

INVESTMENT PROCESS

The process involves careful and stage-based analysis of all investment proposals coming to the Investment Manager. The process helps investment team quickly scrutinize all investment proposals and then concentrate on selected few promising investment opportunities which is then studied in detail before making an actual investment decision. The investment decision making process to be adopted is a multi-stage process.

1. Detailed Evaluation

The Investment Manager will discuss the selected cases and if found worth pursuing, the investment team will first check the necessary details of the proposed Investee Undertaking and its promoters to satisfy itself that the proposed investment satisfies the norms. The team will then discuss and make detailed analysis of various aspects of investment proposal based on the detailed business plan and financials to be submitted by the Investee Undertaking and will make further interaction / request more information from the promoters, the top management of the Investee Undertaking to understand their expectation from the business and investment. The process will generally include a visit to the place of business of the Investee Undertaking in order to understand and observe the things on ground. The most important aspect which will be evaluated in detail at this stage is entrepreneurial qualities of the promoter(s) of the Investee Undertaking. Detailed study will help the investment team to identify any pitfalls in the investment proposal / business plan which will make investment unattractive.

2. Deal Negotiation

In case the investment proposal is found suitable after the detailed study, the same will be placed before the senior members of investment team. At this stage valuation of the company, structure of the proposed investment, exit options, exit time frame and other terms and conditions for the proposed investment to be incorporated into the shareholders and share subscription agreements will be discussed and negotiated with the promoter(s) of the proposed Investee Undertaking. These terms will be negotiated to secure all reasonable investor rights including veto rights, board representation, information rights and mechanism, liquidation preference, exit mechanisms, etc. However, these terms of investment will be subject to approval / modifications by the Investment Committee.

3. Approval for Investment

Based on the detailed study and negotiations held with the promoters of the company, the investment team shall prepare an investment memorandum and submit it to the Investment Committee. At the time of the meeting, the Investment Manager will brief members of the Investment Committee about the rationale for the proposed investment, the potential benefits from the investment, special features and characteristics of the proposed investment proposal and also the most likely divestment mechanism.

Thereafter, Investment Committee will interact with the promoter and the senior management team of the potential Investee Undertaking to make their first hand assessment of the entrepreneur and the senior management team. If required, the proposal may be brought to the Investment Committee again after modifications, if any. Based on their assessment and discussions on the proposals, members of the committee will make the final decisions about the investment proposal and also the terms and structure of the investment, which will be binding on the Investment Manager.

4. Due Diligence Process and Documentation

Prior to making any investment, detailed legal and financial due diligence of the proposed Investee Undertaking shall be carried out by a qualified firm to ensure and verify the following (an indicative description only)

- (i) Basic legal compliance to ensure proper structuring of the proposed investment and availability of necessary regulatory and legal permissions / approvals for running of existing and proposed business, existence of any litigations / court cases etc.
- (ii) Background checks and verifications of the documents like analysis of accounting policies, financial statements, tax compliance etc.

Documentation will be prepared by the legal consultant of the WB Fund after receipt of satisfactory due diligence report or after sorting out issues brought out in the due diligence report. Investment Manager will reserve the right to suitably modify the terms and structure of proposed investment to address the issues raised in due diligence report or can even cancel the approved investment with approval from Investment Committee whose decisions on such proposals shall be binding & final.

5. Investment in the Investee Undertaking

After the due diligence process is complete, the company and promoters will execute all the documents stipulated under the terms of investment and comply with the conditions precedent to the investment. Once, all such conditions are complied with by the company and the promoters, the WB Fund will make investments as per the requirement of the Investee Undertaking and by way of subscription to the instruments as stipulated in the terms of investment.

6. Nurturing and Monitoring the Investment

The Investment Manager maintains a close relationship with the company and provide necessary assistance especially in the areas like putting processes and systems in place, implementation of IT systems, preparing future business projections and appointing a suitable consultant for HR policies for employees to enhance productivity and profitability. For the purpose, Investment Manager will

adopt the policy of regular meetings including participating at the board meetings and other review meeting and review of business achievements at quarterly or monthly interval as per the assessment of the need.

7. Exits

A key part of the investment strategy shall be to develop a clear plan for the divestment in consultation with the entrepreneur / promoter commensurate with the investment horizon. Exit alternatives generally include, but are not limited to:

- Sale of investor's stake to another venture capital / private equity fund
- Sale of company / investor's stake to a strategic buyer
- Buyback of investor's stake by entrepreneur / promoter / company
- Initial Public Offering (IPO).

Investment Process:

