CASE STUDY

AAVISHKAAR INDIA MICRO VENTURE CAPITAL FUND (AIMVCF)

November 2013

IMPACT INVESTING 2.0

ORGANIZATION HEADQUARTERS	Mumbai, India
YEAR FOUNDED / LAUNCHED	2001
LEADERSHIP	Vineet Rai, Partner and Managing Director; P Pradeep, Partner and Executive Director
DESCRIPTION OF PRIMARY ASSET CLASS	Common equity, convertible equity, and short-term loans for working capital (ranging from $15,000 to $1,100,000, denominated in Indian Rupees)
FUND SIZE	INR 594 million (between $10 million and $15 million, varied through the life of fund)
GEOGRAPHIC FOCUS	Rural India
SECTOR FOCUS	Agriculture; health; water and sanitation; education; information and communication technology
SUMMARY OF IMPACT AREAS	Enterprise-based development approach to foster economic and entrepreneurial activity in rural India by providing risk capital and advisory support to early-stage businesses. Outcome objectives include creating local livelihoods, and products and services that reduce vulnerabilities of low-income and rural populations.
FINANCIAL PERFORMANCE	20% IRR on investments and 13% IRR net of fees. Six complete exits: three with IRRs between 12% and 39% and three at discount to principal. Two partial exits with 45% and 63% IRRs and three write-offs.
SOCIAL PERFORMANCE	Varies by company. See performance section.

Daniel Brett was the lead author of this case. This case study is part of The Impact Investor, a research partnership between InSight at Pacific Community Ventures, CASE at Duke University and ImpactAssets from 2012-2013. The Impact Investor project team was co-led by Cathy Clark, Jed Emerson and Ben Thornley. More in-depth impact investing fund case studies, practitioner blogs, videos from expert convenings, as well as project reports, are available at: http://bit.ly/impinv and at the twitter hashtag #impinv2.

INTRODUCTION

When India rapidly liberalized its economy in the late 1990's and early 2000's, an unprecedented number of people experienced radical changes in their material wealth and quality of life. Yet most Indians – predominately representing the country's enormous rural population (estimated around 700 million people) – did not experience improvements in their standard of living at all, leading to growing inequality and societal disharmony. It was against this backdrop that Vineet Rai founded Aavishkaar in 2001, with the purpose of making early-stage equity investments in young businesses, hoping to stimulate economic activity and improve individuals' quality of life in rural India.

Aavishkaar secured early support from several forward-thinking business executives. Paired with a dogged determination that drove Rai and his team to bootstrap for six years until successfully achieving a final close of INR 594 million (roughly US $12 million) by February 2009, he proved that the Silicon Valley's venture capital model, modified and applied to the rural Indian context, could be financially sustainable and socially impactful.

> "The most important factor is to keep the entrepreneur at the center of the universe. Putting together structures that work for them, rather than what would be best from a purely investment perspective, is the center of everything we do."
>
> – P PRADEEP, EXECUTIVE DIRECTOR, AAVISHKAAR

Aavishkaar, Hindi for "Invention," was a pioneer on a number of fronts. First, before Aavishkaar's first fund, the Aaviskaar Indian Micro Equity Venture Capital Fund (AIMVCF), no equity investment firm focused on rural areas existed in India. Additionally, Aavishkaar was committed to funding very early-stage businesses, often becoming the first external investor in its portfolio companies. To do this successfully, Aavishkaar developed a uniquely low-cost, yet staff-intensive model. Cited by a few limited partners (LPs) as possibly the cheapest fund in the world (in absolute terms), Aavishkaar relied on India's low cost of labor and the fund's charismatic partners and staff, who took substantially below-market salaries. As of October 2013, the Aavishkaar team had more than 20 members conducting investment due diligence and providing extensive post-investment advisory support.

Also critical to Aavishkaar's model was the team's early recognition that beyond cost considerations, early-stage equity investing in India would need to be fundamentally different than venture capital in developed markets, specifically in regards to the type and degree of investors' risk tolerance. Unlike venture capitalists in Silicon Valley, who rely on a few "winners" to compensate for the 80 percent of their companies that fail, Aavishkaar knew that even highly successful Indian rural businesses were not likely to generate as much upside as top-performing early stage technology businesses in the US. This realization led Aavishkaar to target a 30 to 40 percent failure rate, says Rai, with a focus on "need"—rather than "want"—driven businesses whose risk of failure was primarily driven by execution rather than technology or market discovery.

At the end of its investment period in 2013, AIMVCF made several lucrative exits which, combined with the fair market value of the remaining portfolio, represents a gross IRR of over 20 percent and roughly 13 percent net IRR for its investors, in line with the fund's target financial performance. While the verdict is still out on the performance of Aavishkar's first fund, AIMVCF has proved that the Aavishkaar approach to investing early in rural businesses can be profitable and have a positive impact on rural economies and communities. While the team's effective management and fund's advisory support for its portfolio were critical to the success of Aavishkaar's first fund, the firm's strong financial performance can be attributed in part to its first-mover advantage, specifically its ability to make lucrative exits to larger funds entering the growing rural Indian market.

The creation and performance of Aavishkaar's first fund highlights several lessons for impact investors. First, Aavishkaar realized that investing in good people was not sufficient to building good businesses. What was essential, they quickly realized, was that entrepreneurs and teams have previous experience with growing companies; this gives them an understanding of what it takes to market a product and manage a team. Secondly, Aavishkaar learned the importance of being flexible enough to shift investment strategy quickly. Rather than strictly commit to a very low average investment size outlined at the fund's creation, Aavishkaar increased its investment size from less than $100 thousand to $1 million over the life of the fund. These strategic changes were made in response to the fund's growth and to accommodate the increasing capital needs of entrepreneurs in 2008 (compared to the early 2000's).

Lastly, and most importantly, Aavishkaar itself was managed like an aspirational startup. Similar to a seed-stage business that provides stock in lieu of a competitive salary, Aavishkaar's partners incentivized non-partner staff by offering to share a majority of the firm's profits—a highly uncommon practice in the venture capital world. This strong motivator, combined with a healthy dose of charisma from the firm's founders, enabled Aavishkaar to recruit an energetic team that provided the extensive guidance and support essential to the success of startups in rural India.

ORIGINS

The creation of the Aavishkaar India Micro Venture Capital Fund (AIMVCF) represented a six-year entrepreneurial journey. In 2001, Vineet Rai launched Aavishkaar and its first fund with a $100 personal investment. After managing operations for a large paper conglomerate in a remote forest village for three years,[1] and subsequently leading India's first government-sponsored business incubator, Rai developed a strong conviction that the growth of businesses in rural India suffered less from the fact that the businesses were creating insufficient value, and more because risk capital was very scarce. Recognizing that the India's massive economic development had largely excluded the nation's 700+ million village-dwelling populace and that the incumbent government had been voted out of power in 2001 largely by disenchanted rural voters, Rai saw an opportune moment to create a venture capital firm dedicated to financing and nurturing start-ups in rural India.

As part of his vision for developing the entrepreneurial potential of rural India, Rai identified the need for high quality "intellectual capital" to build an enabling ecosystem that would nurture young rural enterprises. In March 2002, Rai founded Intellecap, or Intellectual Capital Advisory Services, after borrowing $2,000 from his wife and investing their collective savings "to the last penny" in the vision.

Launching a venture capital fund was much easier than actually running one, Rai quickly realized. Since he had no personal capital to contribute to AIMVCF, he began seeking wealthy individuals in his network who shared his vision.

[1] Rai recounts his experience encountering the widespread adoption of life-changing technologies in India after moving from rural Orissa to Delhi in 1997, ranging from Pentium computers, mobile phones, and email. Rai jests, "I was only familiar with two genders prior to leaving the forest: male and female. E-mail was entirely new to me."

Rai's first notable fundraising accomplishment was in 2001, when he was introduced to several alumni of the Indian Institute of Management (IIM) in Ahmedabad. According to Rai, these alumni "wanted to play a role in shaping the future of India." As a first step, several of these individuals agreed to foot the $500 bill for Rai to fly to Singapore, where he pitched his business plan to a large group of influential non-resident Indians (NRIs). Remarkably, Rai convinced half a dozen people to contribute $5,000 to $10,000 to Aavishkaar on the spot. He maintained close relationships with many of these seed investors; as of 2013, several of them sit on Aavishkaar's investment committee and management and advisory boards. Some, including Anantha Nageswaran, Pravin Gandhi, Sameer Wagle and Arun Diaz, went on to fundraise on Rai's behalf.

Rai attributes this success to common vision and his commitment to Aavishkaar's mission. "I think these NRI's were encouraged that a 29-year-old middle-class Indian guy who didn't have a degree from a renowned institution could actually make a good presentation and prepare a business plan for a venture fund. They liked that I was young and was willing to bet my life on this idea," he says.

From 2001 through 2005, Rai continued networking and, along with Anantha, pitching to wealthy individuals. With support from Pravin Gandhi and Arun Diaz, Rai achieved what was then his life goal: raising INR 50 million (roughly US $1 million) for investments in rural businesses. These funds came from more than 80 individuals and families from across the globe, each of whom invested between $5,000 and $100,000 in AIMVCF.

Despite having such a small fund in these early years, AIMVCF began investing in start-ups in 2002, ultimately deploying capital to 13 businesses prior to its first close in 2007. This incremental approach to building a track record proved essential in raising capital from foundations, development finance institutions (DFIs), and fiduciary investors from 2005 through 2009.

AN IDEOLOGICAL TURNING POINT

During Aavishkaar's "bootstrapping" phase, the biggest challenge Rai faced was not fundraising per se, but not having enough money to pay himself and his team. To make ends meet, Rai was involved in several consulting engagements for development organizations through Intellecap, which allowed him to continue his journey with Aavishkaar.

These early financial struggles made a $500,000 grant offer from a development finance institution in 2004 especially tempting. "This was the toughest decision I've taken in my lifetime," Rai reflected, as accepting the grant would have doubled Aavishkaar's fund size and allowed the team to live more comfortably. But Rai rejected the offer, convinced that the grant would destroy his business by distorting the market for seed-stage investment in India and undermining his objective to grow early-stage, impact-driven businesses in a financially sustainable manner. As of October 2013, Aavishkaar still has never accepted any grant or subsidy to cover the costs of its core business activities.

"I wanted to be an entrepreneur myself and prove to other entrepreneurs that they could succeed without grants. By surviving and struggling, I was on an equal moral footing while asking the entrepreneurs to take low salaries as well. Entrepreneurs took $5,000 to $10,000 annual salaries, seeing I was doing the same thing," Rai explains.

Between 2005 and 2007, Rai altered his fundraising strategy to target foundations (e.g. CORDAID) and Apex Indian Banks (e.g. National Bank for Agriculture and Rural Development (NABARD)) that were seeking to finance catalytic activity that supported business approaches to poverty alleviation. His shift was driven by the realization that these organizations could make exponentially larger investments than most high-net-worth individuals in Aavishkaar's network, who alone could not rapidly grow Aavishkaar's assets under management. The foundations and development bank that invested in AIMVCF's first closing increased the fund's assets from over $1 million to $6 million by 2007.

Beyond Aavishkaar's investment track record, the rapid growth and professionalization of microfinance between 2002 and 2009 was also an essential driver of Aavishkaar's fundraising success. The microfinance sector received a lot of international attention and an influx of talent during this time period, creating a "spillover effect" into other sectors in terms of both human capital and funders' interest. Rai noted that during the latter half of the 2000's, many investors thought that "if microfinance can be profitable, surely agriculture and even education could be profitable investment opportunities as well." The Dutch Development Bank FMO, for example, initially approached Aavishkaar because it was interested in investing in Aavishkaar's second fund, Aavishkaar Goodwell I, which provides equity capital to microfinance institutions. They ultimately funded AIMVCF, too, after FMO's due diligence officer became aware of, and impressed by, AIMVCF's track record and portfolio. When it invested $2 million in the fund in 2008, FMO became AIMVCF's first DFI investor and second institutional investor (after NABARD).

While he was not at the Rockefeller Foundation when it invested in Aavishkaar, Yigal Kerszenbaum posits that Rockefeller was attracted to Aavishkaar by a combination of the above factors and Rai's magnetic appeal. "Vineet is very charismatic, similar to leaders of many of the early successful impact investing funds. Aavishkaar had a very early presence in the market as it was developing, they obviously know their market very well, and understood the early successes of microfinance [as well as] opportunities that were somewhat adjacent to microfinance."

Aavishkaar's first fund closed in 2009 at 594 million Indian Rupees (roughly $12 million), with the Rockefeller Foundation and another (anonymous) foundation participating and NABARD increasing its ownership by the equivalent of roughly $1 million.

THE TEAM: ATTRACTING DIVERSE, SYNERGISTIC SKILLSETS

Rai knew early on that he, alone, did not have the skills and experience to make Aavishkaar successful.[2] To complement his non-traditional education in rural business incubation, Rai's first two hires were misters Pradeep and Maulik, both of whom had Masters of Business Administration (MBAs) and project finance experience. Rai describes Pradeep, now executive director of Aavishaar, as a long-term thinker who "never thought about salary," evidenced by the fact his first year's earnings at Aavishkaar totalled roughly US $3,000. From 2002 through 2007, Aavishkaar recruited a team of seven young people from a variety of backgrounds. Another seven people were recruited after 2007; these hires primarily had prior experiences in private equity and investment banking, but who were inspired to change the world.

[2] Rai self-deprecatingly exaggerates that he was one of the worst possible candidates to run a fund: "I did not understand what venture capital meant, I had never been an entrepreneur, and there were no entrepreneurs in my family across the past 300 years."

THE FUND

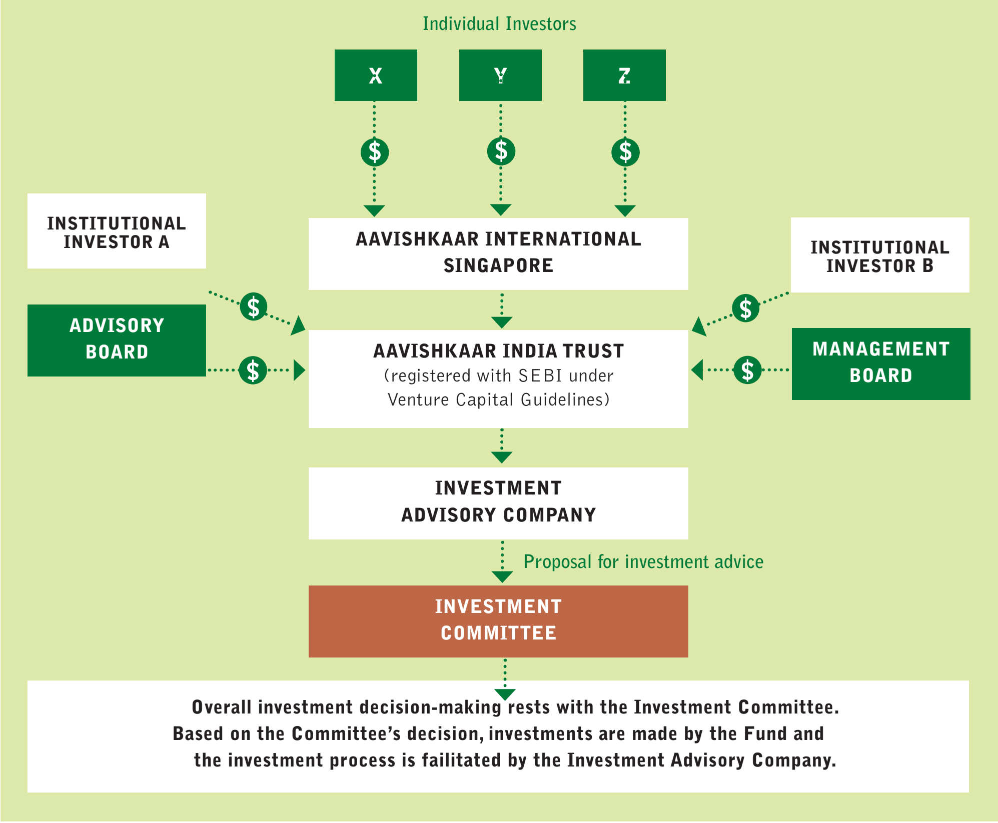
AIMVCF was launched in 2001 and made 13 investments prior to its first close in 2007. The fund achieved its final close in 2009 with INR 594.2 million, or approximately USD $12 million in committed capital.

The objective of the fund was to use non-subsidized venture capital to improve the quality of life in rural and underserved communities in India. More specifically, the fund targeted businesses that either created livelihood opportunities for communities in rural India or were able to serve individuals' basic needs (e.g. providing low cost health care, education, or access to energy). AIMVCF sought to be the first external investor in companies where extensive advisory services could play an especially beneficial role in steepening the growth trajectory of these start-ups. As the first venture capital firm in India committed to empowering the bottom of the pyramid (BoP) through business expansion[3], Aavishkaar's vision for the AIMVCF was to provide leadership in rural and underserved regions of India that would: a) encourage and incentivize aspiring entrepreneurs to launch businesses; and b) demonstrate to investors that profits and positive social change could be generated by the Aavishkaar model.

Pradeep outlines Aavishkaar's distinctly rural focus: "All our companies provide products and services that are taken for granted by people in big cities and which are viewed as luxuries in small towns and rural areas. Our companies are tweaking their business models to make these products and services available, accessible, and affordable in these smaller towns."

AAVISHKAAR'S STRUCTURE: ALIGNING INVESTORS AND MANAGERS

FIGURE 1. AAVISHKAAR ORGANIZATION CHART



Source: AIMVCF PPM

Aavishkaar has a uniquely collaborative structure due to the particularities of India's regulatory environment, as well as managers' desire to foster a close working relationship with Aavishkaar's LPs and advisors. The governance structure is outlined to the left.

Since all foreign investors seeking to invest in registered venture capital funds in India need to obtain a regulatory clearance (Aavishkaar's first seed investors were based in Singapore), Rai set up Aavishkaar International Singapore, a local institutional vehicle that pooled the capital of seed investors and allowed funders to support more easily the Aavishkaar India Trust. Without this intermediary structure, the need for each investor to obtain regulatory clearance would have represented a costly administrative burden and barrier.

[3] According to interviews with management, limited partners, and researchers' own experience in India's microfinance sector

The AIMVCF was structured as the Aavishkaar India Trust and registered with the Securities and Exchange Board of India (SEBI) under its venture capital guidelines; this required Aavishkaar to submit quarterly reports on performance and include updates on governance-related policies and procedures. The trust is managed by Aavishkaar Venture Management Services (the Investment Advisory Company).

AIMVCF's structure outlines a very active role of one of the fund's two oversight bodies: the Management Board. Comprised of a group of fund LPs, the Management Board has the responsibility of addressing issues that concern the management of the fund, including: reviewing and accepting the fund's audit report and fund life extensions, dealing with portfolio company-related issues and distributions by the fund. While the Management Board has no legal authority, it is essentially the policy-making body for the fund and manages disputes over issues of cost allocation between the investment advisory committee and the trust. The Management Board also has very active sub-committees, including an audit committee, which reviews the entire Aavishkaar portfolio annually.

Aavishkaar's Advisory Board was constituted in the organization's early days to establish credibility and gain support; it included eminent venture capitalists, bankers, and enterprise development specialists. As of October 2013, advisors include Vijay Mahajan (Managing Director, BASIX, and close mentor to Rai), Pravin Gandhi (founder and Managing Partner of SEED FUND), Arvind Singh (Entrepreneur; formerly of Standard Chartered and Citibank; Lead Investor), Sanjeev Sanyal (Economist and International Banker) and Narayan Ramchandran (Global Emerging Markets Strategist, Managing Director, Morgan Stanley Asset Management).

AIMVCF intended primarily to use three instruments to finance early-stage businesses: common equity, convertible equity, and debt (debt was limited to companies already receiving equity investments). Aavishkaar chose to use convertibles because of the inherent difficulty in determining and agreeing upon the valuation of early stage businesses, as most pipeline companies had no relevant benchmarks and limited or no track record upon which growth projections could be based. A convertible equity investment allowed the entrepreneur and Aavishkaar to link valuation to real business growth milestones, including revenue increases, gross margin generated, or profits made 12 or 24 months after Aavishkaar's investment.

TABLE A: COSTS & FEES

Start-up / Organizational	$100,000
Management Fee: Investment Period (3.5% Total Corpus)	$350,000
Management Fee, Post Investment Period (2.50% Invested Capital)	$162,500
Cumulative Fund Expenses ('02-'13)	$1, 825,000
Average Annual Cost Since First Close	$304,000
Carried interest; investor hurdle rate	15%; 6%
Note: All amount in 2013 USDs	

Aavishkaar also intended to provide short-term loans to finance the working capital needs of portfolio companies. However, due to tight SEBI regulations on the amount and type of debt that venture capital funds can provide, these were very small.

AAVISHKAAR'S COST STRUCTURE: LEVERAGING INCENTIVES AND INSPIRATION

Rai explains that the remarkably low-cost structure of the fund stems from his willingness to work for a very low wage. Initially, this was out of necessity, but as the fund grew it maintained this approach, setting an example for both his staff and the entrepreneurs he supported, many of whom wanted to increase their own salaries post-investment from Aavishkaar. This ethos is part of Aavishkaar's culture, with a majority of staff taking a 50 to 60 percent salary cut when joining Aavishkaar.

"I do not believe in the concept of market salaries—every business has to attract talent with the resources it has. I believe that in a world comprising six billion people, we can find those few talented people who are excited and inspired enough to… sustain on the hope of being a leader for [positive social] change," says Rai.

Altruistic hope was not the only motivator for Rai's team, however; they also hoped for large financial upside. Unlike most private equity or venture capital funds, where the vast majority (70 to 90 percent, in Rai's estimation) of the fund's profits (i.e. carry) go to the founding partners, AIMVCF distributes 60 percent of its performance-based income to the entire team. Like a resource-strapped start-up that offers stock options in lieu of attractive salaries, Aavishkaar sought to incentivize its team to create and share financial value with the fund team.

Given AIMVCF's low-cost early stage investing model, economic development objectives, and reliance on staff that were motivated more by a desire to create positive social impact than financial gain, it is surprising that Aavishkaar's founders never seriously considered seeking philanthropic capital. This was rooted in Rai's strong belief that free money would dis-incentivize entrepreneurs and even Aavishkaar's staff. Rai worried that the entrepreneurs would see that Aavishkaar was financed by philanthropy, and want cheap (or more) money themselves, dampening their drive to achieve their own financial sustainability.

The fund's investors were a diverse mix of development banks, foundations, DFIs, high net worth individuals and one financial services conglomerate, as the registry below illustrates:

TABLE B: AIMVCF'S LIMITED PARTNERS

NAME	TYPE	INR(MM)	USD (2013)	PERCENTAGE
Aavishkaar International	Promoter; Seed Investors	61.5	1,037,274	10.4%
Retail Indian Investors	HNWs	20.7	349,131	3.5%
CARE Canada	Social Investment Fund	20.5	345,758	3.5%
CORDAID	Foundation	104	1,754,090	17.5%
Anonymous	Family Office	20.5	345,758	3.5%
NABARD	National Development Bank Indian Financial Services	100	1,686,625	16.8%
ENAM	Conglomerate	10	168,663	1.7%
FMO	DFI	85	1,433,631	14.3%
Oasis Fund	Social Investment Fund	42.5	716,816	7.2%
Dreilinden gGmbH	Foundation	13.1	220,948	2.2%
Noaber Ventures*	Social Investment Fund	42.5	716,816	7.2%
Rockefeller Foundation	Foundation	49.3	831,506	8.3%
Anonymous	Foundation	24.5	413,223	4.1%
TOTAL		**594.1**	**10,020,240**	**100%**

* Formerly George Avenue CV.

While each had its own motivations, most of the LPs shared a desire to pioneer the BoP-focused venture capital model in India and are pleased with AIMVCF's performance.

Brinda Ganguly, Associate Director of the Rockefeller Foundation, explains that the foundation's investment was driven by its objective to build the impact investing industry globally and share lessons learned across the emerging markets. "There is complementarity between our impact investing field-building activities and our actual investing activities. For example, Rockefeller is a big supporter of GIIRS [the Global Impact Investing Rating System], and we ask our PRI [Program-Related Investments] investees to become GIIRS-rated. This provides us and GIIRS with feedback on how their products are working. We knew we wanted to do a BOP-focused deal, and Rockefeller always has had an interest in India, particularly because there is so much impact investing and social enterprise activity there, so a BoP-focused fund in India was interesting because lessons learned could be relevant to other emerging markets like Mexico and Brazil."

DUE DILIGENCE: A STAFF-INTENSIVE APPROACH

Aavishkaar's investment due diligence was hands-on and human capital intensive, led by a senior project manager with the support of a junior associate, and involving a four-stage evaluation process covering the financial, marketing, operational, and team strengths of the business. This detailed, four-stage process is outlined in Appendix A. Post-investment, this same team monitored the firm's progress based on projections developed during the pre-investment phase.

Pradeep emphasizes that throughout the deal structuring process (and post-investment), Aavishkaar highly prioritizes the needs of entrepreneurs, and that this focus has been a key driver of Aavishkaar's strong performance. "The most important factor is to keep the entrepreneur at the center of the universe. Putting together structures that work for them, rather than what would be best from a purely investment perspective, is the center of everything we do."

IMPACT MEASUREMENT: LINKING BUSINESS ACTIVITIES TO RURAL DEVELOPMENT

Screening and measurement of social performance was a critical component of Aavishkaar's strategy for AIMVCF. During the due diligence process, Aavishkaar assessed the extent to which potential investees' business models were linked to social impact that could be maximized as they scaled. To receive investment, potential investees had to meet one or more of the following criteria:

- The company's products or services must impact those living in rural, underserved India
- The company's products or service must reduce the direct or indirect costs of the targeted populace, which they would have otherwise incurred while accessing such basic services
- Use of the company's products must result in improvement in yields/efficiencies that translates into increased incomes for the targeted populace
- The operations of the company must provide increased employment in a geography where limited employment opportunities existed before
- The business must result in the creation of a transparent and more efficient distribution chain resulting in better income for rural producers

These criteria are integral to Aavishkaar's internal decision-making process; every investment memorandum prepared for Aavishkaar's investment committee is required to include a section on the business' social performance potential.

THE INVESTMENTS

The fund invested $6.5 million in 23 seed-stage companies between 2002 and 2011 using a combination of equity, convertible equity, and a small amount of short-term debt.[4] AIMVCF was the first investor in all but one of these firms, and 70 percent of investees had very small or zero revenue at the time of investment, according to Rai. Appendix B includes details on each investment.

Ninety-five percent of the portfolio companies were sourced proprietarily; only one of 23 did not come to Aavishkaar through the team's professional and personal networks in rural and peri-urban areas. Toward the end of AIMVCF's investment period, Aavishkaar developed a national reputation for making investments in small companies in rural areas, which led start-ups to approach the fund directly.

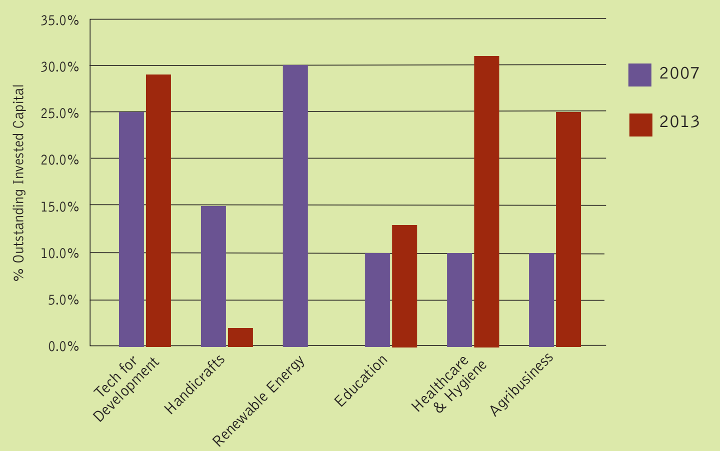
"We were benefiting from the seeds we had sown ourselves by gaining a stronger pipeline over the life of the fund," comments Pradeep.

AIMVCF initially chose to focus on six sectors that were sizeable or had significant growth potential within India's rural and peri-urban economies and that were directly linked to the creation of positive societal and ecological change. These sectors were: technology for development; handicrafts; renewable energy; agribusiness; healthcare and hygiene; and education. While each sector is represented in AIMVCF's portfolio, the distribution of investments across sectors, as well as average investment size, varied significantly from Aavishkaar's investment objectives as outlined in Aavishkaar's 2007 Private Placement Memorandum (PPM).

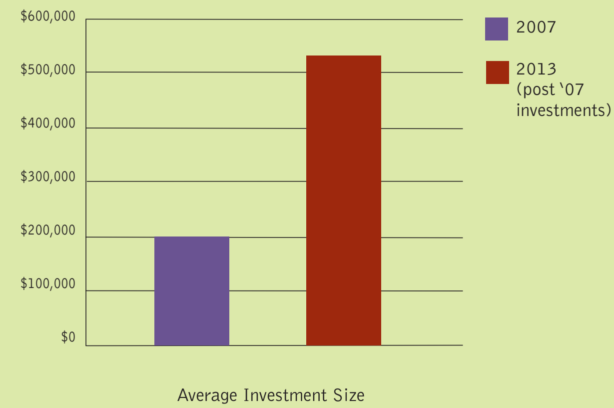
As illustrated below, AIMVCF made larger investments than anticipated in technology; healthcare and hygiene; and agribusiness companies, diverging from its plan to invest primarily in technology, handicrafts, and renewable energy.

This shift was not the result of a change in Aavishkaar's investment strategy, explains Rai, but rather the combination of several factors. First, management did not want to invest in more companies that were dependent on FabIndia, a key buyer of AIMVCF's handicraft investees' products. Second, AIMVCF almost invested in another handicrafts company, but was unable to complete the deal due to restrictions on foreign direct investments in the company, which were relevant since AIMVCF was funded by foreign capital.

FIGURE 2. AIMVCF INVESTMENT TARGETS VS. 2013 PORTFOLIO, BY SECTOR



AIMVCF 2007 INVESTMENT TARGETS VS. 2013 PORTFOLIO, BY AVERAGE SIZE



[4] In 2013 USDs, which had a higher dollar value in previous years due to a devaluing Indian rupee.

Management realized that "back-end" handcraft firms, which engage with artisans and weavers locally in order to sell goods to retail stores, were not particularly scalable, in part because of the significant bargaining power of monopsonist buyers who largely dictated back-end firms' margins and sales growth. While "front-end" firms in the handicrafts sector had greater potential for scalability since they are not constrained by local production know-how (e.g. FabIndia was growing over 35 percent annually in 2007), they had large capital requirements for fixed cost investments (e.g. stores and warehouses) that vastly exceeded AIMVCF's maximum investment size of $1 million. While this realization did not substantially influence Aavishkaar's investment approach for AIMVCF, Rai explains that it did shape the team's strategy for the follow-on fund, discussed in detail in the postscript section.

While Aavishkaar ultimately made two very small investments in renewable energy companies, Rai and Pradeep discovered that the capital requirements of renewable energy companies were much higher than expected, making Aavishkaar's investment products uninteresting to these companies.

Conversely, the team learned that start-ups in the agribusiness and, particularly, the healthcare and hygiene sectors were highly scalable in rural India, primarily because customer demand did not vary much by geography. Portfolio companies in these sectors were generally able to grow by slightly modifying their business models in different regional, socioeconomic and cultural contexts, but did not have to "reinvent the wheel" as they expanded.

AIMVCF's average investment size was larger than anticipated because some of the fund's investees, along with India's entire rural economy and entrepreneurial climate,[5] grew faster than Aavishkaar expected. This growth meant that, by 2008, despite a global recession, Aavishkaar needed to make larger investments to meet the needs of the entrepreneurs it sought to place at the core of its investment approach. "The India of 2001 was vastly different than the India of 2010, and so were the entrepreneurs and their business models," reflected Rai. "We had to keep in sync with [these changes] and, hence, changed our investment size while continuing to focus on being the first investor in near zero revenue companies." Had AIMVCF not increased the size of its investments post-2008, Rai and Pradeep claim that many entrepreneurs would have needed to raise more capital shortly after receiving AIMVCF's investment, distracting them from their core obligation of actually growing their businesses.

ADDING VALUE: FROM TECHNICAL TO STRATEGIC

Since AIMVCF invested in very early-stage companies, some of which were run by entrepreneurs unfamiliar with the term "equity" prior to Aavishkaar's investment, providing in-depth business advisory support was critical to the social impact and financial success of Aavishkaar's model. Pradeep notes that central to Aavishkaar's advisory support strategy was helping entrepreneurs understand they must delegate responsibility and develop a clear roadmap toward building and managing an effective team. "We have realized that this is important throughout the lifecycle of businesses, from series A to Z."

Aavishkaar provided a range of advisory services, from financial management, to HR policy development, to marketing, and recruitment. The same team members who initiated the deal provided these services, with support from Aavishkaar's senior management where necessary or valuable.

[5] Aavishkaar takes partial credit for improvements in India's entrepreneurial climate during the course of AIMVCF, as "entrepreneurs could see that there were institutions which would support and allow them to ride on the economic boom of that period," says Pradeep.

While the types of advisory support services provided by Aavishkaar were not particularly different from similar early-stage impact investors, says Pradeep, what distinguished the fund was that the organization "walked the talk:" beyond its formal involvement with portfolio companies via a seat on the board or a director position at the company, Aavishkaar partnered with investees on an informal basis. This involved a team member visiting businesses for several days in their often rural, isolated headquarters, meeting the entire team, and providing strategic guidance on an ongoing basis. This assistance included, for example, advising entrepreneurs on when they should seek additional rounds of funding and what steps they should take prior to seeking capital. This represented the most important area of advisory support that the team provided, according to Pradeep, along with putting the businesses in touch with potential partners who could help them improve their service offering. Pradeep states this simply, "We need to be hands-on or else our model won't work."

Investment Profile: Saraplast Pvt Ltd and 3S, Pune, India

Founded in 1999, Saraplast (formerly 3S prior to a merger), the company tackles one of the biggest challenges in India—access to hygienic sanitation. The company provides portable sanitation facilities, along with cleaning, evacuation, and waste disposal services for toilets, restrooms, and urinals in underserved settlements, urban slums, construction sites, and public events.

Founder Rajeev Kher sought financing in 2009 to expand services in underserved communities, but quickly realized he could not get a loan from a bank since he lacked collateral and because financiers' did not understand the hygiene and sanitation sector. "Bankers almost laughed in my face," Kher recalls. While they did not invest in Saraplast, one investment banker introduced Kher to Vineet Rai. "Rai was very direct and honest with me—there was no sugar coating. I appreciated this approach, which at times led to heated discussions. But at the end of the day, I knew what I was getting." After extended negotiations over the valuation of Saraplast, AIMVCF invested over $400,000 (in 2013 USDs) and took a 21 percent stake in the company.

Aavishkaar provided Kher and his team with business advisory support in the areas of marketing, public relations, operations management, and social impact assessment. Most irreplaceable, in Kher's perspective, was Rai's ability to connect him with influential individuals within the media, at universities, and in the social entrepreneurship and impact investing sectors, enabling him to build the credibility and brand of Saraplast, while increasing awareness about the sanitation and hygiene sector. Rai introduced Kher to the Clinton Foundation, for example, who selected Kher to attend the Clinton Global Initiative, and to the Dell Foundation, which guarantees a third-party operator of Saraplast's portable toilets in urban slums in case their revenue is insufficient to cover Saraplast's fees. "Rai has a lot of soft power," Kher says, "and I wouldn't have made these connections or received this international recognition had I taken an investment from other providers."

Noshir Colah, Aavishkaar's Operations Partner, has provided extensive guidance to Kher with regards to operations management and strategy, ranging from advising Saraplast on how to simplify its Management Information System (MIS) to when to seek additional capital. Additionally, Aavishkaar assisted Saraplast with the development of its social impact assessment system, through which the firm tracks the number of Saraplast toilet users who are female, elderly, and first-time users, how much waste water the firm has displaced, and other impact metrics considered critical to Saraplast receiving an investment in 2013 from another impact investment firm, ResponsAbility.

Although Aavishkaar's investment and support played an essential role in growing Saraplast from a $600,000 to $2.5 million revenue company providing toilets for over 200,000 people, a majority of whom were first-time users, Kher has two criticisms of Aavishkaar. First, he expected Rai to spend more effort influencing Indian policymakers to require toilet access at construction sites and other areas, which Kher views as essential to serving India's population of over 500 million who have never used a toilet. Second, Kher expressed frustration that a tension exists between Aavishkaar's interest in selling its stake in Saraplast at a high valuation and a desire to make follow-on investments in the firm at a reasonable valuation. "They offered me follow-on financing at a valuation they would not accept if they were selling their stake," Kher reflects. "I don't fault them for trying to get a good deal—as a business owner, I too negotiate to try to get good deals [when making investments]. But we went elsewhere for additional funding."

Ultimately, though, Kher has had a very positive experience with Aavishkaar. "Their most important contribution was connecting us with people who helped develop the reputation as a serious sanitation services company providing high impact services to the bottom of the pyramid."

RESULTS:

In AIMVCF's 2007 PPM, Aavishkaar outlined three performance scenarios ranging from 11 percent to 18 percent IRRs for LPs. As of March 2013, after six complete exits, two partial exits, and three write-offs, and taking into account the fair market value of its remaining portfolio, AIMVCF had a gross IRR of over 20 percent and a roughly 13 percent net IRR, in line with the fund's target financial performance. Table C includes details on exits, 2013 portfolio valuations, and fund returns.

Aavishkaar's exit strategy was to sell underperforming investments to company founders and promoters, and to sell holdings in high-performing companies to other investors, including mainstream venture capital firms seeking to develop their presence in rural India. According to Pradeep, the idea was that by selling to, or partnering with, mainstream investors, portfolio companies such as Vortex Engineering, a manufacturer and distributor of ATMs in rural areas, could remain faithful to their social goals.

"Our objectives are very closely aligned with mainstream investors. For example, Vortex makes possibly one of the world's cheapest ATM machines. In India, the penetration of ATMs is so skewed toward the big cities that you would hardly see any ATMs in the small towns in India. The smaller towns of India are precisely where the next big opportunities are arising. So mainstream investors can see this as a pure commercial opportunity, while we see this as fulfilling a very basic social infrastructure need. The reason these mainstream funds are interested is because they see the emerging opportunities in these smaller towns. If the companies are successful here, they represent a huge commercial opportunity as well as a large social impact," Pradeep explains.

TABLE C: AIMVCF'S FINANCIAL PERFORMANCE (AS OF MARCH 2012)

COMPANY	INITIAL INVESTMENT DATE	DATE OF EXIT (estimate)	TOTAL INVESTMENT (2013 USD)	REALIZED PROCEEDS (2013 USD)	UNREALIZED PROCEEDS (2013 USD)	TOTAL VALUE (2013 USD)	MULTIPLE (x)	GROSS IRR
Renewable Energy Company 1	Nov-02	Mar-11	15,708	111,751	241,045	352,796	22.46	33.57%
Tech for Development Company 1	Apr-03	Mar-11	19,511	71,300	230,052	301,353	15.45	30.34%
Renewable Energy Company 2	Sep-03	Mar-12	20,172	5,130		5,130	0.25	-15.01%
Handicrafts Company 1	Apr-04	Mar-12	252,976	2		2	0.00	-76.23%
Agribusiness Company 1	Aug-05		14,550	14,550		14,550	1.00	0.00%
Tech for Development Company 2	Mar-05		54,563		33,069	33,069	1.00	0.00%
Healthcare & Hygiene Company 1	Aug-06		465,112		2,562,029	2,562,029	5.51	27.60%
Tech for Development Company 3	Sep-06		1,083,003		1,295,715	1,295,715	1.20	2.63%
Tech for Development Company 4	Jun-06	Mar-11	33,069	2		2	0.00	-87.13%
Handicrafts Company 2	Apr-07		119,544		221,564	221,564	1.85	10.24%
Handicrafts Company 3	Apr-07		19,709		19,709	19,709	1.00	0.00%
Handicrafts Company 4	Feb-07	Mar-11	83,499	108		108	0.00	-72.38%
Handicrafts Company 5	May-07	Mar-12	36,210	99,351		99,351	2.74	23.24%
Agribusiness Company 2	Jan-09		164,517			0	0.00	-100.00%
Healthcare & Hygiene Company 2	Apr-09		408,565		696,411	696,411	1.70	13.11%
Healthcare & Hygiene Company 3	Jun-09		206,680		24,802	24,802	0.12	-39.86%
Healthcare & Hygiene Company 4	Sep-09		330,688		1,627,993	1,627,993	4.92	50.17%
Tech for Development Company 5	Feb-10		709,160		1,556,808	1,556,808	2.20	25.19%
Healthcare & Hygiene Company 5	Mar-10		330,688		330,688	330,688	1.00	0.00%
Education Company 1	Sep-10		826,720		826,720	826,720	1.00	0.00%
Agribusiness Company 3	Dec-10		744,048		1,771,610	1,771,610	2.38	38.39%
Healthcare & Hygiene Company 6	Jan-11		413,856		99,537	99,537	0.75	-10.57%
Agribusiness Company 3	Feb-11		661,376		744,048	744,048	1.13	4.82%
TOTALS			**7,013,922**	**302,194**	**12,281,797**	**12,583,991**	**1.90**	**20.30%**

Paralleling Aavishkaar's shift in sector focus (highlighted in the investments section above) Table C illustrates that AIMVCF's most successful investments tended to be in healthcare, hygiene, agribusiness, renewable energy, and technology companies.

The shared characteristics of underperforming firms, in particular, provided one of the Aavishkaar's most important lessons to date, according to Pradeep: investing in "nice people" with "noble intentions" was not sufficient. What was most essential to running a socially impactful business, Aavishkaar's founders discovered, was being able to market effectively and manage a team. Unsuccessful entrepreneurs tended to make the following, related mistakes:

1. They underestimated the need and challenges associated with marketing and selling their products and services, assuming that if your product is good, customers will automatically buy into it.
2. They did not fully understand market dynamics or the needs of their customers, as they were operating within or only had direct experience within a small niche of their target markets. This led them to underestimate the extent to which different people have different perceptions regarding the same product.

Aavishkaar altered its due diligence process in response to these findings, placing more value on an entrepreneur's track record of scaling businesses or managing large teams. In Aavishkaar's view this prior experience is a valuable proxy for their "willingness to get their hands dirty" and their understanding of the challenges of growth, especially the importance of adjusting for the differences in new geographies as they expand.

While AIMVCF's financial performance is on track to meet its targets, a rapid devaluation of the Indian Rupee from 2012 to 2013 represented one of the biggest threats to the financial returns for a majority of LPs. While AIMVCF was denominated in Indian rupees, most LPs were international institutions that bore un-hedged currency risk when investing in the fund. [6]

SOCIAL PERFORMANCE: A MOSAIC OF POSITIVE OUTCOMES

Since AIMVCF invested in several sectors, and because the team and entrepreneurs jointly chose and tracked metrics that were the closest proxies to the positive social and environmental outcomes generated by each portfolio company, the non-financial impact of the AIMVCF portfolio cannot be aggregated. Appendix C includes the social and environmental performance of each portfolio company as of 2012, ranging from CO2 emissions abatement to increased access to healthcare, drinking water, financial services, and education.

Aavishkaar did implement new systems and processes during the life of AIMVCF to ensure the achievement of its social mission. This included hiring a staff member dedicated to developing and implementing Environmental and Social Impact Management systems for Aavishkaar and its investee companies. This individual visits potential portfolio companies prior to investment and, subsequently, prepares a detailed report documenting the relevant environmental and social impacts and risks. In October 2013, Aavishkaar unveiled a new impact assessment tool, named 'Prabhav' (Hindi for 'Impact'), which was developed by Intellecap in collaboration with the IFC and GIZ (a German development agency). [7] The tool is described in more detail in the Postscript section.

As stated in AIMVCF's PPM, the social objectives of the fund were to create "micro and small equity investing [in India] as an asset class, encourage the emergence of similar models, and spur interest among the youth in the country to build socially relevant commercial enterprises." While challenging to causally prove, researchers' interviews with several key stakeholders in India's impact investing sector strongly suggest that Aavishkaar did play an important role in attracting additional investors and entrepreneurs to focus on the societally-relevant business opportunities in rural India. This observation, combined with the social performance and geographic focus of AIMVCF's portfolio, demonstrates Aavishkaar's commitment to improving people's quality of life in rural and peri-urban India by supporting businesses providing products and services that are unaffordable or inaccessible in these remote areas.

CONCLUSION

With India's population of over 1.2 billion, AIMVCF represented a small drop in an ocean of need. Direct impacts aside, the fund's most important contribution is what it demonstrated: that early-stage equity investing in rural India works. This was made possible by adapting the venture capital model to the Indian context, enabling Aavishkaar to build a relatively large team and

[6] Fears of the US Fed increasing the cost of credit in 2013 has triggered foreign institutional investors (FII's) to sell their holdings in India. FII's invested almost $14 billion into India so far in 2013 and $22.2 billion in 2012. http://profit.ndtv.com/news/forex/article-why-the-rupee-may-fall-to-70-against-dollar-324232

[7] See Aavishkaar's 2013 Impact Report for more details: http://www.aavishkaar.in/wp-content/uploads/2013/10/Aavishkaar-Impact-Report-2013.pdf

provide investees with extensive support at a low cost. Critical to this model was its start-up-like structure, with an energetic staff incentivized by idealism as well as the potential to share in Aavishkaar's profits.

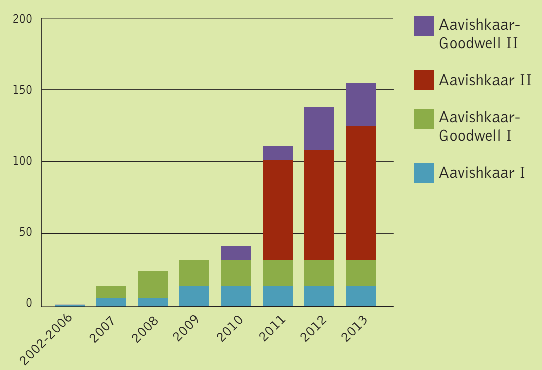
Importantly, AIMVCF illustrates that innovative fund models need not be created by financial gurus. Previous venture capital experience may actually narrow the thinking of potential investors in new markets. With limited knowledge of investing or entrepreneurship prior to founding Aavishkaar, Vineet Rai describes himself as an unlikely candidate to launch a fund. However his nontraditional background was key to AIMVCF's existence. Most Indian venture capitalists in 2000 had experience in Silicon Valley, and had concluded that the Silicon Valley venture capital organizational structure was too expensive to operate in rural India. In the minds of Aavishkaar's would-be competitors, what AIMVCF tried to do was impossible.

"They were trying to replicate the Silicon Valley model, making the same investment sizes, and using the same mathematics to invest in India. Their minimum fund size was $20 million, and they only wanted to invest in Bangalore and Mumbai. We said that if you could start people with low salaries, and with the idea of making a difference, and share the carry with them in a 'socialist' manner, then you motivate people to work harder and can continue to attract the talent that will stay on with the organization," concludes Rai.

POSTSCRIPT

Aavishkaar has grown exponentially since the close of AIMVCF. The organization has leveraged the success of AIMVCF to launch an additional four funds, two of which focus explicitly on financial inclusion and microfinance. Three have closed and the fourth is expected to achieve closure by December 2013, with total committed funds under management at over $160 million as of October 2013. Aavishkaar II, the follow-up fund to AIMVCF, had its final close in June 2013 at $94 million and was launched to meet the increasing capital needs of the burgeoning rural business sector in India as well as some of Aavishkaar's portfolio companies. Aavishkaar's ambitions are also international: the firm has recently begun fundraising for a targeted $60 million fund, which will make investments in generally the same sectors as AIMVCF in Indonesia, Myanmar, Bangladesh, Pakistan and Sri Lanka.

FIGURE 3. AAVISHKAAR'S COMMITTED FUNDS UNDER MANAGEMENT ($ MM)



With rapid growth come new challenges for Aavishkaar, especially regarding changes in the team that senior management views as necessary to effectively invest and manage an exponentially larger pool of assets. Beginning in 2011, Aavishkaar began hiring senior staff with more than 25 years of operational and banking experience, deemed essential in order to more effectively support the rapid growth of Aavishkaar's portfolio companies. These changes came with issues as well. Several team members left Aavishkaar in part because the organization now has more layers of management, and because they preferred reporting directly to Aavishkaar's founders.

New senior staff are as, or more, willing to take salary cuts than early hires, testament to the enduring charismatic influence of Aavishkaar's leaders and the firm's increasingly strong brand and track record. One recent senior hire took over a 90 percent salary cut, according to Rai, especially remarkable considering that Aavishkaar is not as resource-constrained as it was in its early years. One of the limited partners of Aavishkaar II said that one of the "key due diligence points" was how Aavishkaar II would be managed with "such a small fee with such a large team," Rai recalls. The firm's low-cost model has evolved from a necessity into an effective competitive strategy.

Given its larger size and the increased competition at the seed level, Aavhishkaar feels pressure to make larger investments and has grappled with the inherent challenges of scaling a model focused on early-stage investing. At $94 million, Aavishkaar II will make investments at an average size of over $3 million, many times the size of most investments made by AIMVCF. Rather than deploy larger sums in more developed companies, Rai explains, Aavishkaar II will continue AIMVCF's approach to investing in early-stage, often pre-revenue companies, except that it will fund companies that have larger capital requirements.

Aavishkaar II will also make a greater number of follow-on investments in its more successful investees. The team learned that AIMVCF's small investment corpus limited the firm's ability to adequately meet some successful entrepreneurs' capital needs or capture the financial upside of the team's intensive advisory support. Aavishkaar calls this its "Sow-Tend-Reap" strategy, which Rai credits as an important source of the firm's recent fundraising successes. "The success of the strategy is reflected in the fund's large closing with almost all limited partners in Aavishkaar's first three funds participating with larger investments," says Rai. Not only the size but also the nature of Aavishkaar's funding is shifting as well: Aavishkaar II has attracted more fiduciary investors, including Cisco and a large pension fund.

Aavishkaar, in partnership with Intellecap and with support from GIZ, is taking a leadership role in the development of increasingly sophisticated impact assessment tools for fund managers. In October 2013, the firm published a report announcing the launch of a tool named 'Prabhav', which was designed "to capture the contribution of impact funds in developing, sustaining and regulating the impact investing eco-system, and offer a framework to understand the performance of impact funds and highlight [their] unique attributes." Prabhav was developed because Aavishkaar and Intellecap senior managers believed that fund-level impact reporting should not only track the non-financial performance of investee companies, but also the approach taken by fund managers to achieve impact. The tool analyzes this second component of fund impact by assessing the risks undertaken by impact funds, based on the location of investments, stage of investments and financial instruments utilized. While Aavishkaar's early impact assessments included 'snapshots' on companies' social outputs, Prabhav measures both social outputs and outcomes generated by investees in terms of the change between pre- and post-investment. This new tool, therefore, represents an important step towards a more rigorous assessment of impact created by Aavishkaar's investments, rather than just the aggregated social outputs of portfolio companies.

Continuing its mission to provide leadership in the entrepreneurial and investing space in rural India, Aavishkaar was a key player in the formation of the Indian Impact Investor Council (IIIC) in 2013. The IIIC is comprised of a core group of impact investors, including the Omidyar Network, Elevar Equity, MSDF Caspian Advisors, and others, who seek to promote greater accountability across the impact investing sector. The council hopes to differentiate impact funds from mainstream private equity and venture capital firms, many of whom invest in India and claim impact through job creation and rising income levels despite not explicitly seeking much else. They also seek to define what impact investors in India can and cannot do, in order to avoid potential crises similar to the kind that derailed the Indian microfinance industry in 2008, and to stay aligned with their stated financial and social objectives.

APPENDIX A: AAVISHKAAR'S FOUR-STAGE DUE DILIGENCE PROCESS

FIRST STAGE EVALUATION

Like a screening phase, this includes a discussion of the business concept, specifically, as per how well it aligns with Aavishkaar's investment criteria; The Fund Manager, Vineet Rai, makes the final decision at this stage. Key parameters evaluated include:

- Social benefits
- Technical feasibility
- Commercial viability
- Market sustainability
- Project size
- Size of investment sought
- Sector, geography and scale, and
- Entrepreneur's competence and management abilities

SECOND STAGE EVALUATION

This stage focuses on further assessment of the entrepreneur's competence. The Investment Committee makes the final decision. Key parameters are:

- Ability of the entrepreneur including, inter alia, his/her commitment, integrity, and leadership skills in business
- Basic financial modeling, e.g. market analysis, performance/risk measures, strategies and projections

THIRD STAGE EVALUATION

At this stage, detailed financial, market, and technology due diligence is carried out. The final decision is made by the Investment Committee. Key parameters include:

- Elaborated financial / revenue model, i.e. capacity to meet IRR target/threshold
- Valuation negotiation, final figures, and projections
- Investment, market, and technology considerations; SWOT Analysis
- Potential of the business to increase in scale
- Operational planning and structure
- Exit strategy

FOURTH STAGE EVALUATION

As part of this last stage, auditing and legal due diligence are carried out by an independent external auditor. The decision is based on key factors emerging from the audit and rests on the Fund Manager. Key parameters include:

- Accounting and legal issues faced by the company
- Pre and post-investment terms and conditions

APPENDIX B: AIMVCF'S INVESTMENTS

COMPANY	INITIAL INVESTMENT DATE	DATE OF EXIT (estimate)	EQUITY INVESTMENT (2013 USD)	SHAREHOLDING	DEBT INVESTMENT (2013 USD)	TOTAL INVESTMENT (2013 USD)
Renewable Energy Company 1	Nov-02	Mar-11	15,708	33.10%		15,708
Tech for Development Company 1	Apr-03	Mar-11	19,511	16.90%		19,511
Renewable Energy Company 2	Sep-03	Mar-12	20,172	27.50%		20,172
Handicrafts Company 1	Apr-04	Mar-12	162,037	100.00%	90,939	252,976
Agribusiness Company 1	Aug-05		14,550	29.00%		14,550
Tech for Development Company 2	Mar-05		33,069	33.50%	21,495	54,563
Healthcare & Hygiene Company 1	Aug-06		465,112	9.80%		465,112
Tech for Development Company 3	Sep-06		1,083,003	7.47%		1,083,003
Tech for Development Company 4	Jun-06	Mar-11	33,069	Convertible Shares		33,069
Handicrafts Company 2	Apr-07		119,544	17.70%		119,544
Handicrafts Company 3	Apr-07		19,709		19,709	19,709
Handicrafts Company 4	Feb-07	Mar-11	83,499	15.00%		83,499
Handicrafts Company 5	May-07	Mar-12	36,210	23.00%		36,210
Agribusiness Company 2	Jan-09		164,517	57.40%		164,517
Healthcare & Hygiene Company 2	Apr-09		408,565	21.00%		408,565
Healthcare & Hygiene Company 3	Jun-09		206,680	18.00%		206,680
Healthcare & Hygiene Company 4	Sep-09		330,688	10.10%		330,688
Tech for Development Company 5	Feb-10		709,160	22.60%		709,160
Healthcare & Hygiene Company 5	Mar-10		330,688	18.20%		330,688
Education Company 1	Sep-10		826,720	40.00%		826,720
Agribusiness Company 3	Dec-10		744,048	15.90%		744,048
Healthcare & Hygiene Company 6	Jan-11		132,771	20.00%	281,085	431,856
Agribusiness Company 4	Feb-11		661,376	15.60%		661,376
TOTALS			**6,620,403**		**415,351**	**7,013,922**

APPENDIX C: AIMVCF'S SOCIAL PERFORMANCE (AT MARCH 2012)

COMPANY	LOCATION	DESCRIPTION	SOCIAL PERFORMANCE (2012)
Servals Automation	Chennai	Servals Automation offers affordable and energy efficient cooking solutions for the masses. Its flagship products includea stove burner that saves up to 30% kerosene, an 'any-fuel' biomass stove and a vegetable oil stove.	101,817MT of CO2 emmisions were reduced from Servals energy efficient kerosene burners
Shree Kamdhenu Electronics	Anand	Shree Kamdhenu Electronics Private Limted (SKEPL) pioneered the automation of manula milk collection process in that dominated milk cooperatives societies, thereby elimating several inefficiencies that plagued the milk collection process and bringing increased returns to dairy farmers.	10,500,000 dairy famers witnesssed increased incomes
Net Systems informatics	Mumbai	Net Systems is a leading Accessibility Consulting and Knowledge Management firm based in Mumbai, India that offers webs and technology solutions to enable computer accessibility by people with disabilities.	145,500 people with disability gained access to computer / web
Vaatsalya Healthcare	Bangalore	Vaatsalya offers good quality affordable healthcare to underserved populations through a chain of semi urban and rural hospitals in the Southern States of Andhra Pradesh and Karnataka.	20% accessed affordable healthcare.
Vortex Engineering	Chennai	ATMs that are ideally suited for rugged, remote and rural conditions.	344,925 people accesed to finanical services through rural ATMs.
DAH, Bhuj	Bhuj	Desert Artisans Handicrafts Pvt. Ltd. (DAH) are community-owned companies engaged in the production of handicrafts primarily for supply to the major retail chain, Fab india. The companies operate on an innovative business model that allows for artisan suppliers to also be part-owners.	80% of artisans of DAH companies are also part-owners of the companies, 50% women.
DAH, Delhi	Delhi	Desert Artisans Handicrafts Pvt. Ltd. (DAH) are community-owned companies engaged in the production of handicrafts primarily for supply to the major retail chain, Fab india. The companies operate on an innovative business model that allows for artisan suppliers to also be part-owners.	80% of artisans of DAH companies are also part-owners of the companies, 50% women.
Saraplast	Pune	Saraplast is the fastest growing portable toilet leasing company in the country that tackles one of the biggest challenges in India — access to hygenic sanitation. The company provides portable sanitation facilities along with cleaning, evaluation and waste disposal services.	11% people accessed clean and safe sanitation
Swas Healthcare	Ahmedabad	Healthcare services based on Ayurveda and Naturopathy for chronic ailments such as kidney disorder, arthritis, etc.	Has not met expectations — not included in 2012 impact report
Waterlife	Hyderabad	Waterlife provides rurual and underserved communties with portable drinking water solutins by setting up villarge-level water purification plants suited to local needs.	69% accessed clean drinking water
B2R Technologies	New Delhi	B2R (Business to Rural) is a rural BPO business based in the northern State of Uttarakhand. The company envisages setting up clusters of rural BPO service delivery centres in a hub-and-spoke arrangement to provide business support services to clients.	158 youth gained sustainable rural employment

COMPANY	LOCATION	DESCRIPTION	SOCIAL PERFORMANCE (2012)
GV Meditech	Varanasi	GV Meditech is a Varanasi based healthcare company that runs a chain of secondary hospitals, offering high-quality and affordable medical, diagnositc and pharmaceutical services to patients across Uttar Pradesh.	20% accessed affordable healthcare
Butterfly Edufields	Hyderabad	Butterfly Fields is dedicated tomaking education enjoyable, particularly in government schools and private schools catering to children from economically weaker sections. The company has designed a range of innovative and low-cost products, activities and experiences that can transform the way Science and Mathematics is taught in schools.	402,700 students and 3,623 teachers accessed Buterfly Fields products to improve their understanding of Science and Math concepts.
INI Farms	Mumbai	INI Farms is developing high quality horticultural plantations for export through organized farming and supply chain management, starting wtih pomegranate cultivation in rural Madhya Pradesh and Maharashtra.	120 agricultural labourers earn a regular income at INI Farm's pomegranate plantations.
mHealth Ventures India	Mumbai	MeraDoctor (mHealth Ventures) brings reliable health-care advice over the telephone at an affordable price. For a small monthly fee, MeraDoctor offers unlimited consultations with MBBS doctors by phone, to families across Hindi belt states.	8,623 people gained access to healthcare through the mobile phone.
Milk Mantra	Bhubaneswar	Milk Mantra is an early stage dairy company that works across the dairy supply chain — from sourcingnto processing to marketing. The company is building a strong milk sourcing network in Odisha, a region with significant access to dairy but few organized players.	5,000 dairy farmers witnessed an increase in income from Milk Mantra's Ethical Milk Sourcing Programme