



Ref. no. 84 / USF

October 12, 2021

Shri Deepak Gupta,
Chairman,
CHEMEXCIL
Basic Chemicals, Cosmetics & Dyes Export Promotion Council,
Jhansi Castle, 4th Floor, 7 Cooperage Road,
Mumbai – 400 001. India.

Dear Sir,

Ubharte Sitaare Fund – Investing in future export champions!!

We hope you are doing well and staying safe.

As you may be aware, Hon'ble Union Finance Minister Ms. Nirmala Sitharaman had announced a fund for investing in export-oriented enterprises in February 2020 in her budget speech. The Ubharte Sitaare Fund was launched by her during August 2021. The Fund has been conceptualised with a size of Rs. 250 crore with a green shoe option of Rs. 250 crore and is co-sponsored by SIDBI and Exim Bank of India. It is registered with SEBI as an Alternative Investment Fund. SIDBI Venture Capital Ltd. is the fund manager and would be screening enterprises for eventual investment.

We attach herewith a document which provides a brief on the Fund's investment thesis for your kind perusal and shall be thankful if you can circulate the document to the members of your organisation for wider dissemination. We shall be glad to attend to any queries that you / members of your organisation may have with respect to the Fund.

With kind regards

Yours faithfully,

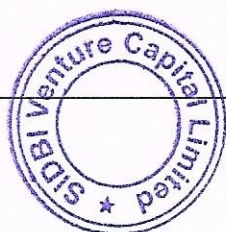


[S. P. Singh]
CEO

Encl: as above

Ubharte Sitaare Fund
Equity Investment in Export Oriented Companies

<u>Criteria</u>	<u>Remarks</u>
<i>Ubharte Sitaare Fund</i>	<i>Ubharte Sitaare Fund is co-sponsored by SIDBI and Export Import Bank of India, with an objective to identify and invest in mid-size ventures in manufacturing and service enterprises catering to export market and companies looking forward to emerging as export champions. The targeted corpus of the Fund is Rs.500 crore, including the green shoe option.</i>
<i>Investment Manager</i>	<i>SIDBI Venture Capital Ltd.</i>
<i>Strategy</i>	<i>Invest in manufacturing and services ventures which have the potential to become champion exporters by technology upgradations, product development, business strategy and market development. The Fund will look to invest in ventures having high growth potential to achieve greater heights. Alignment of expectations of the promoters and the Fund specially in terms of investment period and exit opportunities for the Fund would be given due importance.</i>
<i>Target Group</i>	<i>MSMEs and mid-sized export oriented companies with an annual turnover of up to Rs. 500 crores. The companies having annual turnover of more than Rs.500 crore would not be considered for coverage under the scheme.</i>
<i>Focus</i>	<i>Companies which have potential for quick scale up and value creation and handholding them through the growth phase. Importance would be given to businesses which have potential to either create demand or meet the existing demand gap to a significant extent by leveraging technology and / or innovative business propositions for the export market.</i>
<i>Indicative industry segments</i>	<i>A few indicative industry segments (not exhaustive)</i> <ul style="list-style-type: none"> ○ <i>Electronics & Telecommunication</i> ○ <i>Consumer / Medical / Industrial Electronics</i> ○ <i>Auto components & electric vehicles</i> ○ <i>Pharmaceuticals / Healthcare</i> ○ <i>Chemicals</i> ○ <i>Services including software</i> ○ <i>Manufacturing and engineering</i> ○ <i>Agriculture / marine / food products</i>



	<ul style="list-style-type: none"> ○ Value added textile / handicrafts/ leather and leather products ○ Consumer brands <p>The above sectors are indicative in nature. Any product and service having high export potential could be considered.</p>
<i>Key investment criteria</i>	<p><u>High entrepreneurial drive:</u> The Fund will select and consider an investment opportunity only where it finds high entrepreneurial drive in the promoters of the company and have ambition to take the company to the next level. For the purpose, presence of strong top management team with proven ability will get due consideration.</p> <p><u>High scalability and non-cyclical business:</u> The Fund will select businesses for investment, which have high scalability and can reap dividend by quickly and cost effectively reaching to its target customers. The Fund would like to select sectors which are relatively insulated from periodic downturn of the economy.</p> <p><u>Sustainable competitive advantage:</u> The Fund prefers to invest in innovative business models with a sustainable competitive advantage.</p> <p><u>A clear exit plan:</u> The Fund seeks to invest in ventures with clear strategy for exit within a reasonable time period in order to create and realize the value in the investment.</p> <p><u>Corporate governance:</u> High levels of corporate governance are essential.</p>
<i>Quantum of Investment</i>	Depending upon the capital structure and need of the investee company, in one or more rounds, subject to a maximum of Rs.50 crore per company.
<i>Mode of Investment</i>	<ul style="list-style-type: none"> - The Fund would invest primarily by way of investments in privately negotiated equity / equity related and/or convertible / non-convertible debt instruments in unlisted companies. - It shall also endeavour to provide mentoring support and other value additions to enable the investee companies achieve rapid growth and achieve / maintain their competitive edge in international markets. - The Fund will seek board representation and other rights as a venture capital investor.
<i>Investment time frame</i>	- The Fund will look to exit the investment in 3 – 5 years post investment
<i>Exit options</i>	<ul style="list-style-type: none"> - IPO - Offer for sale - Sale to strategic / financial investor - Buyback

