

TO: All IIC Members & Partners
FROM: Amit Bhatia, CEO- IIC

IMPACT INVESTORS COUNCIL: APRIL 2015 UPDATE

Dear All,

It gives me great pleasure in enclosing for you the April 2015 Update of IIC. It was a busy month with elections, Sankalp, an EC meeting, 2 new Members, and, new PSL guidelines. The key takeaways for April 2015 are therefore structured as follows:

- I. NEW GOVERNING BODY
- II. SANKALP
- III. MINUTES OF EC MEETING
- IV. NEW MEMBER ANNOUNCEMENT
- V. NEW PSL GUIDELINES

The rest of the memo details these key takeaways.

I. NEW GOVERNING BODY: EXECUTIVE COUNCIL & SUB-COMMITTEES

You all elected your first two-year EC on 8 April 2015 with the EC and Sub-Committee elections. As a consequence, we now have your final 6-member EC and three committees of 3-members each. You may all recall electing a 5-member EC. Since the election, we received one resignation (Vineet Rai from Aavishkaar) and consequently, the next-in-line Funds (Acumen & Lok Advisory) were inducted, resulting in the 6-member EC. Also, the EC nominated one member each to the three sub-committees. Therefore, our new Governing Body is as follows:

Executive Council Elections (2015-2017)

1. Ajit Mahadevan, Acumen Fund
2. Anuradha Ramachandran, Omidyar Network
3. Mona Kachhwaha, Caspian
4. Royston Barganza, Grameen Capital
5. Sandeep Farias, Elevar Equity (Chairperson)
6. Vishal Mehta, Lok Capital

Sub Committees (2015-17)

- Advocacy Sub-Committee
 - Anuradha Ramachandran, Omidyar Network (Convenor)
 - Karthik, Asha Impact
 - Ritu Verma, Ankur Capital
- Research Sub-Committee
 - Mona Kachhwaha, Caspian (Convenor)
 - Geeta Goel, MSDF
 - Jinesh Shah, Omnivore

- Memberships Sub-Committee
 - Royston Barganza, Grameen Capital (Convenor)
 - Srikrishna Ramamoorthy, Unitus Seed Fund
 - Sanjib Jha, IntelleGrow

The EC election results were announced on 8 April and the Sub-Committee election results on 10 April, on the sidelines of Sankalp 2015, when our Members met for an hour. The EC and the Sub-Committees will meet each quarter atleast once and the minutes circulated to all Members.

II. SANKALP

IIC was a Knowledge Partner for Sankalp 2015 and had a chance to participate in two sessions eventually, including the closing session. I can positively say that there was wider appreciation of IIC existence post this event.

Moreover, the members met on the sidelines of Sankalp and we agreed on the following:

- Priorities: Advocacy (Evaluate Sectoral Deep Dives- e.g., Housing or Education/Skills)- do a survey
- Collect Internal Investment Data before external initiatives
- Work on CSR funds in Impact Investing to attract corporations to IIC for expanded membership
- Agreement on Individual Investors and Social Enterprises as IIC Members
- Next Members' Convention: Thursday, 23 July 2015 (in Mumbai)

These voices were reviewed by the EC in its first meeting and the following new insights emerged.

III. MINUTES OF EC MEETING: FIRST FOR 2015-17 EXECUTIVE COUNCIL

The 4-member EC (Sandeep, Anuradha, Mona and Royston) met in Mumbai on 20 April and the minutes of that meeting are here for sharing with the entire IIC community.

Membership

- Shoot for 100+ membership and expand to welcome LPs, DFIs, Family Offices, HNIs, Social Enterprises (for a token fee), GIIN, NASE

Budget

- INR 1.2 cr in an ideal year starting 2016
- Change Fee Year to Financial Year (April-March for both)
- Annual Event to be a significant opportunity
 - For creating awareness
 - Generating 'meaty' GP-LP discussion
 - Driving membership

- Fund raiser
- 2 people to be seconded to IIC through members

Annual Event

- Build WEF-like reputation for the social world
- Create an LP-GP Event
- All delegates participants & speakers; no spectator conferencing- use Aspire Circle style of moderated socratic dialogue
- Plan for 19-21 Nov 2015 in Bangalore (Venue TBD)
- Identify potential partners (GIIN, SOCAP, Aspire Circle, etc.)
- Topics (Illustrative)
 - Fund Performance
 - Risk-Return TradeOffs
 - Social Impact Measurement
 - Technology in Social Sectors

EC Priorities

- Create an Eco-System for Impact Investing; One Goal (with each Sub-Committee) and Annual Event (with EC)
- Sustainability of IIC (through funds raised for the Annual Event and other ideas)

Secretariat

- To apply for FCRA and 12A to enable fund raising
- To prioritize, with guidance from Research Sub Comm, initiatives related to social audits, research, etc.

Future Meetings

- All Sub Committees to meet before 23 July at least once
- Next Members Convention on **23 July in Mumbai at Nishith Desai Associates office in BKC, Mumbai from 1000-1300**; Sub Committee Meetings from 1400-1530 and EC meeting 1530-1700 hours

The new EC is very committed and enthused to leave a credible legacy of pushing the Impact Investing Industry to the next level and we will increase our member base and catalyze both our Advocacy and Eco-System developments efforts in that pursuit.

IV. NEW MEMBER ANNOUNCEMENT

Please join me in welcoming IFMR Investments, led by Suchindran VG as our 23rd Fund at IIC and Nishith Desai & Associates as our 3rd Partner. Collectively, IIC now has 23 Funds and 3 Partner members.

V. NEW PSL GUIDELINES

Finally, RBI notified the new PSL guidelines on 23 April 2015. I am delighted to inform you that several of IIC requests vide our memo dated 15 March 2015 were incorporated in the final notified guidelines. Specifically, these were:

- **AGRICULTURE:**
 - Loans for production of Bio-Pesticides & Bio-Fertilizers, etc. classified under "Agriculture Infrastructure" will now be eligible for PSL upto INR 100 crores per borrower
- **EDUCATION:**
 - Inclusion of "vocational educational loans" as PSL
- **FINANCIAL INCLUSION:**
 - Loans by banks to MFIs continue to be classified as PSL, as before. In addition, MFI regulation has undergone a change whereby the "qualifying assets" definition has been amended to cover loans up to Rs. 1 lac per borrower, up from Rs. 50,000 earlier. In other words, there is greater freedom available to MFIs to lend higher amounts and they would be classified as PSL.
- **HOUSING:**
 - For loans < 10 Lacs, there was a margin cap of 2% (applied to the refinancing bank's home loan rate) for the HFC loan book to be considered PSL. The margin cap has been done away with. This is a very positive change for HFCs, especially Affordable HFCs who lend at rates that are much higher than normal bank rates.

I want to thank all of you for ideas and suggestions received regarding our Memo and especially, Nishith Desai & Associates for their pro-bono effort. I am also attaching for you 2-page highlights from PwC in the Annexure on the new PSL guidelines.

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In summary, April 2015 was a busy month and we kick-started a new 2-year era under a new governing body. We will meet as a larger group on 23 July 2015 in Mumbai as we all agreed. Please let me have your feedback if any. Also, we continue to post all materials on our website www.iiic.in

Please visit our website and if your investee companies are missing, please urgently send us details so we can update our website.

Thanks for all your support.

Regards,

Amit Bhatia
Chief Executive Officer