

REPORT FROM OPIC MANAGEMENT TO THE BOARD OF DIRECTORS

SECTION I: NON-CONFIDENTIAL PROJECT INFORMATION

Host Countries:	India
Name of Borrower:	BanyanTree Growth Capital II a Mauritius limited life company, or affiliate (the “Fund”).
Sponsor:	BanyanTree Capital Advisors Ltd, a company formed under Mauritius law, with an Indian fund advisor based in Mumbai.
Project Description:	The Fund will make structured growth equity investments in fast growing, small and mid-market Indian companies that are established and profitable. The Fund’s investment strategy focuses on enhancing corporate governance, improving operational and financial performance, optimizing the capital structure and facilitating the evolution of family-run, entrepreneurial companies into sustainable, institutional-quality entities.
Total Fund Capitalization:	The Fund has a total capitalization target of between \$150 and \$175 million, including the amount of the proposed OPIC loan.
Proposed OPIC Loan:	OPIC loan guaranty of up to \$35 million in principal plus accrued and accreted interest thereon.
Term of Fund:	Ten years, with the possibility of two one-year extensions subject to limited partner approval.
Selection Process:	<p>On November 1, 2011, OPIC announced a Global Engagement Call for proposals (the “Call”). The purpose of the Call is to finance one or more selected Funds to facilitate the investment of risk capital to companies or projects within OPIC-eligible countries for new business development, existing company expansion, restructuring, and/or privatization. OPIC’s selection process for the Call has been guided by OPIC’s current policy priorities, asset allocation strategy, market needs, and OPIC’s goal of maintaining a balanced portfolio.</p> <p>The OPIC Evaluation Committee selected the Fund from among 158 respondents to the Call with the assistance of investment consultant Altius Associates.</p> <p>The Fund advances the objectives of the Call as it invests risk capital that facilitates new business development and existing company expansion.</p>
Policy Review	
Developmental Effects:	The Fund is expected to have a positive developmental impact on India. The Fund will seek to provide financing for small and

	<p>medium-size enterprises in the manufacturing sector, which is currently underserved in the Indian market. Investment in the portfolio companies will produce technology and knowledge transfer, increase employment as well as taxes paid to the state. The Fund will seek to add value to portfolio companies by strengthening the corporate governance and strategic frameworks of the businesses.</p>
Environment and Social:	<p>The capitalization of a fund is screened as a Category D activity for the purposes of environmental and social assessment. Although no further assessment is warranted at this stage in the transaction, each downstream investment by the Fund will be screened and subject to the full scope of OPIC’s environmental and social assessment process, including public disclosure within the host country of Environmental Impact Assessments for Category A projects, conditionality and monitoring, as is warranted by the nature and scope of the downstream investments.</p> <p>Under OPIC’s environmental and social policies, the Fund will be required to establish an Environmental Management System which will assess the environmental and social impact of their own operations as well as the operations of their downstream investments, and include the environmental and social objectives and principles that will be used to guide the Fund and downstream investments to implement measures that will eliminate risks, ameliorate damage, and enhance positive effects.</p>
U.S. Economic Impact:	<p>This approval process concerns the capitalization of the overall Fund. There is no potential for an adverse impact on the U.S. economy at this time and an industry analysis is not warranted. However, the future Fund downstream investments will be analyzed individually for their potential impact on the U.S. economy in accordance with OPIC’s guidelines.</p>
Workers Rights:	<p>Each of the Fund’s OPIC-supported investments will be evaluated separately with regard to specifics of operation and compliance with OPIC worker rights and human rights approval criteria. Standard and supplemental worker rights language for each OPIC-supported investment, as appropriate.</p>
Human Rights:	<p>OPIC issued a human rights clearance for the Fund on August 3, 2012.</p>