THE CARLYLE GROUP

How Carlyle Creates Value

Deep industry expertise. Global scale and presence. Extensive network of Operating Executives. And a wealth of investment portfolio data; we call it The Carlyle Edge. These are the four pillars of Carlyle's value creation model. By leveraging these core capabilities and resources—Carlyle has established a 30-year overall track record of investing in companies, working to make them better and serving our investors' needs.

Carlyle professionals worked with Elitecore and Cyberoam management teams to redefine business strategy, prioritize growth strategy and expand their global footprint.

About Elitecore Technologies and the Transaction

In June 2007, Carlyle invested in Elitecore Technologies Private Limited, an information technology products and software solutions company. At the time of the investment, Elitecore had two businesses – Identity-based, Unified Threat Management (UTM) products targeted at the network security market, and telecom software products and solutions including Operating Support Systems (OSS) and Business Support Systems (BSS). The investment opportunity was identified as a part of Carlyle's proprietary research and through a network of local relationships.

Subsequent to the investment, the businesses were demerged into two separate entities in 2012 with the telecom software business remaining in Elitecore and the network security business residing in Cyberoam Technologies Private Limited. Carlyle continued to own a majority stake in each of Elitecore and Cyberoam.

Following the demerger, Elitecore remained a focused provider of OSS and BSS solutions to more than 50 service providers in 40+ countries. Cyberoam, with a worldwide sales and distribution channel across 125 countries, offered security solutions to physical and virtual networks in organizations.

In 2014, Carlyle sold its stake in Cyberoam to UK-based Sophos, a global provider of complete information technology security solutions with more than 100 million users in 150 countries.

In 2015, Carlyle sold its stake in Elitecore to Sterlite Technologies, a global player in developing and delivering products, solutions and infrastructure for telecom and power transmission networks with operations in India, China and Brazil.

AT A GLANCE

Elitecore Technologies Private Limited

Industry: Technology & Business Services

Region/Country: India

Fund: Carlyle Asia Growth Partners III

Acquired: June 2007

Status: Exited

Key Value Creation Metrics

- Redefined business strategy for product development and marketing, and re-prioritized growth strategy
- Accelerated product innovation to keep up with the changing technology environment
- Expanded global footprint and introduced multinational corporations and institutions across the globe as potential customers or partners
- Improved corporate governance and strengthened internal business processes, ensuring compliance with applicable regulations across countries
- Played a significant role in driving corporate restructuring and the subsequent demerger process, and prepared Elitecore and Cyberoam for their respective strategic sales

ABOUT THE CARLYLE GROUP

The Carlyle Group (NASDAQ: CG) is a global investment firm with deep industry expertise that deploys private capital across four business segments: Corporate Private Equity, Real Assets, Global Credit and Investment Solutions. With $223 billion of assets under management as of June 30, 2019, Carlyle's purpose is to invest wisely and create value on behalf of its investors, portfolio companies and the communities in which we live and invest. The Carlyle Group employs more than 1,775 people in 33 offices across six continents.

Redefining Business Strategy for Further Growth

In pursuing further growth opportunities, Carlyle worked with the respective managements to redefine their business strategy for product development and marketing with a strategic focus on building a leadership position in emerging markets, re-prioritize growth strategy by focusing on organic growth, enhance organizational structure, and emphasize prudent cash management and profitability.

During Carlyle's ownership, Elitecore successfully established a strong footprint in South and Southeast Asia, the Middle East as well as Africa, and was a leader in the Wi-Fi offload market. Cyberoam built a large sales and distribution channel, established itself as a leading UTM vendor in India, and was among the top UTM vendors in key markets across Africa, Southeast Asia and the Middle East.

Accelerating Product Innovation and Development

In the OSS and BSS business, Elitecore not only expanded its product offerings and launched new products to keep up with the changing technology environment, but also scaled up its business, from providing solutions for smaller operators to the largest, tier-one network operators. In the network security business, Cyberoam introduced products with new features and advanced technology as well as a range of products catering to new customer segments.

Elitecore was rated as one of the fastest growing companies and named as Niche Player in Gartner Magic Quadrant for "Integrated Revenue and Customer Management" (IRCM) 2014, and was the winner of Deloitte Fast 50 in 2014 and 2015. Cyberoam was consistently rated as a Visionary in Gartner's Magic Quadrant for UTM and received multiple global awards and positive reviews for its excellence in product innovation.

Expanding Global Footprint and Building Global Partnerships

Carlyle played an important role in expanding Elitecore and Cyberoam's footprints across the globe. Through its local presence, Carlyle assisted each of the companies in building its distribution capabilities in foreign markets including the Gulf Cooperation Council and Africa. Carlyle also leveraged its One Carlyle network to explore synergistic relationships with several Carlyle portfolio companies globally.

During Carlyle's ownership, in the OSS and BSS business, Elitecore had deployments across 50+ service providers in more than 40 countries, with an extensive footprint in South Asia, South East Asia, Middle East and Africa. Cyberoam successfully established a large sales and distribution channel across more than 125 countries.

Improving Corporate Governance and Compliance

With Carlyle's active involvement and support, Elitecore and Cyberoam were able to strengthen their corporate governance standards and compliance procedures in line with the regulations and requirements prevailing in the countries where the companies had operations. Carlyle also actively supported the companies in their efforts on sanctions and export control compliance and Foreign Corrupt Practices Act review. This significantly enhanced the companies' attractiveness to strategic buyers.

Advising on Corporate Restructuring and Strategic Sale

Carlyle played an important role in driving Elitecore's corporate restructuring and the subsequent demerger process, and created significant value for both Cyberoam and Elitecore during its ownership period. Carlyle also leveraged its One Carlyle network to select domestic and international bankers and source potential buyers for the businesses.

With a stronger operation and financial performance, Cyberoam and Elitecore were able to complete successful merger and acquisition (M&A) transactions with two prominent industry players. In 2014, Cyberoam and Sophos completed a cross-border M&A transaction, and in 2015, Elitecore was acquired by Sterlite Technologies.