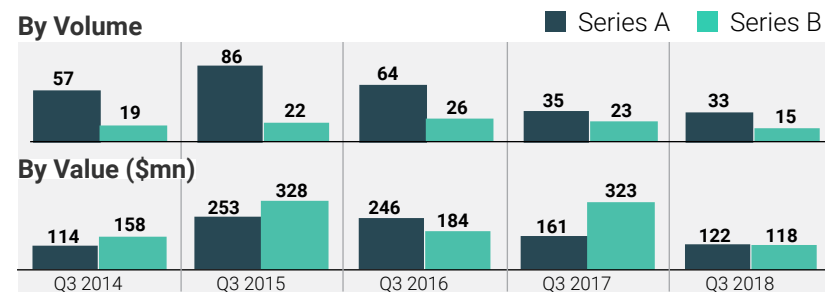
PaySense, a digital credit online portal which was founded by Ranganathan and Sayali Karanjkar in 2015, raised \$18 million from PayU, Jungle Ventures and Nexus India through fresh issue. The company plans to invest that money in Paysense's tech, team and to tap untapped market potential.

Indialends, an online loan lending portal which was founded by London Business School graduate Chopra and IIT Madras alumnus Kachhwaha in 2015, raised \$10 million for 17.75% stake sale at a valuation of approx. \$56 million. The proceeds are planned to be used towards launching new products, develop technology, hiring and expansion. ■

“ This has more to do with the nature of investors. A lot of early stage investors who had raised capital last year and the year before have deployed a large part of their fund. In addition to companies seeking growth capital, early stage investors are also looking for further investment in their portfolios as well as full/partial exits leading to an increased focus on private equity investors.”

Manav Nagaraj, Tatva Legal – Partner

Graph 2.1.1: Venture Capital Analysis For Early Stage Of Investment



Disclaimer: We included the company's which raised series A & B under early stage, on the other hand the companies which raised series C, D & E+ under late stage VC funding.

Fundraising

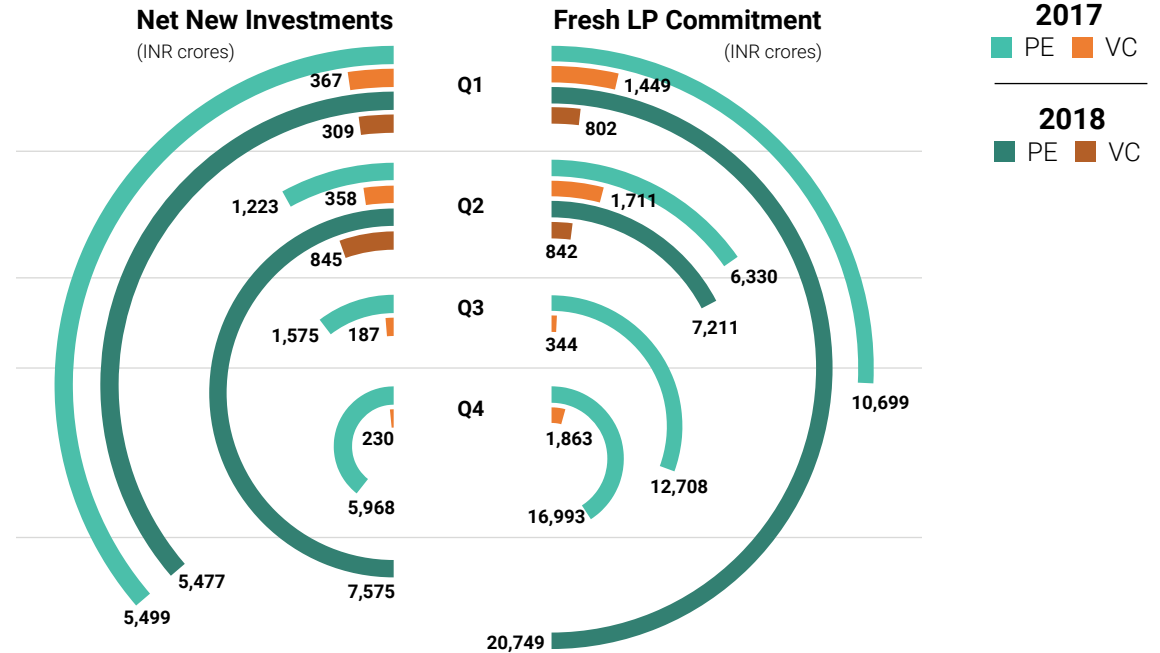
Fundraising activities remained strong in the third quarter of 2018, with 17 funds closing on \$1.89 billion. If compared to the same quarter last year, this represents to an upside of 42% and 56%, in terms of volume and value, respectively. Investor satisfaction with the private equity still remains high and capital continues to flow into private equity as LPs look to meet their newer allocations.

A total of five funds raised between July and September this year, had a size of more than \$100 million, also eight of the 17 funds raised were PE/Growth funds. There were two funds, launched in July and August 2018 respectively, that achieved their final close in this quarter.

As per a recent report published by SEBI, which compiles to fund raising information till June 2018, limited partners have been observed to show limited interest in allocating money to Indian alternative asset investment firms in April-June quarter after spending large sums in the period before. As per information available, Private equity and venture capital funds attracted INR 8,053 crore (\$1.15 billion) in fresh commitments from limited partners during April-June which is 62% less than the previous quarter.

The SEBI data shows that in April-June quarter, Investors made fresh investments worth INR 8,419 crore (\$1.3 billion), which surpassed the new commitments received earlier this quarter. This shows that the dry powder available in market have fallen in June quarter however, the market speaks differently. As the overall value/numbers disclosed by SEBI, will exclude the India allocation and corpus of global PE and

Graph 3:



VC firms which have not registered their funds under SEBI's norms for Alternative Investment Funds (AIF). Due to this, the actual money/dry powder which needs to be deployed will be much higher. ■

	Commitment	Invested	Dry Powder
PE	122,762	46,378	76,383
VC	19,126	4,287	14,839
Total	141,888	50,665	91,222

Note* Excluding PIPE and Hudge Funds.

Data only for Domestic and SEBI registered PE and VC funds.

“ For VC funds, this is a good time to make fresh investments, since they are sitting on a very high dry powder with their recent funds raised. Irrespective, follow-on funding continue to increase at every stage while exits are also beginning to happen.



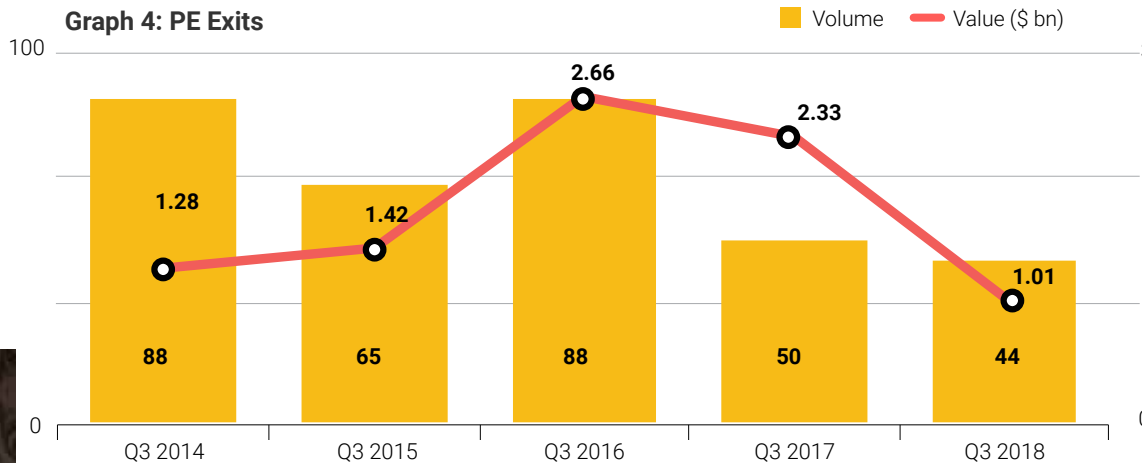
Hari Krishnan
Astar Ventures -
Investment Director

PE Exits

PE exits in Q3' 18, with 44 exits valued at \$1.01 billion, jolted by ~57% and in terms of value with a slight decrease of 12% in terms of activity. Notably, the exit value last quarter was abruptly high due to a few large open market deals including Bain Capital and GIC's exit in Genpact for

\$596 million.

Hushed stock market returns and rupee depreciation have majorly effected PE exits in this quarter. The exit activity is expected to take a hit in the next quarter as well since the factors affecting are not expected to change drastically. ■



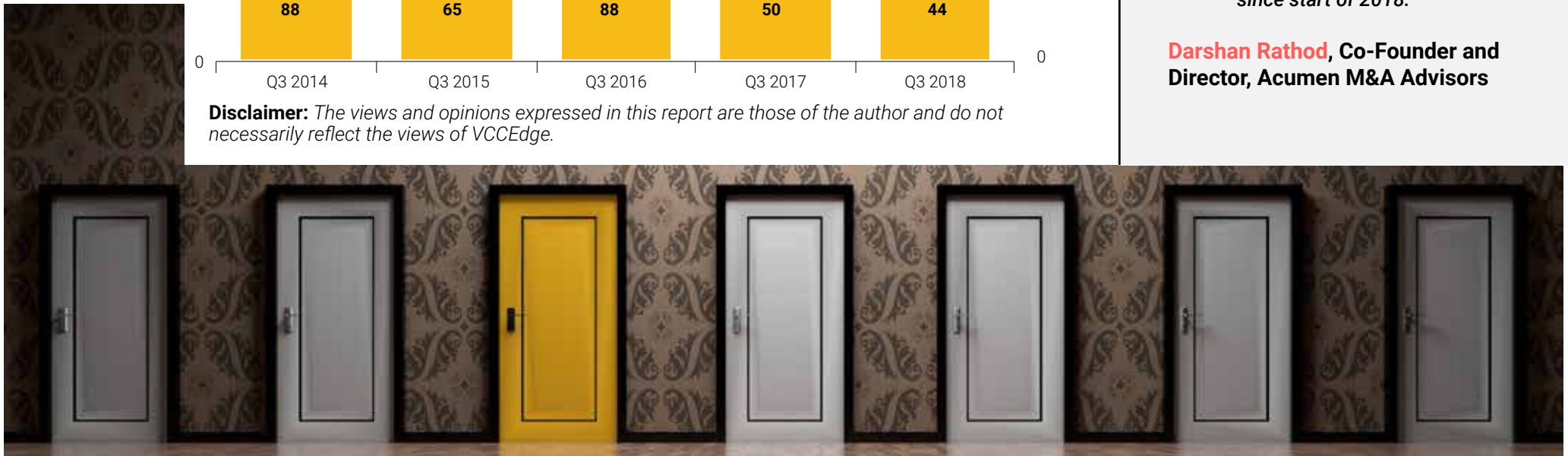
Disclaimer: The views and opinions expressed in this report are those of the author and do not necessarily reflect the views of VCCEdge.

“The end of 2018 is not far off and for any significant exit transaction that should close by the end of the year, work would have commenced already especially for exits in the form of listing. Secondary transactions are being negotiated in their normal course and I do not foresee any significant change in 2018 from previous years in relation to exit.”

Manav Nagaraj,
Tatva Legal – Partner

“Investors are getting cautious, due to the subdued stock market returns since start of 2018.”

Darshan Rathod, Co-Founder and
Director, Acumen M&A Advisors



APPENDIX

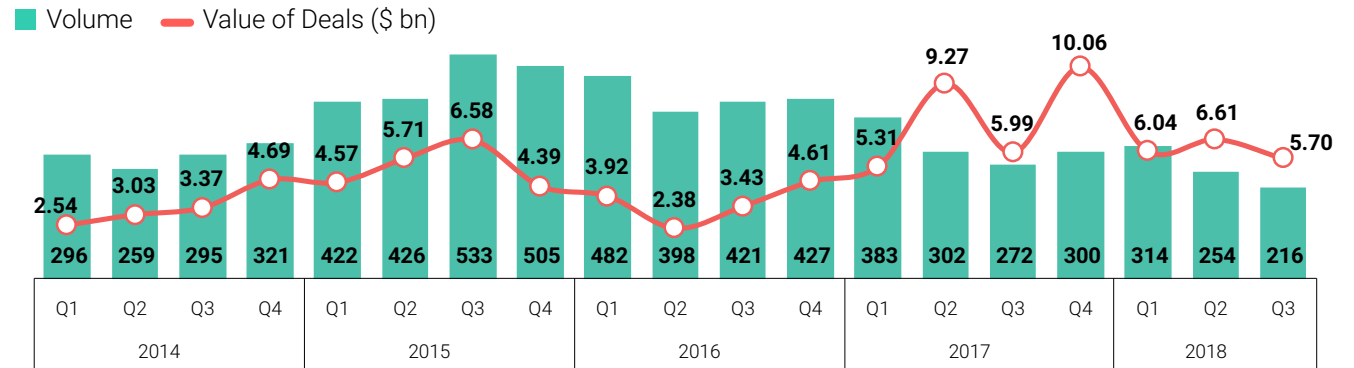


**PRIVATE EQUITY
INVESTMENTS**

Marginal decrease in PE value

The July to September quarter 2018 saw drop, both in terms of volume and value as compared to previous quarter. As compared to Q3'17, both the volume and value fell by 21% and 5% respectively.

Graph 5: Deals Overview

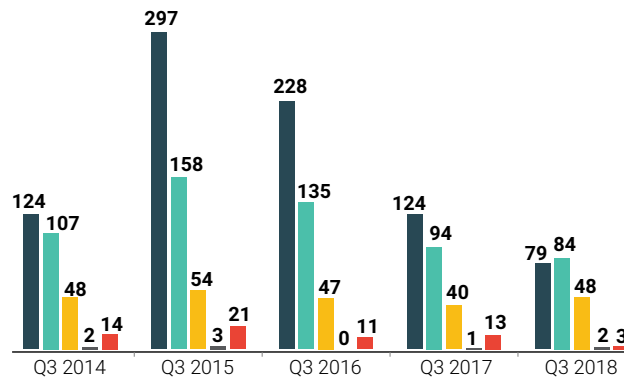


Increased VC value helped in sustaining previous year cumulative value

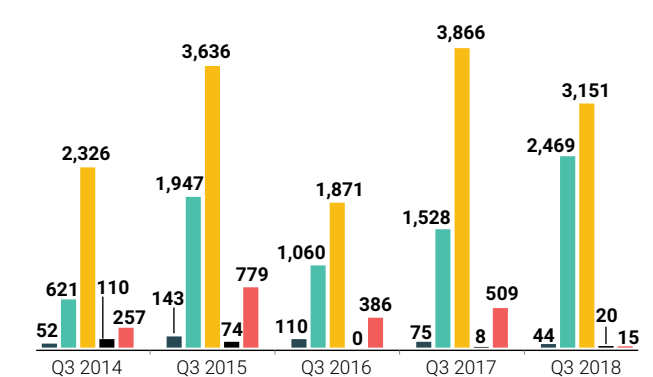
Private Equity contributed 45% of the total deal value in Q3 2018 at \$3.15 billion. When compared to Q3'17, Deal activity declined significantly across Placements and Angel/Seed by 77% and 36% respectively, while Venture Capital fell down by 11%. On the other hand, Private Equity has gone up by 20% in terms of deal volume.

Legend: Angel/Seed (Dark Blue), Venture Capital (Teal), Private Equity (Yellow), Pre-IPO (Grey), Placements (Red)

Graph 5.1: PE Breakdown, Number of Deals

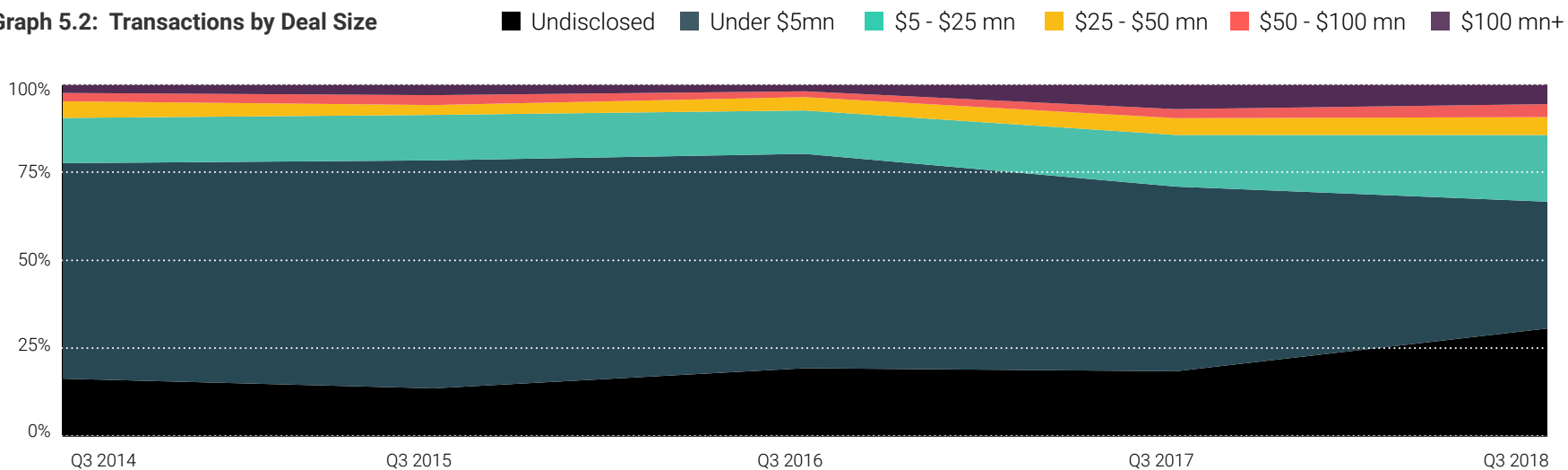


Graph 5.1.1: PE Breakdown, Value of Deals (\$ mn)



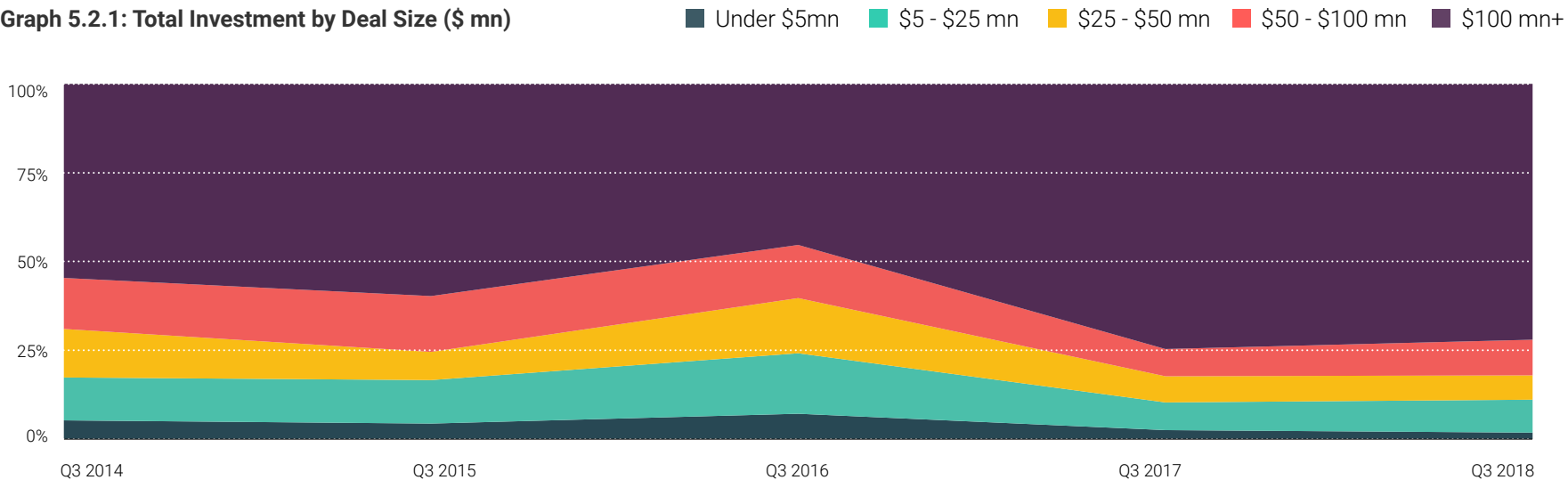
Nearly one-third of the total deals remain undisclosed

Graph 5.2: Transactions by Deal Size



Big-ticket deals (more than \$100mn+) contributed 72%, while deals under \$50 million contributed 18% of the total deal value.

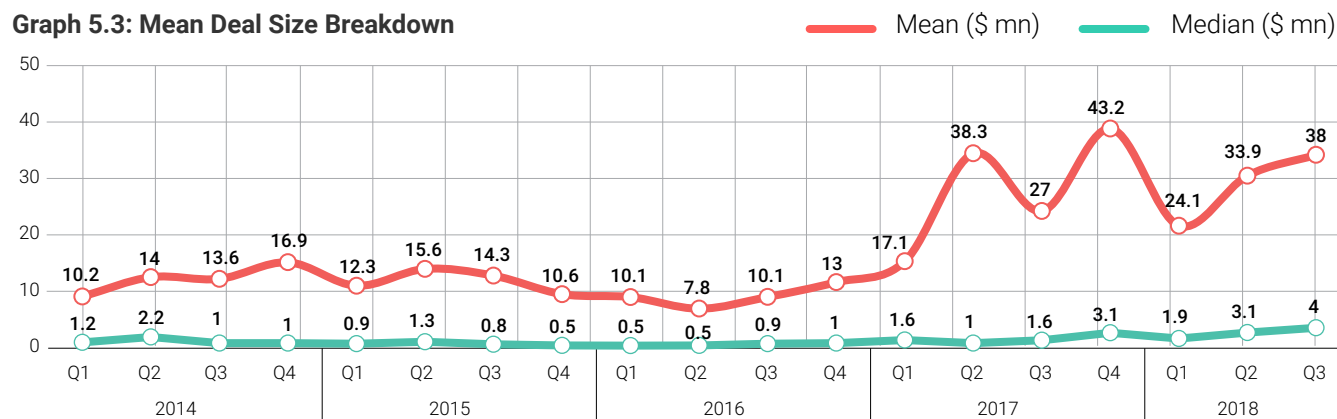
Graph 5.2.1: Total Investment by Deal Size (\$ mn)



Ticket-size increases sharply

We can see a significant increase in both the mean and median values in this quarter on Y-o-Y basis. The mean value grew by 41% from \$27 million to \$38 million, while median value increased 2.5x.

Graph 5.3: Mean Deal Size Breakdown

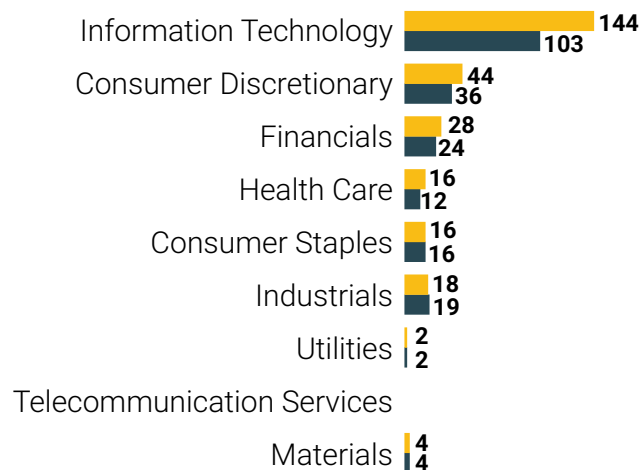


Decline across sectors

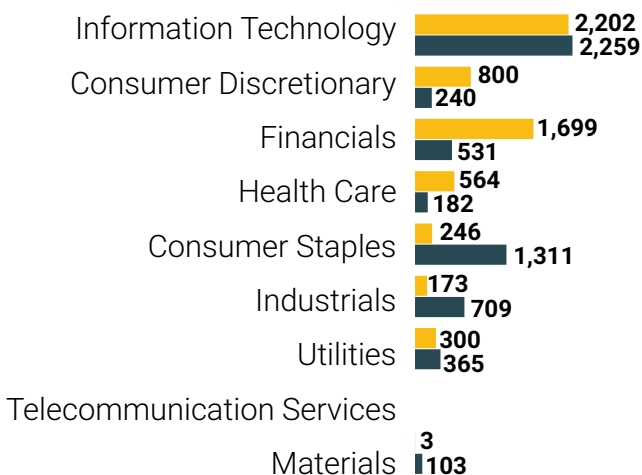
Deal activity fell across Information Technology, Consumer Discretionary, Financials and Healthcare in terms of volume. However, there was a significant increase in terms of deal value in Consumer Staples and Industrials and a slight increase in Information Technology and Utilities sectors on Y-o-Y basis.

■ Q3 2017 ■ Q3 2018

Graph 5.4: Sector Summary, Number of Deals

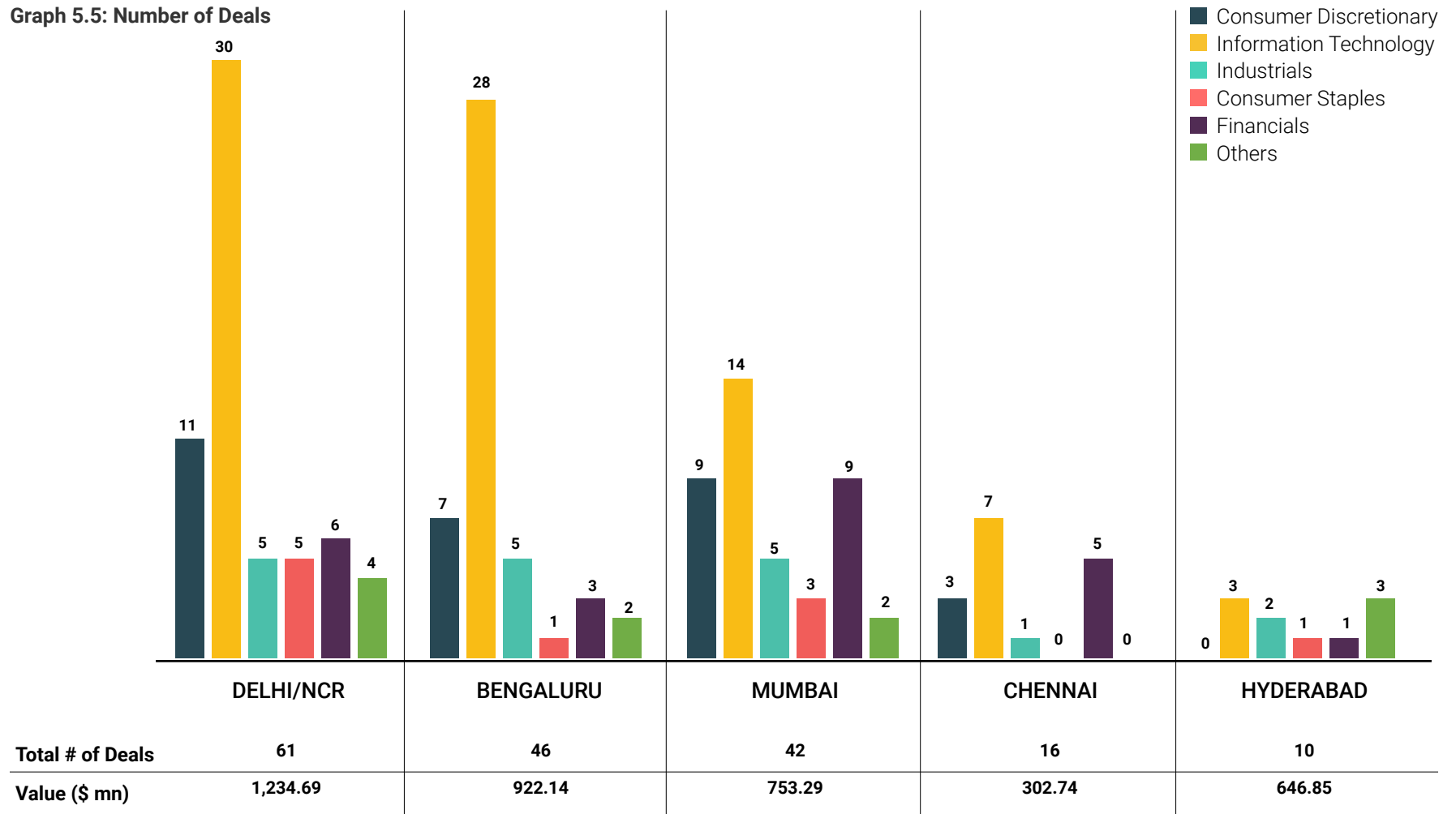


Graph 5.4.1: Sector Summary, Value of Deals (\$ mn)



Regional analysis: Top cities, Q3 2018

Graph 5.5: Number of Deals



PE: Key deals, Q3 2018

Graph 5.6: Top 10 Deals For-Q3 2018

Date	Target	Buyer	Deal Type	Deal Value (\$ mn)	Sector
Jul-18	UPL Corporation Ltd.	Abu Dhabi Investment Council, TPG Capital Inc.	Private Equity	1,200	Materials
Sep-18	Oravel Stays Pvt. Ltd.	Lightspeed Venture, Sequoia Capital., Greenoaks Capital, SoftBank Vision Fund LP, Lightspeed India	Venture Capital	1,000	Information Technology
Aug-18	Ramky Enviro Engineers Ltd.	KKR Asian Fund III LP	Private Equity	530	Industrials
Sep-18	CLP India Pvt. Ltd.	Quebec Deposit and Investment Fund	Private Equity	363	Utilities
Sep-18	Hiveloop Technology Pvt. Ltd.	Lightspeed Venture Partners X LP, DST Global	Venture Capital	225	Information Technology
Sep-18	GreyOrange Pte Ltd.	Blume Ventures Fund I, Mithril Capital Management LLC	Venture Capital	140	Information Technology
Jul-18	India Land and Properties Pvt. Ltd., One Indiabulls Park	The Blackstone Group LP	Private Equity	124	Financials
Jul-18	CureFit Healthcare Pvt. Ltd.	Accel Growth Fund, IDG Ventures, Kalaari Capital, Oaktree Capital	Venture Capital	120	Information Technology
Aug-18	Mohalla Tech Pvt. Ltd.	Xiaomi Corp., SAIF Partners, Shunwei Capital, VH Capital, Lightspeed India, Morningside Venture	Venture Capital	103	Information Technology
Jul-18	Big Tree Entertainment Pvt. Ltd.	TPG Growth, Accel India, SAIF Partners, Stripes Group, Network18 Media and Investments Ltd.	Venture Capital	100	Information Technology

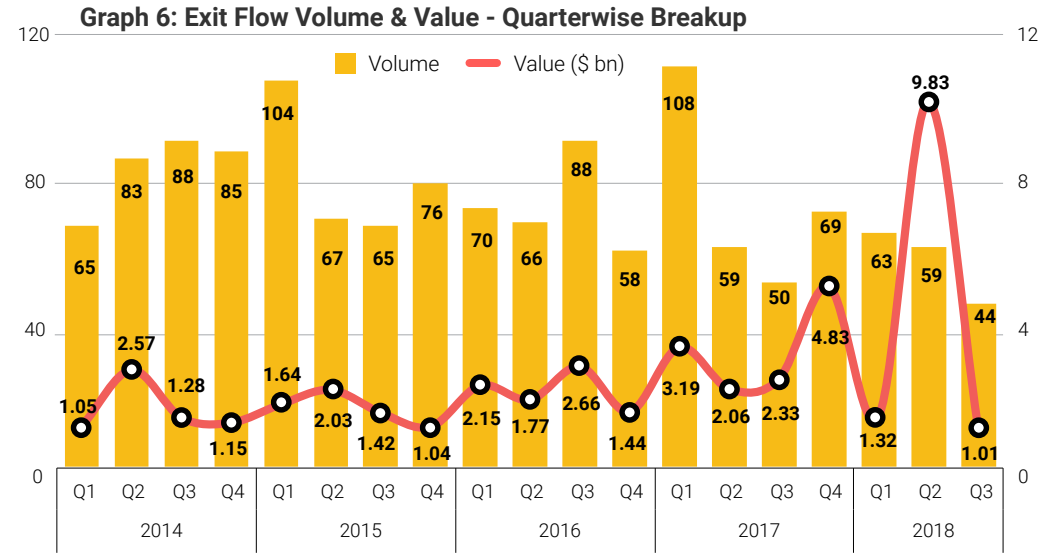


PE Exits

Sharp decline in Exit value

Private equity investors liquidated investments to the tune of \$1.01 billion across 44 deals, the lowest in the last five years, both in terms of value and volume. This represents a significant decline of 57% in terms of value and 12% in terms of volume on Y-o-Y basis. When compared to the previous quarter (Q2 2018), both exit value and volume fell by 90% and ~25%, respectively.

International Finance Corp., Kedaara Capital and Warburg Pincus' exit in AU Small Finance at \$360 million, contributed ~36% of the total exit value.

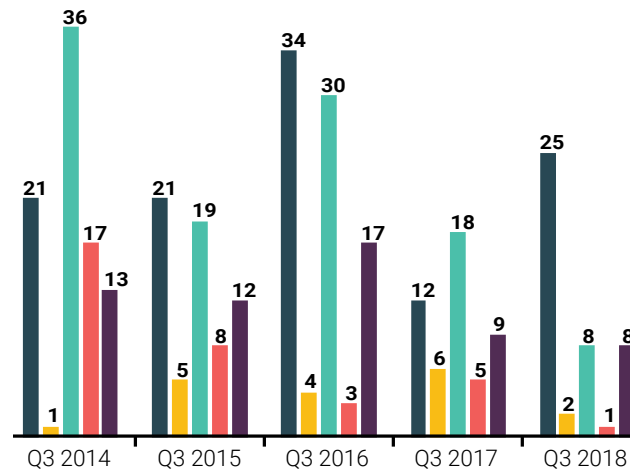


Exits driven by M&A and Open Market

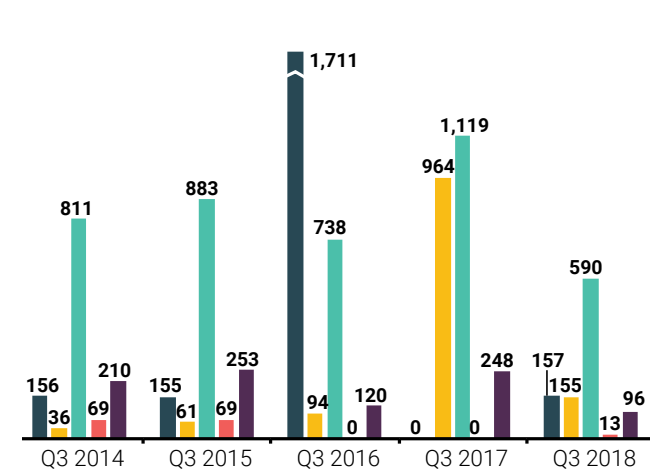
In this quarter, exits through Open market stood top in terms of value, but fell down significantly by 47% as compared to the same quarter last year. In terms of volume, M&A doubled and Open market sliced down by over 50% on Y-o-Y basis.

■ Merger and Acquisition ■ Equity Capital Market ■ Open Market ■ Buyback ■ Secondary Sales

Graph 6.1: Exits Breakdown, Number of Deals



Graph 6.1.1: Exits Breakdown, Value of Deals (\$ mn)

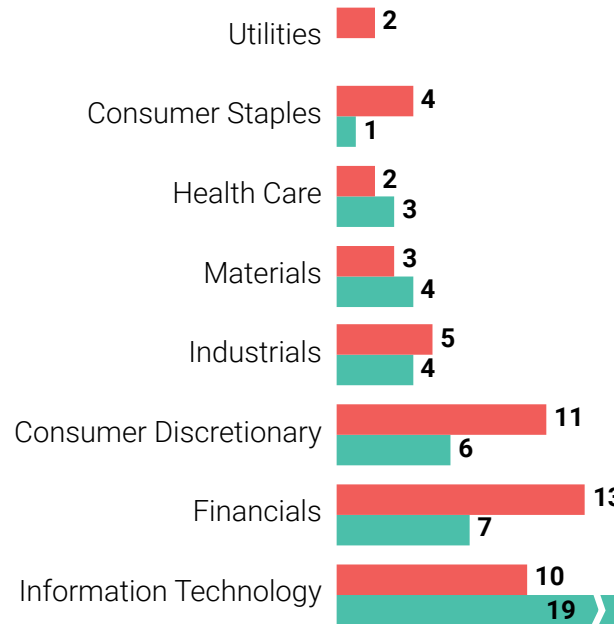


Exits fell across the sectors

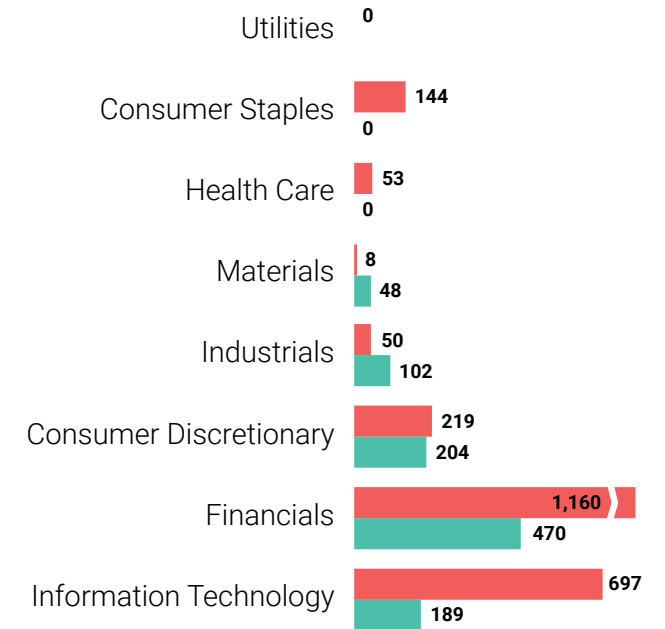
In Q3' 18, the exit activity declined across Financials, Consumer Discretionary and Consumer Staples. In terms of deal value, Information Technology and Financials sectors fell down sharply as compared to the same quarter last year.

■ Q3 2017 ■ Q3 2018

Graph 6.2: Sector Summary, Number of Deals



Graph 6.2.1: Sector Summary, Value of Deals (\$ mn)



Exits: Key deals, Q3 2018

Graph 6.3

Date	Target	Seller	Exit Type	Exit Value (\$ mn)	Sector
Jul-18	AU Small Finance Bank Ltd.	International Finance Corp., Kedaara Capital Fund, Warburg Pincus India Pvt. Ltd.	Open Market	360	Financials
Aug-18	Hexaware Technologies Ltd.	The Baring Asia Private Equity Fund V	Open Market	160	Information Technology
Jul-18	Parador Holding GmbH	Nord Holding Unternehmensbeteiligungsgesellschaft mbH	M&A	97	Consumer Discretionary
Jul-18	Spoton Logistics Pvt. Ltd.	India Equity Partners Fund Advisors Pvt. Ltd.	Secondary Sales	80	Industrials
Aug-18	CreditAccess Grameen Ltd.	MVH S.r.L	Initial Public Offering	78	Financials
Jul-18	TCNS Clothing Company Pvt. Ltd.	TA Associates Advisory Pvt. Ltd.	Initial Public Offering	76	Consumer Discretionary
Jul-18	Welspun Corp Ltd.	Apollo Management LP	Open Market	34	Materials
Jul-18	Indian School Finance Company Pvt. Ltd.	Caspian Impact Investment Adviser Pvt. Ltd., Gray Ghost Ventures, Gray Matters Capital Inc.	M&A	31	Financials
Jul-18	Indus Software Technologies Pvt. Ltd.	Black Dragon Capital LLC	M&A	29	Information Technology
Aug-18	Enrich Hair and Skin Solutions Pvt. Ltd.	JM Financial India Fund	Secondary Sales	17	Consumer Discretionary

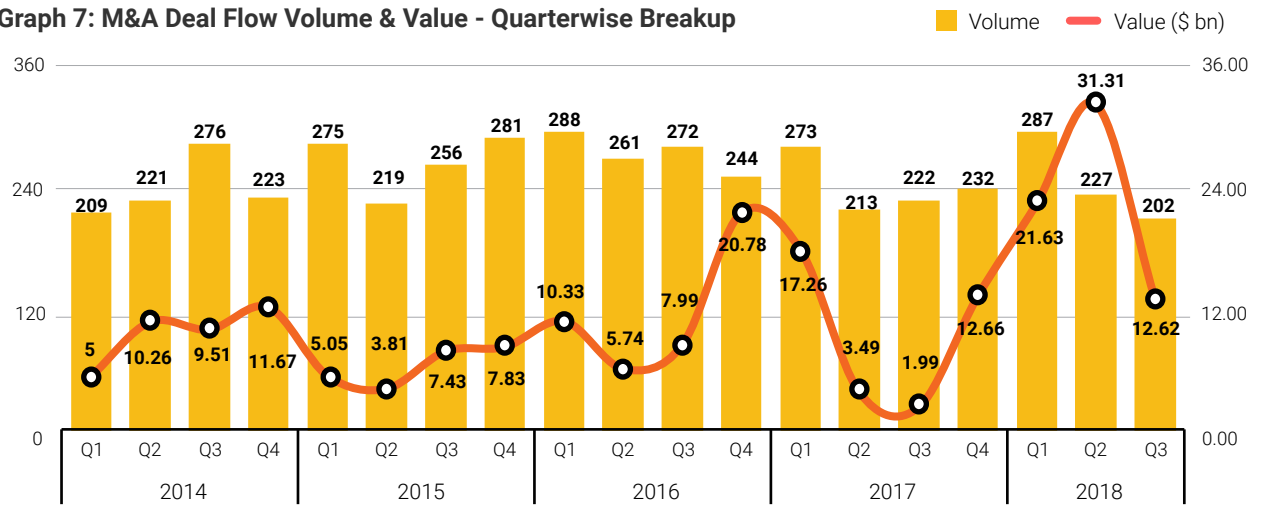


**MERGER & ACQUISITION
(M&A) DEALS**

Phenomenal increase in M&A value

On Y-o-Y basis, Merger and Acquisition (M&A) value has witnessed a steep increase by 6.34x taking it to a five year high, while activity declined by 9%. When compared to last quarter (Q2' 18), there was a drastic decline of 60% in terms of value and 11% in terms of volume. Top five deals contributed 78% of the total deal value.

Graph 7: M&A Deal Flow Volume & Value - Quarterwise Breakup

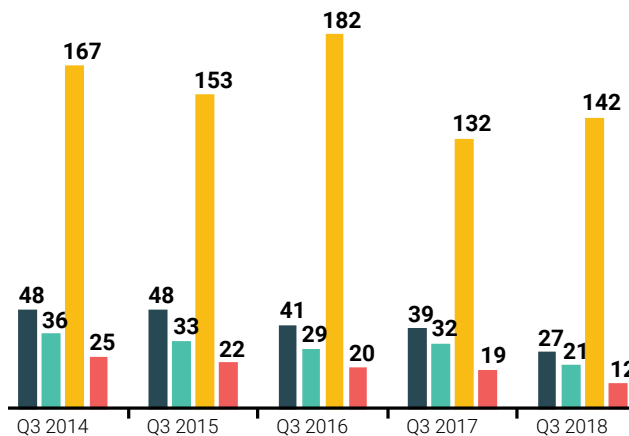


Indian companies' offshore acquisitions steals the show

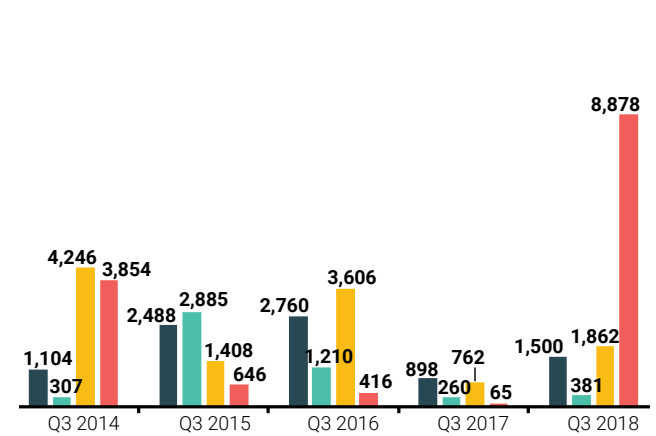
Others, which includes India related offshore M&A's, dominated Q3' 18 in terms of value. Four out of top five deals, which contributes 70% of the total deal value are offshore acquisitions by Indian companies.

Legend: Inbound (Dark Blue), Outbound (Teal), Domestic (Yellow), Others (Red)

Graph 7.1: M&A Breakdown, Number of Deals

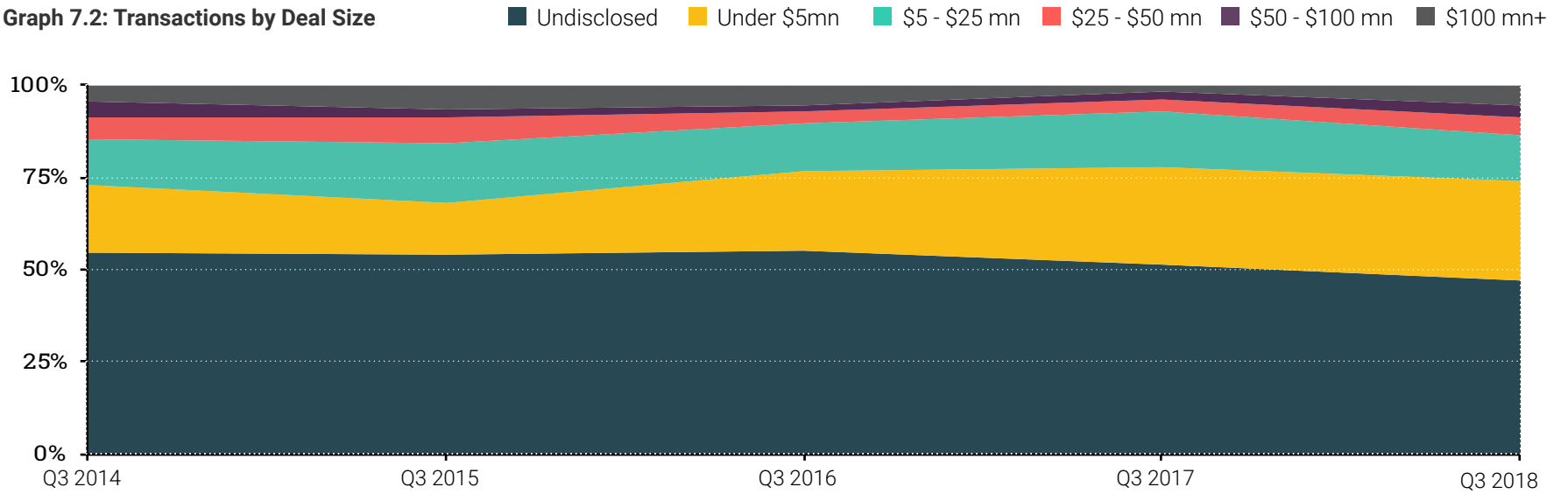


Graph 7.1.1: M&A Breakdown, Value of Deals (\$ mn)

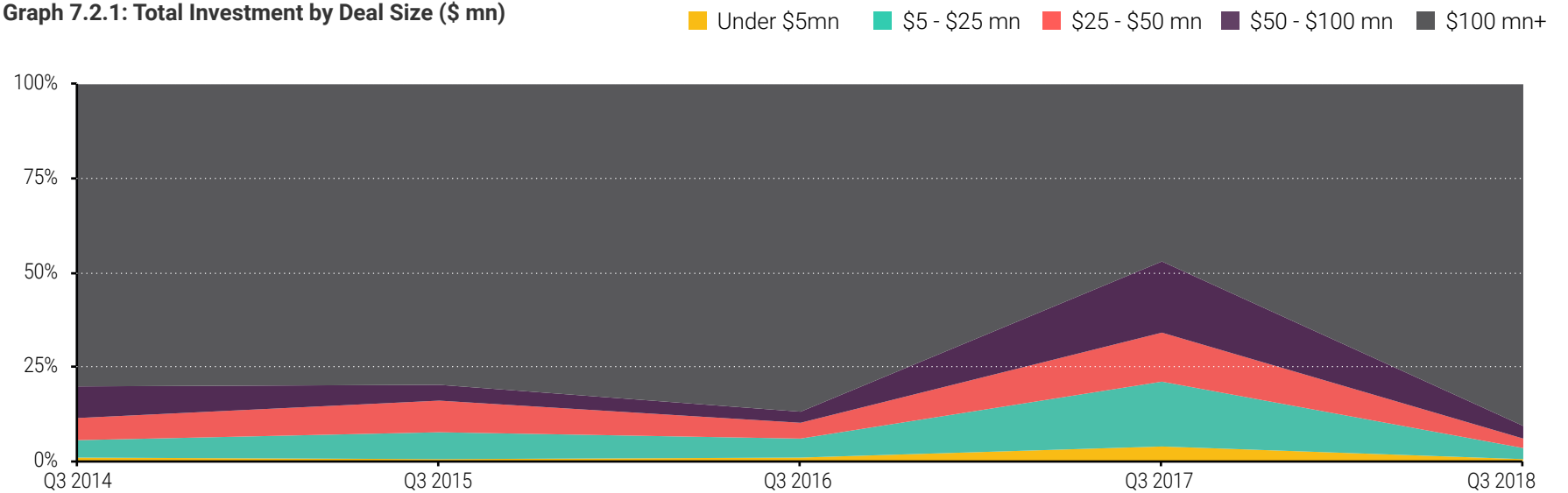


Increase in deal size

Graph 7.2: Transactions by Deal Size



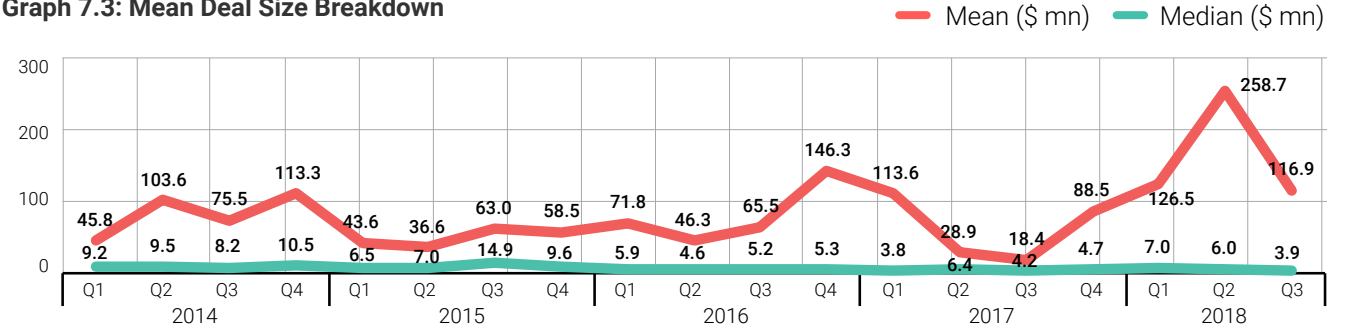
Graph 7.2.1: Total Investment by Deal Size (\$ mn)



Abrupt increase in mean

The mean has increased from \$18.4 million to \$116.9 million, as compared to Q3' 17, while median has fallen marginally by 7% from \$4.2 million to \$3.9 million. On the other hand, both mean and median significantly fell by 55% and 35%, respectively on Q-o-Q basis.

Graph 7.3: Mean Deal Size Breakdown

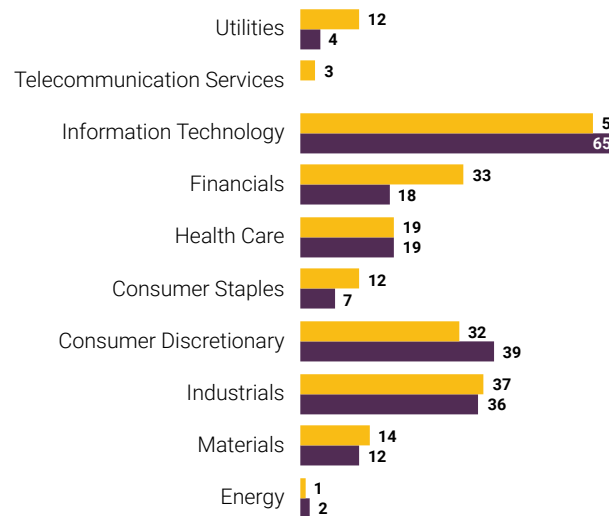


Deal Value inflated by few sectors

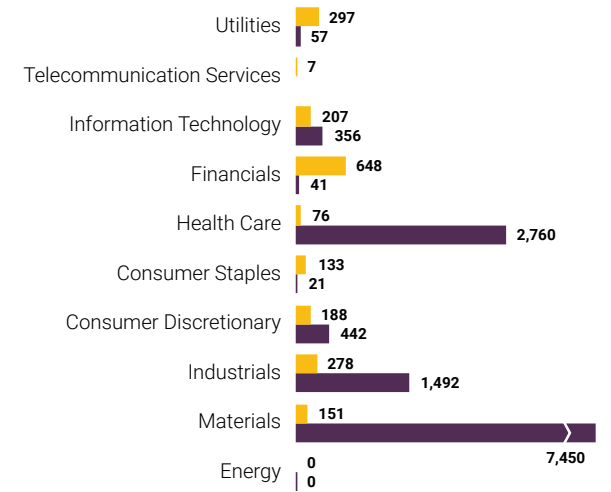
In Q3' 18, Materials, Healthcare and Industrials have taken up the total value to a five year high of the corresponding period. However, the deal activity remains similar except Financials, which dropped significantly by 45%.

■ Q3 2017 ■ Q3 2018

Graph 7.4: Sector Summary, Number of Deals



Graph 7.4.1: Sector Summary, Value of Deals (\$ mn)



M&A: Key deals, Q3 2018

Graph 7.5

Date	Target	Seller	Exit Type	Exit Value (\$ mn)	Sector
Jul-18	Arysta LifeScience Inc	UPL Corporation Ltd.	Others	4,200	Materials
Jul-18	Aleris Corp.	Novelis Inc.	Others	2,580	Materials
Jul-18	Fortis Healthcare Ltd.	IHH Healthcare Berhad	Inbound	1,068	Health Care
Jul-18	Vedanta Resources Plc	Volcan Investments Ltd.	Others	1,027	Industrials
Sep-18	Sandoz Inc., Dermatology and Oral Solids Businesses	Aurobindo Pharma USA Inc.	Others	1,000	Health Care
Sep-18	Usha Martin Ltd., Steel Business	Tata Steel Ltd.	Domestic	598	Materials
Sep-18	Max Healthcare Institute Ltd.	Radiant Life Care Pvt. Ltd.	Domestic	295	Health Care
Aug-18	Medall Healthcare Pvt. Ltd.	Constellation Alpha Capital Corp.	Inbound	212	Health Care
Aug-18	Olectra Greentech Ltd.	Megha Engineering and Infrastructures Ltd.	Domestic	166	Industrials
Aug-18	SPI Cinemas Pvt. Ltd.	PVR Ltd.	Domestic	158	Consumer Discretionary

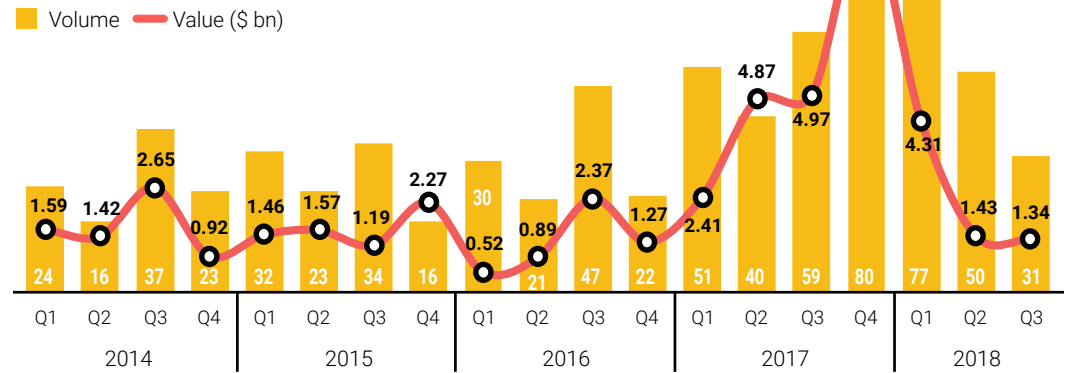


**EQUITY CAPITAL
MARKET (ECM) DEALS**

Dramatic decline in ECM value

In Q3' 18, ECM value declined by 73%, lowest since Q3' 15. The volume also declined by 47% as compared to the same quarter last year. When compared to the previous quarter as well, both the volume and value fell by 38% and 6%, respectively. In Q3' 18, ECM value declined by 73%, lowest since Q3' 15. The volume also declined by 47% as compared to the same quarter last year. When compared to the previous quarter as well, both the volume and value fell by 38% and 6%, respectively.

Graph 8: ECM Volume & Value



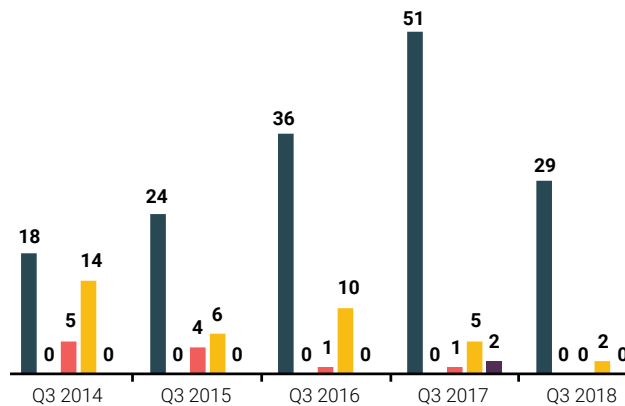
IPOs outperformed

IPOs covered almost the entire ECM activity in this quarter supported by two QIPs. In terms of value as well, IPOs accounted for a significant ~69% of the total ECM value.

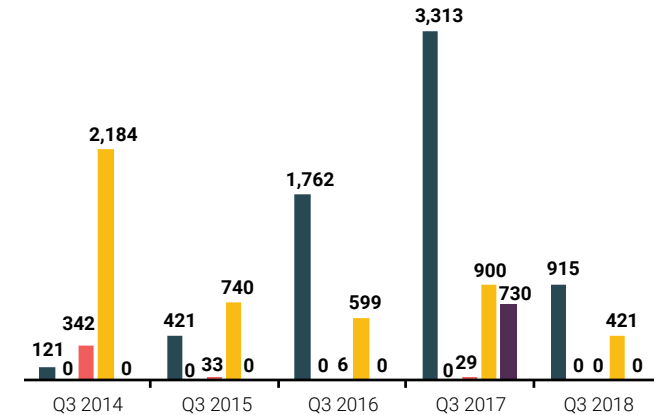
The absence of many high value offerings, resulted in the down fall of ECM values. 25 out of 31 companies offered less than \$10 million in this quarter.

Legend: Initial Public Offering (Dark Blue), Follow-On Public Offering (Teal), Rights Issue (Red), Qualified Institutional Placement (Yellow), Institutional Placement Programme (Purple)

Graph 8.1: ECM Breakdown, Number of Deal



Graph 8.1.1: ECM Breakdown, By Value of Deals (\$ mn)



ECM: Key deals, Q3 2018

Graph 8.2

Date	Target	Offering Type	Offering Size (\$ mn)	Sector
Jul-18	HDFC Asset Management Co. Ltd.	Initial Public Offering	431	Financials
Jul-18	HDFC Bank Ltd.	Qualified Institutional Placement	404	Financials
Aug-18	CreditAccess Grameen Ltd.	Initial Public Offering	177	Financials
Jul-18	TCNS Clothing Company Pvt. Ltd.	Initial Public Offering	173	Consumer Discretionary
Sep-18	Ircon International Ltd.	Initial Public Offering	72	Industrials

Conclusion

1

This quarter was largely marked by PE value. M&A value increased due to Indian offshore acquisitions as compared to Y-o-Y basis.

2

IPO was only active route for this quarter with an exception of two QIP. Most of the companies raised \$10 million through IPO. This indicates that companies are showing interest in listing their stock through IPO.

3

Q3 2018 stood as a weak quarter in the last five years for M&A in terms of deal volume. We can see an increase of 6.35x in terms of value as compared to Q3' 17, while we can notice a significant drop of 60% as compared to the previous quarter Q2' 18. The top three M&A deals attributed 62% of the total M&A value.

Glossary

Placements

Placement deals include Private Equity Investments through QIPs, Open Market & Private Investment in Public Equity (PIPE deals).

Big-ticket Deals

Big-ticket deals refers to the deal with an investment size of \$100 million and above.

Materials

Material sector covers chemicals used in different segments, construction materials, containers & packaging, metals & mining, and paper & forest products.

Consumer Discretionary

Consumer Discretionary sector includes automobiles & components, consumer durables & apparel, consumer services, media and retailing (offline/online).

Consumer Staples

Consumer Staples sector contains food & staples retailing, food, beverage & tobacco, and household & personal products.

Healthcare

Healthcare incorporates healthcare equipment & services, and pharmaceuticals, biotechnology & life sciences.

Financials

Financial sector includes banks, diversified financials, insurance, and real estate.

Information Technology (IT)

IT comprises software & services, technology hardware & equipment, and semiconductors & semiconductor Equipment.

Telecommunication Services

It includes both diversified and wireless telecommunication services.

Utilities

Utility encompasses electric, gas, water & multi-utilities and independent power producers & energy traders as well.

Industrials

Industrial sector contains all the capital goods, Commercial & Professional Services, and Transportation (air freight & logistics, airlines, marines, road & rail, infrastructure).

Energy

Energy sector consists of energy equipment & services, and oil, gas & consumable fuels.

Abbreviations

PE	Private Equity
VC	Venture Capital
M&A	Mergers & Acquisition
ECM	Equity Capital Market
IPO	Initial Public Offering
Follow-On	Follow-On Offerings
QIPs	Qualified Institutional Placement
IPPs	Institutional Placement Programme

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