
Avendus Private Equity's Second Fund Returns 1.4X, Net of Fee and Carry in 3.5 Years

Fund focused on PIPE investments delivers net annualized return of 13% (post tax) in a bear market and consistently outperforms benchmark indices for the same period

Mumbai, August 21, 2014

Avendus PE Investment Advisors Pvt. Ltd., a subsidiary of Avendus Capital Pvt. Ltd., which focuses on private investment in public equity (PIPE), has fully exited the Avendus Special Situations Strategy-II Fund (Avendus Fund II or Fund II) portfolio and returned the proceeds to investors.

Avendus Fund II performed well and delivered strong returns both on an absolute and a relative basis, in what has largely been a tough investment market over the last 3.5 years. On a Fund level (consolidated for all investors), the Fund has delivered the Gross Annualized Return of 17.8% (post tax), and Net Annualized Return 13% (post tax), which is a significant outperformance over its benchmark indices. The Fund has returned to its investors 1.5X capital on a gross basis and 1.4X on a net basis. In comparison, BSE midcap index and BSE Sensex have given a return of 4.6% and 10.8% respectively. As per a May 2014 Morningstar report, the Fund has significantly outperformed other midcap funds and has delivered exceptional returns, which is 60% higher than its peer group for the same period.

Speaking about the fund, Mr. Ranu Vohra, Co-founder, MD & CEO of Avendus Capital said, "Our prudent investment strategy of investing in sectors which benefit from India's rising consumer discretionary spend, rural prosperity and rapid urbanization, has been validated by the success of this fund. Our investors have appreciated that the relative outperformance of the portfolio over the benchmark index has remained quite consistent in spite of the economic volatility. We are constantly improving our performance and, given our insights, research and track record, we hope to deliver much better returns in future as well. Our next fund, Avendus India Opportunities Fund III, already has a ~52% annualized gross returns, is showing strong performance at an absolute level. The fact that Fund II has delivered returns in the hands of investors dispels the long held view among HNIs and treasuries that mutual funds are better in delivering returns in the mid cap equity space."

Fund II invested in fundamentally strong, under-researched midcap companies (market cap < US\$ 1 billion), using the private equity evaluation approach which entails an in-depth primary research, multiple management meetings, thorough commercial diligence including several customer interviews and reference checks on management with emphasis on active engagement with investee companies. The fund demonstrated tremendous success by identifying several mid-cap success stories of the Indian stock market – including companies such as TTK Prestige, V-Guard, Bajaj Corp and Kajaria Ceramics. Eight

NEWS RELEASE


Release Date: August 21, 2014

Contact: Shveta Singh: +91 22 6648 0020

shveta.singh@avendus.com

Avendus Capital

Mumbai, Delhi, Bengaluru, New York, London



out of the ten Fund II investments have given positive returns to investors, with 5 of them turning out to be strong multi-baggers.

Avendus Capital has recently entered into a JV with Zodius Capital Advisors, an investor-operator of India-centric technology companies, to invest \$400-500 million in emerging leaders in the high growth Digital and SMAC (Social, Mobile, Analytics and Cloud) based Business Services. The targeted Digital Business investments cover both Internet and Mobile, and areas such as Media, Commerce and Consumer Services. The primary beneficiaries of the fund will be late-stage and pre-IPO companies in the next 3-4 years.

About Avendus Capital:

Avendus Capital is a leading financial services firm which provides customised solutions in the areas of financial advisory, equity capital markets, alternative asset management and wealth management. The firm relies on its extensive track record, in-depth domain understanding and knowledge of the economic and regulatory environment, to offer research based solutions to its clients that include institutional investors, corporations and high net worth individuals/families. In recent years, Avendus Capital has consistently been ranked among the leading corporate finance advisors in India and has emerged as the advisor of choice for cross-border M&A deals, having closed around 40 cross-border transactions in the past 5 years. Avendus PE Investment Advisors manages funds raised from its investors by investing in public markets, while Avendus Wealth Management caters to investment advisory and portfolio management needs of Family offices and Ultra High Networth Individuals / families, spanning all asset classes. Headquartered in Mumbai, the firm has offices in New Delhi and Bangalore.

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