Natural Capital Fund

A Green Fund Initiative
Natural Capital Fund is a proposed new social fund initiative focused on investing in economically viable, socially impactful, and ecologically balancing early stage opportunities in India.

**YOU** are willing to be part of this new initiative...
other peers – examples in developed markets

Focus on solving problems of global poverty through loans and equity in India, Pakistan and East and South Africa.

Early, direct investments

Early stage, social mission-driven companies; focus on good financial returns.

Focus on natural and organic food, environment and conservation, socially responsible consumer products, and socially responsible investment companies.

Expansion fund; high-engagement, hands-on investment partner

Investors’ Circle matches social entrepreneurs with its circle of angel investors.

Invests in fair trade businesses.

Equity and debt fundraising; Social Enterprise Fund and EIS Green Funds.

Focus on grassroots businesses in rural areas of developing countries.

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what’s happening in India – the demand story

7.5% fast growing economy

> 2% rate of urbanization

increased consumer spending

increased awareness on health and food safety

increased focus on climate change and sustainability

call for impact investments – the supply story

35% a large BOP population

< 1%* a relatively low public spending on social sectors

15 Mn a large number of MSMEs

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* healthcare spend as a % of GDP
Impact investing landscape in India

~ 220 enterprises funded from 2001-14
~ 15 exits recorded at premium

Investment split in % value (2001 – 14)

- Mainstream investors
- Impact funds
- DFIs
- Foundations
- Family offices
- Angels

Impact investments across non MFI sectors (2001 – 14)

- Investments in first round in USD Mn
- Investments in follow-on rounds in USD Mn
- No. of deals in first round
- No. of deals in follow-on rounds

Natural Capital Fund
The opportunity

The life cycle journey of a natural resources based social enterprise

Providing capital, mentorship, access, and reach to mitigate some of the early stage risks and developing business case for scaling up and growth

Can sustain only if grant support continues

Growth Vs. Time
“enable a **sustainable** form of natural resource based enterprise to **succeed** in the **market place**”

**Triple Bottom Line**

- **Economic sustenance**
- **Social quotient**
- **Ecological imperative**

**Creating the Niche**

- “Live and let live”
- induce inclusivity
- bundle expertise
- command premium
- fuel growth
- transform enterprise

Natural Capital Fund
knowing the Triple Bottom Line: measuring impact

the unique triangle model*

- Every investment opportunity will be assessed on three parameters viz. economic, ecological, and social quotients separately and in combination.
- The assessment will be based on multiple factors on a case by case basis, which may include: market, growth prospects, finance, social engagement, empowerment, cost of externalities, sustainability etc.
- The score of the three parameters will be marked on a three dimensional model.
- Every opportunity will have to score a sum of 10 basis points and keep a threshold of 2 basis points in isolation.
- The smaller the triangle, the greater the chance of being qualified for investment.

*this model will have to be validated with globally relevant and accepted impact assessment methods.

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Opportunities will have to qualify a triple bottom line impact assessment test based on key performance indicators.

**Sectors of focus**

- Eco-tourism
- Non-timber forest produce
- Organic agro
- Tribal produce
- Ayurvedic wellness

**Ticket size**

- ₹50L to ₹5 Cr

**Stage of investment**

- Ideation
- Proof of concept
- Growth

**Proof of concept**

- Angels, MFI and Grants

**Venture capital**

- ₹5 Crores

**Ticket size**

- < ₹50 Lakhs
  - Angel Funds, MFI and Grants
- > ₹5 Crores
  - Venture capital & Private equity
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**investment execution**

- **Analyst**
  - sourcing opportunities
  - using existing networks
  - in-bound leads
  - events and workshops
  - tie-up with peers and other organizations

- **Independent Investment Committee**
  - qualified opportunities

- **Portfolio Manager**
  - Management and reporting of portfolio performance

- **Fund CFO (Investor Relations)**
  - Legal, accounting, commercial diligence

- **Partner / Principal**

- **Analyst**

- **Portfolio Manager**

**consultants for due-diligence**

- look for corporate venture funds
- exit in parts with every alternate round of funding
- syndicate with other mainstream investors for strategic sale
Dr Ganesan Balachander is promoting this fund with deep passion, thought and conviction.

**Social Venture Fund**
Registered with SEBI in India

**Bala’s Maiden Fund**
after heading multiple research, development donor agencies and a social venture

**Natural Capital Fund**
~USD 5 Mn Corpus
is the assessed target for this fund

+ USD 100K Contribution
from the fund promoter

7 years’ closed end
is the proposed tenure of this fund
experience with the CEPF grant to ATREE

<table>
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<tr>
<th>&gt; USD 6 Mn</th>
<th>100+</th>
<th>67</th>
<th>~10+</th>
<th>8</th>
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</thead>
<tbody>
<tr>
<td>invested in</td>
<td>grantees, including</td>
<td>civic society actors, and</td>
<td>sizeable enterprises, in about</td>
<td>years</td>
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empirically established the need for **accountable** and **responsible** investment frameworks for **green economic development**

Natural Capital Fund
Pioneering the next gen social enterprise change by making a timely impact in an evolving landscape inducing thought leadership and global best practices and creating a long term sustainable proposition

YOUR contribution; and what is in it for YOU

a minimum commitment of USD 160K drawn in tranches

Delight in creating a meaningful impact

Opportunity to join hands with like minded peers

Assurance of responsibility and accountability

Built-in long term capital protection mechanism

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