

India's **leading** provider of **Research and Financial Consulting** services takes pleasure in announcing the launch of its "Four-S Private Equity Annual Report – 2008"

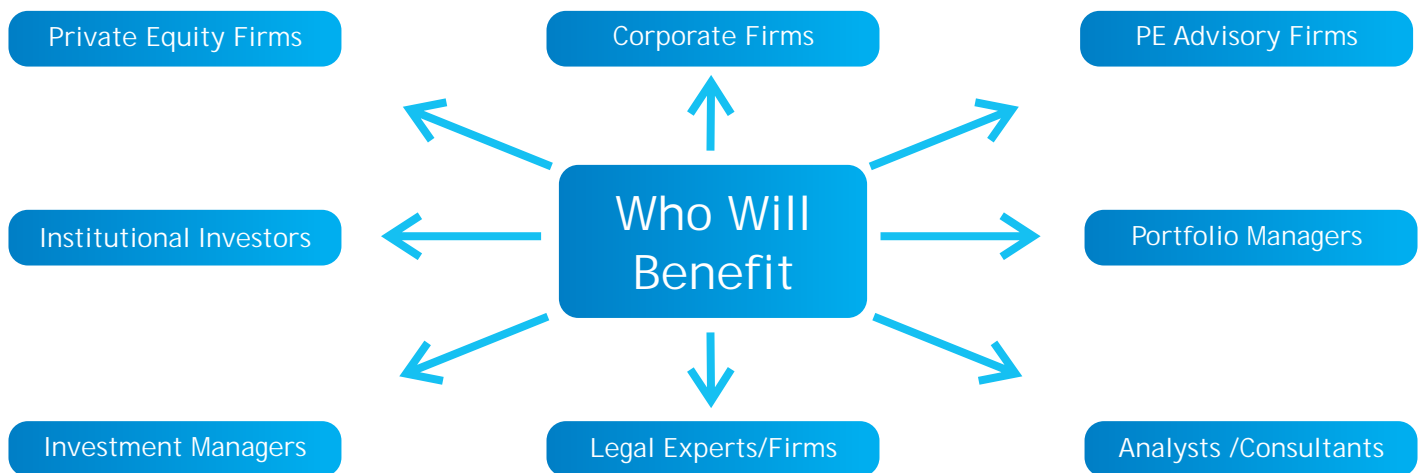
INDIAN PRIVATE EQUITY REPORT 2008: "SURVIVING THE SLIDE"



"Panicky investors, precariously placed portfolios, plummeting growth and promoters still reluctant to cut deals at low prices" - Year 2008 saw Indian private equity players grappling with storms on all fronts. Four-S Indian Private Equity Report 2008 puts the challenges in perspective and more important, outlines strategies being adopted for 'Surviving the Slide', keeping in mind that the best investments in private equity are often made in the worst of times. Investors are now playing a more active role in investee operations as both unite with a common goal - to build for the future.

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The Indian Private Equity Report 2008 is a **MUST HAVE** for all players associated with Indian PE Activity:



PE/VC Firms

Analyze key trends in domestic private equity industry from a single authentic source. Also get an assessment of what 2009 holds in store in terms of investments, sectoral outlook, fundraising, exits, etc.

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Get to know which PE players are most active, sectors that are attracting investors, trends in growth and much more. Also benefit from relative assessment of PE valuations in comparable companies.

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1. Executive Summary

Most expected Year 2008 to see the pin catch up with the bubble. As the winds from the global storms in the financial and equity markets hit Indian shores, the unprecedented xxx% YoY growth seen in Private Equity (PE) investments during Year 2007 was never considered sustainable. In fact, the xx% fall in PE investments to \$xxbn in 2008 from \$xxxbn in 2007 did not belie expectations. What did, however, was the cumulative toll on sentiment from challenges emerging on all fronts.

As a result, we expect that Year 2009 will see PE players pitted against panicky investors (Limited Partners), precariously placed portfolios, plummeting growth and promoters still reluctant to cut deals at low prices. The focus has rightly shifted to 'Surviving the Slide', keeping in mind that the best investments in PE are often made in the worst of times. PE investors are also now playing a much more active role in investee operations as both unite with a common goal - to build for the future.

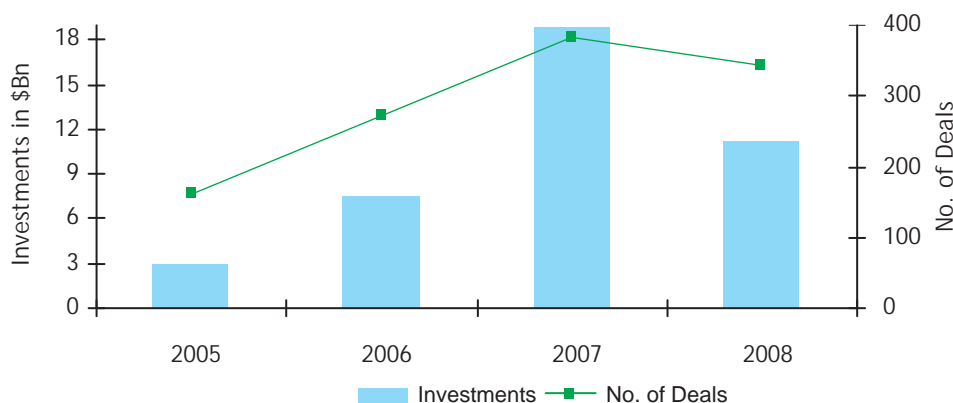
2008 - PE/VC Investments in India on the decline

	2007	2008	YoY Growth
Investment Value	\$xxxbn	\$xxbn	-xxx%
No. of Deals	xxx	xxx	-xxx%
Funds Raised	\$xxxbn	\$xxxbn	xxx%
Average Deal Size*	\$xxxmn	\$xxxmn	-xxx%
No. Of PEs Investing During This Period	xxx	xxx	xxx%
Biggest Deal	\$xxxmn	\$xxxmn	-xxx%

Source: Four-S Research

PE/VC Investments Impacted by the Global Slowdown

Overall PE/VC investments in India during Year 2008 witnessed a significant decline of xxx% to reach \$xxbn from \$xxxbn in Year 2007. However, the number of transactions dropped by only xx% to xxx from xxx in 2007. It was the absence of mega deals that made the difference. Deals greater than \$xxxmn in value were non-existent in 2008 vis-à-vis 6 such deals in 2007, which included 3 deals worth over \$xbn. There was also a decline in the average deal size to \$xxxmn in 2008 compared to \$xxxmn in 2007 as deals closed at lower valuations. The second half of the year saw most of the decline as this was the time when the US mortgage crisis had started taking a heavy toll on the Indian and world markets.

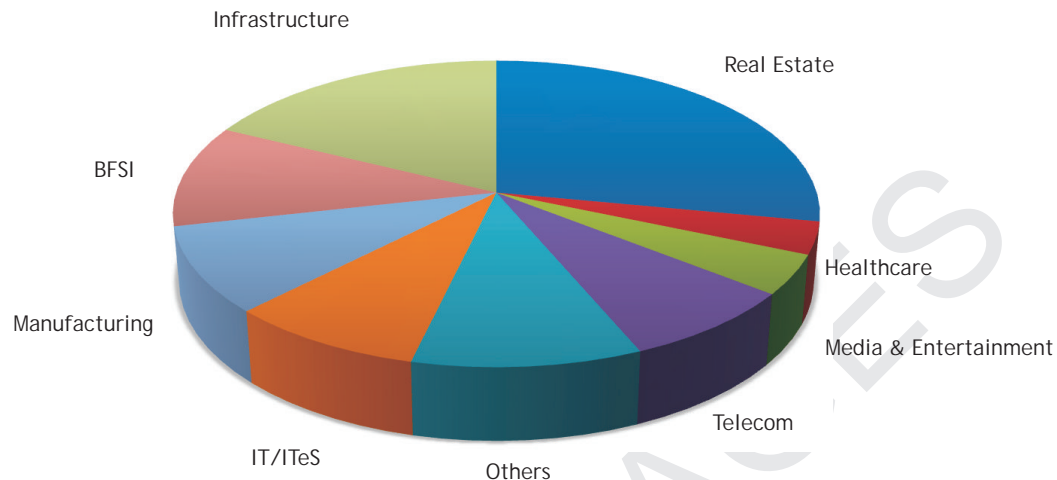


* Average Deal Size calculation excludes deals for which the investment size is not known.

Source: Four-S Research

Real Estate sector emerged as the Real Winner

PE investments sector-wise in 2008: \$11.16bn (344 deals)



Source: Four-S Research

The star sectors of 2007, apart from Real Estate, were unable to attract huge investments in 2008. Real Estate, Infrastructure, Telecom, BFSI and Manufacturing each had received over \$xnb of PE funding in 2007, accounting for nearly xx% of overall investments. However, in 2008, except for Real Estate all other sectors faced xxx% drop in investment value.

Real Estate sector accounted for a lion's share of the deals during 2008 with nearly \$xxbn worth of investments (xx% of total PE/VC investments announced during the year). Nearly xx% of the investments in Real Estate (\$xxbn) were completed during H1 2008 when the market was ruling comparatively high, due to the spill-over from 2007-end when deal negotiations were started. Most of the year's investments (xx%) were through innovative Special Purpose Vehicles (SPVs) or project level financing model. Approximately xx% of investments in real estate during 2008 came from new funds including Symphony Capital, Triangle Real Estate and Kotecha Capital. However, from H2 2008 onwards the interest in this sector fell among PEs because of the correction in the real estate market with realty companies offering a xxx% discount on ongoing projects. Even bigger realty companies such as DLF and Unitech are facing difficulty in raising funds as debt has become a scarce commodity even as the equity markets continue to have a very low appetite for new funding.

Infrastructure sector received the second highest number of investments at \$xxbn (xxx% share). However, that was still xxx% lower than the investments in 2007 i.e. \$xxbn, largely on account of rising input prices, delay in project execution and uncertain economic conditions. Within this sector, the Logistics segment is increasingly attracting attention.

Telecom sector with \$xxbn worth of investments was the biggest loser with investments dropping by xxx% on YoY basis. This sector had attracted a record \$xxbn worth of investments in 2007 with 2 mega deals of \$xxbn and \$xxbn, involving Bharti Airtel and Bharti Infratel respectively.

Even though BFSI sector attracted \$xxbn worth of investments in 2008, there was a decline of xxx% in value over 2007 owing to the global financial crisis and liquidity crunch hitting Banks, Brokerages and NBFCs.

Media & Entertainment sector received \$xxbn investments in 2008, almost the same as in the previous year. This sector continues to attract PE attention, given the strong underlying growth opportunity.

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