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Agenda

- 🕒 The Beginning

- 🕒 Planning for Private Equity

- 🕒 Regulatory Framework

- 🕒 Role of Advisors

- 🕒 Investment Process
 - Structuring the business
 - Business Plan and Marketing Collateral
 - Short List and Evince Interest From the Investors
 - Valuation and Negotiation
 - Term Sheet
 - Due Diligence
 - Definitive Agreement
 - Exit Option

The Beginning

Scope



Get right
advisor



Prospect
Identification



IMPLEMENTATION



Plan



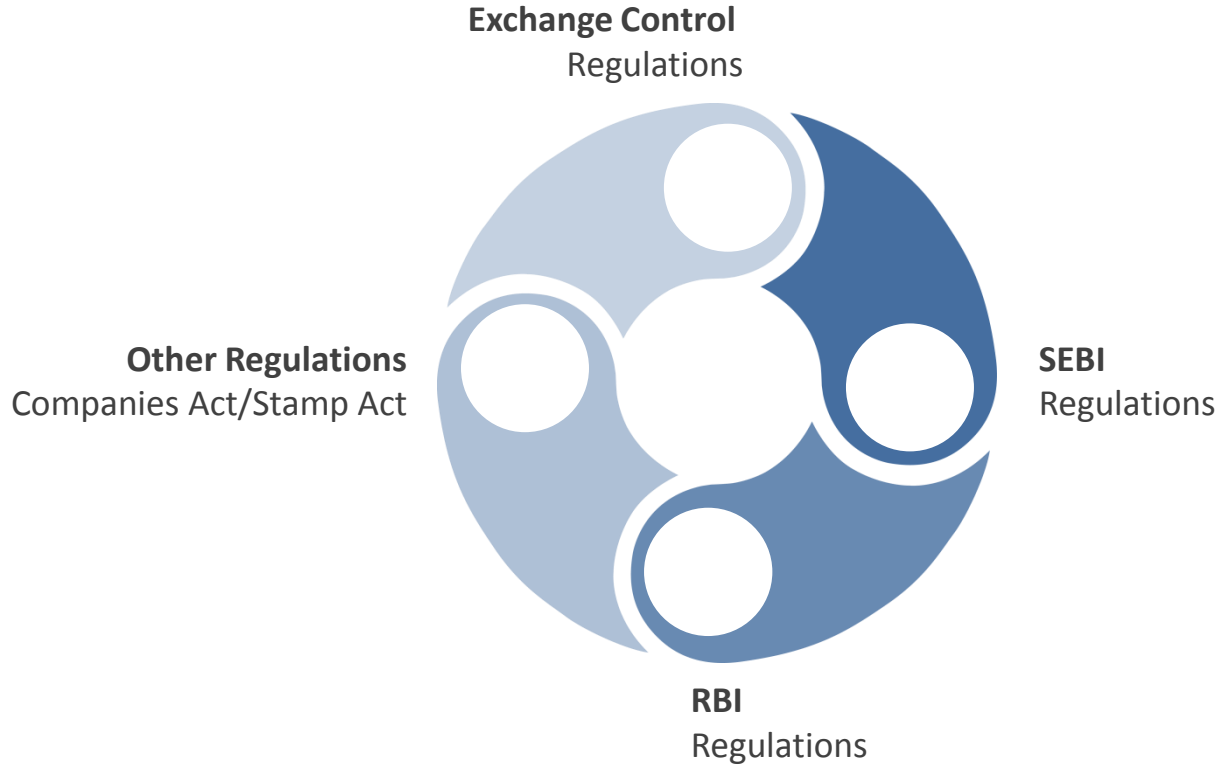
Documentation and
Market



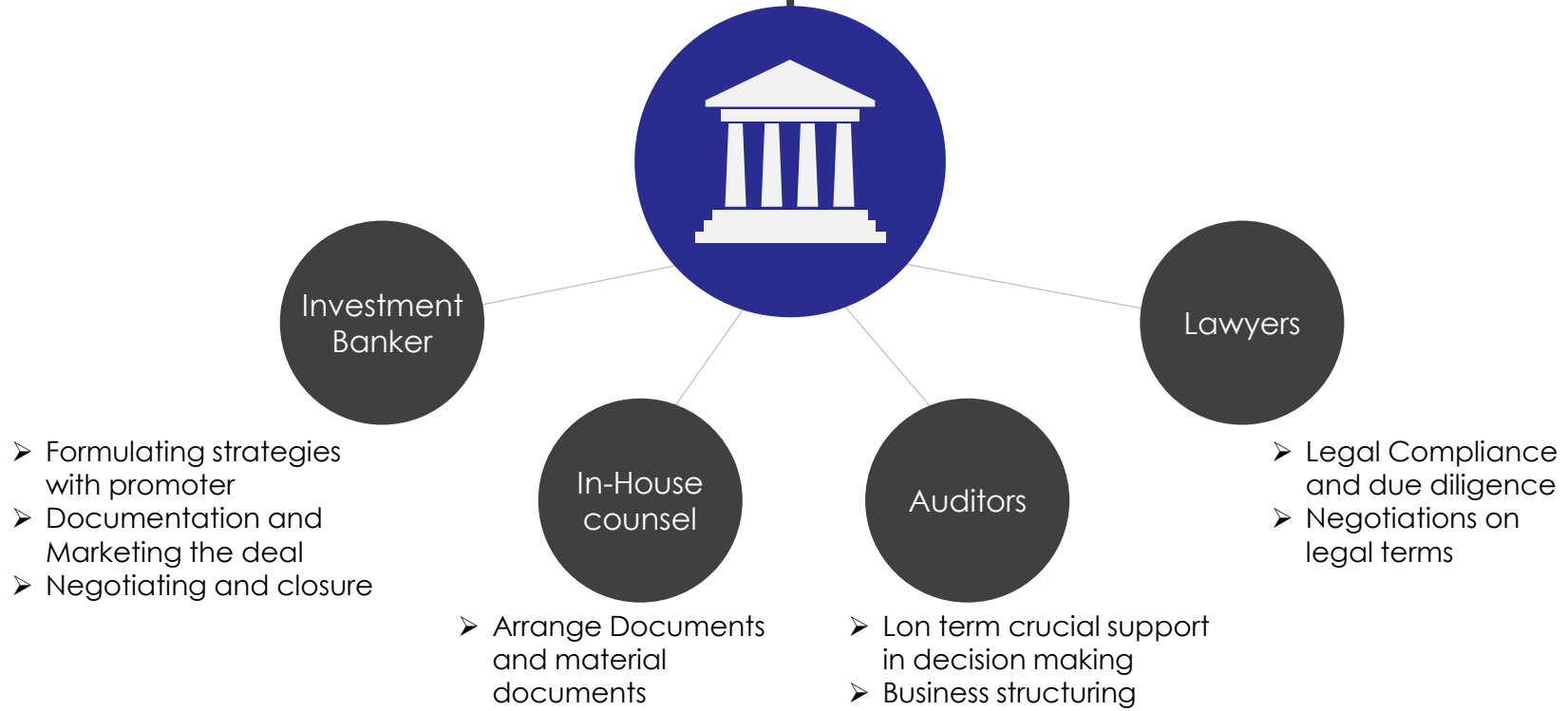
Negotiate and
Closure



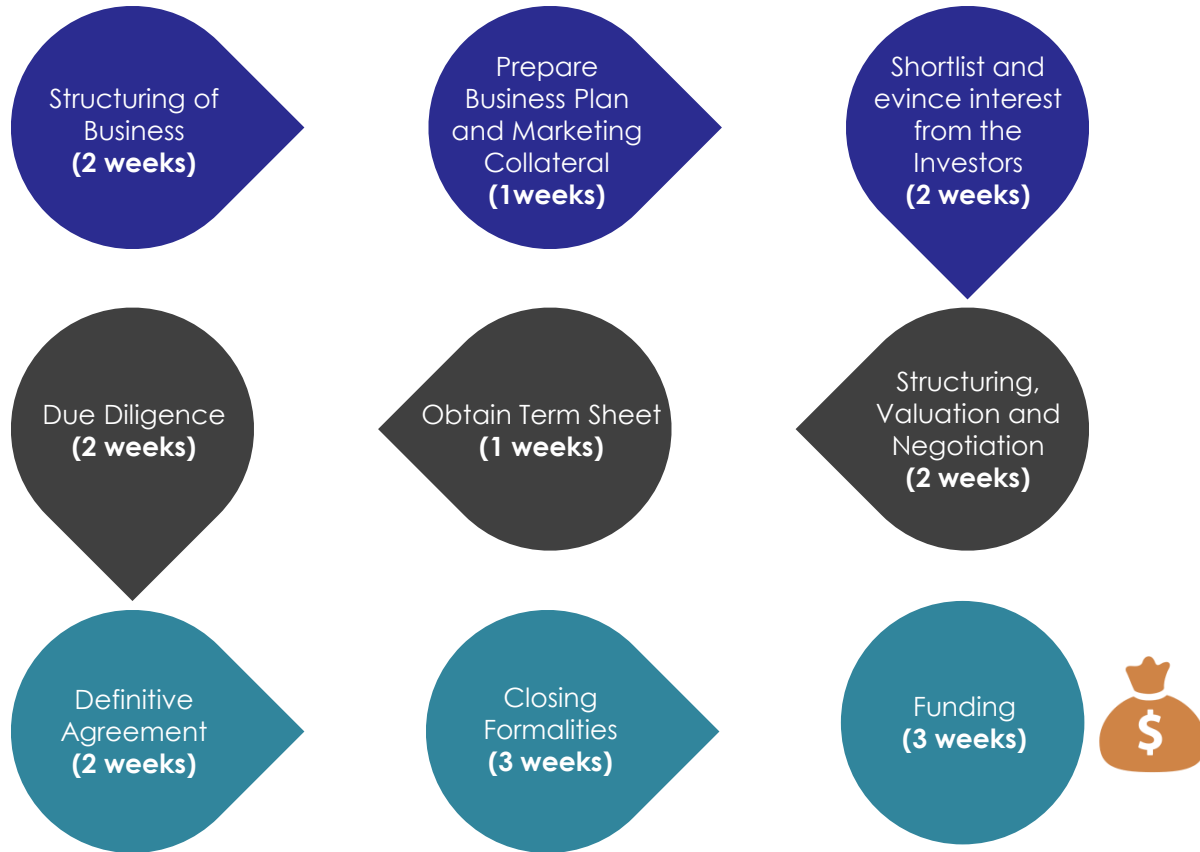
Regulatory Framework



Key Advisors to a PE Transaction



PE Investment process and estimated Time Period



Structuring of Business

- Scattered businesses
- Cross holdings in the business
- Value split across entities
- Multiple businesses

Capture the entire worth of the business in one entity

Business Plan and Marketing Collateral

Overview:

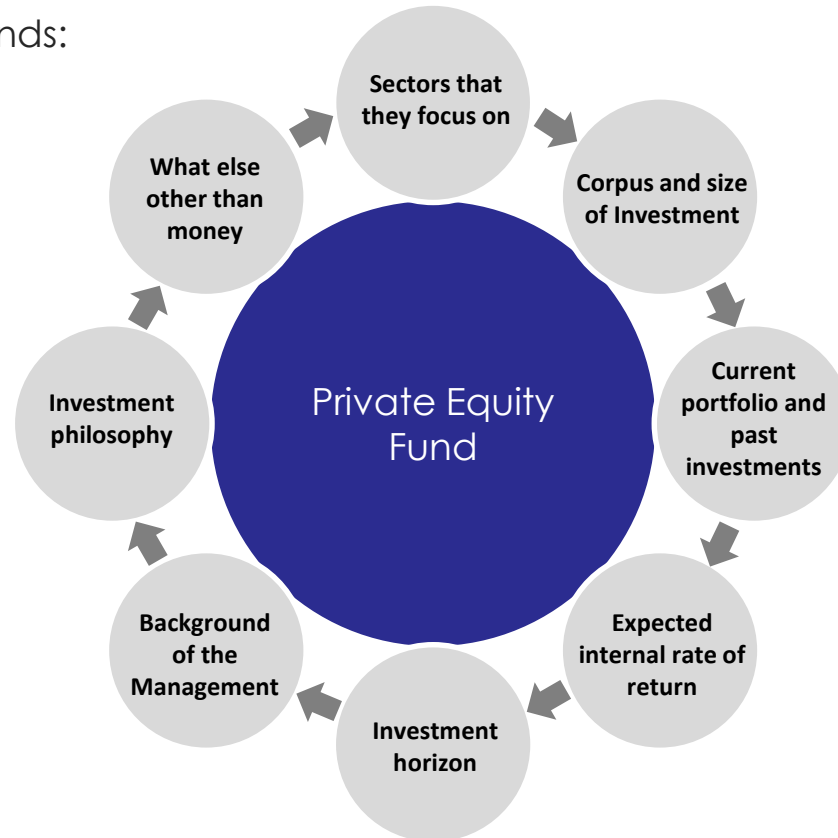
- Details of business' history, current standing and future plans of the company
- Basic management tool
- Framework to set out business plans

Contents:

- Executive summary
- Market and competition
- Details of products or services
- Management team
- Business operations, strategies and future plans
- Cost of project, means of finance and financial model
- Exit opportunities for Investors

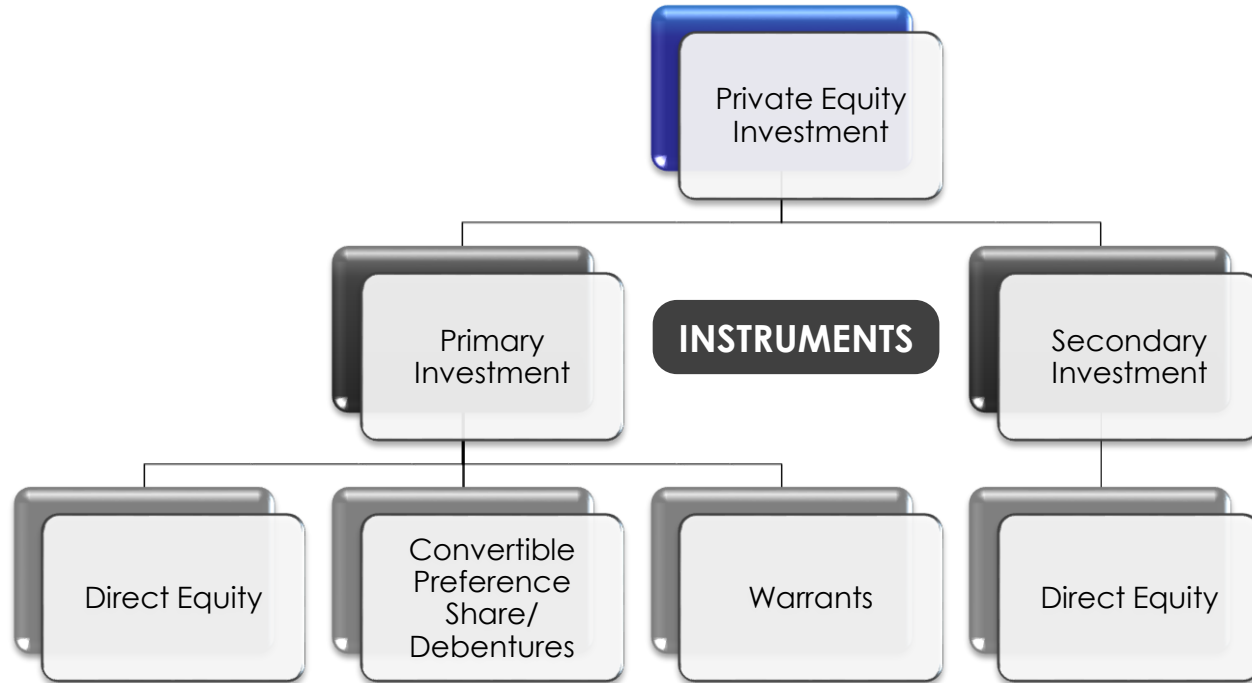
Shortlist and evince interest from Investor

- Identification of Funds:

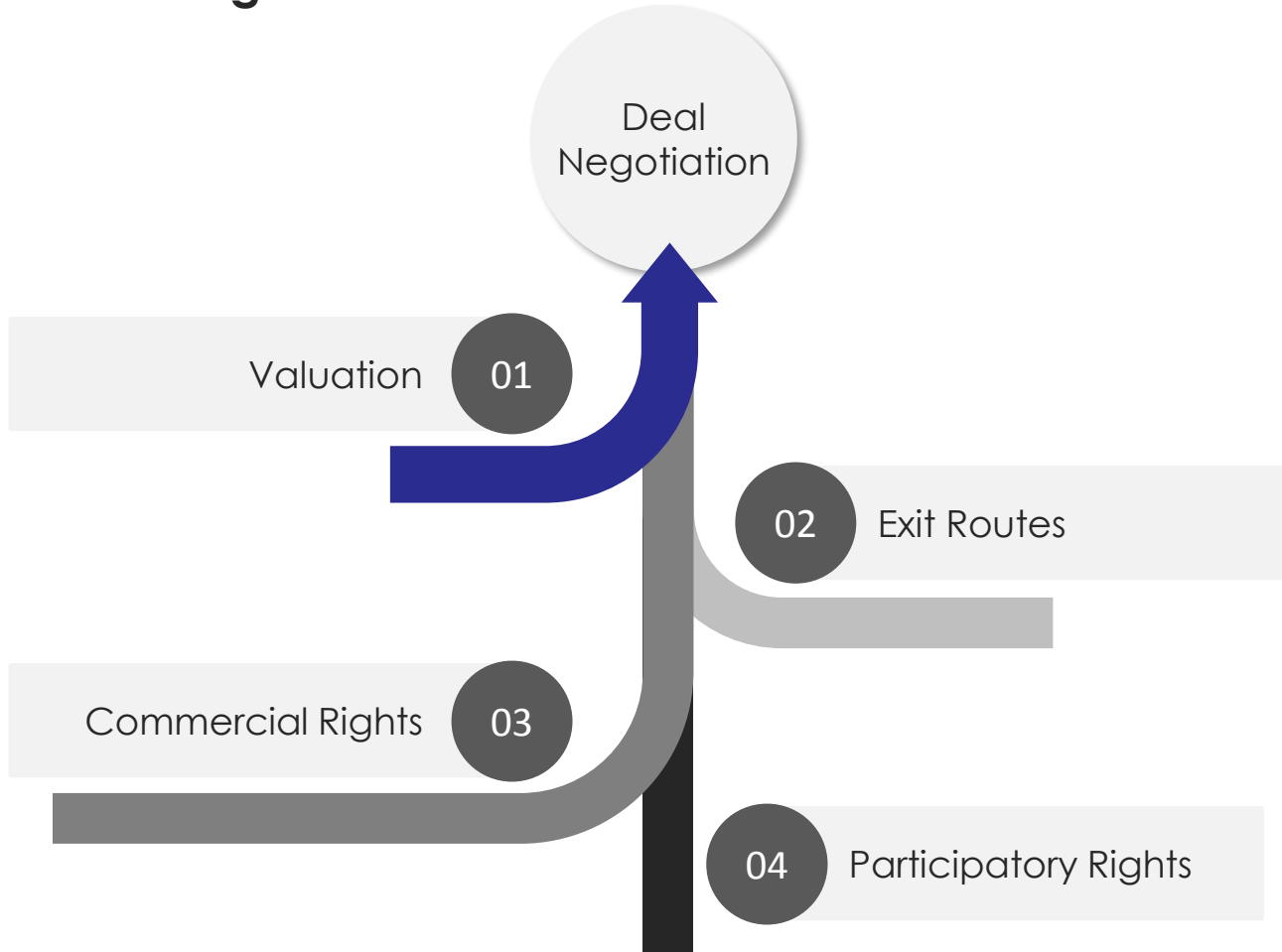


Valuation and Negotiation

➤ Broad Investment Structure



Key Aspects of Negotiation



Valuation Negotiation

Hard Aspects

- Investment Structure, Valuation benchmarking, potential returns, committed IRR
- Potential growth and other economic aspects of the company/sector, entry and exit of PE

Soft Aspects

- Promoter's integrity, intent; respecting investor's interest
- Well structured and subtle negotiations

Term Sheet

- A Term Sheet is a brief preliminary document setting forth the basic terms and conditions under which an investment will be made and valuation of enterprise
- Provides a framework for negotiations between investors and entrepreneurs
- Provides the structure of Board of Directors and its composition, valuation of the shares, liquidation preferences

Term Sheet Includes:

- Background of the Company, Investors and Proposed Transaction ☐
- Cost of Project, Business Plan, Current Share Holding Pattern ☐
- Valuation of the Company and the shareholding required ☐
- Condition Precedent ☐
- Principal Covenants
- Anticipated level of management participation by the investor
- Utilization of Fund & Fresh issue of Capital
 - Anti Dilution Rights
 - No Pledging Investor's Share
 - Tag Along & Drag Along Rights
 - Right of First Refusal
 - Liquidity Preference ☐
- Proposed exit routes for investors

Due Diligence

- Analyses and validates the financial, commercial, operational, and strategic assumptions underpinning the company through:
 - Past financial conditions,
 - Contractual document provided by the company including all legal documents,
 - Publicly available industry and competitor information;
- Due diligence is linked to the investor's corporate strategy

Types of Due Diligence



Financial



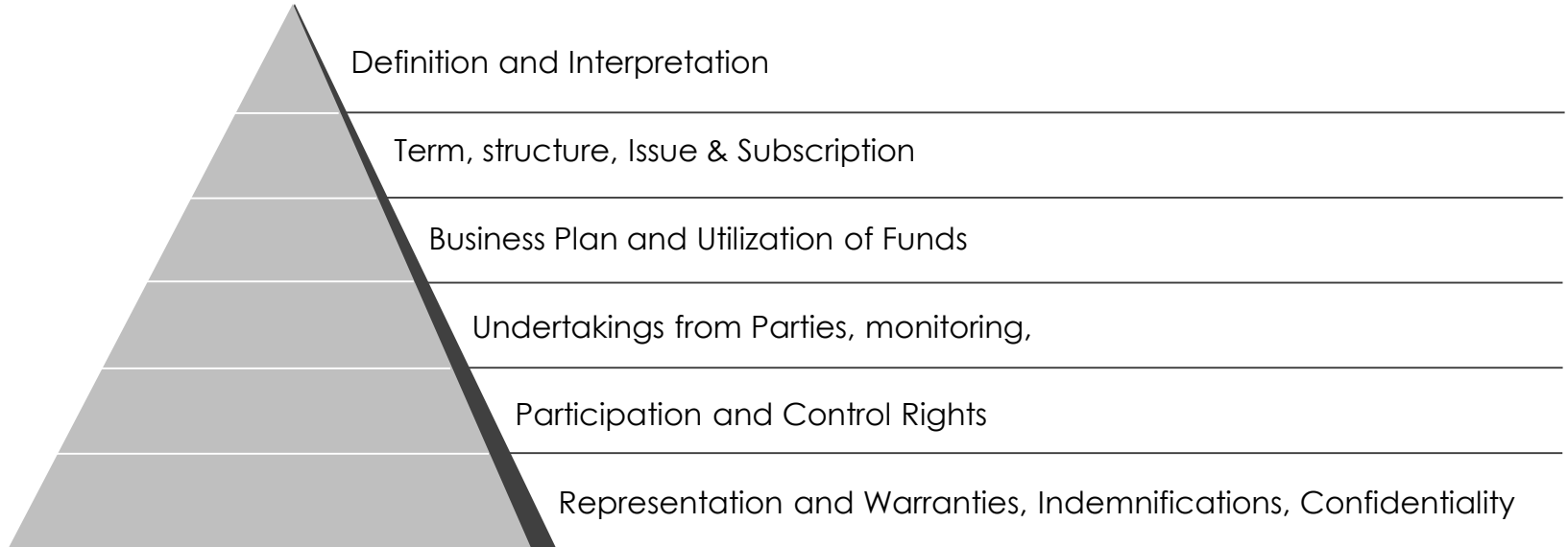
Legal



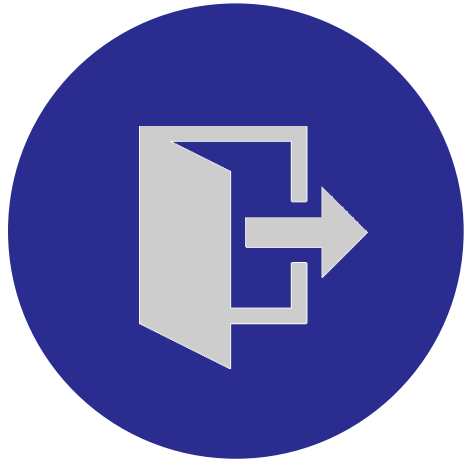
Business

Definitive Agreements

- Share Subscription and Share Holders Agreement



Exit Options



- 1 IPO
- 2 Sale to another Investor
- 3 Strategic/ Trade Sale
- 4 Partial Exit
- 5 Repurchase by Company
- 6 Liquidation

Thank You!

Q&A

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