



Tamil Nadu Infrastructure Fund Management Corporation Ltd.

Address: 19, TP Scheme Road, R.A. Puram, Chennai, India - 600 028

Request for Proposal - Appointment of Fund Arrangers

We are a Securities & Exchange Board of India (SEBI) regulated Investment Management company managing Alternative Investment Funds (AIFs). Our aim is to raise and manage resources through SEBI registered/ regulated investment vehicles, from both local and global investors.

Our flagship fund, the Tamil Nadu Infrastructure Fund (TNIF) is a SEBI registered AIF – Category I (Infrastructure Fund) with a targeted fund size of US \$ 1 Billion. The fund's mandate is to boost infrastructure investment and development in Tamil Nadu, one of India's economically important states, by mobilizing both private and public sector capital into critical, viable infrastructure investment opportunities. We have declared our first close with US \$ 300 Million in October 2018.

Our second fund, the Tamil Nadu Shelter Fund (TNSF), is a SEBI registered AIF – Category I (Social Venture Fund) with a targeted fund size of US \$ 500 Million. The fund's mandate is to invest in affordable housing or rental accommodations in Tamil Nadu. We have received soft commitments of US \$ 150 Million from international developmental agencies.

We aim to attract reputed fund arrangers for assisting us in raising funds for both our funds. We have provided teasers on both funds as annexure to this document.

The Fund Arranger should have:

- Demonstrated experience successfully working with and raising funds from sovereign wealth funds, state pension funds and infrastructure-focused institutional investors and multilateral organizations to the tune of at least USD 5 billion.
- Specific experience in raising funds from institutions in the Middle East/Asia/Europe/Americas

The Scope of Services is:

- Originate/gauge initial interest from potential clients such as Sovereign Wealth Funds, Pension Funds, Family Offices and other Institutional investors;
- Prepare marketing material & organise road shows
- Coordinate and evaluate indications of interest and proposals regarding the mandate;
- Coordinate conference calls, due diligence visits, conferences etc
- Identify appropriate clients or investment into TNIF;
- Assist TNIFMC in closing investment documentation
- Supply consistent feedback to TNIFMC
- Help complete the transaction

Firms interested may send in their proposals for one or both the funds. The proposals should contain a write-up of:

- i. Profile of the firm;
- ii. Past performance of the firm;



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- iii. List of clients serviced in the past 3 years and funds raised for them;
- iv. References that can be verified;
- v. Details of the people proposed to be deployed for this assignment;
- vi. List of geographies present/ proposed to do fund raise;
- vii. Timelines for fund raising;
- viii. A quote on the fixed retainer fee, if any; and
- ix. Success Fee proposed to be charged for fund raising, if any.

Firms can send their proposals to TNIFMC email to tnifmc@tnifmc.com with the subject – “TNIF – Fund Arranger – Proposal” on or before 15.03.2019.

**Chief Executive Officer
Tamil Nadu Infrastructure Fund Management Corporation Ltd**



TAMIL NADU INFRASTRUCTURE FUND (TNIF)

Introduction and Background

(TNIF) is a leading Indian infrastructure fund, investing in India's second largest economy. It invests in asset backed instruments primarily by creating "Platform Companies" in (PPP) fashion, with the Government and its agencies. The primary focus of TNIF is in:

- **Green energy** – Hydro, Wind and Solar
- **Water supply** – TTUF/TTRO plants, desalination plants
- **Tourism** – as a part of a holistic area development program
- **Urban infrastructure** – 3 landmark office towers, a convention centre and parking projects

The management of the fund is led by senior professionals with industry expertise and deep knowledge in each of the four verticals and with an impressive track record in both the public and private sectors.

With the successful first close of USD 320mn, the management team is targeting a USD 1bn final close: i.e. a 2nd closing in June 2019 and final close in Q3 2019.

Tamil Nadu Infrastructure Fund Management Corporation (TNIFMC), fund manager of TNIF, is an independently managed investment company promoted by the Government of Tamil Nadu (GoTN). It has a well-defined strategy to originate, invest, actively manage and exit its portfolio of assets with risk-mitigators specific to its PPP nature. It can thus deliver superior returns in this sector.

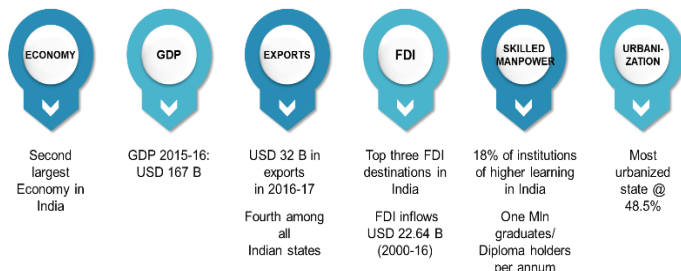
Why Tamil Nadu

Tamil Nadu, the fastest growing province in India, contributing ~12% of the country's GDP. It has been growing at over 9% YoY, which is comparable to China in the '90s; with a land the size of Turkey



GoTN has had a successful history of promoting and managing financial institutions to support its growth initiatives. A comprehensive regulatory & execution framework created in 2012, drives professionalism and transparency.

GoTN has demonstrated strong intent and execution orientation in improving infrastructure through a network of institutions. This has made the state a national front-runner.



The Company, the people

Backed by the State, a key objective of TNIFMC is to attract private funding for infrastructure in the State using the TNIF capital as a catalyst. This is expected to improve execution discipline, long-term sustainability and better fiscal management.

Infrastructure Funds are relatively new in India and particularly those that are state sponsored. TNIFMC's team, builds on its strength as a state-promoted but independent company to address risks ranging from project related, to financial to socio-political and even risk of judicial & environmental activism.



TNIFMC's Independence and its "Dual Discipline Team"

The Board made up with committed professionals from the public sector along with independent directors. To prevent even a perception of conflict of interest, an independent Investment Committee (IC) of eminent experts take final decisions on all investments.

The investment team consists of professional from the public sector, private fund managers and financial experts, all compensated by market discovered salaries, bonus and carry.

By segregation of project-origination, TNIFMC plays an autonomous financial investor role independent of the promoters in the platform companies. Having drawn people from the Supreme Audit Institution for operations, our ability to question, challenge and course correct for improved effectiveness in Infrastructure projects far exceeds that of most fund managers. The management will ensure measurable Environment-Sustainability-Governance (ESG) Impact.

Investment Guidelines

The Fund will make Investments in Portfolio Undertakings in the Infrastructure sector in compliance with these guidelines:

- **Deal Size:** typically target individual Investments between 1% to 25% of the fund
- **Nature of Investments:** primarily invest in the securities issued by existing and new Infrastructure Undertakings
- **Risk mitigation:** investments would primarily have maturities co-terminus with life of the fund; and in certain circumstances the Investment Manager may choose to exit an investment earlier with IC approval



TNIFMC has a 3-Tier Management Team		
Experienced Team, Dual- Discipline	Independent IC, Dual –Discipline	An Eminent Board
<p>CEO – Krishnamurthy Vijayan, with over 31 years’ experience in the mutual fund industry of which 17 years was at CXO level. He was the Executive Chairman JP Morgan AMC and MD, IDBI AMC. He continues to be the Chairman of SBI Mutual Fund Trustee and Director of Aptus Value Housing Finance India Ltd</p> <p>COO – K. Srinivasan, a Civil Service Officer, he held the post of Principal Accountant General for the provinces of Tamil Nadu & Puducherry, before joining TNIFMC. He worked abroad as Advisor to the Govt of Oman, for the energy & finance ministries. He has also worked on several assignments for the UN and its agencies all across the world.</p> <p>Supported by a team of experienced fund industry professionals, infrastructure experts and technical experts from the Government</p>	<p>Azmat Taufique – World Bank veteran With extensive experience in IFC fund management and other global funds.</p> <p>Arun Ramanathan, IAS (Retd.) and former Finance Secretary of Govt. of India.</p> <p>S. Mahalingam, CA, former CFO of Tata Consultancy Services and an awarded CFO, Ex-President CII & Chaired the NSDC.</p> <p>V. Somasundaram, Chief Engineer, Indian Railways (Retd.) and a Civil Engineer, Consultant to a number of Metro Rail projects and Arbitrator on project disputes.</p>	<p>Girija Vaidyanathan, IAS, Chief Secretary, Tamil Nadu</p> <p>K. Shanmugham, IAS, Additional Chief Secretary, Finance , Tamil Nadu.</p> <p>S. Krishnan, IAS, Principal Secretary, Housing & Urban Development</p> <p>Keshav Desiraju, IAS, Health Secretary Govt. of India (Retd)- Independent</p> <p>M. Balachandran, former Chairman, Bank of India and National Payment Corporation – Independent</p> <p>M. A. Siddique, IAS, Secretary Expenditure and CEO - TNIDB</p> <p>V. Rajan, GM, Nominee Director, National Housing Bank(NHB)</p>

Proj. G	Holistic development of tourism destinations across 12 locations. (to be scaled as a platform later)	15
Proj. H	Setting up of desalination plant in eastern Tamil Nadu.	100

Investment Strategy and Portfolio Construction

TNIF has identified flagship projects with superior commercial impact across public and private sectors in Tamil Nadu. These projects, in addition to checking the box on financial parameters, also reflect the core focus of the fund, ESG.

Investments will be in equity or hybrid rated debt instruments. Apart from listing, investment-exits would include buy-out arrangements and creation of sinking funds from committed sovereign and other payments.

The diversification and robustness of the portfolio is based on four pillars:

- Stage Allocation: Allocation to a mix of projects at various stages of implementation i.e. Greenfield (post land acquisition and environmental clearance); Brownfield (extension to existing assets); and Operating assets where there is a significant upside potential
- Sector allocation: Allocation to asset-aggregates in at least 4 sectors
- Single asset weights: Diversification across assets by size with no single investment exceeding 25% of the portfolio or our exposure exceeding 49% of the equity etc.
- Time-horizon: predominantly in assets that offer a natural exit co-terminus with the fund but opportunistically taking longer term, listable securities and also making shorter-term exits when the target rate is met, and the probability of upside is limited.

Project Pipeline

Project	Description	~Investment (USD mln)
Proj. A	Renovation and modernization of old hydro plants of the power utility.	21
Proj. B	Iconic project with world class amenities to kick start redevelopment in CBD of Chennai.	200
Proj. D	Proposal to develop an International Convention Centre in Foreshore Estate in ~25 acres along the beach in the heart of the Chennai	140
Proj. E	Group captive consumption wind energy.	100
Proj. F	Installation of grid connected solar pumps for farmers.	100

Investment Regulations

All investments of the Fund shall be subject to the SEBI (Alternative Investment Fund) Regulations, 2012 and Investment restrictions are in compliance and would be in sync with any changes in the regulations.

Tamil Nadu Infrastructure Fund (TNIF)

Regulatory Framework	Category-I (infrastructure) Alternative Fund, regulated by SEBI, meant for the “seasoned and aware” investors and provides considerable regulatory flexibility.
Type of Projects	Green field, Brown field and Operating assets
Structure	Investment Trust with 3rd party Trustees
Term	10-year commitment period, extendable by investors by 2 years to enable exit. 48 months investment period.
Share Classes	Share Class A - General share class Share Class A1 - ESG Participating debt share class Share Class B - First loss catalytic capital of the Sponsor
Target Returns	Other Share Class :16% Gross IRR Share Class A1: 14% Gross IRR
Hurdle Rate	Other Share Class: 10% Gross IRR Share Class A1: 8% Gross IRR
Fund size	Target Size: USD1 billion. Commitments so far: USD320 million
Fees	Management Fee – 1.5% p.a on the Commitment Carry – 10% over the Hurdle Rate
Key dates	First Close : Oct 2018 Second Close : June 2019 Final Close : Q3 2019
Investment Instruments	Equity, subordinate debt with participation (incl. convertible pref. cap)

Note on SEBI - Securities & Exchanges Board of India, the securities market regulator for India is a leading IOSCO affiliated regulator.

Note on Share Class A1 – Participating debt instruments with a floor coupon of 6%, which can be used to hedge currency risk. Payments through an escrow mechanism from the collection account.

Service Providers & Expert Agencies

- **Auditors:** M/s. S.R. Batliboi, a part of the Ernst & Young Group
- **Investor Service & Fund Accounting:** M/s CAMS Ltd.
- **Lawyers:** M/s J Sagar & Associates, M/s K Law
- **Tax Advisors:** M/s Ernst & Young
- **Corporate Secretarial:** M/s Akshayam Corporate Advisors Pvt. Ltd.

Contact Persons

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Mr. K. Srinivasan
COO, TNIFMC
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TAMIL NADU SHELTER FUND (TNSF)

Background

Government of Tamil Nadu (GoTN) has a long history of providing affordable and free housing to deserving sections of the society. Through the Tamil Nadu Slum Clearance Board (TNSCB) and Tamil Nadu Housing Board, in a policy framework driven by the Department of Housing & Urban Development its annual supply of affordable homes compares very favorably with any other State in India. With a view to bring the benefits of Impact Investment to this sector, it sponsored the Tamil Nadu Shelter Fund (TNSF) in 2018, with a Catalytic First Loss Capital of US\$ 22 Mn, equivalent of 5% of target corpus.

The key reasons for creating TNSF are:

1. To attract private, “conscience capital” and with it bring the discipline of investment.
2. To provide alternative core capital for public, private and PPP affordable housing projects.

Why Tamil Nadu

Tamil Nadu is a leading province of India with a strong industrial and social ethos. The Government of Tamil Nadu has had a successful history of promoting and managing financial institutions. A comprehensive infrastructure regulatory & execution framework created in 2012, drives professionalism and transparency. Tamil Nadu is one of the most successful provinces in implementing social programs.

Investment Thesis

The Fund aims to deliver target returns of 12% p.a. by investing in equity and mezzanine debt instruments of affordable housing projects.

Under Indian laws urban affordable housing projects are classified into Economically Weaker Sections, Lower Income Group and Middle-Income Group Housing.

While favoring ownership projects, the fund may consider rental yield plays for future REITing.

Risk mitigation is the key and the fund manager would endeavor to do so by bulk sale, risk sharing with a developer or in the case of rental, by suitable mitigation of collection risk.

Impact Thesis

The Fund aims to achieve and report a two-fold impact:

1. The Fund aims to provide core capital to increase the affordable housing stock in both the public and private sectors.
2. 3 P impact i.e. People, Planet and Profit which would be measured and reported with tools such as EDGE (IFC) & GRIHA (NHB/GoI) Certification and other customised social measures.

TN Shelter Fund	
Regulatory Framework	Category-I (Social Venture) Alternative Fund* It is meant for the “seasoned and aware” investors and provides considerable regulatory flexibility
Type of Projects	Green field, Brown field and completed projects
Structure	Investment Trust with 3rd party Trustees
Term	5-year Investment period, extendable by investors by 2 years
Returns	Hurdle - 6% to all Share Classes Preferred Returns – 4% over Hurdle to Class A Target - 6% over hurdle to all Share Classes
Fund size	USD 0.5 billion. Commitments so far: USD22 million catalytic first loss capital from GoTN
Share Classes	LP: Class A: Invests in a wide range of Affordable Housing projects in both equity and participating debt instruments Class B (Subordinate to A) –Catalytic First Loss Class C (Grantor Class): Irrevocable grant funds, without expectation of any returns Class D (Employee): Subordinate payment to A and B; Carry 10%

Pipeline

TNSF has identified marquee projects across public and private sector. Three key projects (at different stages of diligence) are:

1. EWS, LIG & MIG with commercial & social infrastructure at Manali New Town, Chennai which would include 3360 EWS apartments. Total investment would be US \$ 50 Mn.
2. Development and upgrade of Hostel infrastructure for Working Women across TN, initially at 6 locations and operate the same in a professional manner. The target group of women from EWS & LIG section would be cross subsidized by women from MIG and HIG groups to make it financially sustainable. Total investment would be US \$ 50 Mn.
3. Rental housing for migrant workers in Tirupur, a textile hub and the largest exporter of readymade garments from India. Total requirement is 100,000 apartments needing an investment of US \$ 900 Mn which would be done in phases.

Investments will be in equity or hybrid rated debt instruments. Apart from listing, investment-exits would include buy-out arrangements and sinking funds.

The investment processes are documented and after review by Ernst & Young, have been approved by the Investment Committee and the Board.

TNIFMC: experienced & fit for purpose

Social Venture AIF’s are relatively new in India and TNSF is the first in the Affordable Housing sector. In this sector success depends on diverse factors such as mitigating socio-political risk benefitting from Government and other subsidies, obtaining lands etc.

We have created a unique dual discipline model to give the investors the best risk adjusted returns.

The team has private sector experience in Fund Management, Transaction Advisory and Infrastructure Finance. It also has experienced technical specialists and audit experts from government as per our philosophy of the “Dual Discipline” approach.

Governance Structures – Independence, Excellence & Economy

Ab initio, Tamil Nadu decided to hire the best of professional talent to ensure that the organization structure and systems stood the test of international due diligence.

TNIFMC has a 3-Tier Risk Mitigation and Governance Structure		
Experienced Team, Dual- Discipline	Independent IC, Dual-Discipline	An Eminent Board
<p>CEO – Krishnamurthy Vijayan, veteran of Fund Management industry with over 20 years’ experience at CEO level.</p> <p>COO – K. Srinivasan, 1988 batch IA&AS Officer with extensive Indian, UN and Global experience in audit.</p> <p>Supported by a team of experienced fund industry professionals, infrastructure experts And technical experts from Government infrastructure departments.</p> <p>This unique dual – discipline approach is created to ensure a holistic approach to project identification, investing, monitoring, Correction and exit.</p>	<p>Azmat Taufique – World Bank veteran with Extensive experience in IFC fund Management and other global funds.</p> <p>Arun Ramanathan, IAS (Retd.) and former Finance Secretary of Govt. of India</p> <p>S. Mahalingam, CA, former CFO of Tata Consultancy Services and an awarded CFO, Ex-President CII & chaired the NSDC</p> <p>V.S. Somasundaram, Chief Engineer, Indian Railways (Retd.) and a Civil Engineer. Consultant to a number of metro Railway projects and arbitrator on project Disputes</p> <p>Dr. N. Sundaradevan, IAS (Retd.) a former bureaucrat who is currently the Chairman, State Level Monitoring Committee for Urban Homeless</p>	<p>Girija Vaidyanathan, IAS, Chief Secretary, Tamil Nadu</p> <p>K. Shanmugham, IAS, Additional Chief Secretary, Finance, Tamil Nadu.</p> <p>S. Krishnan, IAS, Principal Secretary, Housing & Urban Development</p> <p>Keshav Desiraju, IAS, Health Secretary Govt. of India (Retd)- Independent</p> <p>M. Balachandran, former Chairman, Bank of India and National Payment Corporation – Independent</p> <p>M. A. Siddique, IAS, Secretary Expenditure and CEO - TNIDB</p> <p>V. Rajan, GM, Nominee Director, National Housing Bank(NHB)</p>

Consultants & Service Providers

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3. **Lawyers:** M/s Novo Juris
4. **Tax Advisors:** M/s Price Waterhouse Coopers

Contact Persons

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*Under the SEBI (Alternative Investment Funds), Regulations, 2012