

## REQUEST FOR PROPOSAL (RFP)

**This RFP is for selection of prospective Fund Managers for three investment programmes focused on climate and technology under the UK India Development Cooperation Fund**

- *Pioneering Climate Investments in India (PCII)*
- *Investment in Green Enterprises (InGreen)*
- *UK India Tech Start-up Fund (Tech Start-up)*

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## I. UKIDCF Background

UK India Development Cooperation Fund (UKIDCF) is a Fund of Funds platform which has accepted commitments from the UK Government and the State Bank of India Group (SBICAP Ventures Limited (SVL)). It is a Category II [Alternative Investment Fund \(AIF\)](#) under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (AIF Regulations). It makes investments focussed on achieving UK - India development cooperation objectives as identified in the [UK India 2030 Roadmap](#).

Subject to AIF Regulations and applicable law, UKIDCF will invest in Category I AIFs and Category II AIFs which meet its investment objectives and invest in sectors that promote sustainable economic development, help reduce poverty and contribute towards achievement of Sustainable Development Goals (SDGs) in India.

UKIDCF has three current investments which can be seen [here](#). Tackling Climate Change and fostering technological collaboration that improves the lives and livelihoods of the citizens are important themes for both the UK and India.

## II. Overview

1. UKIDCF proposes to invest Development Capital (DevCap) in impact funds ('Investee Funds') under three of its DevCap Programmes as set out within this RFP.
  - [Pioneering Climate Investments in India \(PCII\)](#) – to predominantly invest in enterprises that will help India to adapt and build resilience to climate change and a smaller proportion may be invested in emerging mitigation sectors.
  - [Investment in Green Enterprises \(InGreen\)](#) – to invest in high-impact 'green' enterprises that help address climate change with a strong focus on women entrepreneurs and creating new jobs.
  - [UK-India Tech Start-up Fund \(Tech Start-up\)](#) – to invest in early-stage tech start-ups in under invested sectors e.g. climate that have the potential for transformative impact and help achieve Sustainable Development Goals.

Please refer to Table 1 below for additional details.

2. UKIDCF had conducted an Early Market Engagement (EME) on 18 April 2024 to inform the market participants about the upcoming opportunity, test appetite to invest and seek inputs for designing the intervention. The minutes of the EME are available on UKIDCF portal<sup>1</sup> (refer Annexure VI).
3. Fund managers (also known as 'general partners' (GPs)) play an important role in ensuring effective delivery of UKIDCF's investment objectives. This RFP sets out the

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<sup>1</sup> [Investment Programmes 2024 – UKIDCF](#)

process, timelines, and key selection criterion for interested fund manager(s) to bid for UKIDCF's contributions to an AIF that delivers the programme objectives of the abovementioned initiatives and is managed in accordance with the AIF Regulations as may be amended from time to time.

4. We run these investments as a joint investment partnership with Government of India (GoI) and GoI institutions. We would expect the bidder to closely engage with us and our Government partners, and depending on the nature of sector and investments, the relevant line Ministries.

### III. Investment Programmes

5. Please refer to the blueprint for background on the programmes<sup>1</sup> (refer Annexure V). The key investment objectives of each programme are summarised below:

**Table 1: Overview of the Programmes**

Investment focus	PCII	InGreen	Tech Start-up
Focus Theme	Climate Adaptation is the focus <sup>2</sup>	High potential green small and medium enterprises (SME) with a focus on women led businesses	Breakthrough technology for development
Target Sectors (indicative)	<u>Adaptation &amp; Resilience</u> - Sustainable agriculture, cooling solution, water treatment/desalination, <u>Emerging Mitigation</u> - Green hydrogen, energy storage	E-mobility, waste to value, sustainable energy, cold chain, sustainable agriculture	Climate-tech, Agri-tech, Health-tech, Edu-tech
Contribution to <a href="#">UK's International Climate Finance</a>	100%	100%	70%
Total Indicative Anchor Funding (for all the funds)	Up to £150 million	Up to £125 million	Up to £110 million

<sup>2</sup> \* Refer to EU/ UK taxonomy for climate adaptation till the time India publishes the taxonomy

Investment focus	PCII	InGreen	Tech Start-up
under the programme)			
Focus Stage	Large enterprises scale or platforms	Growth and Expansion stage	Early stage (Seed, Pre-Series A/Series A)
Expected investment size	£15-50 m <i>However, ticket size could be smaller for path-breaking adaptation solutions</i>	£5-15 m	£2-10m <i>However, this amount can be lower in case of early-stage start-ups.</i>
Instruments	Equity and equity linked, for primary investments		
Number of funds	We prefer fewer, larger funds for greater influence and impact		
Inclusion and Gender	Inclusion and Gender diversity, especially women in decision-making roles are a focus for all the three programmes.		
Mobilisation	All the selected Fund Managers are expected to mobilise at least 2X of UKIDCF commitment from commercial investors.		

6. The UK Government invests development finance including through British International Investment (BII). We aim to maximise impact and prevent duplication. As a result, the funds/ AIFs that have obtained any such investment commitment will not be eligible to apply for UKIDCF funding under this RFP. Funds/ AIFs that obtain such commitment during this RFP process may be excluded regardless of the stage. Fund Managers must notify UKIDCF of the status and stage of negotiations with any other department of the UK Government in advance.
7. UKIDCF reserves the right to make amendments to the process, the RFP and the indicative timelines or process at any time or to cancel the process at any stage, at its sole discretion.

#### IV. Purpose

8. The key governing principles for the funds/AIFs that UKIDCF support, and that apply to investments made by these funds/AIFs are outlined below:
- Additional (i.e. demonstrate results which would not be possible without UKIDCF funding over a counterfactual to justify use of public funds)
  - Developmental (i.e. achieve programme objectives and have a transformative impact on the focus sectors, on gender and inclusion; and in the achievement of India's SDGs and [UK's International Climate Finance \(ICF\)](#))

- Governed in line with best practice, especially on Environmental, Social and Corporate Governance standards.
  - Sustainable (i.e. support enterprises that are socially and economically sustainable and can grow beyond the life of our investments)
  - Ability to Mobilise (i.e. attract both domestic and international capital into the funds as well as into investee enterprises)
  - Scalable (i.e. the public investments can deliver impact at scale and this investment can help replicate new investment funds with similar investment thesis without public capital)
  - Transparent (i.e. clear fund documents with UKIDCF terms filed with regulator, website with investment details for scrutiny, results etc.)
9. The key expected outcomes and output of each programme are summarised below.
- PCII - The primary aim is to demonstrate the commercial viability of climate adaptation and low carbon technologies through anchor investment from UKIDCF and encourage more private capital into adaptation sector. While demonstrating the commercial viability, it is estimated that PCII will create around 100,000 new jobs, help 2 million people cope up with climate change and reduce greenhouse gas emissions.
  - InGreen - aims to demonstrate the role of high potential 'green' enterprises in India's net zero transition, and within that the need to ensure inclusion and to back women-led enterprises. These small and medium enterprises (SMEs) in which we invest will need to ensure high environmental, social and governance standards. It is estimated that InGreen will mobilise £1billion of additional finance, increase incomes for people, provide affordable green products and services to about 3 million people, and reduce 6 million tonnes of Green House Gases.
  - Tech Start-up - aims to catalyse delivery of Sustainable Development Goals by investing into tech start-up enterprises for disruptive development gains. The investments will help shape wider business environment, inclusion, and standards in sectors like climate and environment, agriculture, health and education. It is expected that Tech Start-up will support up to 200 tech start-ups directly to mobilise £750 million by way of new investments to build an ecosystem for technology led innovations, benefit 5 million individuals with improved access to goods and services.

## V. RFP

10. UKIDCF is seeking interest from credible fund managers with relevant experience and who are eligible under applicable laws, including the AIF Regulations, to participate in the RFP. The bidders will need to submit responses to both technical and commercial criteria as part of a one-time submission. Bidders will need to submit

certifications to provide assurance of their ability to 'manage public money' effectively.

11. In brief, the scope of work for a fund manager will cover all activities that are customarily undertaken by fund managers/ general partners (GPs) such as raising domestic and international capital from limited partners (LPs), sourcing and managing investments, ensuring value addition to portfolio investments all through the holding period, managing exits from investments aiming for good returns (both developmental and financial) to investors and by delivering with the highest standards of governance, meeting all compliance requirements under applicable laws and effective external representation on behalf of the investors, including UKIDCF. The scope of work would also include all other activities which are typically undertaken by fund managers and with the active engagement with UKIDCF throughout the investment cycle, including on related and relevant matters of policy reform.
12. **Please note:** All potential fund managers will be required to self-certify their compliance with several key exclusion criteria at the time of bid submission. The document format is attached as **Flag C: Self-declaration**. A self-certifying checklist will be submitted by the bidders covering key issues: e.g. fraud; corruption; money laundering or terrorist financing; child labour/trafficking; compliance with environmental and social obligations; gender; bankruptcy and insolvency; professional misconduct; anticompetitive collusion; deficiency in prior contracts; misrepresentation; insurance cover as per relevant legal requirements; transparency etc. Failure to meet these criteria or in case of any misrepresentation as determined by an independent due diligence exercise may result in the bidder failing to meet minimum standards and the bidder will stand disqualified.
13. Bidders should familiarise themselves with the '**Managing Public Money: Principles**' (refer **Annexure VII**), with respect to the proposed capital commitment by UKIDCF to the Fund. The key principles have been developed into detailed terms and conditions (**Managing Public Money: Standard Terms and Conditions**) and these will be shared with all the First Stage Shortlisted Bidders. The successful bidders at the Second Stage will need to accept the terms and conditions before the commercial negotiations. Please refer to *Table 2* for the timelines.

## VI. Indicative process and timelines

14. Please note the key milestones and timelines in the table below:

**Table 2: Indicative Timelines**

Indicative Process *	Timelines
<b>Stage 1</b>	
<b>Step 1 - RFP Issue and First Stage Shortlist</b>	
1.1 EME date	18 <sup>th</sup> April 2024

Indicative Process *	Timelines
1.2 RFP release date	21 <sup>st</sup> May 2024
1.3 Clarifications/questions	28 <sup>th</sup> May 2024
1.4 Response to all clarifications <sup>3</sup>	4 <sup>th</sup> June 2024
1.5 Expression of Interest for application (Optional)	14 <sup>th</sup> June 2024
1.5 Deadline for submission of bids* and Self-declaration (Flag C)	30 <sup>th</sup> June 2024
1.6 <b>First Stage Shortlist</b>	12 <sup>th</sup> July 2024
1.7 UKIDCF to share the ' <b>Managing Public Money: Standard Terms and Conditions</b> ' to all the bidders in the First Stage Shortlist*	12 <sup>th</sup> July 2024
<b>Step 2 – Presentation and Second Stage Shortlist</b>	
2.1 Presentation by bidders shortlisted in the First Stage (First Stage Shortlist)	15-19 <sup>th</sup> July 2024
2.2 <b>Second Stage Shortlist:</b> Announce the bidders shortlisted in the Second Stage (Second Stage Shortlist)	26 <sup>th</sup> July 2024
2.3 Shortlist bidders to provide the signed <b>Managing Public Money: Standard Terms and Conditions</b>	30 <sup>th</sup> July 2024
<b>Step 3: Commercial discussion and Final Shortlist</b>	
3.1 Undertake commercial negotiations, term sheet discussions with Second Stage Shortlist bidders	August - September 2024
3.2 <b>Final Shortlist:</b> Subject to successful commercial agreement, UKIDCF will notify the final shortlist (Final Shortlist) of bidders**	September 2024
<b>Stage 2 – Due Diligence/site visits/legal negotiations</b>	
	September - October 2024
<b>Stage 3 – Signing Legal Agreements***</b>	
	October 2024

## Notes:

- The above timelines and process are indicative, and we reserve the right to make changes.
- Separate shortlists will be announced for each of the three programmes.
- \*'Managing Public Money: Standard Terms & Conditions' is the list of standard terms which UKIDCF expects all its fund managers to sign up to. We expect relevant clauses to be

<sup>3</sup> Bidders are requested to periodically visit [www.ukidcf.com](http://www.ukidcf.com) for updates on this RFP.

reflected in the Fund Documents including the Private Placement Memorandum, Investment Management Agreement filed with SEBI and the Contribution Agreement with other investors for transparency so that everyone is clear upfront in case of any special rights to UKIDCF. Bidders will need to agree to this to move forward in the selection process.

- \*\* The Final Shortlist will include those Second Stage Shortlist bidders who in UKIDCF's judgement can proceed to Stage 2
- \*\*\* Until the signing of final legally binding commercial agreements, there is no implicit or explicit expression of any financial commitment from UKIDCF. The bidder is expected to keep the information of UKIDCF's interest and all discussions with UKIDCF confidential to itself and its agents only (for whom the confidentiality will be binding as well).

## STAGE 1

### Step 1: RFP Issue and First Stage Shortlist:

15. The First Stage Shortlist will be based on technical evaluation of the bids (Technical Evaluation). The key evaluation criteria with weightages are given in the subsequent section. Interested bidders will need to submit the bids in the specified format by the deadline. The Evaluation Team will assess all the proposals and arrive at a list of First Stage Shortlist of bidders (these will be the bidders who receive the minimum threshold score in the Technical Evaluation). Please refer to the subsequent section for minimum score guidance. UKIDCF will share **Managing Public Money: Standard Terms and Conditions** with all the shortlisted bidders.

### Step 2: Presentation and Second Stage Shortlist:

16. The First Stage Shortlist of bidders will be called in to deliver presentations in person. The Evaluation Team may seek clarifications on key aspects of the proposal. Only in exceptional situations, UKIDCF may consider a virtual presentation. The presentation will be an opportunity to meet the prospective fund team, understand the proposal in detail and fine tune the score of the Technical Evaluation. If none of the RFP responses are considered satisfactory, UKIDCF reserves the right to not proceed.
17. After the presentation, the Evaluation Team will arrive at the Second Stage Shortlist of bidders (based on both technical and commercial scores). The team will rank the Second Stage Shortlisted bidders based on the scores (Technical + Commercial). The number of funds that will be shortlisted depends on the funds that satisfy UKIDCF's objectives and on the relative assessments of the applicant group. The shortlisted bidders need to sign **Managing Public Money: Standard Terms and Conditions**.

### Step 3: Commercial discussion and Final Shortlist:

18. The Evaluation Team will engage in commercial negotiation with the Second Stage Shortlist of bidders in the order of ranking starting from the highest ranked bidder. For e.g., if UKIDCF would like to choose two fund managers for a specific programme, it will start negotiations with the top two ranked bidders of that



programme. If negotiations fail or are delayed at any point, the next highest ranked bidder(s) will be invited for commercial discussions for further consideration at UKIDCF's sole discretion. Subject to successful commercial negotiations with Second Stage Shortlist bidders, UKIDCF will notify the Final Shortlist (non-binding) of bidders for each programme.

19. As it is not possible to pre-empt the outcome of the commercial discussions and the due diligence, UKIDCF reserves the right to go back to the previous shortlists as required at its sole discretion and to further incentivise the bidder to achieve UKIDCF objectives.

## STAGE 2

### Due Diligence/Site Visits etc

20. UKIDCF will conduct full due diligence on the Final Shortlist of fund managers, covering aspects including investments, operations, policies, capabilities, integrity, governance and systems. This will be conducted by a third-party consultant with relevant expertise or existing arrangements with a partner institution. The due diligence will provide UKIDCF an assessment of the strengths and gaps. The recommendations on how to address the gaps will be discussed with the relevant fund managers and a binding action plan will be agreed. Should negotiations with any fund fail or should they fail at the due diligence stage or get prolonged in UKIDCF's judgement, then the next highest scoring shortlisted bidder(s) would be considered.

## STAGE 3

### Signing legal agreements

21. After successful commercial and legal negotiations and a satisfactory due diligence report with binding actions agreed/completed, UKIDCF would be in a position to sign binding agreements with the selected bidders.

## VII. Qualification Criteria

22. The Evaluation Team will apply the following scoring methodology to the technical and commercial criteria. Further details on the criteria are provided in Annexure 1.

Assessment Criteria		Weightage	Maximum Score
	<b>Technical criteria</b>		
A1	Fund Strategy, Governance, and Investment Process <ul style="list-style-type: none"> <li>Alignment with UKIDCF's programme and ability to achieve programme objectives and outcomes.</li> </ul>	15	150

Assessment Criteria		Weightage	Maximum Score
	<ul style="list-style-type: none"> <li>Proposed portfolio construction &amp; investment strategy (incl. pipeline if any)</li> <li>General approach and methodology to operationalise the Fund.</li> <li>Ability to mobilise capital and plan for Fund raise</li> </ul>		
A2	<b>Additionality and Impact of the Proposal</b> <ul style="list-style-type: none"> <li>Fit with the development mandate of UKIDCF targeting poverty reduction, driving inclusion and gender diversity, tackling climate change and embedding ESG across delivery chain)</li> <li>Strength of engagement and collaboration with UKIDCF on investments and achieving programme objectives.</li> </ul>	25	250
A3	<b>Track Record of proposed Fund Manager</b> <ul style="list-style-type: none"> <li>Experience of the investment team in targeted sectors and instrument.</li> <li>Ability for systemic impact /policy learning</li> <li>Inclusion and ESG</li> <li>Mobilisation of capital</li> <li>Development Impact and commercial returns</li> </ul>	20	200
A4	Proposition for strengthening UK-India linkages	10	100
	<b>Commercial criteria</b>		
B1	Fee Structure and Charges	15	150
B2	Alignment of Interest	15	150
	<b>Total Score</b>	<b>100</b>	<b>1000</b>

23. The score for each of the criteria will comprise of a score awarded (0, 2, 4, 6, 8, 10) multiplied by the weighting allocated to each of the criteria in the table above. The total score will be calculated by adding together the weighted scores for each criterion. To ensure a consistent and fair approach to the evaluations, the following scoring methodology will be applied by the Evaluation Team.

24. The bidders must obtain a score greater than 4 in all six criteria to be shortlisted.

Score	Comment
10 (Expert)	Demonstrates <b>expert</b> understanding of RFP and Assessment Criteria and proposes <b>excellent and accurate</b> solutions which address <b>all</b> requirements, and which are innovative where appropriate. Level of detail and quality of information provides the <b>highest degree</b> of confidence in certainty of delivery.

Score	Comment
8 (Very Good)	Demonstrates a <b>very good</b> understanding of <b>all</b> requirements relating to delivery of the RFP and Assessment Criteria. Provides sufficient detail and quality of information to give a <b>strong</b> level of confidence that they will deliver.
6 (Good)	Demonstrates a <b>good</b> understanding of most of the requirements relating to the delivery of the RFP and Assessment Criteria. Provides a <b>good level</b> of detail and quality of information to give a <b>good level</b> of confidence that they will deliver.
4 (Satisfactory)	Demonstrates a <b>satisfactory</b> understanding of <b>some</b> of the requirements relating to delivery of the RFP and Assessment Criteria. Provides <b>only some level</b> of detail and quality of information to give <b>only some level</b> of confidence that they will be able to deliver.
2 (Unsatisfactory)	Demonstrates a <b>poor</b> understanding of the requirements relating to delivery of the RFP and Assessment Criteria. Generally, an <b>unsatisfactory</b> and a <b>low level</b> of quality information and detail leading to a <b>low level</b> of confidence that they will deliver.
0 (Fail)	<b>Complete failure</b> to address all material requirements of the RFP and Assessment Criteria. <b>No</b> quality responses providing <b>no</b> confidence that they will deliver.

### Evaluation Team

25. The evaluation team will comprise of officials and representatives of UKIDCF and its investors.
26. The evaluation places emphasis on the degree of confidence that the evaluation team has in the Technical Response content and the potential fund manager's capability to deliver the requirements of this RFP effectively while delivering value for money through the Commercial Response. The evaluation team will draw on evidence from the written proposal and the presentations made by each bidder.
27. All the information that is disclosed within the RFP will be treated as confidential information and will be disclosed only to people considered relevant when reviewing the RFP and subject to such people being bound by confidentiality obligations.

### VIII. Checklist/Documents required

28. The specific items requested from respondent firms are:
  - i. **Signed Cover Letter.** A cover letter must be submitted on the fund manager's official letterhead agreeing to the terms in this RFP document or setting out clear

qualifications. The letter must identify all documents provided collectively in response to the RFP and must be signed by individual(s) authorized to bind the fund management firm contractually.

The letter must contain a statement that the proposal is being made without fraud or collusion; and the firm has neither offered nor received any monetary or non-monetary benefit from any individual or entity relating to the proponents of the RFP.

- ii. **Consortium/Joint Venture Participant Letters:** Applicable to groups of bidders submitting a response to this RFP, which involves more than one entity to fulfil the mandate. Please provide a signed letter on company letterhead from each of the consortium/joint venture participants clearly stating that (i) there is (or is not) a formal agreement between themselves and other members of the bidder group to provide the services outlined in the submission (please state the names of the other members in the group); (ii) contractual and commercial terms have been agreed between the parties (and whether binding or in draft); (iii) no further formal sign-off is required within your organisation to deliver all services required by the mandate; and (iv) the lead member of the consortium/ joint venture who shall be responsible for submitting bid and undertaking all necessary action on behalf of the consortium/ joint venture. Please note that there should be only one lead member of the consortium/ joint venture and all correspondence by UKIDCF shall be done with the lead member.
- iii. **Detailed Proposal (Ref to Annexures I-IV).** Please provide the information sought in Annexures I-IV of this RFP. Responses should not exceed the page count stated in each question. Certain questions may require supporting documentation, which should be submitted as annexures (annexures will not be counted towards the page limit). Please address the items in the RFP in the order in which they appear in the RFP. Kindly list the question number and question from the RFP in its entirety before stating your response.
- iv. **Technical spreadsheet:** There is a technical excel template (Flag A) to be filled in as part of the Technical Evaluation. Please complete it and attach as an Excel workbook. Please do not change the formatting in the Spreadsheets.
- v. **Commercial bid:** Please refer to Flag B: Commercial Proposal. **Please fill in the details as required and submit along with Commercial Proposal.** Please refer to the subsequent section for details on submission of your proposal.
- vi. **Recent fund presentation (Optional):** Please enclose a recent fund presentation (max 15 slides). Please include a diagram on the proposed structure of the Fund – including any feeder or parallel funds, the manager, the adviser, the carry entity and any other relevant entities. Other details can be included, but not limited to, information in the technical and commercial criteria and any other information that will help evaluate the proposal.
- vii. **Signed Self-declaration (Flag C).**

- viii. An acknowledgement that the bidder has read the '**Managing Public Money: Principles**' as noted in Paragraph 13 and detailed in Annexure VII

## IX. Submission Deadline

29. If a bidder chooses to apply for multiple programmes listed in Section II, a separate bid for each programme needs to be submitted. Please specify the programme you are applying for, in the first page of the bid and the footer of each page of the bid.
30. The completed Proposals must be delivered electronically, as per the deadline in Section VI (*Indicative process and timelines*). Earlier responses are welcome.
- (i) Please send the **Technical** and **Commercial** as separate proposals to:  
[Proposals.UKIDCF@sbicapventures.com](mailto:Proposals.UKIDCF@sbicapventures.com)

The email subject line must read as follows: 'RFP Response - **Programme Name (Technical /Commercial)** - Name of the Firm' and should be sent to UKIDCF at the email above. The Programme Name is the programme (out of the three programmes listed in Section II) that the bidder is applying for.

For example, if 'Firm1' submits a technical bid for PCII, the subject line should be 'RFP Response – PCII Technical – Firm1'. For commercial bid, it should be 'RFP Response- PCII Commercial -Firm1'.

31. UKIDCF reserves the right to consider an application submitted for a programme under a different programme and to seek additional information as necessary. However, this will be done under exceptional situation and the bidders are instructed to apply for all the programmes, they would like to bid for.

### Clarification Deadline

32. In order to clarify any aspects of this RFP, we will respond only to questions that are presented in writing via e-mail to UKIDCF Team at [Proposals.UKIDCF@sbicapventures.com](mailto:Proposals.UKIDCF@sbicapventures.com) by May 28th, 2024. Please group the clarifications under four heads a) General clarifications not specific to any programme b) Clarifications related to PCII c) Clarification related to InGreen and d) Clarifications related to Tech Start-up.

All questions/clarifications to this RFP should be submitted as per the timelines in Section VI (*Indicative process and timelines*).

33. These questions and clarifications will be consolidated into a 'clarification response' document and will be uploaded on UKIDCF's website: <https://www.ukidcf.com>. Do check the website periodically for updates.

## Expression of Interest

34. Bidders are encouraged to send a mail to [Proposals.UKIDCF@sbicapventures.com](mailto:Proposals.UKIDCF@sbicapventures.com) by June 14th 2024, if they intend to submit bid(s) for one or more programmes. This is not mandatory; nevertheless, this would help UKIDCF to plan well for evaluation.

## X. Information Use and Confidentiality

35. By providing a response to this RFP, you explicitly allow the UKIDCF and its contributors to use the information for the stated purposes in this RFP at their sole discretion. This information will be shared with specialist advisers/external experts who will be bound by appropriate non-disclosure agreements to ensure that confidentiality is maintained.
- i. If you consider that any of the information included in your response to this RFP is commercially sensitive, you should identify it as such and the time period applicable to that commercial sensitivity.
  - ii. However, it should be noted that even where you have indicated information is commercially sensitive; it may be required to be disclosed under government regulations.
  - iii. Further, the UKIDCF shall not be deemed to have accepted any obligation of confidentiality by virtue of receipt of any material marked "confidential" or equivalent. By submitting a response to this RFP, you agree to the information contained in your response being securely held by any or all of the receiving parties in an electronic format and to the obligations placed upon the receiving parties by all relevant legislation.
  - iv. Any information provided within this RFP or in subsequent answers to clarification questions from you, is made available on condition that it is treated as confidential (except where it is already in the public domain). You must not disclose to any third party, member of staff, or advisor, unless (a) such person needs to receive the relevant information for the purposes of your response to this RFP; and (b) such person is bound by confidentiality obligations.
  - v. You should not disclose or make available to any Newspaper or Press Association or in any other way make public any information in respect of this RFP without the prior express written permission of UKIDCF.

## **XI. The right to change, clarify, vary or cancel the process**

36. UKIDCF shall not be committed to any course of action as a result of:

- I. Issuing this RFP.
- II. UKIDCF reserves the right to amend and cancel this RFP at any stage without providing any reason and without incurring any liability whatsoever.
- III. Communicating with potential bidders or their representatives in respect of this RFP
- IV. By taking part in this process, you accept that the UKIDCF shall not be bound to accept any response to this RFP and reserve the right not to proceed to any subsequent part of this process or conclude any contractual arrangements for some or all the requirements for which responses to this RFP are invited.

## **XII. Collusive Behaviour**

37. Any potential fund manager who:

- i. Fixes or adjusts the amount of its proposal by, or in accordance with any agreement or arrangement with any other party; or
- ii. Communicates to any party, details of its proposed response to this RFP or information which would enable the details or approximate details to be determined / calculated (except where such disclosure is made in confidence in order to obtain commercial quotations necessary for the preparation of the response to this RFP); or
- iii. Enters into any agreement or arrangement with any other party that such other party shall refrain from submitting a response (unless it is a consortium arrangement); or
- iv. Enters into any agreement or arrangement with any non-consortium party as to the amount or the details of any response it intends to submit; or
- v. Offers or agrees to pay or does pay any sum of money by way of inducement or valuable consideration directly or indirectly to any party for doing or causing or having caused to be done in relation to any other response, or proposed response, any act or omission, shall (without prejudice to any other civil remedies available to UKIDCF and without prejudice to any criminal liability which such conduct by a potential supplier may attract) be disqualified from participation in this RFP process.

### **XIII. Costs of RFP**

- i. Potential fund managers will remain responsible for all costs and expenses incurred by them, their staff, and their advisors or by any third party acting under their instructions in connection with this RFP. This will be regardless of whether such costs arise as a result of any direct or indirect amendments to this RFP by UKIDCF at any time. For the avoidance of doubt, the UKIDCF shall not have any liability whatsoever to any potential fund manager for the costs of any amendments, changes, discussions, or communications.
- ii. In the event that none of the RFP responses are considered satisfactory, UKIDCF reserves the right to consider an alternative procurement option or not to award / implement a Formal Agreement. For the avoidance of doubt, UKIDCF will not bear any liability or costs under any circumstances including in respect of any abortive effort should no Formal Agreement be awarded.

### **XIV. Conflict of Interest**

38. When you submit your proposals, any circumstances, including personal, financial, and business activities that will, or might, give rise to a conflict of interest by taking part in this process must be identified by the potential fund manager. This also applies to any subcontractors or business partners proposed by the potential fund manager. Where a potential fund manager identifies any conflict, they should state how they intend to avoid such conflicts. UKIDCF reserves the right to reject any RFP which in their opinion gives rise to, or could potentially give rise to, a conflict of interest.

### **XV. Treatment of Your Proposal**

39. When you submit a Proposal, we will:
- i. Ensure that it is registered upon receipt and held securely until after the deadline for receipt of Proposals and until the appointment of the fund managers.
  - ii. Ensure that all the information within the Proposals and all the Proposals themselves are kept confidential and will not be disclosed or divulged to anyone not considered relevant to the evaluation process. Please note that because of our high level of confidentiality, at this stage we will not be signing any non-disclosure agreements with any Bidder. The withholding by any Bidder of any relevant or critical information relating to their Proposal will be considered to be information not provided to UKIDCF and thus will not be scored.
  - iii. Disqualify any non-compliant bids (any Proposal failing to meet the terms and requirements of these instructions). The details of such Proposals will be recorded and marked as disqualified.



- iv. Ensure that all Proposals are evaluated objectively in line with the evaluation criteria specified in this document.
- v. Following the evaluation and completion of the process, we will inform the outcome to the bidders.

## XVI. Annexures

### Annexure I – RFP Questions Information Format

Please ensure that your proposal includes the points listed below. This is the minimum information required as part of the selection process. Please add more details as you deem fit that will help evaluate your proposals. The responses should not exceed the page count set out in each question.

Please address the items in the RFP in the order in which they appear in the RFP. Kindly list the question number and question from the RFP in its entirety before stating your response.

Certain questions may require supporting documentation, which should be submitted as attachments. Please note that you will be required to submit a separate technical and commercial proposal for each programme in case you choose to bid for more than one programme.

There is an Excel template to be completed as part of the Technical Evaluation. Please complete all the worksheets and attach the Excel workbook. Please do not change the formatting in the spreadsheet.

#### A. Technical Criteria

##### 1) Fund strategy, Governance and Investment Process (Maximum 9 A4 pages)

Please complete the 'Portfolio Construction' worksheet within the Excel workbook (**Flag A**) and separately describe your **proposed investment strategy**. This should include:

- i. What is your target fund size? Describe your target sectors/geographies/stages/investment focus (by instruments, stakes – majority/minority, co-investment strategies etc). Explain how such an approach fits the programme that you are applying – PCII / InGreen / Tech Start-Up.
- ii. Outline your rationale behind the selected investment strategy. Is the proposed strategy for this fund in line with your prior funds/experience? What has changed based on your learnings, market opportunity etc?
- iii. What is the minimum amount that you are bidding for? Please provide the rationale.
- iv. Please answer the questions below as per the programme for which you are applying.

- PCII – What % of your Fund will you commit to as adaptation investments? Provide the split of sectors within adaptation you would target.
  - InGreen – What % of your Fund will you commit to as women-led small and medium enterprises?
  - Tech Startup – What % of your Fund will you commit to as climate start-ups? What other tech-areas you will target? Please specify the target allocation. What % will you target as women led entrepreneurs?
- v. Key strengths of your organization especially with respect to the relevant Fund strategy. What is the competitive landscape you see and your differentiation? How well suited are you to deliver UKIDCF stated objectives?
- vi. Proposed investment limits and restrictions (ticket sizes, sectors, etc.)
- vii. **Briefly outline your investment process**, including but not limited to:
- Deal sourcing strategy, investment selection criteria, due diligence/checks.
  - Decision making process, role and composition of investment committee and investor advisory committee. Role of strategic/operating advisors, if any
  - Value creation and engagement with the investee companies.
  - Risk, portfolio monitoring and strength of controls. At what levels and periodicity are these monitored.
  - Exit strategies and how do you plan for this to ensure investor returns.
  - Compliance check processes eg. on Tax transparency, Anti Money Laundering (AML) and Anti-Corruption Counter Fraud / AML controls, and any other regulatory considerations and other key areas.
- viii. Please provide a high-level summary of your ESG and development impact policy and how this is integrated within investments and the management of the fund. If you have a formal ESG policy, please attach it as a separate annexure to your proposal (Please note that any annexure here will not be considered as part of the page count)
- ix. Provide the status of fund, whether registered with SEBI AIF or to be registered (including dates) and an accurate milestone-based plan.
- x. Provide estimates of the deployment of capital quarterly for the first 18 months from the first close, as a proportion of total investment capital
- xi. Please fill out the Technical Term Sheet (template provided in Annexure II)
- xii. Please list up to two indicative pipeline projects (demonstrating how they fit with the strategy, investment rationale, expected development impact, project level financial returns anticipated based on your judgement). Please use template in Annexure III to fill in information – Pipeline projects.

### Plan for Capital Raising

- xiii. UKIDCF is keen for its investment programmes to mobilise additional investments from private institutional investors.
- xiv. Please complete the 'Capital Raising' spreadsheet in the Excel workbook (**Flag A**), detailing the status of your fund raising and list key investor contacts.
- xv. Please describe how you intend to set about fundraising, and in which geographies and class of investors you expect the greatest traction for your Fund. Bring out clearly if there are any UK based investors in the fund already or potential to attract them, listing specific names and probabilities of success in onboarding them.
- xvi. How confident are you of achieving your target fund close?

- xvii. Segment your investors based on categories – HNIs, institutional etc. Given your investor base, how do you intend to align their diverse needs and ensure UKIDCF objectives are protected?

## 2) Additionality and Impact of the Proposal (Maximum 7 A4 pages)

- i. What additionality and development factors do you take into consideration while making investment decisions? Do you have a line of sight as to how the investments are impacting the poor/most vulnerable. Please explain your impact screening criteria.
- ii. How frequently do you monitor, report on key portfolio metrics? What is your appetite for disaggregated reporting on results (e.g by gender, poverty levels etc). Please provide a list of all regular reporting procedures, documents and the capacity for customisation.
- iii. Have you conducted ESG due diligence as part of your prior investment process? For e.g. how do you ensure that your fund investee companies do not cause environmental, social damage and are governed in line with best practises? Do you propose to have a dedicated ESG personnel for this fund?
- iv. Please illustrate how you did / will do your ESG due diligence on one of your past portfolio entities or a pipeline investment.
- v. What is your approach to fostering gender equality? How many women leaders/employees do you have in your organisation? Do you have any specific policies on promoting women entrepreneurship (e.g. companies led by or primarily benefitting women) both within your organisation and in portfolio entities?
- vi. UKIDCF has high standards for development impact. The Fund Manager needs to engage with UKIDCF to get the development matrix of each investment before it goes to the Investment Committee. What is your appetite / willingness to engage with UKIDCF on the development framework and impact during the investment process?
- vii. What is your appetite for open and transparent information sharing with investors (e.g. sharing of due diligence reports on investees, investment memos etc)
- viii. What is your appetite/willingness for engagement with UKIDCF stakeholders post investments e.g. regular interaction to monitor progress; UKIDCF internal budgeting, forecasting; engagement during high level visits etc). Please detail the process and resources you have in place to ensure high level of investor engagement.
- ix. Any other innovative ideas, strategies to align with UKIDCF priorities, strategic objectives and key requirements. Please refer to the EME blueprint and presentation for more understanding of UKIDCF and its priorities
- x. How would you give visibility to UKIDCF and its investors during the fund term?
- xi. What mechanisms do you have in place to prevent fraud & corruption and how would you address this concern should this happen in your portfolio?

### 3) Track Record of Fund Manager and Investment Team (Maximum 5 A4 pages)

#### ***Team Credentials***

- i. Organization structure of the General Partner (GP) and staffing – number of staff, title, joining date, role, reporting lines, level of experience/expertise and sectors, prior working relationships – include CVs (where possible) in Annexures. *Please note that UKIDCF requires ESG due diligence at the time of investment and periodic monitoring – our prior experience suggests that having a dedicated ESG member on the team helps in understanding and efficient monitoring. UKIDCF also requires regular interactions with the fund team on compliance, monitoring, demonstrating our work and results etc. Please account for these in your proposed team structure.*
- ii. Relevant investments experience (commitments, exits, amount and number) of the Fund Manager and the key persons of the team
- iii. Monetary incentives incl. carry split (where relevant) for the Investment team
- iv. Key person(s) including joining date (if planned to be inducted later)
- v. Of the proposed organization structure, how many people are already on board and how many yet to be recruited? If some are staff yet to be recruited, indicate the time period by which the full team will be on board.
- vi. For how long the partners/senior management team of the GP have known each other and worked together.
- vii. Is staff time shared with other existing funds? If yes, how much time do you expect individuals to dedicate to this fund? What other (non-fund) responsibilities will they be discharging at the same time?
- viii. Please provide the changes you expect in the team post the investment period. What is the minimum level of team (in Full Time Employees, across levels) that you commit to maintain throughout the Fund's life.
- ix. What conflict of interest situations do you anticipate and how do you propose to manage the same?

#### ***Prior Track Record***

- x. Please complete the 'Past Track Record Summary' and 'Past Track Record Detailed' worksheets in the Excel Workbook (Flag A). In case of a new GP, track record of the team will be considered. Please mention only the individual direct contributions of the specified team member.
- xi. Please use template in Annexure IV – Track Record – Past Case Studies to fill in information about two past case studies. Focus on India specific investments in the target sectors of the programme that you are applying for.
- xii. Please provide any qualitative insights to the prior track record/any other information that you feel will support the evaluation.

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#### 4) Strengthening UK-India linkages (Max 3 A4 page)

The key objectives of UKIDCF is to foster growth and inclusive economic development in India. Additionally, over the investment partnership, we would expect strengthening of UK-India linkages in a number of ways.

Please highlight how your fund can help strengthen linkages to the UK. Below are some indicative ideas:

- UK-based investors/LPs in the fund
- A UK-India fund manager (e.g. with operations in both countries, joint ventures)
- Investee companies scale up to the UK creating jobs in the UK; joint ventures, strategic tie-ups with UK companies or institutions.
- Collaboration of portfolio entities with UK businesses and investors.
- Please suggest other creative ways of establishing/strengthening linkages

If your portfolio does not have a current linkage, highlight what will you do/what will be your strategy to engage with the UK.

## B. Commercial Criteria

### 1) Fee structure and Charges

Please use template in Flag B – Commercial proposal for your submission on the commercial evaluation which includes:

- i. Hurdle rate
- ii. Base Management Fees p.a. during Commitment period – as a percentage of the committed capital.
- iii. Base Management Fees p.a. post commitment period as a percentage of assets under management
- iv. Fund Establishment Expenses (Onetime Fees for the expenses incurred during the set-up) in INR mn
- v. Annual Fund Expenses – as a % of the total committed fund. Please note that you will not be allowed to charge more than the % specified.
- vi. Carried Interest in %
- vii. Proposed profit-sharing arrangement (catch up) between Investors and Fund Manager

To ensure consistency in evaluation the commercials, UKIDCF will use these inputs to run a simplified model to benchmark bidders and assess profit distributed to UKIDCF. This will be done assuming a fund size of INR 25,000 mn (£250 mn) and under various return scenarios.

Please note the following while providing inputs:

- 1) The hurdle rate should be a minimum of 8%, Refer to Commercial Term Sheet (Flag B) for the distribution waterfall. Please do not change the structure of the waterfall. In case you wish to improve the offer, please specify.
- 2) To boost the mobilisation of private capital in PCII, please suggest structures as allowed under AIF regulations if you wish to.
- 3) Fund Establishment expenses is the overall expenses of the Fund if the fund size is INR 25,000 million. UKIDCF's share in the expenses will be calculated proportionately based on the number of units subscribed.

The fees quoted by the bidders will become the ceiling, this will be factored into the commercial evaluation. Post the short list, the bidders could improve upon their bids during the final deal negotiation. UKIDCF, based on the market response and at its discretion may further incentivise the bidder where there is a case for development gains to be made and to more effectively meet UKIDCF/programme objectives.

The commercial evaluation shall be carried out based on profit distributed to the investors, which shall be the average of profits computed under different scenarios.

Please also provide draft proposed term sheets outlining key commercial terms that you anticipate forming part of the PPM of the Fund. Please use the Commercial Term Sheet template in Flag B. *Fees and other fund terms will need to match those in the term sheets provided.*

## 2) Alignment of Interest – (3 A4 Page)

‘Alignment of Interest’ is about assessing the bidder’s financial alignment (skin-in-the-game) and the alignment to achieving development outcomes through appropriate commercial structures.

Please set out details of the investment that you will commit to making into the fund including:

- i. Amount in INR; fund manager investment as a % of the total fund. Any other strategy, especially for first time fund managers, to offset lower fund commitment.
- ii. The timing of the investment and how it aligns with other investors.
- iii. From what source, including any proposed management contribution (including, Consortium/Joint Venture members, parent companies, affiliated companies, investment team, etc.)
- iv. Whether your proposal is that your capital will carry any special rights.
- v. What approval will be required, if any, to confirm your investment (or provide a signed letter confirming the investment).
- vi. How would your performance carry be shared internally? Please provide details of your proposed carry structure for your institution and your team.
- vii. UKIDCF expects a part of fees to be linked to ESG and developmental outcomes. Indicate a percentage of management fees. How do you propose this to be structured?
- viii. Any other idea to align the commercial incentives to developmental outcomes.

## Annexure II – Technical Template Term Sheet<sup>4</sup>

<b>Structure of the Fund</b>	<p>Please describe the proposed structure of the Fund – including any feeder or parallel funds, the manager, the adviser, the carry entity and any other relevant entities. Please attach in a diagram as a separate Annexure.</p> <p>Please also provide the shareholding pattern and residential status of the proposed fund manager. If the sponsor is different from the fund manager, please provide the shareholding pattern and residential status of the sponsor and the relation between the fund manager and sponsor.</p>
<b>Target Fund Size</b>	The Fund is seeking to raise [●] [●] million of Commitments from Investors. Please specify the green shoe option, if any, and the cap on the fund size.
<b>Term</b>	The term of the Fund will be [●] years from the final closing date, which may be extended for up to [●], with the written consent of Investors.
<b>Closings</b>	<p>The first closing is scheduled to occur by [●]</p> <p>Additional closings may be held thereafter at the discretion of the Manager, provided that the final closing will occur no later than [●] months after the first closing.</p>
<b>Sponsor</b>	The sponsor(s) of the Fund is [●].
<b>Investment Committee &amp; Advisory Committee</b>	<p>The Manager shall appoint [●] to act as members of the Investment Committee. The Role of Committee shall entail [●].</p> <p>The Manager shall appoint [●] to act as members of the Advisory Committee. The Role of Committee shall entail [●].</p>
<b>Reports, Accounts and Meetings of Investors</b>	<p>Please describe the candidate manager's proposed plan of action with respect of reporting, accounts and meetings.</p> <p>Investors will receive annual audited accounts for each accounting period prepared in accordance with accounting principles agreed with the Auditors from time to time not later than [●] days following each accounting date.</p> <p>Investors will also receive half-yearly reports within [●] days of [30 September/ 31 March] each year containing details of the Investments, including, inter alia, their cost, performance and unaudited valuation.</p>

<sup>4</sup> This is an indicative list. Details from the Technical proposal submission will be considered as part of the Technical Term Sheet.



## Annexure III – Pipeline projects/investee companies

Please provide details of 2 projects/investee companies that you are evaluating as part of the fund. If you have already invested, you can choose to give names of the companies that you have already invested in. If you have not started evaluating investments, you may indicate “NA” or attempt to specify what a potential deal could look like (only if possible).

Below are the indicative areas you might want to include against each section. Please feel free to add information that you think will be useful to understand the case in point.

Particulars	Description ( <i>Indicative items to include</i> )
Name of the company	<i>If confidential, information may be provided on a no name basis</i>
Business Description	<i>Company’s primary business, its products/services, geographic presence, key markets, history, other important information etc</i>
Alignment with strategy (should be specific to Climate and Technology)	<i>Sector: Stage: Geographic headquarters/presence: Fund’s role: lead/co-investment etc?</i>
Source of Transaction	<i>How did you source the transaction? How long have you been evaluating the opportunity, is there a competitive advantage your firm has in this deal?</i>
Brief Investment rationale (including risks)	<ul style="list-style-type: none"> <li>• <i>Key investment strengths</i></li> <li>• <i>Key risks and mitigants</i></li> </ul>
Brief Transaction Summary	<i>Amount of investment, security type, initial/follow-on, ownership stakes, valuation, other key terms</i>
Expected Impacts – Developmental and Financial	<i>Expected development benefits from the investment</i>  <i>Expected financial gross returns (growth expected and valuation multiples) -</i>
Post investment plan/Fund Value Add	<i>Based on your appraisal and risks, how do you plan to engage with the company? What value add do you intend to bring to the company?</i>
Exit Strategy	<i>What is the exit strategy? What is the holding period you anticipate?</i>
Any other details	

## Annexure IV – Track Record – Past Case Studies

Please provide details of two case studies from your past experience to demonstrate the fund's value add and results achieved. In case of a first-time fund manager, you might want to elaborate using case examples from your management's past experience.

Below are the indicative areas you might want to include against each section. Please feel free to add information that you think will be useful to understand the case in point.

Particulars	Description ( <i>Indicative items to include</i> )
Name of the company	<i>If confidential, information may be provided on a no name basis</i>
Business Description	<i>Company's primary business, its products/services, geographic presence, key markets, history, other important information etc</i>
Alignment with strategy	<i>Sector: Stage: Geographic headquarters/presence: Fund's role: lead/co-investment etc?</i>
Source of Transaction	<i>How did you source the transaction? What was the competitive advantage your firm has in this deal?</i>
Brief Investment rationale (including risks)	<ul style="list-style-type: none"> <li>• <i>Key investment strengths</i></li> <li>• <i>Key risks and mitigants</i></li> </ul>
Brief Transaction Summary	<i>Amount of investment, security type/structure, ownership, valuation, other key terms</i>
Post investment plan/Fund Value Add	<i>What was your key value add to the operations of the company What were your key learnings from the investment</i>
Exit strategy	<i>Holding period? How did you exit the investment?</i>
Results achieved – Developmental and Financial	<i>Development benefits achieved  What growth in key parameters did the company witness? What were the gross financial returns?</i>
Any other details	

## **Annexure V – EME Blueprint**

[Blueprint: Early Market Engagement on UKIDCF](#)

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## Annexure VI – Minutes of the EME

[EME-Mumbai-2024-Minutes-1.pdf \(ukidcf.com\)](#)

## Annexure VII – Managing Public Money: Principles

The following is an indicative list of principles with respect to the proposed capital commitment by UKIDCF. The terms and conditions contained herein are not exhaustive, and UKIDCF shall stipulate additional terms and conditions at the time of finalization / execution of the Fund Documents. We will require the prospective Fund Managers to include these in the Private Placement Memorandum and other Fund Documents, as may be necessary for transparency to co-investors and the regulator to give us the necessary assurance.

### **Part A: Investment mandate**

1. **Investment Objective:** The Fund Manager shall ensure that the investment objective and strategy of the Fund shall include *inter alia*, investing in, or engaging in, sectors that promote sustainable economic development, help reduce poverty, contribute towards achievement of Sustainable Development Goals (“SDGs”) in India and help in managing climate change. [*Programme specific investment objectives and restrictions*]. The Fund Manager shall adhere to the best-in-class standards and ensure adequate capability on climate, sustainability, Environmental, Social and Governance (“ESG”) and impact assessment to the satisfaction of UKIDCF.
2. **ESG Framework:** The Fund Manager will commit to UKIDCF’s ESG principles, objectives, policies, exclusion list and management systems and implement the ESG framework as notified by UKIDCF for the Fund and portfolio investees.
3. **Open Data Strategy:** The Fund Manager shall comply with UKIDCF’s ‘Open Data Strategy’ as notified by UKIDCF. This is primarily aimed increase transparency and accountability between governments and citizens in the countries where UKIDCF works.
4. **Geographic restriction:** UKIDCF’s contribution shall be utilized by the Fund for the sole purpose of making investments in India.
5. **Sufficient Team Capacity:** UKIDCF expects the GP to hold sufficient capacity for investment and other staff throughout the life of the Fund. UKIDCF will specify the minimum number of staff and the level based on the size of the Fund.

### **Part B: Commercial Terms**

6. **Conditions precedent to first drawdown (indicative):** The Fund shall have the following policies in place, to the satisfaction of UKIDCF:
  - a. Conflict of interest and Gift policy in line with industry best practice;
  - b. Anti-money laundering laws and regulations and sanctions measures or embargoes applicable to the Fund manager and the Fund;
  - c. Anti-corruption and bribery policy, which covers handling and responsiveness;
  - d. Investment committee and LP Advisory Committee (LPAC) charter;
  - e. Prevention of sexual harassment and safeguarding policy;
  - f. ESG policy;

- g. Valuation policy;
- h. Risk management policy;
- i. Dispute resolution policy;
- j. Information Technology policy;
- k. Treasury Management policy;
- l. Impact assessment framework; and
- m. Any other policy as may be required basis diligence findings.

7. No funding beyond commitment period/ investment period:

The UKIDCF shall not have any obligation to make capital contributions towards portfolio investments after the date of expiry of commitment period / investment period, unless such date is extended by prior written consent of UKIDCF.

8. Suspension of Capital Contribution: Removal or termination or resignation of the key person(s) in the Fund, shall result in the suspension of the obligation of UKIDCF to make capital contributions till a replacement is appointed with due approvals from UKIDCF. UKIDCF shall not be classified as a defaulting contributor during such period of suspension.

9. Ceiling on the Fees and Expenses: UKIDCF reserves the right to restrict the cumulative fees and expenses to a proportion of the fund size, which will be determined at a later stage.

10. Compensatory Contribution: No compensatory contribution or similar compensatory amounts (by whatever name called) shall be payable by UKIDCF.

11. Reinvestments: The Fund manager shall seek prior written consent of UKIDCF prior to reinvestment of distributable proceeds allocable or distributed to UKIDCF. UKIDCF may stipulate ceiling on the time and amount of such reinvestments.

12. Right of Transfer:

- a. UKIDCF shall have unhindered rights to transfer or assign its Units in the Fund to an investment vehicle, controlled by UKIDCF, or to any of its affiliates or of its investors. Such transferee shall have the same rights and benefits as UKIDCF under the fund documents.
- b. Further, UKIDCF shall also have the right to transfer in case (i) a portfolio company engages in any of the prohibited activities as specified by UKIDCF (ii) a portfolio company engages in any activity or business which causes or might cause a reputational risk to either of UKIDCF as determined by UKIDCF.
- c. Subject to applicable law, UKIDCF shall also be permitted to make capital contributions, through any investment vehicles, controlled or co-sponsored by UKIDCF or any of its affiliates.

### 13. Contributor Giveback:

Giveback obligation of UKIDCF shall be limited and subject to ceiling on amounts with timeframe as per UKIDCF's policy for such liabilities and Indian laws. Giveback shall be exercised only when the Fund does not have adequate uncalled capital commitments to meet the liabilities.

### 14. Indemnity:

- a. Members of Limited Partners Advisory Committee ("LPAC") and the contributors nominating them shall be indemnified from the assets of the Fund.
- b. The exceptions to indemnity from the assets of the Fund to the Fund manager or other indemnified persons shall inter-alia include act(s) of fraud, gross negligence or wilful misconduct.
- c. The Fund manager shall ensure that adequate insurance cover has been procured for the indemnities, which may form part of the expense of the Fund.
- d. The Fund / UKIDCF shall not have any obligation to indemnify the portfolio investment.

### 15. Defaulting Contributor:

- a. Notwithstanding anything contained in the Fund documents, UKIDCF shall not be declared as a defaulting contributor.
- b. No penalty shall be charged to UKIDCF on default amounts and no adverse consequences as may be applicable to defaulting investors under the Fund document shall be made applicable to UKIDCF.
- c. UKIDCF will not pay higher management fee or expected to increase its capital contributions to compensate for share of other defaulting contributors.
- d. Defaulting Contributors shall not vote for termination of Commitment Period or for removal of the Investment Manager

### 16. Excuse Rights:

- a. The UKIDCF shall have a right to not make capital contributions, where:
  - i. an investment is outside the Investment Policy in UKIDCF's assessment
  - ii. portfolio investment is in breach of applicable laws, government directives, regulations as applicable to it or breach of internal policies of UKIDCF, inter-governmental arrangements which UKIDCF is subject to;
  - iii. portfolio investment is engaged in any of the prohibited activities as shall be listed out by UKIDCF;
  - iv. portfolio investment is in deviation from applicable ESG policies;
  - v. UKIDCF or their contributors directly hold investment in such portfolio company of the portfolio investment;

- vi. portfolio investment is outside India;
- vii. portfolio investment is involved in fraudulent and corrupt activities, as proven before a court of competent jurisdiction or arbitral tribunal;
- viii. portfolio investment is perceived to have or can potentially have reputational risks for UKIDCF;
- ix. clear link to development impact / poverty reduction cannot be established;
- x. portfolio investment does not meet the minimum score on the development investment scorecard.
- xi. portfolio investment is not in compliance with internal policy requirements of the Governments of India and the UK;
- xii. portfolio investment is in violation of any provision of the laws of India or the UK to participate in the proposed portfolio investment through the Fund;
- xiii. it is a secondary investment or funding a management buyout;
- xiv. it is an investment in debt, quasi debt or debt linked instrument; or
- xv. other such conditions agreed in consultation with UKIDCF

b. The UKIDCF will not be charged any management fee with respect to the portfolio investments for which UKIDCF have exercised an excusal right.

17. Most favored nation: The UKIDCF shall receive the rights and benefits granted under any side letters, including, any side letters entered on or before or after the date on which UKIDCF is admitted to the Fund irrespective of the amount of money invested.

18. Force majeure: The UKIDCF shall have a right to suspend its obligation to make capital contributions to the Fund if there is any change in applicable law, or a Force Majeure event, without being termed as a defaulting contributor.

19. Laws of the United Kingdom:

The capital contributions to be made by UKIDCF shall be subject to certain laws of the UK including the Government of United Kingdom's bilateral agreement with India and/or any other regulatory provisions governing UKIDCF, including the Bribery Act 2010, Freedom of Information Act 2000, International Development (Gender Equality) Act, 2014, Terrorism Act, 2000, and Equality Act, 2010.

### **Part C: Rights relating to governance of the Fund.**

20. Development Impact Committee: The Fund Manager shall constitute a Development Impact Committee ("DevCom") which shall include a representative from UKIDCF and the Investment Management Team. The DevCom shall be a forum to discuss, assess and strengthen the development impact and interact with the promoters of potential Portfolio Entities before a proposed Fund investment is placed for approval before the Investment Committee. No investment proposal will be taken to the Investment Committee without being discussed in the DevCom.

The Investment Manager shall evaluate each proposed investee entity on several development parameters including inclusive jobs, economic parameters of beneficiaries etc. but not limited to environmental, social and governance aspects on



the basis of the Development Scorecard Portfolio Investment, the scoring for which will be agreed by UKIDCF. Further information will be shared during the commercial negotiation process.

**21. Eligible Contributors:**

- i. The Fund shall only raise contributions from an Eligible Person/ Investor, where “**Eligible Person/ Investor**” shall mean a person who: complies with know-your-customer norms stipulated by the Fund manager and SEBI; and
- ii. is willing to execute necessary documentation in connection therewith to establish that the Eligible Person/ Investor, (i) is of good standing and repute; (ii) has not been convicted for any material offences under any applicable law; and (iii) is not an Exposed Contributor, as defined below.

**22. Exposed Contributor:** The Fund manager shall immediately notify UKIDCF, if any contributor is subject to investigation by any regulatory or governmental authority or has been convicted by a court of competent jurisdiction, for breach of any applicable law (“Exposed Contributor”) and take steps to terminate legal arrangements or take such other appropriate actions to the satisfaction of UKIDCF, failing which UKIDCF shall have the right to cease making capital contributions.

**23. Issue of new class of Units:** Issue of any further units except for classes of units mentioned in the PPM shall require prior approval from UKIDCF.

**24. Registration:** The Fund shall be registered with SEBI as a category I or category II alternative investment fund (“AIF”) under the AIF Regulations.

**25. Participation in Committees:**

UKIDCF shall be entitled to receive agenda and minutes for the meetings of Investment Committee or any other committee meetings and may designate an observer with prior intimation to the Fund Manager. UKIDCF shall also be entitled to convene a meeting of Contributors.

**26. Representation in LPAC:** The UKIDCF shall be entitled to appoint voting representatives to be a member of the LPAC or analogous investor advisory body (by whatever name called).

**27. Liability of UKIDCF:**

The UKIDCF, its nominees, employees, contributors, shall not have any personal liability whatsoever in its capacity as a contributor whether to the Fund or other investors or to creditors of the Fund or any losses of the Fund.

**28. Removal of Fund manager:** The Fund should have appropriate provisions for removal of the Fund manager with and without Cause, to the satisfaction of UKIDCF. Removal or termination or resignation of the Fund manager, shall result in the suspension of the obligation of UKIDCF to make capital contributions to the Fund.

29. Control event: Any changes in shareholding pattern or partnership interest of the Fund manager be carried out with prior approval of UKIDCF.
30. Key Person Event: The Fund should have appropriate provisions for key persons and key person events, to the satisfaction of UKIDCF. A key person event should be triggered upon key persons not devoting substantially all of their business time to the Fund.
31. Conflict of Interest: The LPAC shall review and resolve all actual and potential conflicts of interest pursuant to the Conflict-of-Interest Policy of the Fund, wherein vote of members who have a conflict relating to the decisions being made shall be excluded. The LPAC shall, at least on an annual basis, review safeguards for handling conflicts of interest in the Fund.
32. Valuation: The valuation procedure and methodology adopted should conform to the requirements of the AIF Regulations. It should be undertaken by an agency with credible standing domestically and internationally – and whose appointment will need to be cleared by UKIDCF. Further, the Fund shall endeavour to follow the guidelines published by International Private Equity and Venture Capital Guidelines.
33. Independent Valuation:
- The Fund manager shall conduct an independent valuation of the Fund through an independent valuer. The independent valuer shall undertake valuation of the portfolio investments, at the cost of the Fund, at least once in every 6 (six) months i.e. on September 30 and March 31 every year.
  - The report of the valuation conducted shall be provided promptly within 45 days of the ender of the relevant quarter.
  - The UKIDCF further reserve the right to conduct an independent valuation of the Fund by an independent valuer as appointed by them at its own cost. The Fund manager agrees to extend its cooperation towards the same.
  - The Fund shall provide all such information as may be requested by UKIDCF in relation to the valuation of the Fund.
  - The valuation exercise shall be conducted only by a Big 4 accounting firm or any other reputed and independents firm with the prior written consent of UKIDCF.

#### **Part D: Reporting requirements**

34. Drawdown and distribution forecasts:

The Fund Manager shall endeavour to provide a forecast of the drawdowns proposed to be made from UKIDCF at the beginning of each year with month-wise granularity and a firmed-up forecast for each upcoming quarter.

35. Deal Pipeline: The Fund manager will share with UKIDCF, the deal pipeline for its portfolio investments early enough to invite feedback which is then taken onboard.
36. Notification of proceedings: The Fund Manager shall immediately notify UKIDCF of any legal proceedings against them, Key Persons, the Fund, or their respective affiliates relating to the operations of the Fund.
37. Fund Reporting:
- The Fund manager shall provide necessary reports in line with the AIF Regulations, including, but not limited to financial reports, ESG reports, valuation reports, other reports as may be stipulated and notified by UKIDCF.
  - The Fund manager shall facilitate for UKIDCF and their investors, meetings with and visits to the sites of Fund, portfolio companies and their promoters. All other costs and expenses to be incurred for such activities will be borne by UKIDCF.
  - The Fund Manager shall co-operate for any other reporting requirement that may arise on behalf of UKIDCF including for regulatory or tax compliances or otherwise.
  - The UKIDCF shall have right to appoint an independent consultant at own expense for independent evaluation of the Fund's and/or portfolio investees, for assessing social impact, ESG compliance or any other aspects. The Fund manager shall extend full cooperation to UKIDCF in the successful achievement of such evaluations / assessments.
  - The Fund shall support UKIDCF on reviews / audits on an ongoing basis as required.

### **Part E: Other Conditions**

38. No deemed consent:

The UKIDCF shall never be deemed to have consented to any request or proposal from the Fund manager in absence of a clear written intimation of its vote of acceptance or rejection of the proposal.

39. Launch of new scheme: The Fund manager will not hold a closing for a subsequent investment fund having investment objectives substantially similar to those of the proposed Fund under this RFP until the earlier of (a) the expiry of the commitment period/ investment period; the date on which at least 70% (seventy percent) of the investible funds (excluding Capital Commitments which represent capital commitments of Defaulting Contributors) have been invested, legally committed for investment, disbursed or reserved for follow-on investments.

#### 40. Confidentiality:

- The Fund manager covenants that it will not enter into any confidentiality obligations in relation to the Fund, which prohibits disclosure of any information to UKIDCF.
- The UKIDCF shall be allowed to disclose information in relation to the Fund or its portfolio companies to its members, auditors, underlying investors, the UK Government or Indian Government, and affiliates without prior consent from the Fund manager.
- UKIDCF shall have a right to freely make any announcements with respect to its Capital Commitment to the Fund.
- The UKIDCF shall be allowed to retain all materials containing confidential information of the Fund without any obligation to return the same to the Fund manager.

41. Parallel Funds and Alternative Investment Vehicles: The Fund manager shall seek UKIDCF' prior written consent, prior to them being required to participate in a parallel fund and/or alternative investment vehicle.

42. Insurance for members of committees: The Fund manager shall obtain an insurance for any errors and omissions covering representatives of UKIDCF and other committee members.

43. Assignment: The Fund manager shall not assign the Fund documents or transfer any of their rights or obligations thereunder to any person without the prior written consent of UKIDCF.

44. Amendments: All amendments to the investment strategy of the Fund (if any) shall be consolidated and presented to UKIDCF for its prior approval in writing. Further, any amendment of the Fund documents shall require the prior written consent of UKIDCF.

45. Compulsory redemption: The Fund Manager shall not be entitled to compulsorily redeem units of UKIDCF on any grounds.

46. Immunity: The rights, privileges or immunity granted to UKIDCF and their investors under applicable international law and conventions shall not be waived or terminated by the provisions of any of the Fund documents.

47. Visibility branding: The Fund Manager shall acknowledge funding from the UKIDCF in the Fund in its marketing materials and through use of UKIDCF logo in its website, solely with the prior written consent of UKIDCF. No disclosure or press release using the name of UKIDCF or its investors shall be done, without prior consent of UKIDCF.

48. Development linked Technical Assistance: Upon request, the Fund manager shall provide policy inputs for strengthening the ecosystem through Central / State government engagement and work towards strengthening India-UK investment corridor through investor / investee engagement as appropriate.
49. Notification of formal investigation: The Fund manager will notify UKIDCF of any existing or past notice(s) towards commencement of any formal investigation that involves an allegation of fraud, misrepresentation or violations of law or regulation.
50. Breach of Fund documents: Any uncured breach of the Fund documents by the Fund manager would result in suspension of UKIDCF' capital commitments.
51. Additional Representations and Warranties: The Fund Manager / Trustee would be required to furnish representations and warranties as required by UKIDCF which would be further elaborated by UKIDCF in the Fund documents at each drawdown.
52. Substantially identical contribution agreements:
- (a) Agreements executed with other Contributors will be substantially identical to UKIDCF's Agreement except as to (a) amount of Capital Commitment and personal details; (b) representations and warranties c) global MFN rights. This is important to ensure clear accountability and alignment between the GP and LPs.
  - (b) The investment management agreement, the private placement memorandum (PPM) and the trust deed shall be aligned with the UKIDCF Contribution Agreement in case of inconsistencies within 60 (sixty) calendar days of Final Closing and file revised PPM with the regulator.
53. Dispute resolution: The Fund documents shall have adequate provisions for arbitration to resolve disputes expeditiously. The Fund documents shall be governed in accordance with the Indian laws.