



Empowerment Through Investment

WHO WE ARE

The Lok Capital Group is an innovative platform delivering equity capital combined with technical and strategic advice to Indian microfinance institutions (MFIs) and social enterprises serving the bottom of pyramid (BOP) segment.

➤ INVESTMENT PHILOSOPHY

Lok's approach is to promote inclusive growth by investing venture capital in for-profit companies delivering microfinance and associated services to the BOP segment in a scalable, affordable and commercially viable manner. Lok creates partnerships with Indian social entrepreneurs who are ready to take their enterprises to new levels of sustainability, scalability and professionalisation.

➤ ORGANIZATION

The Lok Capital Group consists of a venture fund dedicated to making long-term equity investments in Indian MFIs and a not-for-profit US foundation which provides grants and volunteers for capacity building in investee MFIs. The fund and its investee companies are advised by Lok's founders together with a team of professional advisors based in Delhi.

➤ FOUNDERS

Rajiv Lall: 22 years of experience as an investor and advisor with Warburg Pincus in Singapore and New York, as an economist and policy advisor with Morgan Stanley in Hong Kong, the World Bank in Washington D.C., the Asian Development Bank in Manila, Philippines, and in academia. Currently CEO and MD of IDFC Ltd.

Donald Peck: 30 years experience investing in emerging markets with Actis (where he was a founding partner), IFC and Morgan Grenfell, including over 10 years in India building and heading the Indian private equity business of Actis. He has become a social investor pursuing a range of interests from Indian microfinance through education to biodiversity projects.

Other co-founders of Lok Capital include Vijay Advani, Bunty Chand, Gregory McGowan and Vishal Mehta.

➤ TEAM

Vishal Mehta, *Managing Director*: Started Lok's operations in Oct 2004, leading the close of its first fund and investments in five portfolio MFIs; previously worked for ten years in the financial services and telecom sectors in the US, Europe and Asia with Capital One, Siemens and PRTM; MBA from University of Michigan and Engineering degree from Delhi University.

Venky Natarajan, *Managing Director*: Over fourteen years of experience in product development and venture capital at Intel; led several equity deals in design software, computing and wireless technology sectors and acted as operational consultant to various MFIs in India; MBA from Cornell University and Engineering degree from Annamalai University, Chennai.

Sandeep Lohani, *MFI Operations Advisor*: Ten years of experience in sales & distribution, business planning and corporate strategy; former pan-India head of franchisee channels for Tata AIG General Insurance Company and led ITC e-Choupal initiatives in UP and Rajasthan; MBA from Jamnalal Bajaj Institute, Mumbai University and Bachelor's degree in Electronics.

Ashish Jain, *Chief Financial Officer*: Over eight years working with Actis Private Equity helping to set a PE fund and service delivery centre in India; at Actis, was responsible for fund administration, investor relations and reporting; prior to Actis, three years of experience with Escorts in the corporate finance function; Chartered Accountant.

Kartik Desai, *Associate*: Over five years of experience working with Merrill Lynch executing capital market, M&A and PE transactions in India and previously for the BTS Group as a management consultant in the US; fellowships with UNDP West Africa and Rockefeller Foundation; Master's in International Affairs from Columbia and BSc in Economics from Wharton.

Tyler Bolender, *Associate*: Three years of experience as operations analyst with TransUnion in the US and fellowship assignments with leading MFIs in South Asia including the Grameen Bank in Bangladesh and KAS Foundation/Jagannatha and Spandana in India; BA in Political Science and minor in Economics from California Polytechnic Institute.

Ami Karnik, *Portfolio Associate*: Three years of experience working with Bhagini Nivedita Gramin Vigyan Niketan, helping to set up its microfinance operations in India, and Goldman Sachs, as an Analyst in the Public Sector and Infrastructure Investment Banking Group in the US; Fulbright Scholar and BA in International Studies from Johns Hopkins University.

Melanie Bowen, *Senior Advisor*: Responsible for new initiatives at Lok including SPM, education and healthcare; over thirteen years of experience with Revolution Health, Discovery Communications, McKinsey & Co and Price Waterhouse Coopers spanning the US, Asia, Africa and the Caribbean; JD from Harvard Law School and BA from Dartmouth College.

INVESTORS



➤ *INVESTMENT THESIS*

Indian microfinance is now proven to be a compelling opportunity from the point of view of both financial and social returns. Entrepreneurial leadership and innovation combine with strong social and commercial motivation of management into a very powerful force which makes Indian microfinance different from microfinance elsewhere and is spinning off new ventures of many kinds.

Lok invests in microfinance businesses at all stages of their development taking a multi-faceted hands-on venture capital approach to developing new business strategies with the founders of our portfolio companies and their management teams.

➤ *LOK CAPITAL DIFFERENTIATORS*

Lok Capita adopts the venture capital approach, acting as a catalyst for growth of microfinance, and is structured to deliver a broad range of services with specialized guidance suited to the specific needs of its partners.

Deal Generation & Investing – Extensive & established industry relationships; Lok brand value and institutional investor backing; strong market intelligence by well-networked team; investment team with cross-sectoral PE and VC experience

Portfolio Management – Value-add approach with dedicated portfolio management resources; team has strong expertise and network in financial services sector and is actively involved in the boards of investee companies; significant microfinance industry expertise and diverse business operations experience of team members

Exit – Largest and most successful exit so far in Indian microfinance sector (Spandana); team has depth of experience in facilitating IPO and non-IPO exits successfully in financial services and other industries

Founders' Reputation & Experience – Rajiv and Donald have over 50 years of combined experience and are key figures in the Indian financial services market, combining skills in financial strategy, debt, FDI, foreign and domestic private equity, asset management companies and regulatory/policy environment for financial services in India

Inclusion Agenda – Lok invests with partners who share our approach to social inclusion, thus supporting them in the goal of creating sustainable institutions not driven by short-term targets

➤ *MFI PARTNERSHIPS*

Lok Capital's eight MFI partners are well diversified with respect to geography, business model, rural/urban exposure and size. They include some of the largest and most well known MFIs such as Basix, Spandana and Ujjivan as well as regionally-focused early-stage service providers like Arohan, Asirvad, Janalakshmi and Satin. As of June 30, 2009 Lok's MFI partners collectively reached more than 4 million clients, had portfolio outstanding in excess of US\$ 650 million and a distribution footprint across the country, with over 1,500 branches spread among 19 states and Union Territories of India.

➤ *LOK VALUE-ADDS*

Lok's approach is to build partnerships which add value to MFIs at many levels. In addition to dedicated portfolio management resources, Lok founders work closely with partners to develop and execute strategy:

Strategy – Lok's team interacts deeply and often with their partners on strategy through discussions with founders/CEOs around key decisions for the company both informally and at board meetings. Lok places strong emphasis on the unique importance for its MFI partners to have a strong inclusion agenda and works with management to devise strategies to make inclusion a core part of the business model.

Fund Raising – Lok helps MFIs raise funds by facilitating approaches to different sources of funding – equity, subordinated debt, debt, and technical assistance, and by working with CEOs, CFOs and Treasurers to introduce partners to new sources of finance and help them to negotiate the best terms.

Human Resources – Lok operationalises recruitment and HR strategies by working closely with CEOs for major hires and with COOs/HR heads on HR policies and remuneration. Lok also has an active fellowship program with several full-time fellows on the ground working with MFIs as in-house resources to CEOs/COOs on major strategic or operational issues.

MFI Operations Expansion & Technology – Lok advises MFIs' CIOs on technology issues and works with CEOs, COOs and business heads on the implementation of new geographical area rollouts, new product launches, organisational changes and new business opportunities at grassroots level. Lok has deep experience in planning expansion for MFIs at a strategic and operational level. Lok has full-time staff dedicated to portfolio management, including an advisor who has over 10 years of experience in implementing growth strategies for branch-based financial institutions in India. Lok has worked extensively with its MFI partners to launch in new states as well as to launch new products and worked closely with its partner MFIs in the development and implementation of IT strategy and MIS.

➤ *CURRENT PORTFOLIO*

