

Project Summary Information (PSI)

Project No.: 000022

Project Name	India Infrastructure Fund
Country	Republic of India
Sector	Multi-Sector
Project No.	000022
Environmental and Social Category	Category FI
Date of PSI prepared or updated	2 March 2018
Date of Concept Review	17 February 2017
Date of Final Review	8 May 2017
Date of Board Approval	15 June 2017

I. Introduction

The North Haven India Infrastructure Fund (the Fund) aims to make private equity investments in the infrastructure sector in India and will capitalize on the strengths of Morgan Stanley, a leading global infrastructure investment and management platform, as the Fund manager. The Fund benefits from a team of more than 75 professionals, including 35 dedicated infrastructure investment professionals located in financial centers around the world.

The Fund seeks to raise US\$750 million of committed capital, and will accept Fund subscriptions for up to US\$1 billion. The Bank's commitment to the Fund will be up to US\$150 million, but not more than 20% of the total committed capital.

The Fund investment is well-aligned with the Bank's mandate to foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors.

II. Objectives and Expected Results

The objective of the Project is to benefit mid-cap infrastructure projects in India by creating a mechanism to mobilize private capital from global long-term investors such as pension funds, endowments and insurance companies. Through its investment in the Fund, the Bank enhances its development impact by increasing the number of investments the Bank can transact. It also provides the Bank with an effective way to deploy capital by allowing the Bank to make investments that it would not have been able to execute on its own. Moreover, the Bank expects long-term income and capital gains not only from providing capital to the Fund, but also from participating in Fund co-investment and co-financing opportunities.

Similarly to other private sector investments, Fund investments also result in a capital infusion to emerging markets, without creating public debt. Supporting small and medium-sized enterprises in these markets has a local development impact in terms of job creation, income generation, and service provision.

III. Fund Description

The Fund's investment strategy is to invest in infrastructure platforms and infrastructure services companies with high growth potential that derive their revenues principally from India. The targeted investments cover a number of sectors, including the following:

- Energy and utilities (e.g. renewable energy, electric transmission and distribution networks, water and wastewater systems, etc.);

- Transportation and logistics (e.g. roads, airports, bridges, tunnels, ports, railways, waterways, intermodal systems linking various transport modes, urban transport, logistics and logistics-related infrastructure, etc.); and
- Other sectors including telecommunications, broadband, urban public-private partnership projects, healthcare and education.

The Fund will seek to invest in portfolio companies that support and benefit from overall growth in India’s infrastructure development and will target a market rate of return reflecting the risks of the investment, principally through long-term capital appreciation. All investments by the Fund will be guided by an assessment of government policies and prospects for private sector infrastructure investment. The Fund seeks to identify and partner with capable, trustworthy sponsors and management teams.

IV. Environmental and Social

The Project is categorized FI, because the financing structure involves the provision of funds through a financial intermediary, whereby the Bank delegates the decision-making on the use of the Bank funds, including the selection, appraisal, approval and monitoring of investments.

The Fund has established a system for reviewing and managing environmental and social risks in line with both Morgan Stanley’s corporate environmental and social requirements and the Bank’s Environmental and Social Policy. The system encompasses screening and categorizing potential investments as Category A, B or C, and reviewing, conducting due diligence on, and monitoring the environmental and social risks and impacts associated with the investments, all in a manner consistent with the Environmental and Social Policy of the Bank. The Fund is also subject to: (i) the Environmental and Social Exclusion List and applicable host country national laws for all investments; and (ii) the applicable Environmental and Social Standards of the Bank for the investments that are classified as Category A, and if the Bank so determines, some or all of the investments that are classified as Category B. Portfolio companies are required to prepare environmental and social documentation, conduct disclosure and stakeholder engagement, as well as maintaining a grievance mechanism, and report to the Fund on relevant environmental and social performances on a regular basis.

The Fund is required to develop and maintain adequate capacity to manage the environmental and social risks associated with the activities of its investments, and will provide the environmental and social due diligence reports on its first three potential investments to the Bank as well as for all Category A investments before the investment decision.

V. Estimated Fund Size (in US\$ million)

Target Fund Size:	750	Total AIIB Financing:	Up to 150
Investor			Amount
AIIB			Up to 150
Other Investors			600
Total			750

VI. Implementation

The Fund’s investment team is composed of two managing directors and one senior advisor, and is supported by five to seven local investment professionals. The senior leadership together has about 40 years of experience in investing in the India infrastructure space. The two managing directors and the senior advisor will also be a part of the Investment Committee of the Fund, which will be composed of seven members in total.

Consistent with the Bank's Procurement Policy as it relates to private sector entities, the Bank will rely on the due diligence conducted by the Fund's investment team during its evaluation of investments to ensure that sound commercial private sector practices related to procurement will be applied by the investees.

Expected implementation period (Start Date and End Date): June 2017 – March 2029

Contact Points

Asian Infrastructure Investment Bank (AIIB):

Mr. Thomas Walenta
Project Team Leader
Phone: +86 10 8358 0068
Email: thomas.walenta@aiib.org

Morgan Stanley:

Mr. Raja Parthasarathy
Managing Director
Phone: +91 22 6118-1942
Email: raja.parthasarathy@morganstanley.com

Mr. S.G. Shyam Sundar
Managing Director
Phone: +91 22 6118-1941
Email: shyam.sundar@morganstanley.com