

BHAGIRATH CAPITAL & VENTURE PARTNERS
(Bhagirath Industries Group Company)
“We Build a Strong Enterprise Together”
VENTURE INVESTMENTS FOR EMERGING & GROWTH COMPANIES

ABOUT US

Bhagirath Capital & Venture Partners associates with exceptional entrepreneurs in India. Our team comprises entrepreneurs who are strong “bottom-up” thinkers and “sleeves rolled up” operators, having wealth of experience in building, operating and funding leading companies. Our footprint in India is unique with global insights and ability to serve entrepreneurs & growing companies.

We are the go-to thought partners for our entrepreneurs. We operate as “**One team - One firm**”. We have access to global talents for strategic guidance, team-building, and opening doors to potential customers and partners.

WE PARTNER WITH

- Passionate & Driven Entrepreneurs
- Capital Efficient Business Models
- Large Existing or Potential Market Opportunities
- Innovation that address a defined customer Painpoint
- Companies that can be standalone businesses
- Technology & Manufacturing

WHEN WE INVEST

We invest in the life of the company at right time early or at second stage or at time of diversification growth or at cash crunch stage of potential company; mostly, we are the first institutional investor in India who actually wants the potential enterprise to grow. Our investment size ranges from USD 500K to 10 million in form of Equity or Debt or Venture Debt Financing model in early-growth stage companies.

We like to participate in follow-on investments at later stages for companies that successfully execute their business plans. We prefer to take a board seat in the companies and are active in supporting our entrepreneurs and companies, but we may or may not seek to control or manage the company we invest in.

OUR ROLE & RESPONSIBILITIES

- **Investments** – Our team bring the best strategic investment model suits to our portfolio companies to grow hurdle free in future rounds of investments and valuation without hampering the business goals.
- **Operations** – Our team takes challenges to help our portfolio companies for smooth level up gradation and operation post investments.
- **Investment Advisors** - Our team partners; with young companies finding their stride and also with established ones looking for the next level of growth. We help ventures and ideas become enduring businesses.
- **Specialists** - Our team of specialists have worked with startups, large Indian companies, and multinationals. We bring years of experience in Business Strategy, Engineering, Finance, Legal, Branding, Marketing, Human Resource, and Information Technology to companies when we partner with them.
- **Strategic Developments** - The Strategic Development team helps our portfolio companies plan and achieve their financial and strategic objectives, including forming strategic partnerships and raising capital and M&A, by fostering relationships with global corporations and financial investors.
- **Investment Analysis** - Our analysts’ team supports the Investment Advisors team and portfolio companies with research and insight within the Indian & global market.

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OUR OPERATIONAL STRATEGIC FRAMEWORK

BCVP will raise capital from a number of investors and institutions and in turn invest it through a fund most likely structured as a **“limited partnership”** in India or Overseas. In this structure, investors, **“the partners”**, subscribe to the fund and commit to advance up to a certain amount during the fund's lifetime.

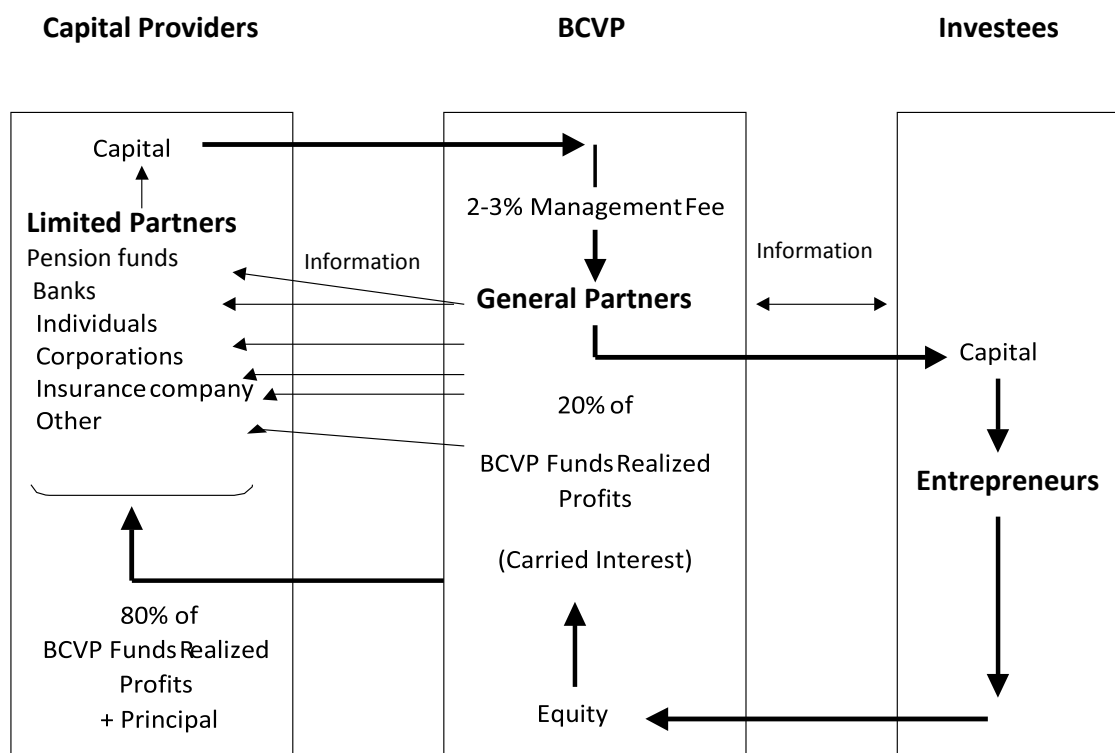
BCVP team of Investment Managers will be the **“fund manager”**, referred to as **“the general partner”**. The fund manager will draw down the capital the investors have committed as needed to make investments and cover costs, expenses and its own management fees.

The fund will typically take 2-3 years to be fully drawn down and to make 10 – 20 investments. The fund's life is limited usually to 10 years, in which time the manager must have realised all investments, with the possibility of extending the fund's life by 2-3 years if the majority of partners agree.

In our above structure, capital is not held by the fund manager. It is immediately invested after drawdown and when returns on investments are realised, such as from dividends or sales, these are distributed to the investors. In this respect the fund is **“self-liquidating”**.

Alternatively our structures will also have funds, such as **“evergreen”** funds, where proceeds are held by the fund manager and reinvested, and **“parallel”** investment arrangements, where the fund manager makes investments on behalf of investors directly in underlying companies, as well as a multitude of others exist to meet varying investors' needs.

OUR CAPITAL FUNDS STRUCTURE



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The structure of BCVP reflects the existing contractual mechanisms of “**Compensation & Covenants & Restrictions**” to align the incentives of the BCVP with those of the investors.

We structure the Fund to make it attractive to Investors by addressing their needs and concerns:

- Limit the liability of investors to the amount of their investment, as they will not have any active involvement in the management of the investments.
- Avoid a “double charge” of taxation - once when returns on investments are realised by the fund and a second time when the investors receive the proceeds of their investment from the fund; ensure efficiency of administrative costs, management fees and incentives.
- Make the fund suitable to investor entities of a broad range of Jurisdiction - Financial Institutions, Corporates, Private Individuals, etc. and countries of origin.
- Aim for simplicity of administration to the extent that it is consistent with the foregoing aims.

In setting-up a fund, we will define the applicable principal terms and conditions including:

- **The management fee**, rarely exceeding **2 – 3 %** of committed capital and normally less for large funds. The management fee is paid on a quarterly basis and normally reduces after the drawdown period in function of the amount invested and also tapers with the progress of a fund's life as investments are realised and distributed to the investors.
- **The drawdown period** usually extends to five years with a percentage of commitments, typically around **20%**, retained for later drawdowns to finance the second-/third-stage expansion and growth of the original investee companies. Frequently there are provisions for reinvesting realisations made in less than a year, though such short realisations are more typical of funds having a focus on later stage, bridge finance deals.
- **The expenses** for setting-up the fund (e.g. legal costs), around **1%** of the committed capital, and subsequent running expenses (e.g. custodian and audit costs, production costs of annual reports and meetings of investors, costs of any specialist external consultants, etc.).
- **The incentive** or “**carried interest**” (carry), for the fund management team to maximise the fund's performance and remuneration for the team's responsibility and expertise in managing the investment. The carry corresponds to a share, typically **15 – 20%**, of the fund's realised profit and is usually paid after the investors have recovered their initial investment and achieved a predetermined “**preferred return**”, representing a “**performance hurdle**”. There are many variations in the structure and calculation of carry (e.g. it can be applied on a “fund as whole” or on a “deal-by-deal” basis; it can be stepped, so that the fund manager's share increases with the return the investors obtained; it can be subject to “**catch-up**”, whereby first the investors achieve their return and then the fund manager catches-up with its carry, etc.). Additionally, to avoid dilution of the incentive, investors frequently require that the carry predominantly benefits the individual members of the fund management team, as opposed to the BCVP;
- **The changes, including termination, of the fund management team** is usually allowed for by a majority, usually above 70%, voting of the investors with corresponding compensation of the team, in case of absence of negligence or disregard of duties, or limitation of carry, in case of departure of part of the team.

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OPERATION OF BCVP FUND

The operation of a BCVP fund can be viewed as a “**cycle**”. The cycle starts with the “**fund raising**” process; proceeds through the investment in, monitoring of and adding value to firms; and concludes as the management team exits successful deals and returns capital to their investors. The cycle renews itself with the management team raising of a new fund.

The “**fund raising**” process may take up several months during which our management team seeks commitments from investors.

To do this our management team prepares an **Information Memorandum**, which, in addition to the principal terms and conditions outlined above, will provide information on:

- The fund's investment strategy, focus (stage, sector, geographical region, etc.) and rationale;
- The target size of the fund and its minimum size for first closure, with respective closing dates.
- The “market” of potential investee companies and the proposed “marketing” strategy to generate “deal-flow”.
- The management team's experience and capacity to assess the proposed deals – to perform the required “due diligence”;
- The decision-making process to ensure the fund is soundly invested.
- The expected number, individual size and relative importance to the size of the fund of the deals;
- The management team's attitude to investee companies (e.g. hands-on management, board participation, etc.) and ability to add value, grow the companies over a period of time and realise the investments (“exit”);
- The reporting to investors (annual reports, meeting etc.) and the envisaged investor relation committees and advisory board.

Already during the fund raising process, our management team would have started “**marketing the fund**” to identify and attract investment opportunities.

BCVP teams, with funds under management, regularly receive requests from earlier contacts and require less active marketing.

Depending on the focus and investment strategy, the contacts may be oriented towards academia and R&D foundations (seed and start-up financing). Otherwise, contacts would be in the area of conventional financial institutions (growth and later stage).

In any case, BCVP will seek to expand continuously its network of contacts, also by relying on the due diligence of previous and current deals. Of course marketing through contacts will be supplemented by normal advertising of the fund in the specialist press and by participation and presentations in conferences and fairs.

With the fund closed and marketing under way, deals will start flowing to our management team for assessment and, depending on the outcome of the “due diligence”, possible financing will be done.

OUR EXIT ROUTES

Successful exits are critical to ensuring attractive returns for investors, and in turn, to raising additional capital. Various strategic exit routes decided under contractual agreements are:

- Trade Sales or Mergers;
- Initial Public Offerings (IPO)¹⁰;
- Shares buy backs & Platform building.