

### **NABARD's Venture Capital Fund Investment**

To give a fillip to sustainable and equitable growth in agriculture, agro processing, industry and services sectors in rural areas, NABARD has decided to explore the avenue of making contributions to professionally managed Venture Capital Funds having exposure to Agriculture and Rural sector. A brief framework of the initiative is given under:-

#### **Eligibility Criteria**

##### **1. Activities:**

- i. The fund should be focused to invest mainly in agriculture, agro-processing and rural area. A fund would be considered eligible if it plans to invest at least 50% of the corpus in projects that would help in agriculture and rural development.
- ii. The start-up units / existing units to be supported by the Venture Capital may preferably be set up in rural areas. If the units are set up outside such area, the goods and services produced by them should be benefitting the rural areas either directly or indirectly.

##### **2. Experience**

- i. The Venture Capital Fund should have been in venture capital activities for at least 5 years in India and shown good progress in its earlier fund investments. In the case of new Venture Capital Funds, with less than 5 years experience, the promoter organization should have been in venture capital business for at least 10 years and demonstrated good performance.
- ii. The reputation and track record of the promoters of the Venture Capital Company, Venture Capital Trust and Investment Managers and their team members will be given maximum importance.
- iii. In case of start-up Venture Capital Funds, the selection will be based on (a) size of fund (b) profile of other investors (c) track record of promoters and their experience in the field.

#### **Adherence to statutory requirements / rules / regulations / norms**

- i. SEBI Registration is a must for all Venture Capital Funds. The Fund shall furnish a copy of the certificate of registration with SEBI and shall confirm that it complies with all the requirements necessary for commencement of the operations of the Fund. The Fund shall furnish a certificate of compliance of SEBI guidelines from a Chartered Accountant before release of assistance.
- ii. The AMC structure of the Venture Capital Fund as well as the Venture Capital Fund Trust should be in compliance with various statutory and regulatory requirements.
- iii. The funds should comply with all applicable accounting standards specified by various regulatory authorities. NABARD, if necessary, would specify the reporting requirements for the funds.

### **Project Information**

The Venture Capital Funds would provide all information / disclosures about investee companies and their financial performance at quarterly intervals to NABARD.

### **Other Terms and Conditions**

- i. The terms and conditions stipulated by all other contributors will apply *mutatis mutandis* for NABARD's assistance to the extent they are not prejudicial to the interests of NABARD.
- ii. The Fund will maintain high standards of corporate governance and investor reporting to ensure complete transparency and timely information to all its investors, by maintaining proper books of accounts, documents and records with respect to the Trust Fund to give a true and accurate account of the investments, expenses, earnings, profits, etc.
- iii. The Fund will take all requisite steps for compliance with various regulatory and statutory requirements and satisfy NABARD of the same.
- iv. No change in the shareholding pattern of the asset management company will be carried out without prior written permission of NABARD.
- v. The Fund shall provide all information / disclosures about investee companies and their financial performance and other economic data related to them like employment, etc.
- vi. The Fund shall provide within 90 days after the end of each fiscal year of the Fund:-
  - a. A Audited financial statements for the Fund
  - b. An extract of the annual valuation, status of each Portfolio Company investment or any other relevant information

The Fund will make reasonable efforts to provide within 180 days after the end of each fiscal year of the fund, information as may be necessary for completion of NABARDs' tax returns and such other information as may reasonably be needed for the purposes of applying for refund of taxes. The Fund will also provide on a quarterly basis a summary of Portfolio Company investments and divestments in the previous period.