

Impact Investors Council (IIC) of India announces that 2015 Impact Investments cross US\$ 500 million and projects \$1billion by 2020

- **\$ 2.5 billion cumulative core investments in India currently across >350 social enterprises; projected to grow to \$6.5 billion by 2020**
- **2015 Investments touch \$508 million across 55 social enterprises**
- **\$60 bn market globally growing at 16%**
- **Dominant Focus on Financial Inclusion in India: 61% by value and 54% by volume**
- **Extensive Risk Taking: 39% by value and 34% by volume on Pre-Revenue companies**
- **Impact Investing returns estimated at 13% for a sample of 55 partial and full exits since 2007 with average holding period > 5 years**

Mumbai, March 21, 2016: India's Impact Investors Council or IIC, the national association of all social impact venture capitalists today announced that 2015 Impact Investments have crossed \$ 500 million and are projected to touch \$ 1 billion by 2020, at a press conference today addressed by Sir Ronald Cohen, Chairman of G8 Impact Investing Committee.

Impact Investors invest in social enterprises, which work to create social and environmental change in the country. Impact investing involves investing with the implicit intention of generating positive social impact along with a return on capital. It ends the old dichotomy, which saw business as simply a way to make profit, while social progress was best achieved through charity or aid.

Impact investment has been growing at a CAGR of 24% in India since 2007, and 50+ impact investment funds in the country have invested a cumulative amount of \$2.5 billion in 350+social enterprises, across a range of industries.

Excluding Infrastructure, it is expected, the \$2.5 billion cumulative core investments will grow to \$6.5 billion by 2020. Currently, the \$60 billion global market is growing at 16%. The dominant focus at 61% by value and 54% by volume is seen on the Financial Inclusion sector. Extensive Risk Taking by social impact venture capitalists is evident with significant investments- 39% by value and 34% by volume, in Pre-Revenue companies.

Industry returns are estimated at 13% (in US \$ terms) over 55 recorded partial or full exits to date. This return compares well with 8% returns for Private Equity in 2013 according to a 2015 McKinsey study. According to GIIN, between 1998 and 2004, Impact investment funds that raised under \$100 million returned a net IRR of 9.5% to investors. These funds handily outperformed similar-sized funds in the comparative universe (4.5%), impact investment funds over \$100 million (6.2%), and funds over \$100 million in the comparative universe (8.3%). Emerging markets impact investment funds have returned 9.1% to investors versus 4.8% for developed markets impact investment funds. Those focused on Africa have performed particularly well, returning 9.7%. The holding period has been greater than 5 years for all exits in last four years.

These numbers augur well for a higher potential growth in India, and the potential can be better realized through Government support. Thus, IIC has submitted a representation on behalf of the investors and social entrepreneurs, seeking recognition for the Rs 16,000-crore

sector, and easier financing for social enterprises. The list of asks include Government recognition of and support for Impact Investing; Recognition of Social Enterprises; Review of SVF Guidelines; To allow CSR & Philanthropic Funds for Impact Investments through Outcome Funds, Social Impact Bonds, SVF or Social VCF Structure; and Increase access to ECBs for Social Enterprises.

Sir Ronald Cohen, G8 Chair for Impact Investing and Founder of Big Society Capital, a \$1 billion social investment bank in UK and Founder of Apax Partners, is visiting India, on IIC's request, to further catalyze India's Impact Investing sector. As part of this endeavour, Sir Cohen met with Shri Jayant Sinha, MoS, Finance and several CEOs and leading Impact Investors and Social Entrepreneurs across Mumbai, Delhi and Bangalore.

Sir Ronald Cohen, Chair of Big Society Capital & Global Steering Group on Impact Investing commented, "Impact Investing is disrupting traditional philanthropy and has a revolutionary promise of becoming a \$5 trillion global market, of which \$1 trillion will be in India by 2050. With recognition and support from the Indian Government, India can hope to be a world leader in this sector."

Sandeep Farias, Chair of IIC and Founder & MD of Elevar Equity, said: "Impact investing will continue to grow significantly with India leading the world with business models that work for those without access to basic services. However, it is also time for significant innovation within the sector- and we look forward to partnering with Sir Ronald Cohen to bridge the worlds of CSR, philanthropy, impact funds, social bonds and social enterprises."

Amit Bhatia, CEO of IIC added, "Impact Investing with \$1 billion annual investments in reach; is on the threshold of an enormous opportunity of unifying all Sources of Impact Capital (For-Profit, Philanthropic, CSR, Government, Retail) and unifying all Social Ventures (For-Profit Social Enterprises and Non-Profit NGOs/CSOs) to seize this \$1 trillion opportunity by 2050, which can truly *wipe every tear of every eye* in our lifetimes!"

ABOUT IIC

Impact Investors Council (IIC) is the industry association of Impact Investors in India. Impact Investors are financial investors who invest in social enterprises to deliver social (and environmental) impact to the poor in sectors such as Agriculture, Financial Inclusion, Affordable Education & Healthcare, Water & Sanitation, Clean Energy, Livelihoods, etc. Impact Investors use the power of both financial markets and social entrepreneurship to deliver such impact. IIC seeks to develop the impact-investing sector in India by focusing on impact measurement & standardization, research & policy support and self-regulation. IIC is a Section 8 company and can be found at www.iiic.in

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