Early Warning System

IFC-45858

A91 Fund II

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	U
Voting Date	2022-03-28
Borrower	A91 EMERGING FUND II LLP
Sectors	Finance
Investment Type(s)	Equity, Fund
Investment Amount (USD)	$ 48.00 million
Project Cost (USD)	$ 500.00 million

Project Description

According to IFC, this project "proposes an equity investment of up to US$25 million, not exceeding 20% of total Commitments with an equivalent amount in co-investment envelope, in A91 Emerging Fund II LLP (the “Master Fund” or “A91 II”), a limited liability partnership constituted under the Limited Liability Partnership Act, 2008 through A91 Partners Trust II (“GIFT Fund”), a trust formed in Gujarat International Finance Tec-City, registered with the International Financial Services Centre Authority (“IFSCA”) under the SEBI Alternative Investment Funds (“AIF”) Regulations 2012, as a Category II Alternative Investment Fund (together known as the “Fund”)."

The Master Fund is a limited liability partnership constituted under the Limited Liability Partnership Act, 2008 in India.

The Master Fund is targeting US$500-550 million in commitments to invest in 15-17 companies in consumer, financial services, healthcare and technology sectors.

The Gift fund, through the Master fund, will primarily invest in established companies in India or having nexus with India. Potential sectors of exposure would include consumer goods and services (food, home and personal care, consumer service, retail etc.), financial services (specialist lending, saving, insurance etc.), healthcare (consumption driven pharma and healthcare services) and technology (software products and services).

Project level outcomes are delivered through increasing access to equity and value creation for small to mid-cap companies in India. A91 Fund II is continuing the value creation strategy of Fund I by supporting first-generation entrepreneurs, providing both capital and active management support, including mentorship and building systems to institutionalize' company operations.

Beyond the Project, IFC anticipates that the Fund will continue to support an increase in the share of institutional capital in the investor base of the Indian PE market, particularly through greater involvement of large institutional investors in the small to mid-cap market segment. This signal is important to attract investors that will support the Indian PE market to become more self-sustained.

ENVIRONMENT AND SOCIAL INFORMATION

The bank documents state that the fund will be required to not invest in any higher risk activities that may include involuntary resettlement, risk of adverse impacts on Indigenous Peoples, significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, or significant occupational health and safety risks.

The fund will not invest in any coal-related project or any financial institution other than low-medium risk.

The E&S risk of the proposed investment is medium, and the project is categorized as FI-2 according to IFC's Policy on Environmental and Social Sustainability. The applicable performance requirements will be i) the IFC- FI Exclusion List; ii) the relevant national E&S laws and regulations; and iii) the IFC Performance Standards.

The main E&S risks and impacts of the project derive from the E&S risks associated with the fund's sub-projects/portfolio companies. The typical risks areas will include labor and working conditions, occupational health and safety, supply chain risk, air emissions, waste management, handling of hazardous materials, and management of third party/contractors.

Investment Description

- International Finance Corporation (IFC)

IFC's additionality consists of: (i) own account equity; (ii) non-commercial risk mitigation. A9I II is receiving strong interest from investors having already received soft commitments from existing and new LPs. However, A91's Fund I is still relatively early in its life with no exits, limiting the fund manager's ability to demonstrate a robust track record. The sustained support from a significant strategic investor such as IFC provides a signal of confidence in the fund manager that is still proving track record. As such, IFC's support will help the Fund reach its target final close size of US$500 million and a proposed co-investment facility will enable A91 II to scale the capital commitment into its portfolio companies.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- 4Point9 Capital Advisors LLP (Financial Intermediary)

Private Actors Description

The Fund will be managed by 4Point9 Capital Advisors LLP (“Fund Manager” or “A91 Partners”), an Indian limited liability partnership. The Fund’s sponsor is Ashoka91 Sponsor LLP (“Sponsor”), an Indian limited liability partnership. The Fund will engage A91 Partners to carry out certain investment management and administrative duties. The Fund Manager is led by VT Bharadwaj, Gautam Mago and Abhay Pandey.

Contact Information

A91 Emerging Fund II LLP
VT Bharadwaj
General Partner

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org