Jayant K. Tewari
CEO & Financial Technologist
OutSourcedCFO@gmail.com

Practice Memorandum

Oriented towards Small and Medium Technology Companies (Revenue range USD 0 –5 Million) providing a range of de-facto CFO Services on a retainer-ship as well as project assignment basis. The Consulting practice is oriented towards Companies who do not have the resources to employ full time CFO at current compensation levels and do not require the expertise on a full time basis either. The Practice commits CFO capability to such enterprises on a time-sharing basis. The Practice provides top-of-the-line CFO capability at Finance-Manager cost levels and thus adds significant value to the clients' operational capability and efficiency through enhanced quality of decision-making on a day-to-day basis.

Scope of Services

Strategy – Corporate / Management / Operational / Financial
Business Plan – Preparation & Validation
Corporate Structuring – Business & Entrepreneurial Imperatives
Funding – Structuring & Negotiation
Budgeting – LoB / Geographical / Functional / Cost Center-wise
MIS – Operational Performance Review & Variance Analysis
Compliance – Statutory, Secretarial & Due Diligence
Financial Policy – Formulation & Implementation
Internal Controls – Formulation & Implementation
Contract Review & Negotiation – Investor / Customer / Vendor
Product / Project / Service / Activity Based Costing & Pricing Strategy
All Statutory Approvals & Start-up Assistance

While any of the above can form a Project Assignment on a stand-alone basis, the Practice looks upon all of these as forming part of the routine responsibility of the 'Outsourced CFO'. As such, continued engagement, as an Out-Sourced CFO, shall provide each of the above as and when warranted by the requirements of the business and operations.

Engagement Model

The professional qualifications, experience, expertise and skill set of an experienced CFO are brought to bear through this Practice, with a committed hours-per-month being available to each client under a retainer and further time requirement being chargeable on a per hour basis. The Practice shall take up not more than 4 to 6 clients as an Out-Sourced CFO, and shall be a member of the clients' Management Team, holding the clients' business card (as CFO) and representing the clients' as their CFO vis-à-vis the outside world. The Practice shall prevent all conflict-of-interest situations with existing clients holding the pre-emptive right to anticipate a conflict of interest and thus refuse to allow the engagement with a new client. The Practice commits a 12-month tenure for each relationship, but does not expect any tenure commitment from any client, unless and until a client exercises a conflict-of-interest pre-emptive right.

Client Profile

Given the sensitive nature of the engagement, current clients are individually identified only immediately prior to taking up an engagement to eliminate any possibility of a conflict of interest.

***Executed Engagements** include:*
*A Mumbai based Mobile Payments Technology and Service Provider Company which has secured funding of **USD 5 Million** from DFJ (Draper, Fisher Jurvetson – **www.dfj.com**) leading to the creation of mChek India Payment Systems Pvt. Ltd. (**www.mchek.com**).*
*TechUnified (**www.techunified.com**) a leading provider of wireless, speech and eBusiness solutions for financial organizations and Telecom Operators with a sizeable presence in the Gulf region acquired by ORG Informatics Limited (**www.orgltd.com**) for over **USD 11 Million** at a valuation in excess of 4 times projected current year Revenues.*
*Proteans Software Solutions (**www.proteans.com**) a Software company in the Product Engineering space which had secured a **Rs. 1.5 Crores (USD 0.35 Million)** equity investment from KITVEN (**www.kitven.com**) at a valuation in excess of 3 times trailing annual revenues and was subsequently acquired by Camo Software AS (**www.camo.com**) listed in Norway for over **USD 5 Million** at a valuation in excess of 2 times trailing Revenues.*

***Current Engagements:** The Practice's current clients include*
A Micro Finance oriented Credit Bureau (Credit Information Company) listed on the BSE.
*An IT Product Company in the Retail Analytics space funded by SIDBI (**www.sidbi.com**) to the extent of over **Rs. 4 Crores (USD 1 Million)** and subsequently by IDG Ventures (**www.idgventures.com**) and DFJ ePlanet Ventures (**www.dfjeplanet.com**) to the extent of **USD 5 Million.***
A start-up in the Agricultural Technology, Production and Marketing Services space.
A Mumbai based IT Services Company in the domain of Business Intelligence and Data Warehousing, providing services largely in India and the Gulf region.

Statement of Responsibility as Out-Sourced CFO

I take full responsibility for all decisions to be taken by the Company or its Management, jointly or severally wherein my participation as the Out-Sourced CFO of the Company is warranted.

I take the personal responsibility to ensure that, for any such decision, I shall provide to the Management, the best possible information, inputs and expertise from a Finance perspective as is possible with the resources under my command.

I shall share equitably with the other members of the Management Team, the ownership and responsibility for each and every decision taken by the Team and the Company after I join as the Out-Sourced CFO of the Company.

Detailed Scope of Services

I. **Operational Financial Services** as an Out-Sourced CFO:

1. All encompassing Strategy – Corporate / Management / Operational / Financial including the development ab initio or review and modification of Business Plans for organic and inorganic growth, expansions and diversifications of existing and potential businesses.
2. Corporate Structuring in line with Business & Entrepreneurial Imperatives – ensure that the Client Company is 'Funding Ready' on an ongoing basis and ensure availability of Financial Resources to meet Corporate and Business Growth requirements.
3. Provide on-going Financial and Corporate guidance on Subsidiaries / Branch Offices / Associate Companies – Domestic as well as Overseas.
4. Conceptualisation, Structuring, Negotiation and Implementation of Joint Ventures, Partnerships and Inter-Corporate Financial Relationships with Vendors / Service Providers / Marketing Channel Partners & Intermediaries / Customers / Financial and Non-Financial stake holders, past / present or future.
5. Budgeting / Costing / Variance Analysis based on Lines of Business / Geographical / Functional / Cost Center-wise as required.
6. Management Information Systems – Operational Performance Review & Variance Analysis.
7. Design, development and Implementation of a Decision Support System based on existing information infrastructure and MIS to facilitate effective Management decision making.
8. Financial Policy – Formulation, if required, Validation & Implementation
9. Internal Controls – Formulation, if required, Validation & Implementation
10. Contract Review & Negotiation, as required, with Customers, Vendors as well as Financiers on behalf of the Client Company.
11. Development & Implementation of a Costing & Pricing Strategy for Products and Services offered and executed by the Company.
12. Taxation Planning – Invoicing Strategy / Transfer Pricing / Group Inter Company Reconciliation on an ongoing basis, both Inland as well as Overseas taxation, for Income Tax, Withholding Taxes and all other government levies, including sales tax and excise duties.
13. Tax Effective Management and Employee Remuneration design.
14. Development, Structuring, Documentation and Implementation of Equity linked Employee Retention Plans through Share Warrants, Sweat Equity Issues or Employee Stock Option Plans.
15. Provide ongoing inputs, as part of the Client's Management Team, from a Finance perspective, to steadily improve the quality of Management Decision Making on all aspects of the Company's operations.

II. **Investment & Financial Consulting** either as part of the Out-Sourced CFO responsibility or on a Project Assignment basis.

1. Project Appraisal – Techno Commercial Feasibility Analysis – Initial / Detailed.
2. Capital Structuring Consulting to render the Client Funding Ready to enhance Valuation opportunities.
3. Development of Business Plan or Review of Business Plan prepared by the Client.
4. Preparation of Information Memorandum or Review and Modification of Information Memorandum prepared by the Client.
5. Preparation of Funding Applications to Financial Institutions or Banks or Review and Modification of such Application.
6. Business / Technology / Market Valuation Studies

7. Identification and Development of Focused Strategies for securing Investment & Funding.
8. Due Diligence – Performance / Preparation – Financial / Legal / Secretarial / Techno-Commercial
9. Identification, Structuring and Implementation of Joint Ventures, Mergers & Acquisitions and Equity Investment opportunities in the Technology Sector in Bangalore.

III. **Start-Up Assistance** for new Companies, Subsidiaries – wholly owned or otherwise, Joint Ventures or Greenfield Projects and Branch Offices – Trading or Liaison Branches, encompassing all approvals and registrations required, either as part of the Out-Sourced CFO responsibility or on a Project Assignment basis:

1. Identification of opportunities, negotiation, structuring and implementation of the financial transaction as required including all approvals for in-bound Investment.
2. Preparation of Documentation and Co-ordination and Management of the Activities of Specialist Agencies, whether identified and engaged by me or by the Client, for Company Incorporation and Statutory and Personnel Related Registrations at the National, State and Local level.

Personal Strengths & Areas of Primary Expertise

The dozen years as a CFO in the Technology sector has given me an in-depth broad based understanding of the technology – finance interface, a determinant of my contribution as a member of the Management Team. I have in-depth exposure to IT / Biotech and Software Development, in terms of both process and activity, Financial and Operations Planning, Budgeting and Cost Effective Implementation. I have been a key member of Fund Raising / Divestment Team in IT / IT Enabled Services Companies, fully aware of the drivers for Funding, Promoter Divestment and Valuation expectations. I also have in depth exposure to both Cost Center and Profit Center operations from a US perspective, Transfer Pricing and Accounting under both Indian and US GAAP scenarios.

1. Detailed Budgeting, Cost Evaluation and Control as well as target oriented Cost Reduction Strategies for IT and Bio-Tech Operations. Establishing expenditure prioritization matrices to facilitate on-going decision-making.
2. Operational MIS including Productivity / Resource Utilization / Realization matrices tracking for IT / Bio Tech / BPO Operations. Corporate Down Sizing and Cost Reduction Initiatives maintaining employee morale and corporate relations with all stakeholders.
3. Management Control and Supervision of the overall Commercial arm of a technology oriented, professionally driven organization, including Revenue and Expense Contracting, Internal Basis Record Keeping, Invoicing / Ordering, Accounting and Collections / Payments.
4. Complete Secretarial and Legal operational activities including interaction with Statutory bodies like STPI, FIPB, Registrar of Companies and maintenance of Statutory Records and Minutes as well as contract negotiations, review and finalization with customers.
5. In depth knowledge of Registrations / Approvals / Processes and Operational requirements under the Software Technology Park (STP) / Electronic Hardware Technology Park (EHTP) Schemes of the Government of India for Export oriented operations in the Information Technology area, including legal and statutory requirements thereof.
6. Structuring and finalization of long term and short term debt, institutional finance and commercial banking in the Technology area.
7. Extensive experience in equity funding for IT and the Negotiation / Structuring / Legal and Commercial Due Diligence / Implementation of Investment / Divestment Decisions. Determination and Implementation of Corporate Structural Requirements for Strategic Acquisition and Investment Strategies from both the buyer's and seller's perspectives.
8. Extensive exposure to Intellectual Property Valuation and Information Technology Business Evaluation and Business Planning and Forecasting.
9. In depth experience of Compensation structuring and implementation options available for Employee Stock Participation Programs for Indian Employees of Companies operating in India.

Professional Experiential Credentials

Technology Experience

I-Spatial Communications Pvt. Ltd. - Chief Financial Officer

BSNL's sole contracted franchisee to provide the complete range of Broadband Services on it's nationwide fixed line Telecom Network. It's a two-year-old Company, which has developed the technology package to provide Broadband connectivity (minimum 256 kbps internet, up to 3 mbps video / audio / gaming / eLearning to the Exchange) for BSNL's 45 Million fixed line subscriber base.

Role & Responsibilities

Arrangement of Start-up funding - equity, debt, and working capital requirements. Contract structuring, negotiation, generation and review with BSNL, Equipment Vendors and Content Providers. Responsibility for Budgeting, Expenditure Planning & Cost Control, finance and accounting, legal and secretarial functions. Conceptualization and Design of Operational Systems and Policies for effective Operations and Management, Management Information Systems, Operational and Productivity Matrices, Internal Controls, Processes and Procedures.

Jubilant Biosys (P) Ltd - Chief Finance Officer

A member of the Jubilant, erstwhile VAM Organics, Group – spear-heading the Group's entry into the Bio-Technology and Pharmaceutical Sectors. A premier Bio-Technology Company in India focusing on providing bioinformatic research services throughout the Drug Discovery and Development process.

Role & Responsibilities

Responsibility for Target Oriented Cost Reduction, Budgeting and Cost Control, finance and accounting, legal and secretarial, functions. Funding for operations, structuring of Group Financing, Contract Review and finalization vis-à-vis Customers as well as Vendors. Management Information Systems, Operational and Productivity Matrices, Internal Controls, Processes and Procedures for effective Operations and Management.

Net Kraft Private Limited - Chief Financial Officer

A Leading Web based Software Development Company in India employing over 225 people with a turnover of over Rs. 18 Crores in 2001 - 02.

Role & Responsibilities

Overall responsibility for the finance and accounting, legal and secretarial, functions. Funding for operations, securing of Bank Finance as well as Equity Financing. Contract finalisation vis-à-vis Customers and Vendors, MIS, Internal Controls, Processes for effective Operations and Management. Implemented Project Costing, Systematic dynamic Resource Allocation, Resource Utilisation tracking and T&M Billing Process. Customer interface for Work Certification, Invoicing, Receivables Management and Collections. Implemented a 25% Manpower reduction and 40% monthly cost cut without impinging on employee morale, corporate effectiveness, customer and stakeholder satisfaction. Responsible for 2nd Round Equity Funding search and in-depth interactions with various potential Investor Funds that resulted in raising equity funding, secured / structured and implemented, of USD 5 Million from CDC and JumpStartUp, first tranche pre 9/11, 2nd tranche of USD 2 Million post 9/11.

HealthScribe India Private Limited - Director - Finance (Chief Financial Officer)

The largest Medical Transcription Company in India employing over 600 people with a turnover of over Rs. 25 Crores in Calendar 2000.

Role & Responsibilities

Overall responsibility for the finance and accounting, under both Indian and US GAAP Systems as a subsidiary of a US Corporation, legal, secretarial functions. Responsible for Business Planning, Cost center to Profit Center transition, Sub-contractor development and Joint Ventures in India. Created and Operationalised a detailed productivity based MIS System for capture of Team as well as employee level Productivity and Quality matrices which formed the basis of employee incentives and compensation. Structured, documented and implemented Max India Ltd.'s $ 8.5 Million and a European Private Equity Investment Fund's $ 1 Million equity investment into HealthScribe India Private Limited.

Arcus Technology Limited - General Manager – Finance (Chief Financial Officer)
An ISO 9001 Company engaged in VLSI (Very Large Scale Integration) Semiconductor Chip Design and supply, certified in the area of design, development and supply of ASIC (Application Specific Integrated Circuits) Components for Telecommunication, Networking and Instrumentation applications. Revenue for the year 1998 – 99 – USD 5 Million

Role & Responsibilities
Overall responsibility for the Business Planning, finance and accounting, legal, secretarial, human resources and administration functions, Long term funding and Shareholder Returns through operations as well as Divestment, Equity Mobilization Road Show vis-à-vis Venture Capital Funds in India and potential Strategic investors in US. Set up and Operationalisation of the company's Overseas Presence - Trading Branch Office in Singapore / Holding Company in Mauritius / Associate company in USA. Developed and implemented Internal Control / MIS / Commercial Operating systems in line with its volume of business. Financially fuelled the growth of Arcus from Rs.3.5 Crore Company in 1994 – 95 to a Rs. 20 Crores Company in 1998 – 99.

Successfully structured, negotiated, implemented the acquisition of Arcus by a Cypress Inc., a USD 500 Million turnover, semiconductor corporation in the US under a Tax Friendly Structure to meet Financial objectives, achieved an overall Valuation of 4 times revenue, in pre-boom 1999, personally responsible for Contract Review, Legal and Commercial Due diligence and Implementation. Implemented an Employee Stock Option Program, yielding large financial returns to Arcus employees.

Brick & Mortar Experience

The UB Group
A diversified trans-national Indian industrial group (turnover Rs. 4,500 Crores i.e USD 1 Billion in 1995) with a leadership position in the IMFL & Brewery industries, and a presence in the fertilisers, petrochemicals, pharmaceutical, engineering and information technology industries.

McDowell Krest Finance Ltd -Budgeting, Accounting and MIS System, Medium Term Business Plan in Financial Services sector, Implementation and Data Generation of RBI's Prudential Norms for Non-Banking Finance Companies.
Mangalore Chemicals & Fertilisers Ltd. - Preparation of the Technical Data, and liaison with the FICC for Retention Price Fixation, realization of arrears of Rs. 30 Crores and a benefit of Rs. 60 Crores over the next three years, Implementation of computerized monthly Costing System and Variance Analysis for Administered Pricing and operational parameters. Feasibility Studies for Diversifications for the UB Group in Andhra Pradesh, Kenya, Tanzania and Abu Dhabi.
Corporate Planning & Project Finance – UB Elastomers - a greenfield Project - Rs. 400 Crores, ***Styrene - Poly Styrene Expansion Project*** - Rs. 225 Crores – DPR and appraisal by ICICI, IFC – Washington and the Asian Development Bank. Foreign Exchange exposure management – Forward Covers, Remittances, ECB's, Bank Bridge Loans & Guarantees.
McDowell & Co. Ltd – Management Training which encompassed MIS, Distillery Accountant for Shertallay (Kerala) Distillery, Sales Accounting & Collections and Group Company reconciliation and collections, UB Group Financials Consolidation under GAAP.

Academic Credentials

Degree	*Institution*	*Year*	*Specialisation*
M. B. A	Faculty of Management Studies (FMS) - Delhi Univ.	1989	Finance / Systems
Grad. CWA	ICWAI	1989	Management and Cost Accounting
B. COM. (H)	Ramjas College, Delhi Univ.	1986	