

## Media Monitor

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# PE fever set to abate in 2008, forecast analysts



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**P**RIVATE equity deals are set to shrink in number and size during 2008 on the back of fears over US economic slowdown while moderating valuations will throw up good investment opportunities too, industry players said on Thursday.

The year would present a more difficult environment for PEs than 2007, when booming economy and entrepreneur activity attracted record investments in India, PR. Srinivasan, managing director of CVC International said at the Venture Intelligence conference. "The rush would not be as big as 2007. So, expect a sedate year ahead in terms of large PE deals."

According to a report by IndusView, an India-focused cross-border investment advisory and financial services firm, private equity investment to India touched more than \$13 billion in the period between January and October last year. "Although there is a buoyant entrepreneurial climate in the country, PEs would have problems in the coming year if the slowdown in the US continues at the same pace, as nearly 95% of

the PE money coming to India is either from the US or Europe," said Varun Sood, managing partner, Capvent.

Having said this, India Inc can still look forward to at least \$20-25 billion in PE investments in 2008, according to Raja Kumar, managing director and CEO, Uff Ventures.

### MONEY MATTERS

**PE deals set to shrink in number on the back of fears over US economic slowdown. Investments by overseas PE funds is set to touch \$48 b by 2010. Over 150 funds, with \$10 billion in their kitty, were scouting for deals in India.**

the PE money coming to India is either from the US or Europe," said Varun Sood, managing partner, Capvent. Having said this, India Inc can still look forward to at least \$20-25 billion in PE investments in 2008, according to Raja Kumar, managing director and CEO, Uff Ventures.

would be increasing be seen having an India focus. However, he also issued a word of caution, saying, "Given the high valuations, increased business risks and lesser due diligence among PEs could see lot more large deals go bad." Indian would see lesser amount of deals in the pedigree of the \$1.096 billion deal between Temasek and Bharti Airtel earlier in 2007, he added.

Industry players also insighted that 2008 would see niche alternate sectors such as real estate and healthcare being invested into by PEs. "There would be a lot more action in sectors like infrastructure, aviation and alternative energy in terms of PE investments," said Mr Kumar. A total of 386 private equity deals were struck in India in 2007, mainly in real estate, infrastructure and financial services, but the information technology and outsourcing segments led the volumes charts with 66 pacts, according to a recent study by Assocham.

The study also said that investments by overseas PE funds is set to touch \$48 billion in India by 2010. The study also estimates that as many as 150 funds, with \$10 billion in their kitty, were scouting for deals in India.