



The Art and Science of Raising Private Equity

Seminar on Private Equity

Organised by WIRC of the ICAI

C.A. Shailendra Jindal

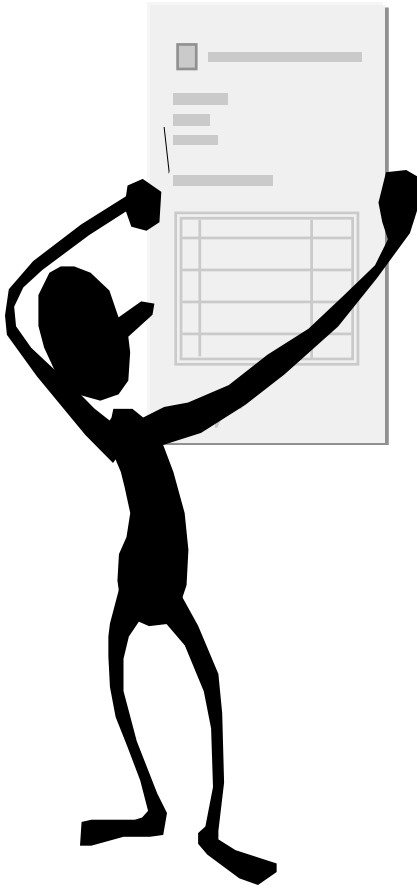
Mumbai, September 7, 2013

You need money now... on your terms.



**The problem... the world of capital
doesn't work that way.**





Deal Analysis and investment process

How to pitch your deal to the PE funds?

Do's and Don'ts in raising PE

Managing Valuation Expectations

Q & A

Deal Analysis and Investment process



Management Competence

Valuation

Industry Outlook

Due Diligence

Verifiable numbers

Sustainability

Key trends

Peer Valuation

Exit options

Approach the Private Equity Firm

Approach

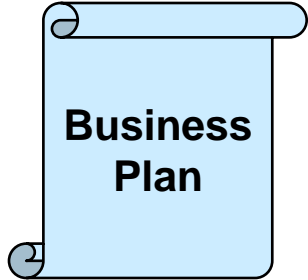
Enquiries/
Negotiations

Due Diligence

Completion

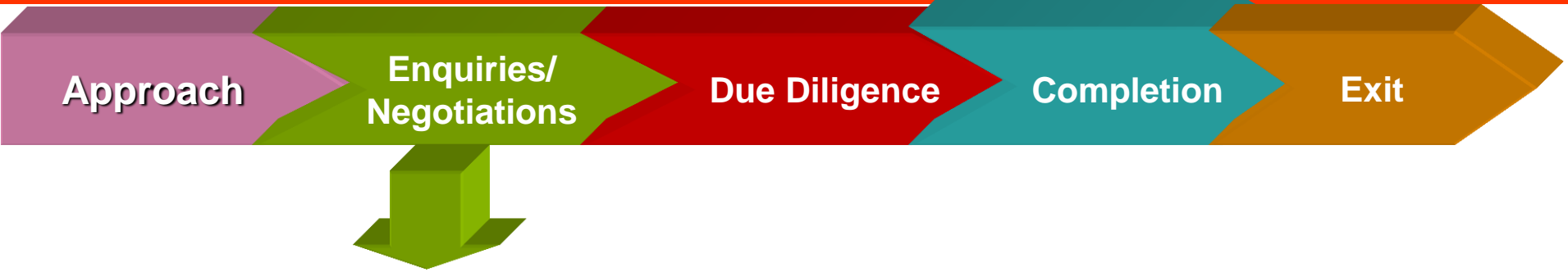
Exit

Approach the Private Equity Firm/ Evaluate the Business Plan

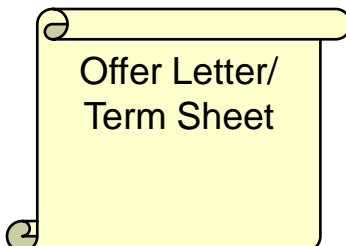
Company	Company and Private Equity Firm	Private Equity Firm	Reports/ Documents
<ol style="list-style-type: none">1. Appoint Advisers2. Prepare Business Plan3. Contact Private Equity firms		<ol style="list-style-type: none">1. Review Business Plan	 <p>Business Plan</p>



Enquiries and Negotiations



Initial Enquiries and Negotiations

Company	Company and Private Equity Firm	Private Equity Firm	Reports/ Documents
<ol style="list-style-type: none">1. Provide additional information	<ol style="list-style-type: none">1. Meet to discuss Business Plan2. Build relationship3. Negotiate outline terms	<ol style="list-style-type: none">1. Conduct initial enquiries2. Value the business3. Consider financing Structure	 <p>Offer Letter/ Term Sheet</p>

Due Diligence

Approach

Enquiries/
Negotiations

Due Diligence

Completion

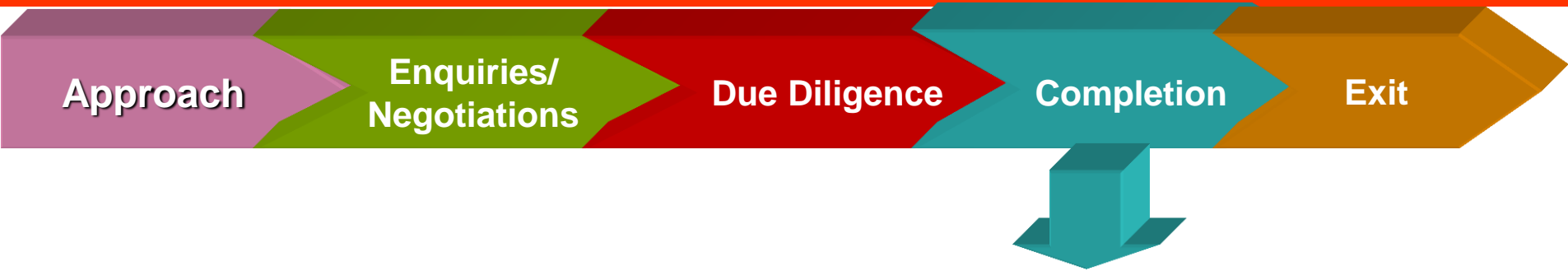
Exit



Due Diligence

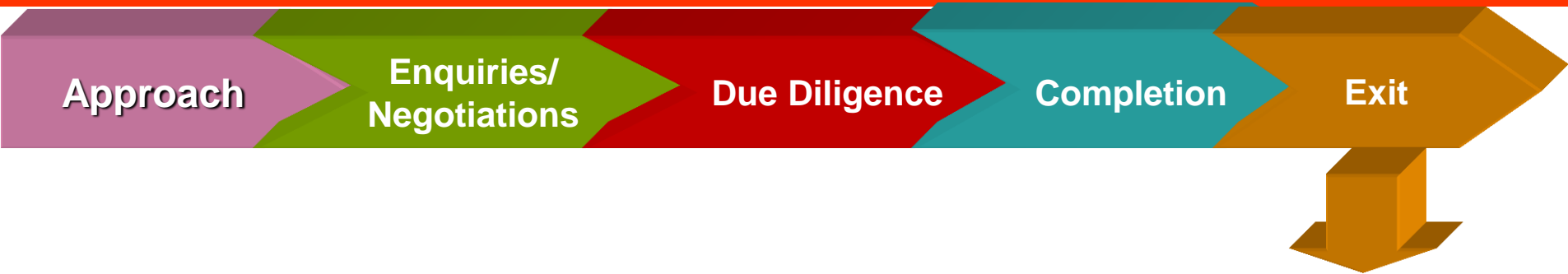
Company	Company and Private Equity Firm	Private Equity Firm	Reports/ Documents
<ol style="list-style-type: none">1. Disclose all the relevant information/ Documents	<ol style="list-style-type: none">1. Liaise with accountants2. Liaise with other external consultants	<ol style="list-style-type: none">1. Initiate external Due Diligence	<p>Consultant Reports</p> <p>Accountant Reports</p>

Final Negotiation/ Completion



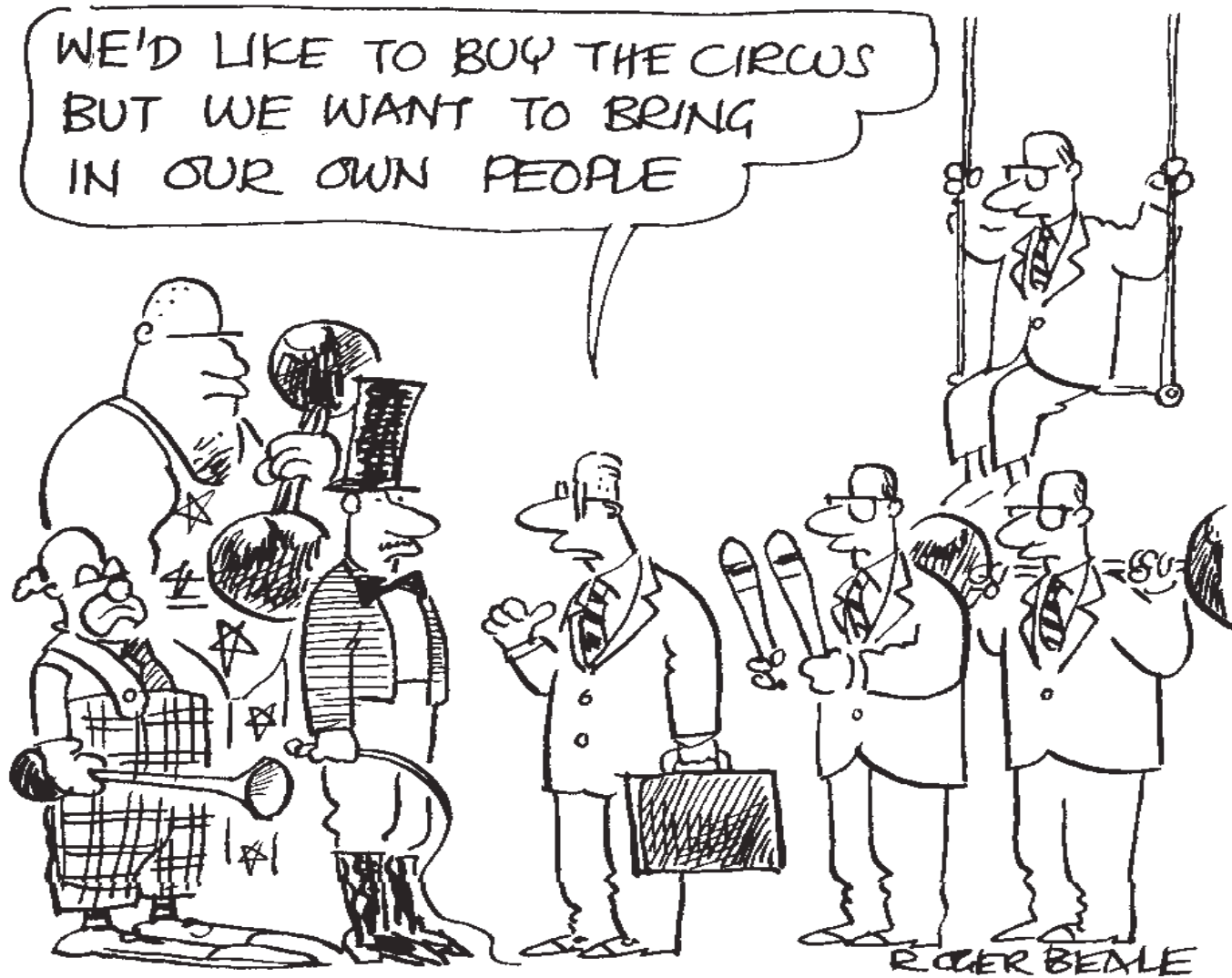
Final Negotiation/ Completion

Company	Company and Private Equity Firm	Private Equity Firm	Reports/ Documents
<ol style="list-style-type: none"> 1. Liaise with Legal Advisers 2. Liaise with Consultants 	<ol style="list-style-type: none"> 1. Negotiate final terms 2. Document constitution and voting rights 	<ol style="list-style-type: none"> 1. Draw up completion Documentation 	<ul style="list-style-type: none"> Disclosure Letter Warranties and Indemnities Memorandum and Articles of Association Share Holders Agreement



Monitoring and Exit

Company	Company and Private Equity Firm	Private Equity Firm	Reports/ Documents
<ol style="list-style-type: none"> 1. Provide Periodic Management Accounts 2. Communicate regularly with Investors 		<ol style="list-style-type: none"> 1. Seat on Board? 2. Monitor investment 3. Constructive Input 4. Involvement in major decisions 	<ul style="list-style-type: none"> Management Accounts Minutes of Board And other Key Meetings



How to pitch your deal to the PE Funds?



Pitching to Investors ?????



Include a detailed marketing strategy in your initial pitch presentation?

The market is 15 bn USD globally ????

Should startups do a video presentation for investors?

A good idea or a good plan? What do investors invest in?

Should you write the Executive Summary first or last?

How do I write a powerful elevator pitch?

Should I pitch if investors don't understand my domain?

Should I elaborate on Technical details?

How about impressing investors with my expensive Car and Gadgets?

Tips for Pitching to Investors



Start by introducing what you do and for whom.....

Keep the overall pitch short

Investors are interested in the business case...not just details of the concept or the product

Focus on key aspects rather than fluff around your business case

Be prepared with answers to questions

Explain why you are qualified to do this business

Be Passionate

Be clear with what you expect

End with a recap- End strong

Speak clearly, slowly and loudly

Do's and Don'ts in raising PE



Poor assessment of the risks in your venture

Poor assessment of the competition or assuming there is no competition

Exaggerating Management Strengths

Impractical and Unrealistic Growth Projections

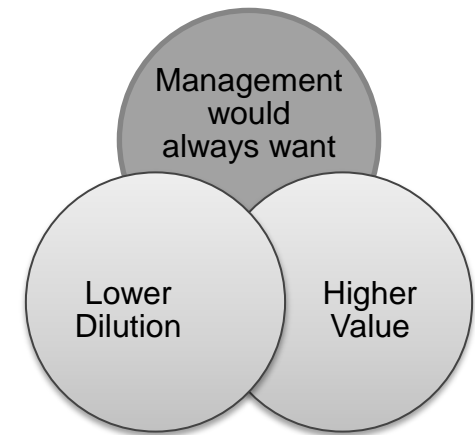
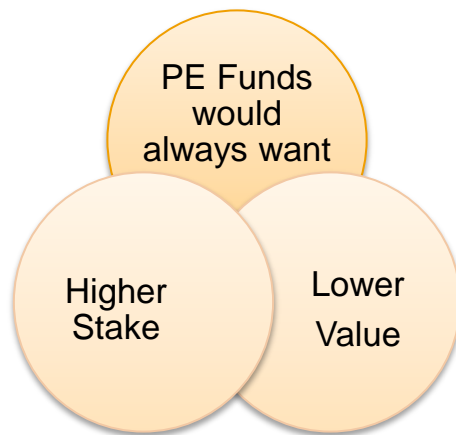
Including name of advisors if they are not genuinely involved

Asking for a very high valuation anticipating hard negotiations

Showing off list of investors in the queue for funding

Showing interest in getting VC/PE funding to avoid interest cost and risk for collateral

Managing Valuation Expectations



Thanks for your patient hearing and Participation



C A Shailendra Jindal