

**REPLY TO QUERIES RECEIVED ON RFP FOR ENGAGEMENT OF FUND MANAGER / ASSET MANAGEMENT COMPANY (AMC)
BY NSIC VENTURE CAPITAL FUND LIMITED FOR SRI FUND**

| Sl. No. | Clause No./ Annexure No of RFP | Query | Response |
|---------|--------------------------------|---|---|
| 1. | 2 | <p>Page 2 mentions Government of India as the Anchor Investor whereas in the same para it is mentioned that the Fund of Funds is to be anchored by NVCFL.</p> <p>Whether AMC will be responsible to raise the balance funds for SRI Fund?</p> <p>Whether there will be restriction on the Daughter Fund to raise funds from other GoI funds like Fund of Funds of Startups, Electronics Development Fund, etc?</p> <p>What is the commitment period envisaged for SRI Fund?</p> | <p>Government of India is the anchor investor of SRI Fund, whereas NVCFL is registering the Fund with SEBI.</p> <p>SRI Fund has only one anchor investor and the entire amount of Rs. 10,000 crore, as their contribution, is already committed. Daughter Funds can raise resources from other Fund of Funds of Government of India subject to a ceiling to be decided by the Advisory Board, at the time of preparation of PPM. For further details, please refer to the Operating Guidelines of SRI Fund placed on the website of NSIC (www.nsic.co.in) and NVCFL (www.nvcfl.co.in).</p> <p>Commitment period shall be upto 6 years from the date of first closing. For further details, please refer to the Operating Guidelines of SRI Fund placed on the website of NSIC (www.nsic.co.in) and NVCFL (www.nvcfl.co.in).</p> |
| 2. | 3 (a) | <p>Whether the Legal Advisor fee be incurred by NVCFL?</p> | <p>Investment method permitted by SEBI for the respective category of AIF of the Daughter Fund shall be acceptable.</p> |
| 3. | 3 (b)(ii) | <p>Whether the Legal Advisor fee also includes appointment of trustee, custodian, registrar and transfer agent, fund accounting agencies, valuers, auditors, etc. to be appointed. If yes, being a standard industry practice, kindly confirm that such costs will be borne by NVCFL.</p> | <p>Yes. Legal Advisor's fee will be borne by NVCFL.</p> <p>Costs of engagement of trustee, custodian, registrar and transfer agent, fund accounting agencies, valuers, auditors shall be borne by NVCFL. However, selected AMC is expected to provide support in engagement of these agencies.</p> |

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| 4. | 3 (c)(iii) | Whether the entire due diligence of the Daughter Fund be done by the Legal Advisor appointed by NVCFL? Whether AMC will be a part of the Investment Committee and/ or Advisory Board? | Due diligence of the Daughter Fund will be primarily done by AMC with inputs from Legal Advisor, wherever required. The constitution of the Investment Committee will be decided by the NVCFL Board, in due course. Advisory Board shall be a Policy making body and it may seek the views and assistance of AMC as and when desired and considered necessary. The constitution of the Investment Committee will be decided by the NVCFL Board, in due course. |
| 5. | 3 (d)(ii) | Will final shortlisted AMC have a representation on the IC? If yes, how many members shall be allowed as AMC representatives? | Funds will be released, backed, by NVCFL to the Daughter Funds on transaction basis. Also, funds will be released directly to the Daughter Funds, and not through AMC. |
| 6. | 3 (f)(ii) | Will NVCFL release funds on a transaction by transaction basis? It may be noted that the Daughter Fund may give a maximum time of 30 days for the funds to be released, else there could be some penal charges. Separately, will the funds be released to the Daughter Funds directly or will be routed through AMC? | Impact Assessment Exercise cost will be borne by AMC. |
| 7. | 3 (g)(xii) | Whether the cost of Annual Impact Assessment Exercise will be borne by NVCFL in case external agencies have to be hired to support the exercise. | This relates to work pertaining to the roles and responsibilities of the AMC only and not for unrelated activity. |
| 8. | 3 | <i>The statement there may be some other work and services not expressly captured in the aforesaid Scope of Work, which may be referred to the AMC by NVCFL and shall form an integral part of the Scope of Work</i> is open ended and may lead to uncertainty and significant costs to the AMC which may be difficult to budget as part of the bid. Request that either the clause be deleted or consider as Change of Scope. | There is no minimum or maximum number of Daughter Funds specified. However, exposure limit for each Daughter Fund shall be capped at Rs. 2,000 crore, as mentioned in Clause 4 of the RFP. |
| 9. | 4 | How many daughter funds i.e. portfolio size is envisaged for SRI Fund? | Only the applicant bidder's numbers will be considered. |
| 10. | 6 | While filing our RFP, will the consolidation numbers be considered i.e. parent & 100% subsidiary for technical bid evaluation? | As the RFP is for engagement of AMC for an AIF, the relevant experience has been sought. |
| 11. | 6.1.1 | Please clarify why the clause 6.1.1 is restricted to fund management experience of AIF / VC / PE only, instead of overall fund management experience as mentioned under clause 5.1 of RFP. | |

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| 12. | 6.1.2 | If the key person leaves the organization, the replacement may be permitted to be done as an employee may or may not stay for 15 years. | Replacement of personnel is permitted subject to concurrence of NVCFL in each case. |
| 13. | 7 (a) & 7 (d) | Whether the Management Fees shall be paid as quoted during the respective period or it will be a weighted average of the two based on 30:70 ratio. Please confirm that the Management fees shall be paid annually based on the weighted average as computed per Clause 7(a)(iii). | Fee will be based on the quotes in the financial bid of the selected AMC, as per Annexure III of the RFP. Weighted average is for the purpose of bid evaluation only. Fees will be paid every financial half-year end viz. September and March end. |
| 14. | 7 (e) | What is the meaning of date of deployment or expiry of the commitment, whichever is earlier? | Date of deployment is the actual date of funds deployed with the Daughter fund. Commitments given to Daughter Funds are valid for 18 months, for first close. |
| 15. | | As mentioned in the RFP, AMC will incur all the expenses of the fund. Will AMC also incur the non-regular expenses like Impact Study cost, fund registration & set-up cost, roadshow costs, diligence cost, legal cost, fund raising cost, Mother Fund marketing cost, Daughter Fund diligence cost? Please confirm heads of operating expenses. | Expenses incidental to the operations of the AMC shall be borne by the AMC. In the examples quoted, NVCFL shall bear the fund registration & set-up cost and legal cost. However, Impact Study Cost, road show cost, Mother Fund marketing cost, Daughter Fund diligence cost will be borne by the AMC. All expenses contingent to operations of the AMC in due discharge of their role and responsibilities shall be considered as operating expenses. |
| 16. | 7 (i) | | |
| 17. | 7 (j) | Will the AMC be paid the increased GST if any done after a few years? If any additional indirect tax/ cess is levied by GoI, whether the same will have to be borne by the AMC? | GST will be fully borne by NVCFL. Hence the question of paying enhanced GST to AMC does not arise. Except GST, all other taxes/cess/levies will have to be borne by the AMC during the entire period of engagement. |
| 18. | 14 | Generally, fee is paid to the AMC from the AIF. Whether management fee invoice is to be raised on NVCFL or SRI Fund? | Invoice of fee payable shall be raised by the AMC on NVCFL. |
| 19. | 15 | Whether the Performance Guarantee of Rs.5.00 Cr be reduced in proportion to the actual fund size if the entire fund size of SRI Fund is less than Rs.10,000 Cr. | The performance guarantee amount of Rs. 5.00 crore is fixed for the entire tenure of engagement of AMC and is not linked to the actual funds deployed/committed. |
| 20. | 19 | If an AMC is terminated, then the daughter funds which have been committed, will the AMC continue to receive fees proportionate to those investments? | Termination of AMC will result in termination of all arrangements with the AMC and, no payments will be due to the terminated AMC, including that for fee relating to commitments made to the Daughter Funds, if any. |

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| 21. | Annexure II Clause 6.1.1(i) | Whether the cut-off date of July 31, 2020 is only for illustration purpose. Would the actual cut-off date be the last date of submission of the bid? Since the definition of MSMEs has undergone a change recently, whether this number would be as per the current definition for last 15 years or respective years' definition of MSMEs. | Date as given in RFP is fixed. |
| 22. | Annexure II Clause 6.1.1(iv) | Please clarify if the expectation is that the persons identified for this role should be dedicated for this assignment on a full-time basis. | Yes. |
| 23. | Annexure IV | In the event an AMC makes a disclosure based on point no. 5 of Annexure IV – Affidavit-cum-Undertaking, then whether the AMC can delete the undertaking at point no. 3 of Annexure IV. Please inform the applicable stamp duty. | In such instance, the bidder may write against point no. 3 'may refer to details given against point no. 5, below'. |
| 24. | Annexure IV Clause 2.iv | Language of potential conflict of interest is wide and this should be contextual and specific to the assignment Please clarify that the term engagement relates to deriving any monetary benefits from daughter funds as we understand that the AMC, in discharge of its duties, will engage with daughter funds for monitoring and reporting. | As per the Stamp Act applicable at the place of execution for the relative Affidavit. Affidavit-cum-Undertaking has to be executed by the bidding AMCs and submitted alongwith the proposal. No monetary benefit can be derived from the Daughter Fund. |
| 25. | Annexure VII | Please clarify who would be designated as Investment Manager under AIF regulations to the Mother Fund, is it NVCFL or the AMC to be appointed. | This will be decided at the time of preparation of the PPM. |
| 26. | Annexure VII Clause 4 | Indemnity point may not be acceptable as it is difficult to comply. | Annexure VII has to be furnished by the successful bidder AMC. |
| 27. | Annexure VII Clause 11 | Please clarify if this clause can lead to renegotiation of major terms including commercials. Please note that the AMC would be committing resources from day one; however, the fees will be lower in the initial few years as the commitment and deployment would happen over a period of time. | It will be to review the performance of the AMC vis-à-vis Scope of Work and other statutory/regulatory responsibilities required to be discharged. Unsatisfactory performance can result in termination/revision of the terms of engagement. |

(Signature)
11/1/19