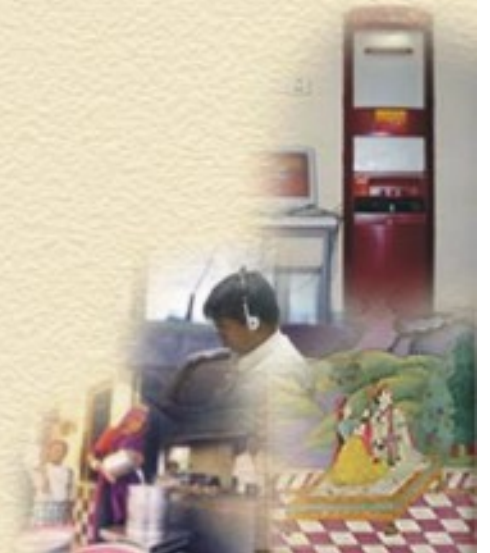




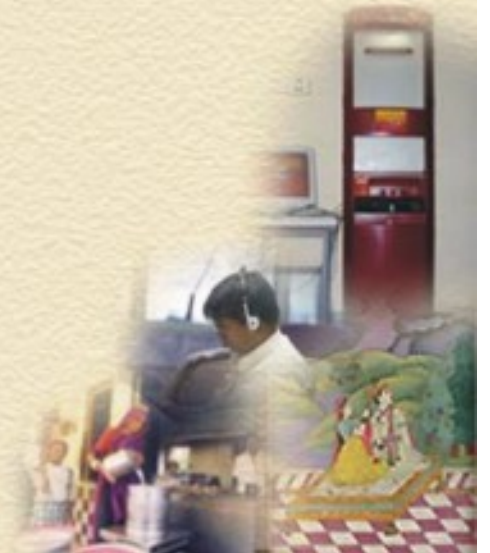
# Aavishkaar India Micro Venture Capital Fund

*Investing in Micro and Small Enterprises*





Charitable contributions tend to leave us with a sense of incompleteness and a gnawing thought - are we encouraging a culture of dependence?

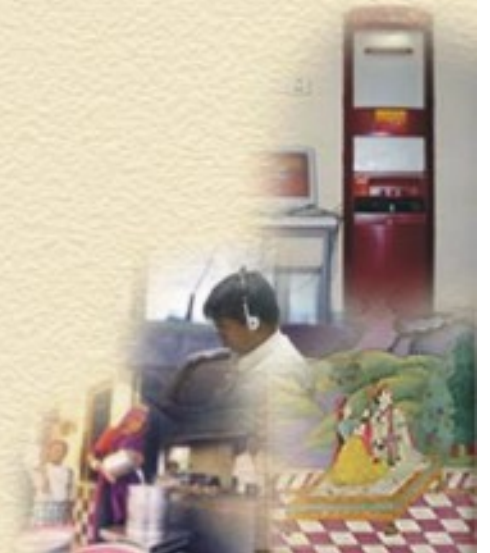




# Equation of Prosperity

- Innovation +
- Investment +
- Productivity =

Successful Enterprise





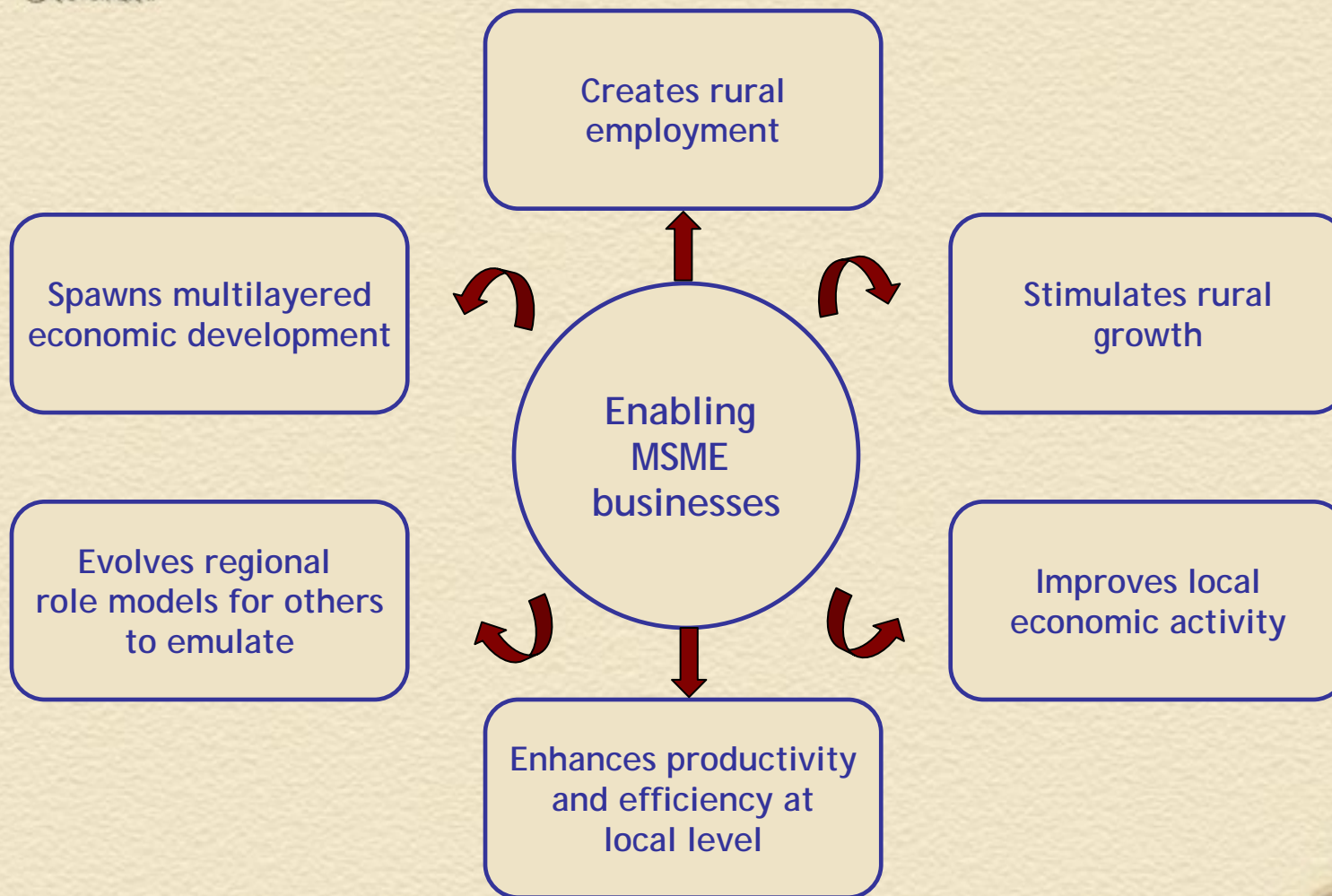
## MSME Interventions

- Entrepreneurial interventions have the potential to impact bottom of the pyramid, but intervention strategies vary based on approach, choice and scale of intervention
- Micro equity investments into MSME can spur economic activity at BOP and be an engine for social change
- Correlation between financial returns and social impact, rather than trade-off
- “the bottom line is simple: it is possible to do well by doing good”

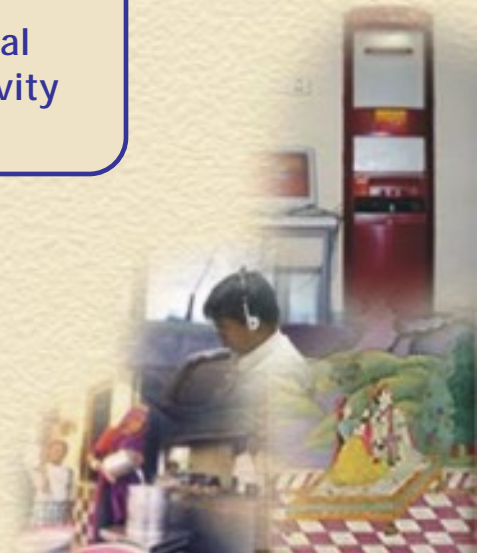




## Why MSME?



The multiplier effect of enabling MSME businesses





## Aavishkaar was founded to promote Sustainable Development in Rural & Semi-Urban India

### Aavishkaar's mission

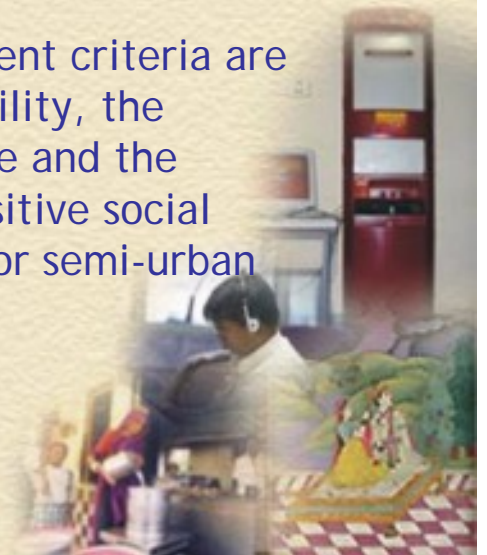
Aavishkaar was founded to promote development in rural and semi-urban markets through a sustainable for-profit fund

The mission is based on the premise that small enterprise will help to drive change in the underserved regions of India

### Investment criteria

Aavishkaar provides equity investments between \$20,000 and \$500,000 to businesses in a wide variety of industries

The key investment criteria are commercial viability, the potential to scale and the creation of a positive social impact on rural or semi-urban India

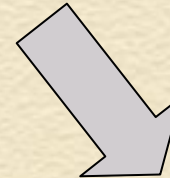
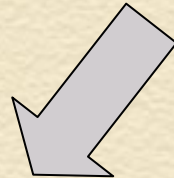




## Fund aims for both Social & Economic Return

### Aavishkaar Investment

Financial capital + Strategic advice +  
Operational support + Contacts & network

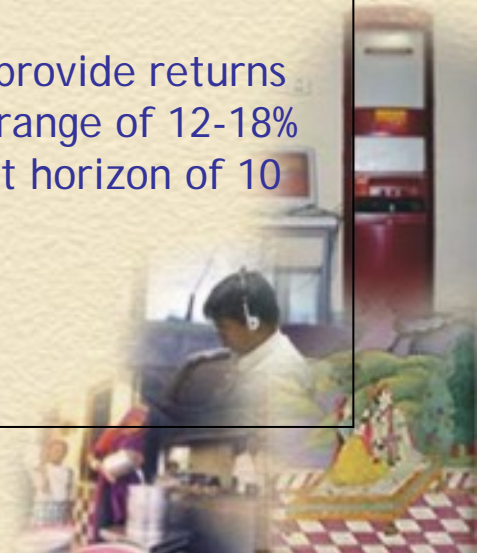


### Social Returns

- Ownership and empowerment at a grassroots level
- Livelihood creation and increased economic activity at BOP
- Bridging the poverty divide and enhancing entrepreneurial spirit

### Economic Returns

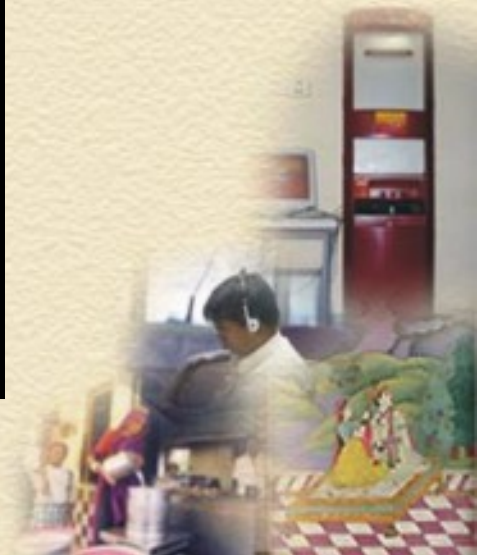
- Aavishkaar works on a for-profit basis
- The fund expects to provide returns to its investors in the range of 12-18% IRR over an investment horizon of 10 years





## Aavishkaar Portfolio Spans Industries

Investment	Industry
Servals Automation	Stove Burners
SKEPL	Dairy Automation
Tide Technocrats	Renewable Energy
Craftsbridge	Handicrafts
Net Systems	Accessibility Software
Naveengram	Rural Marketing
C K Technologies	Multi-lingual S/w
Vaatsalya Health	Healthcare
Vortex Engineering	Rural ATM
Desert Artisans	Handicrafts





## Case Study 1: Servals

**Servals** is the developer and manufacturer of innovative stove burners which use 30% less kerosene than the standard variety

### Prior to Aavishkaar Investment

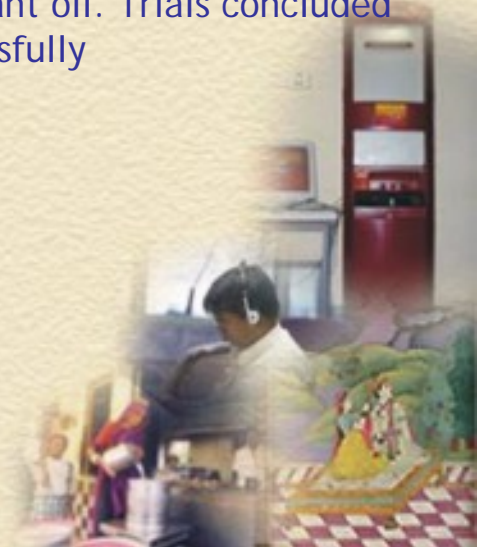
- Product development complete
- Sales of sample burners received positive feedback

### Today

- Total sales of over 60,000 per month
- Sales currently across all states in India, with initial orders arriving from South Africa

### Future

- Huge potential in Indian market: Total India sales of 1.4 million burners a month
- Continued expansion to international markets. Interest already expressed from South Africa, Nigeria, Ghana, and Haiti
- Initiating outsourced production in order to increase capacity exponentially
- developing a stove that works on plant oil. Trials concluded successfully





## Case Study 1: Servals (Social Impact)

- Over 70% of India relies on firewood for cooking: Considerable environmental damage and mounting healthcare costs
- Need for transition to more efficient and healthier cooking fuel
- Kerosene, poor man's alternate fuel is however plagued by inadequate availability

### Servals burners:

- Are certified as the most thermally efficient offering 30% savings in kerosene fuel
- Help encourage adoption of kerosene as the preferred cooking fuel vis-à-vis firewood
- Usage of Servals burners results in upto 20% savings in the monthly expenditure of a BOP family
- Indirectly help in saving healthcare costs





## Case Study 2: Vortex Engineering

**Vortex is the creator of a rural ATM specially designed for the needs and constraints of the rural market**

### Prior to Aavishkaar Investment

- Product development of ATMs able to recognize fingerprints, accept torn and crumpled bills and stand up to the harsh conditions of rural environments

### Today

- Finalizing design, software development and back-end systems
- Aavishkaar investment has been used to complete software development, develop capability for large scale production and to recruit talent
- machines under pilot testing with multiple banks

### Future

- Massive potential to scale as India's banks and retailers push to provide services to rural areas
- Potential customers include banks, MFIs and Post Offices
- International opportunity in other developing markets
- Potential to expand beyond cash transactions to vend other products and services in underserved rural areas





## Case Study 2: Vortex (Social Impact)

- Less than 20% of rural households in India have access to formal credit systems. Equally low are number of people in semi-urban and rural India who even have a bank account.
- This increases their dependence on the unorganized channel viz. local money lenders
- Semi-urban and rural outreach is a costly proposition for banks/MFIs resulting in a poor network of only 1 small branch per 20 villages (20,000-30,000 people)

### Vortex ATMs:

- Are a tool to extend a formal banking and lending system to the rural population
- Offer a cost-effective solution for banks/MFIs to improve rural outreach

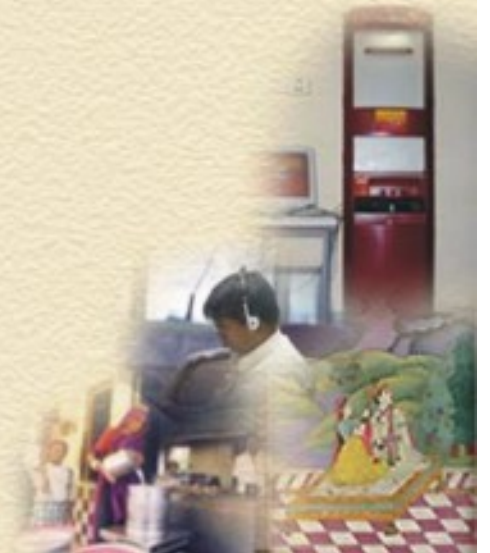




# Building and Realizing Value

## Value Building

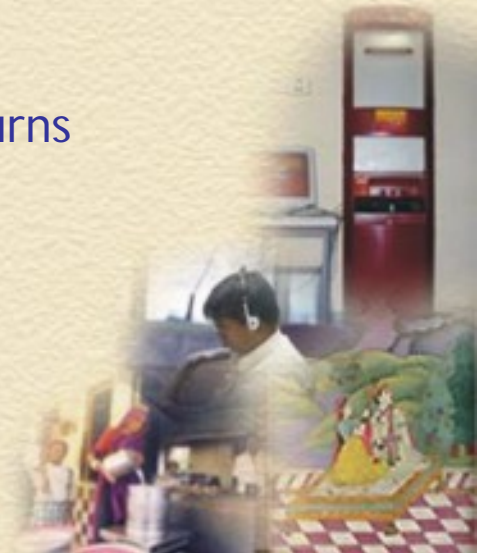
- Capital structuring and financial management
- Governance and transparency
- MIS and planning
- Operational efficiency and technology
- Innovation in products
- Distribution channels





## Some other lessons learnt

- Small deal sizes, high engagement
- Be patient: longer time to generate financial returns
- Manage operational Costs
- Provide support within portfolio network
- Engage in capacity building, creating alliances
- Focus on scaling up. Scale = Social Impact = Financial Returns





[www.aavishkaar.org](http://www.aavishkaar.org)

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