



Report and Recommendation of the President to the Board of Directors

Project Number: 51128-001
November 2017

Proposed Equity Investment True North Fund VI LLP (India)

This is an abbreviated version of the document approved by ADB's Board of Directors that excludes information that is subject to exceptions to disclosure set forth in ADB's Public Communications Policy 2011.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 5 December 2017)

Currency unit	–	Indian rupee/s (₹)
₹1.00	=	\$0.0156372
\$1.00	=	₹63.9500000

ABBREVIATIONS

ADB	–	Asian Development Bank
AML	–	anti-money laundering
ESMS	–	environmental and social management system
IRR	–	internal rate of return
MOIC	–	multiple on invested capital
SEBI	–	Securities and Exchange Board of India

NOTE

In this report, “\$” refers to United States dollars.

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CONTENTS

	Page
PROJECT AT A GLANCE	
I. THE PROPOSAL	1
II. THE FUND	1
A. Investment Identification and Description	1
B. Business Overview and Strategy	2
C. Ownership, Management, and Governance	3
D. Financial Performance	4
III. THE PROPOSED ADB ASSISTANCE	5
A. The Assistance	5
B. Financial Analysis of Expected Returns and Assumptions	5
C. Implementation Arrangements	5
D. Value Added by ADB Assistance	5
E. Risks	6
IV. DEVELOPMENT IMPACT AND STRATEGIC ALIGNMENT	7
A. Development Impacts, Outcome, and Outputs	7
B. Alignment with ADB Strategy and Operations	7
V. POLICY COMPLIANCE	7
A. Safeguards and Social Dimensions	7
B. Anticorruption Policy	8
C. Investment Limitations	8
D. Assurances	8
VI. RECOMMENDATION	8
APPENDIXES	
1. Design and Monitoring Framework	11
2. List of Linked Documents	13

PROJECT AT A GLANCE

1. Basic Data		Project Number: 51128-001	
Project Name	True North Fund VI LLP	Department/Division	PSOD/PSIS
Country	India		
Investee	True North Fund VI LLP		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Finance	Infrastructure finance and investment funds		50.00
		Total	50.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Client relations, network, and partnership development to partnership driver of change implementation	No gender elements (NGE)	✓
Partnerships (PAR)	Private Sector		
Private sector development (PSD)	Promotion of private sector investment		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Rural	Medium
Household Targeting	No	Urban	Medium
SDG Targeting	Yes		
SDG Goals	SDG8		
6. Nonsovereign Operation Risk Rating - NA			
7. Safeguard Categorization	Environment: FI	Involuntary Resettlement: FI	Indigenous Peoples: FI
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		50.00	
Nonsovereign Investment Fund-Equity Investment-LP: Ordinary capital resources		50.00	
B-Loans		0.00	
None		0.00	
Official Cofinancing		0.00	
None		0.00	
Others		0.00	
Total		50.00	

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed equity investment of up to \$50,000,000 in True North Fund VI LLP (True North VI) in India.

2. ADB's investment will contribute to the capitalization of True North VI, a [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)] private equity fund established to provide growth capital to Indian companies in the financial services, healthcare, consumer, and technology sectors. True North VI intends to acquire mainly controlling stakes in these companies, enabling the fund to take active management roles to execute operational improvements and drive continued growth. True North is expected to exit its investments in these portfolio companies after an expected hold period of 4-7 years to allow sufficient time to create value. With the proposed investment, ADB will be providing equity capital to a portfolio of companies in India that are backed by proven management teams, established business models and strong market positions to achieve their next phase of growth. This growth is expected to generate employment, increase tax revenues for the government, and provide impetus for the overall growth of the private sector in India.

II. THE FUND

A. Investment Identification and Description

3. **Description.** True North represents, as a group, one of India's leading and well-regarded private equity fund managers.¹ The manager of True North Fund I, True North Ventures Private Limited, was established in 1999 with Vishal Nevatia as chief executive officer and managing partner.² Nevatia has led the manager of each True North fund to date, and will be leading the manager.³ Nevatia has built a stable and cohesive investment team of 19 professionals who have worked on the True North funds. Seven of these are investment managers who focus on deal origination and structuring, relationship management, and exits. The remaining 12 professionals are business managers who focus on due diligence of new investment opportunities and operational engagement with portfolio companies.

4. Since 2000, True North has raised more than \$1.9 billion through five fund vehicles [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)]. True North is one of the few private equity fund managers in India with expertise in executing control-oriented, expansion capital transactions in the middle market segment; it has executed 19 control deals to date.⁴ The limited partners in True North's earlier funds have continuously supported the platform through successive fund vintages, thereby demonstrating a high level of investor confidence. [This information has been removed as it falls within exceptions to disclosure specified in paragraph

¹ True North Enterprise Private Limited (manager) True North Managers LLP (sponsor), and entities that have acted as managers of True North's previous funds are collectively referred to as True North.

² True North Ventures Private Limited was originally known as GW Capital Private Limited.

³ [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

⁴ Middle market refers to companies with a pre-money enterprise value of up to \$750 million. Control refers to investments where True North owns an equity stake of more than 50% in a portfolio company, and hence controls or strongly influences its management and operations.

97(viii) of ADB's Public Communications Policy (2011)]. True North is headquartered in Mumbai with a smaller office in Bengaluru.

5. **Investment identification.** True North represents a valuable addition to the existing private equity portfolio of the Asian Development Bank (ADB) and is consistent with ADB's internal private equity funds investment guidelines. The fund manager has operational expertise and investment experience in sectors such as financial services and health care, which align with the investment mandate of ADB's nonsovereign operations. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)]. Therefore, True North's platform is a high-quality investment opportunity that is expected to help improve the performance of ADB's private equity fund investments in India as well as generate attractive co-investment opportunities.

6. The proposed investment's development impact stems from True North's ability to improve and grow middle-market companies in India. True North's dedicated business management team comprises specialists with longstanding operational experience in business strategy, marketing, supply chain management, working capital optimization, procurement, pricing, human resources, and treasury management. In 2015, True North created a technology and analytics team that works with portfolio companies, incorporating analytics, algorithms, and artificial intelligence to improve decision making and operational efficiency. True North is also able to call upon a panel of local senior industry advisors to provide guidance on key business matters. To ensure strong alignment with its portfolio companies, True North develops business plans with milestones in discussion with company promoters and management teams before investing.

B. Business Overview and Strategy

7. True North is about to launch its sixth fund, True North Fund VI LLP. True North VI will be a [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)] closed-end private equity fund that aims to make up to 10 equity investments of \$50 million–\$150 million.⁵ In some instances, where capital may be deployed over multiple tranches as a portfolio company scales up, the total investment size may be larger and additional co-investment capital may be sought from its investors. Focus sectors for True North VI include financial services (nonbanking finance companies, microfinance, affordable housing finance), health care (services, non-pharmaceutical), and consumer businesses. True North is building domain expertise and hiring specialist investment professionals to target investments in technology products and services companies.

8. True North aims to provide capital to middle-market companies in India with significant growth prospects and/or the potential to gain significant market share in their respective industries. These companies typically are established businesses on the verge of entering the next phase of growth. True North also targets high-potential companies at early stages of growth that need more time to fully mature. True North primarily provides capital to fund business growth and, to a lesser extent, may provide liquidity to business founders. It expects its managed funds to hold their investments for 4–7 years to allow sufficient time to create value. The average holding period for True North's realized investments is just under 5 years.

⁵ [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

9. True North differentiates itself in the Indian private equity market (dominated by minority investors) by mostly investing controlling stakes in portfolio companies. Subsequently, True North engages its in-house business managers to actively partner with management teams to improve operations and help grow these companies. It has also sourced candidates to fill more than 30 first- and second-tier management roles in portfolio companies since 2014 (many of these individuals were identified prior to the investment closing). True North also recruits to strengthen and grow the pool of management trainees available to portfolio companies. By building businesses as the majority shareholder, where international best practices are applied and top-quality management inducted, the resulting assets can potentially be sold to strategic buyers as well as financial buyers (including private equity funds). True North targets approximately 70% of True North VI's capital to be invested in control deals.

10. To augment its majority stakes, True North may invest up to 30% of True North VI in minority investments. However, it will only participate in such investments where (i) the business strategy and exit path are aligned with that of the majority owner's, and (ii) it can add value to the portfolio company from a minority position. True North may also commit a portion of ADB's capital toward listed companies and opportunistic investments (such as pre-initial public offering financings and private investment in public equity transactions) to create early liquidity opportunities for investors.⁶

11. True North's success has been built on well-researched market mappings of preferred sectors and the cultivation of strong relationships with a wide range of sponsors and companies. It prefers to build a prequalified pipeline of deals (where business fundamentals, profitability, growth prospects, sector attractiveness, company positioning, and other factors have been assessed) to determine its target fund size, which provides investors with a high degree of confidence that it can deploy the committed capital within a fund's investment period. For True North's previous 40 investments, it evaluated about 150 prequalified leads from a pool of 2,500 opportunities.

C. Ownership, Management, and Governance

12. **Ownership.** True North VI will be structured as an Indian limited liability partnership and will be registered with the Securities and Exchange Board of India (SEBI) as a category II alternative investment fund. The fund is awaiting approvals from the relevant authorities, including SEBI, and is expected to officially launch in December 2017. Indian investors will invest through an Indian feeder fund, while international investors will invest through an offshore Mauritian feeder fund. ADB will invest directly into True North VI. This structure is explained in more detail in the ownership, management, and governance and the integrity disclosure document.⁷ Information concerning the anti-money laundering (AML) and integrity due diligence is also included.⁸

13. The manager will enter an investment management agreement with True North VI to provide management support and administrative services in return for a fee. The manager (an Indian limited liability company) and the sponsor (an Indian limited liability partnership) will be the initial partners in True North VI and will nominate two individuals to act as the designated partners of the fund, as required under Indian law.

⁶ A form of growth capital investment made into a publicly traded company.

⁷ Ownership, Management, and Governance (accessible from the list of linked documents in Appendix 2).

⁸ ADB. 2003. *Enhancing the Asian Development Bank's Role in Combating Money Laundering and the Financing of Terrorism*. Manila; and ADB. 2016. *Anticorruption Policy: Enhancing the Role of the Asian Development Bank in Relation to Tax Integrity*. Manila.

14. **Management.** True North VI's management will comprise 15 professionals. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)]. The management team will retain an industry advisory board consisting of individuals with substantial knowledge, experience, and networking strengths that are invaluable for identifying, evaluating, and building quality businesses. These industry advisors are not exclusively associated with True North in India, but they provide reference checks, market intelligence, and other strategic inputs as required.

15. **Governance structure: investment committee and board of advisors.** An investment committee will make all decisions related to investments and exit opportunities. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].⁹ The committee will have oversight of the value creation paths and exit preparations of all portfolio companies and will meet on a semiannual basis, or as required. This oversight includes decisions concerning further disbursement of capital to portfolio companies to fund their expansion activities during the holding period. True North VI will also form a board of advisors consisting of up to seven members representing its limited partners (board of advisors). The designated partners, key persons, and manager will consult with the board of advisors and obtain its approval on certain matters involving conflicts of interest.¹⁰

16. The typical True North deal team, which originates and processes a new investment, is comprised of the team leader, a supporting investment manager, and a supporting business manager. The team is responsible for evaluating deals, preparing investment theses, and conducting due diligence on target companies. Evaluating and executing a new investment at True North is a three-stage process. During the first stage, a deal team presents the investment opportunity to the True North team at a weekly pipeline meeting for preliminary evaluation of new investment opportunities. If there is consensus, the investment progresses to the next stage where the deal team prepares an investment memo that addresses all preliminary issues. During the second stage, the investment committee conducts a more rigorous evaluation at the deal pipeline meeting. Key parameters for the term sheet, which summarizes the commercial and legal terms of the proposed investment, are also decided at this stage. If approved, the deal proceeds to the final stage, where a due diligence blueprint is developed that will either confirm or reject the investment thesis of the deal team. Once due diligence has been completed and the investment thesis confirmed, a final term sheet is prepared and presented to the investment committee along with any changes in the deal parameters for final approval.

17. Decision making in True North is an iterative process. Deal teams comprise members from the investment management and business management teams, and all deals must be led by a senior partner. The investment committee members review each deal before a term sheet is issued and approve any changes to valuations or key deal parameters of those previously reviewed. True North's investment committee and its deal teams include both investment and business managers to enable a fully integrated approach to investments.

D. Financial Performance

18. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

⁹ [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

¹⁰ The board of advisors will not participate in True North VI's investment process nor will it make investment decisions.

III. THE PROPOSED ADB ASSISTANCE

A. The Assistance

19. ADB will provide an equity investment of up to \$50,000,000 (but not more than 25% of the total committed capital provided that ADB will not be the single largest investor) in True North VI.

B. Financial Analysis of Expected Returns and Assumptions

20. True North has indicated that it aims to achieve a target gross IRR for True North VI of 25% in Indian rupee terms. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

C. Implementation Arrangements

21. **Exit strategy.** [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)]. The anticipated exit strategies for True North VI's investments include public offerings on Indian exchanges, trade sales of portfolio companies to local and foreign strategic buyers, and secondary sales to other private equity funds. True North's investment team reviews the exit path for each portfolio company every 6 months and starts the process of selling a business a full year before it expects the exit to take place. The quality and dominant market position of True North's assets, together with its ability to deliver controlling stakes, attract both strategic and financial interest even in challenging business cycles. Consequently, True North has managed to exit portfolio companies successfully and provide liquidity to investors despite India's recent economic downturn.

22. **Reporting arrangements.** True North VI will be required to provide ADB with quarterly unaudited reports, audited financial statements, annual reports, a fund overview, an annual development effectiveness monitoring report, a portfolio overview, and summary information on each portfolio company's performance. ADB will review this information and follow up with the manager if more information or clarification is needed. If the information received from the manager raises issues that could impair the value of ADB's investment in True North VI, ADB could decide to put the fund on a watch list for more frequent and detailed reviews.

23. True North VI will be required to adopt an environmental and social management system (ESMS) compliant with ADB's Safeguard Policy Statement (2009) before the first disbursement and to report annually on environmental and social safeguard issues. ADB will monitor the timing and quality of the ESMS reports and offer guidance if the designated partners require clarification on ADB's safeguard requirements.

D. Value Added by ADB Assistance

24. **Environmental and social standard framework.** True North's existing environmental and social policies were created to satisfy CDC Group's requirements as an investor in Fund II and Fund III, and these policies have not changed.¹¹ As part of ADB's investment, True North has

¹¹ CDC Group is a United Kingdom development finance institution that is wholly owned by the Government of the United Kingdom.

committed to enhancing and expanding its environmental and social policies and manuals to incorporate an ESMS compliant with ADB's Safeguard Policy Statement.

25. **Anti-money laundering and integrity framework.** True North VI is subject to the AML and know-your-customer requirements of SEBI. As part of ADB's proposed investment in the fund, True North has committed to expanding True North VI's AML and integrity framework, including enhancing AML and integrity requirements for screening investors of True North VI and the sellers and buyers of portfolio investments.¹²

26. **Diversifying investor base.** True North's philosophy is to maintain a diversified, well-balanced institutional investor base. It seeks funding from ADB to benefit from its longstanding presence in Asia, its network and operational experience, and its status as a multilateral development financial institution. With True North VI expected to be True North's largest fund to date, ADB's participation would also help the fund reach its target capitalization.

27. **Cofinancing opportunities.** True North hopes to benefit from ADB's ability to provide debt and equity financing directly to its portfolio companies. In addition to providing capital from its own balance sheet and technical assistance, ADB can also help mobilize additional financing from third-party sources.

E. Risks

28. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

29. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

30. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

31. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

32. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

33. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

34. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

35. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

36. [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)].

¹² True North's AML and integrity framework at the India fund level will incorporate the requirements of SEBI, which may be more stringent than Mauritius requirements at the offshore feeder fund level.

IV. DEVELOPMENT IMPACT AND STRATEGIC ALIGNMENT

A. Development Impacts, Outcome, and Outputs

37. **Impacts.** Private equity funding for middle-market companies in India increased, contributing to economic growth, the creation of quality jobs, and improved business efficiency and transparency. Access to and affordability of basic services increased, including banking, insurance, financial services, and health care. Viability of business models based on sound social practices demonstrated.

38. **Outcome.** The financial and social sustainability of private equity investments in Indian middle-market companies has been demonstrated. Investee companies supported by True North VI are expected to yield an aggregate IRR of at least 8%, increasing the employment generated and the contributions to government revenues through tax payments.

39. **Outputs.** True North VI is established and capital invested. Final closing is expected by the second quarter of 2018, with the successful deployment of the committed capital among at least eight companies targeted by 2025.

B. Alignment with ADB Strategy and Operations

40. **Consistency with ADB strategy and country strategy.** Finance sector development is one of the five core areas of ADB's operations. The proposed investment also aligns well with ADB's Strategy 2020, which seeks to promote inclusive economic growth in developing member countries through the development of the private sector.¹³ As control investors in India's middle market segment, True North actively manages its investee companies to grow their businesses sustainably, thereby contributing to capital mobilization, job creation, and private sector growth. The proposed investment is also consistent with ADB's country partnership strategy, 2013–2017 for India, which highlights investment in financial infrastructure, including investment funds, as a priority area.¹⁴

41. **Consistency with sector strategy and relevant ADB operations.** The ADB Operational Plan for Health, 2015–2020 strongly supports private sector approaches to address quality, efficiency, and financing issues in the health sector.¹⁵ By investing in True North VI, ADB is partnering with a leading investment manager in India that has identified health care as one of its core target sectors. Health care investments made by the fund are expected to improve the quality, efficiency, and cost-effectiveness of health services and delivery modalities for underserved populations in India.

V. POLICY COMPLIANCE

A. Safeguards and Social Dimensions

42. Considering the environment and social impacts and risks of the likely future portfolio of True North VI, the investment is classified *category FI* for impacts on the environment, involuntary resettlement, and indigenous peoples. Although the fund's focus is to finance companies operating in sectors such as finance, health care, and consumer and technology products and

¹³ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

¹⁴ ADB. 2013. *India: Country Partnership Strategy, 2013–2017*. Manila.

¹⁵ ADB. 2015. *Operational Plan for Health, 2015–2020*. Manila.

services, it is also open to investing in opportunities outside of these sectors. However, it does not envisage investing in sectors that would be categorized *high risk* for environment and social impact. Should it ever support a *category A* project (for environment, involuntary resettlement, or indigenous peoples), ADB would exercise its right to opt out of funding the investment.

43. True North will be required to (i) build upon its current practices and procedures; (ii) update and expand its policies and manuals to incorporate an environmental, health and safety, and social management system commensurate with the level of potential environment and social impacts and risks of its likely portfolio; and (iii) ensure compliance with ADB's Safeguard Policy Statement. The ESMS will be developed prior to the first disbursement and will include (but not be limited to) screening procedures for categorizing projects based on ADB's Safeguard Policy Statement requirements. Requests for each subsequent disbursement for a proposed investment will require ADB's affirmation and concurrence on the proposed categorization and adequacy of environmental and social due diligence documentation.

44. The ESMS will outline requirements for screening against ADB's prohibited investment activities list, and for compliance, as applicable, with national laws and regulations and measures to comply with the internationally recognized core labor standards, pursuant to ADB's Social Protection Strategy (2001).¹⁶ True North VI will monitor the environment and social performance of its investee companies and submit to ADB an annual environment and social monitoring report documenting overall environmental and social performance and reporting any noncompliance as well as measures undertaken to address them. The transaction is categorized as having no gender elements.¹⁷

B. Anticorruption Policy

45. True North was advised of ADB's policy of implementing best international practice relating to combating corruption, money laundering, and the financing of terrorism. ADB will ensure that the investment documentation includes appropriate provisions prohibiting corruption, money laundering, and the financing of terrorism, and remedies in the event of noncompliance.

C. Investment Limitations

46. The proposed equity investment is within the medium-term, country, industry, group, and single investment exposure limits for nonsovereign investments.

D. Assurances

47. Consistent with the Agreement Establishing the Asian Development Bank (the Charter), ADB will proceed with the proposed assistance upon establishing that the Government of India has no objection to the proposed assistance to True North VI.¹⁸ ADB will enter into suitable finance documentation, in form and substance satisfactory to ADB, following approval of the proposed assistance by the ADB Board of Directors.

VI. RECOMMENDATION

¹⁶ ADB. 2001. *Social Protection Strategy*. Manila.

¹⁷ ADB. 2012. *Guidelines for Gender Mainstreaming Categories of ADB Projects*. Manila; Summary Poverty Reduction and Social Strategy; Safeguards and Social Dimensions Summary; and Financial Intermediary: Environmental and Social Management System Arrangement (accessible from the list of linked documents in Appendix 2).

¹⁸ ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.

48. I am satisfied that the proposed equity investment would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the equity investment of up to \$50,000,000 from ADB's ordinary capital resources in True North Fund VI LLP in India, with such terms and conditions as are substantially in accordance with those set forth in this report, and as may be reported to the Board.

Takehiko Nakao
President

15 November 2017

DESIGN AND MONITORING FRAMEWORK

<p>Impacts the Project is Aligned with</p> <p>Private equity funding for middle-market companies in India increased, contributing to economic growth, the creation of quality jobs, and improved business efficiency and transparency.^a</p> <p>Access to and affordability of basic services increased, including banking, insurance, financial services, and health care.^a</p> <p>Viability of business models based on sound social practices demonstrated.^a</p>
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Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p>Outcome</p> <p>Financial and social sustainability of private equity investments in India demonstrated</p>	<p>a. At least 75% of the fund is invested in middle-market companies in target industries by 2023 (2017 baseline: Not applicable).</p> <p>b. Fund yield (aggregate internal rate of return) is at least 8% in US dollar terms by 2028^b (2017 baseline: Not applicable).</p> <p>c. Fund investee companies' employment grows by at least 10% during the holding period (2017 baseline: Not applicable).</p> <p>d. Fund investees generate at least a 25% increase in taxes paid on an aggregate basis by 2028 (2017 baseline: Not applicable).</p>	<p>a–d. True North annual monitoring report</p>	<p>Unsuccessful deployment of capital by True North VI because of inability to find suitable investments</p> <p>Investments are adversely affected by fluctuations in foreign exchange rates and changes to monetary policy and foreign exchange control regulations.</p>
<p>Outputs</p> <p>1. True North VI is established</p> <p>2. Capital is invested</p>	<p>1. True North VI is launched with [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)] limited partner commitments by Q2 2018 (2017 baseline: Not applicable)</p> <p>2. True North VI's committed capital is deployed among at least eight portfolio companies by 2025 (2017 baseline: Not applicable)</p> <p>3. True North VI develops and adopts ADB's Safeguard Policy Statement-compliant environmental and social management system, and puts in place appropriate staffing prior to the first disbursement (2017 baseline: Not applicable).</p>	<p>1–2. True North annual monitoring report</p>	<p>Investment pipeline is weaker than expected.</p> <p>Fund manager is unable to develop investments from the intended pipeline opportunities.</p> <p>Competition from other investors reduces the attractiveness of investment opportunities.</p>

Key Activities with Milestones

1. True North VI is established

- 1.1 Execute ADB's legal documentation by Q1 2018.
- 1.2 True North VI establishes an independent board of advisors by Q2 2018.
- 1.3 ADB and other investors invest in True North VI by final closing in Q2 2018.

2. Capital is invested

- 2.1 True North VI promotes itself in the market (approximately 2017–2018).
- 2.2 True North VI sources, screens, and invests in companies (2018–2025).

Inputs

ADB: \$50 million (equity)

Other cofinanciers (including general partner's contribution: [This information has been removed as it falls within exceptions to disclosure specified in paragraph 97(viii) of ADB's Public Communications Policy (2011)])

Assumptions for Partner Financing

Not applicable

ADB = Asian Development Bank, Q = quarter.

^a Defined by the project.

^b True North has indicated that it aims to achieve a gross internal rate of return of 25% in Indian rupees for True North VI.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=51128-001-4>

1. Sector Overview
2. Ownership, Management, and Governance
3. Details of Implementation Arrangements
4. Contribution to the ADB Results Framework
5. Financial Analysis
6. Country Economic Indicators
7. Summary Poverty Reduction and Social Strategy
8. Safeguards and Social Dimensions Summary
9. Financial Intermediary: Environmental and Social Management System Arrangement