

Research, Development, and Innovation (RDI) Fund



सत्यमेव जयते

Department of Science & Technology
Govt. of India

Department of Science and Technology



Department of Science and Technology

Outline

- Introducing RDIF: *Objectives, Impact, and Structure*
- Whom Will RDIF Help? *Eligible Technology Entities, Sectors*
- Channelling Funding: *Implementation Guidelines for Second Level Fund Managers*
- Getting RDIF Funding: *Notice Inviting Applications*
- Second Level Fund Managers: *FRO which can be nominated*

Introducing RDIF: *Objectives, Impact, and Structure*

Union Cabinet Approval and RDI Fund Launch

- Union Cabinet approved the ₹1 Lakh Crore RDI Fund on **July 1, 2025**
- RDI fund launched by Hon'ble PM on **November 3, 2025**

Cabinet



Cabinet Approves Research Development and Innovation (RDI) Scheme to scale up Research, Development and Innovation in Strategic and Sunrise Domains

Posted On: 01 JUL 2025 3:08PM by PIB Delhi

In a transformative step to bolster India's research and innovation ecosystem, the Union Cabinet, chaired by Prime Minister Shri Narendra Modi, has today approved the Research Development and Innovation (RDI) Scheme with a corpus of Rs. One lakh Crore.

Recognizing the critical role that the private sector plays in driving innovation and commercializing research the RDI Scheme aims to provide long-term financing or refinancing with long tenors at low or nil interest rates to spur private sector investment in RDI. The scheme has been designed to overcome the constraints and challenges in funding of private sector and seeks to provide growth & risk capital to sunrise and strategic sectors to facilitate innovation, promote adoption of technology and enhance competitiveness. Key objectives of the Scheme are as follows:

- Encourage the private sector to scale up research, development, and innovation (RDI) in sunrise domains and in other sectors relevant for economic security, strategic purpose, and self-reliance;
- Finance transformative projects at higher levels of Technology Readiness Levels (TRL)
- Support acquisition of technologies which are critical or of high strategic importance;
- Facilitate setting up of a Deep-Tech Fund of Funds.

The Governing Board of Anusandhan National Research Foundation (ANRF), chaired by the Prime Minister, will provide overarching strategic direction to the RDI Scheme. The Executive Council (EC) of ANRF will approve the Scheme's guidelines, and recommend 2nd level fund managers and scope and type of projects in sunrise sectors. An Empowered Group of Secretaries (EGoS) led by the Cabinet Secretary, will be responsible for approving scheme changes, sectors and types of projects as well as second-level fund managers besides reviewing the performance of the Scheme. The Department of Science and Technology (DST) will serve as the nodal department for implementation of RDI Scheme.



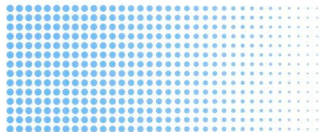
RDIF Documents Launched by Hon'ble PM



Research Development & Innovation
A Special Purpose Fund and Independent Business Unit
under the
Anusandhan National Research Foundation

Implementation Guidelines for the

RESEARCH DEVELOPMENT & INNOVATION SCHEME



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Research Development and Innovation Fund

A Special Purpose Fund and Independent Business Unit
under the
Anusandhan National Research Foundation

Notice Inviting Applications

for

Second Level Fund Managers

03.11.2025



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Objectives



To encourage private sector to scale up R&D, and innovation in sunrise domains and in other sectors relevant for ***economic security, strategic purpose, and self-reliance***



To finance transformative projects at ***higher TRL levels (4 and above)***



To support ***acquisition of technologies that*** are critical or of high strategic importance



To facilitate setting up of a ***Deep-Tech Fund of Funds***

RDIF Priority Sectors

Sunrise Sectors

- Energy security and transition, and climate action
- 'Deep Technology' including quantum computing, robotics and space
- Artificial Intelligence and its application to Indian problems, including in agriculture, health and education
- Biotechnology, biomanufacturing, synthetic biology, pharmaceuticals and medical devices
- Digital economy, including Digital agriculture

Other Sectors *(can be amended with appropriate approval)*

- Technologies whose indigenization is important for strategic reasons or for economic security/ Atmanirbharta
- Any other sector/technology where it is deemed necessary in the public interest
- Ministry to send proposals to DST for technology inclusion

RDIF does not fund companies directly, but via Second Level Fund Managers

Alternative Investment Funds (AIFs)

- Fund as defined in Sec 2 (1) (b) of SEBI (Alternative Investment Fund) Regulations, 2012
- May also include AIFs which themselves invest in units of other AIFs as permitted in the SEBI (Alternative Investment Fund) Regulations, 2012. Such AIF to be referred to as Fund of Funds

Non-Banking Financial Companies (NBFCs)

- As defined in Section 45I(f) of the Reserve Bank of India Act, 1934

Development Finance Institutions (DFIs)

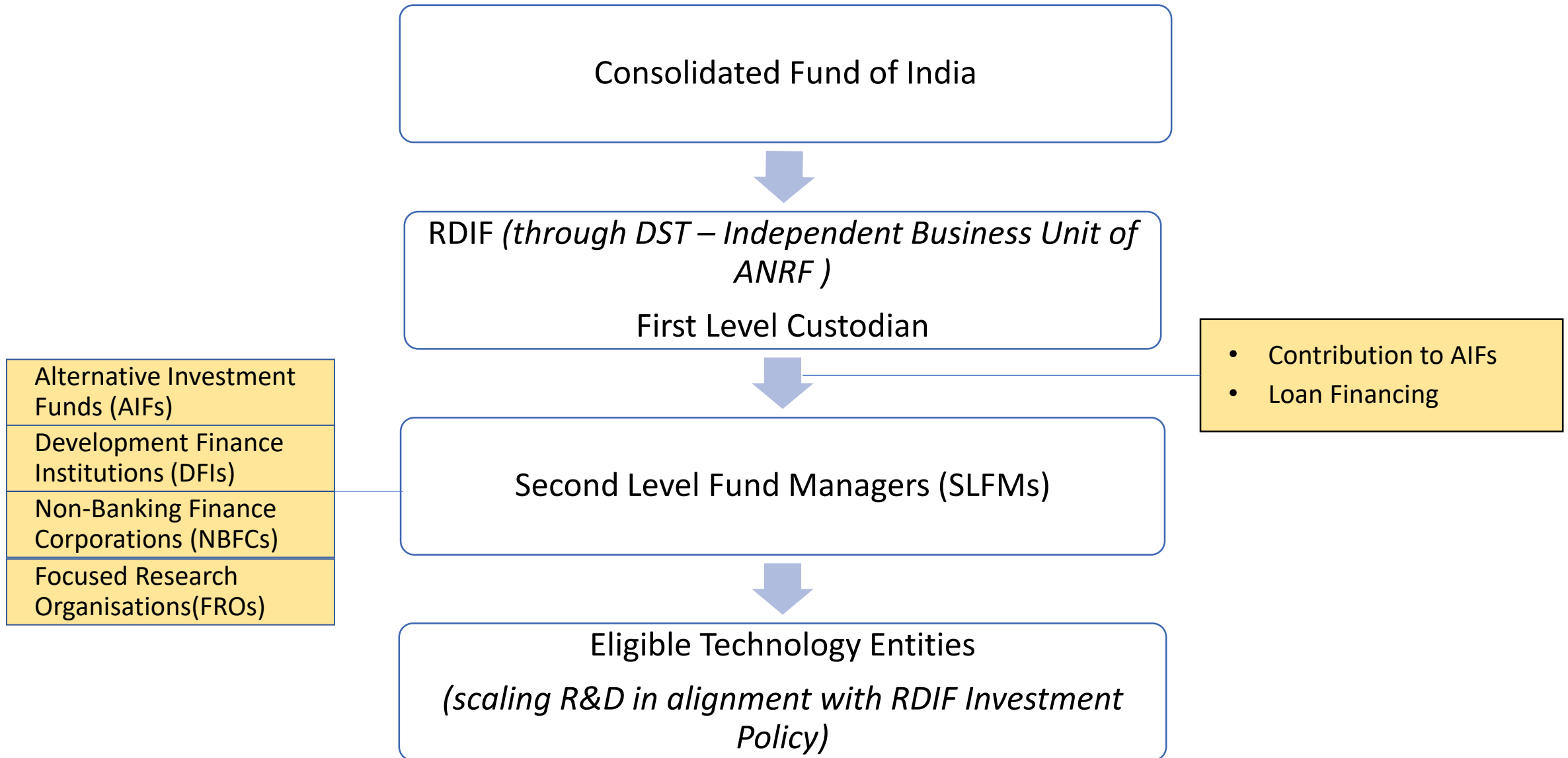
- Development Financial Institutions as defined in **Sec 3 and 29** of the **National Bank for Financing Infrastructure and Development Act, 2021**

Focused Research Organisations (FROs)

- Statutory organisations, public institutions, academic/research/non-profit organisations funded by the Government of India or State Governments; defined by a specialised focus on particular technologies, sectors, or innovation functions

*Equity, debt, and combination (e.g. convertible debt) provided to ETEs. Grants are not permitted.

Fund Flow as Approved by Union Cabinet



Salient Features: *Purpose of Financing*

- Projects must be at Technology Readiness Level 4 or above
- Avoid overlap between RDI Scheme and ANRF
- Financing allowed for acquiring critical or strategic technologies subject to EC ANRF caps
- Next-generation pre-commercial R&D labs not directly funded but can be part of larger projects
- Government entities and CPSEs eligible only if partnering with private sector on strategic project

Salient Features: *Nature of Financing*

- Long-term loans at low interest rates (expected to be unsecured)
- Equity financing considered, especially for startups
- Contribution to Deep-Tech Fund of Funds or similar vehicles
- No grant or short-term loan financing

Salient Features: *Quantum of Financing*

- RDI funding limited to max 50% of total project cost
-
- Remaining funds to be sourced by project proponents (own or commercial sources)

RDIF Independent Business Unit (IBU) Management Team

Management Team

- *Independent Business Unit to be setup as distinct from core functions of ANRF*
- *Led by an **Executive Director (ED)**. Permanent Invitee to EC w.r.t. RDIF*
- *Comprises Directors (Investment, Finance, Partnerships); Principals; Associates; Analysts; & support staff*
- *Professionals from the market at appropriate remuneration levels will be hired to staff these positions*

Expert Advisory Committee

- *Will be a **committee** to aid & advise EC ANRF on RDIF Investment Policy*
 - *Will be chaired by an eminent industry leader drawn from technology, industry, investment, and/ or R&D Sectors*
 - *Comprising 3-4 experts (drawn from industry, investment, and/ or technology R&D sectors); with ED RDIF as Member Secretary*
 - *Duration of EAC shall only be for 3 years*
- *Will be an advisory body. All executive authority will be retained & exercised by EC ANRF*

Whom Will RDIF Help? *Eligible Technology Entities, Sectors*

Funds Exclusively for Eligible Technology Entities

Companies / startups etc. must satisfy criteria for *Eligible Technology Entities* to receive RDIF funds (via SLFMs)

- Any legal entity which is engaged in developing Research, Development & Innovation (RDI)-intensive technology (Technology Readiness Level 4 and above).
- These could include companies registered under:
 - i. Companies Act, 2013,
 - ii. Partnerships registered under the Indian Partnership Act, 1932,
 - iii. Limited liability partnerships registered under the Limited Liability Partnership Act, 2008, engaged in scale-up of RDI-intensive technologies beyond Technology Readiness Level 4,
 - iv. Startups as defined in the Department for Promotion of Industry and Internal Trade Notification G.S.R. 127(E) dated 19 February 2019, as may be modified from time to time

Building Indian Capability: *Features of Eligible Technology Entities* Funded

Controlling Stake*	<ul style="list-style-type: none">• Registered in India, under Indian laws• Under control of resident Indian citizens (DPIIT Consolidated FDI Policy 2020)
Intellectual Property Rights	<ul style="list-style-type: none">• Registered in India, under Indian laws / rules• Retain ownership of such IPR, for term of IPR under applicable Indian law
Usage	<ul style="list-style-type: none">• Compliance with GoI directions on security, export control (e.g. DGFT SCOMET), foreign acquisition / control, other strategic concerns

*of Eligible Technology Entities at time of SLFM investment

RDI – Intensive Technologies: Projects

RDIF funds shall only be used to support RDI-intensive technologies.

- RDIF will be used to fund projects which:
 - *are generally based on advances in science and engineering innovation and*
 - *typically have high uncertainty (and consequent failure risks) in functionality, adoption, production, standards / architecture*
- May entail investment in scientific or engineering R&D before product development
- RDIF will not fund low-end technology projects or what is generally perceived as "routine" R&D.

Supporting RDI Scale-Up: *Access to Funding*

Innovator risks

- *More failure*
- *Higher uncertainty*
- *Impacted cashflow*

1. **Targeted *where needed*.** Tech Readiness Level 4 onward.
2. **Tailored Patient Financing.** Easy terms. Extended tenors. Select channels.
3. **Leap-frog.** Acquisition funded. (Critical or strategic; within context of wider project.)
4. **Adequate.** RDIF funds for up to 50% of project cost / funding round.

Investor risks

- *New technologies, more uncertainty*
- *Returns under risk*

1. **Targeted.** Funding via investor community: AIFs, DFIs, NBFCs, SLFMs.
2. **Finance tailored to investor risks.** Low cost. Patient tenures. Choose your options.
3. **Adequate.** No absolute limit on ticket size. Percentage based on Thesis.
4. **Returns.** Finances more valuable investments (RDI tech), in growing Sectors.

Sectors, Indicative Sub-Sectors and Types of Projects (1/3)

1. Energy Security and transition, and climate action

1.1. Advanced Wind Energy Systems:

Project: Off-shore and Vertical Axis Turbine Integration

1.2. Hybrid Renewable Integration

Project: Combined solar-wind, solar-biomass, & other hybrid systems

1.3. Next-Generation Solar Cells

Project: Cells with higher power conversion, Field efficiency enhancements

1.4. Energy Storage

Project: Innovative Battery Chemistries (Lithium-ion, Sodium-ion, Solid-state)

1.5. Hydrogen Economy

Project: Green hydrogen via electrolysis, blue hydrogen with carbon capture

1.6. Carbon Capture, Utilization & Storage (CCUS)

Project: Low-cost CO₂ capture, mineralization, bioconversion, enhanced oil recovery

1.7. Modular Nuclear Reactors

Project: Small Modular Reactors (SMRs), thorium-based reactors, fast breeder technologies

2. “Deep Technology” including quantum computing, robotics and space

2.1. Quantum Technologies

Project: Quantum Communication: Quantum Key Distribution (QKD) over fiber and free space, quantum repeaters, satellite-based quantum communication

2.2. Semiconductors & Electronics

Project: Chip Design & Advanced Node Fabrication; High-precision component

2.3. Photonics & Optoelectronics

Project: Photonics for data centres, ultra-high-speed communications, optical transceivers

2.4. Space Technologies

Project: Advanced and reusable launch vehicles, propulsion innovation (cryogenic/green propellants); Satellite communications and high-throughput satellites

2.5. Advanced Materials

Project: Advanced catalysts for energy generation and storage; 2D Materials; Quantum dots for solar energy

2.6. Neuromorphic Computing and AI Hardware

Project: Neuromorphic Processors; Edge AI Accelerators

2.7. Intelligent Systems & Robotics

Project: Human Robotic Interaction; Edge Intelligence & Swarm Robotics

Sectors, Indicative Sub-Sectors and Types of Projects (2/3)

3. Artificial Intelligence and its applications to Indian problems including in agriculture, health, and education

3.1. AI in Agriculture

Project: Precision farming techniques using AI

3.2. AI in Healthcare

Project: Early disease detection for cancer, TB, diabetes using predictive models; Predictive epidemic response and outbreak modeling

3.3. AI in Education

Project: Adaptive learning platforms for personalized education

3.4. Cross-Domain & Enabling AI Technologies

Project: Development of indigenous AI chips and accelerators; Edge-AI hardware for deployment in low-resource and rural settings

4. Biotechnology, biomanufacturing, synthetic biology, pharma, medical devices

4.1. Biotechnology & Life Sciences

Project: Genomics, genome editing, and next-generation sequencing

4.2. Biomanufacturing & Bioengineering

Project: Metabolic pathway engineering for optimized production

4.3. Metabolic pathway engineering for optimized production

Project: Design and synthesis of genetic circuits and minimal cells

4.4. Pharmaceuticals & Drug Development

Project: Pharmacogenomics, personalized medicine platforms, and drug repurposing

4.5. Medical Devices & Diagnostics

Project: Implants (cochlear, pacemaker), neural chip implants, & wound healing materials

4.6. Advanced Biomaterials & Regenerative Medicine

Project: Advanced 3D bioprinting and biofabrication technologies

4.7. Advanced Therapeutics and Biologics

Project: Broad-spectrum antibiotics targeting antimicrobial resistance (AMR)

Sectors, Indicative Sub-Sectors and Types of Projects (3/3)

5. Digital Economy including Digital Agriculture

5.1. Core Infrastructure for Digital Economy

Project: 5G & 6G technologies for industry, health, and rural connectivity; Dev. of indigenous processors, chipsets

5.2. Digital Agriculture (AgriTech)

Project: Precision irrigation and climate-smart input optimization technologies

5.3. Precision Agriculture & Soil Health

Project: AI/ML-enabled analytics for soil health, land degradation neutrality, targeted interventions;

5.4. e-Governance and Citizen Services

Project: Decentralized Identity (DID) Systems; Energy-Efficient Blockchain Protocols;

5.5. Data Economy and Platforms

Project: Development of open & federated data platforms; AI governance and responsible data use frameworks

5.6. Emerging Digital Economy

Project: Metaverse applications for industry, culture, and education;

5.7. Digital Public Infrastructure

Project: Multi-Lingual DPI Interfaces; Homomorphic Encryption Models

Funding Guidelines for SLFMs to Follow

Transmit RDIF derisking

- **Net interest margin** not exceeding **3%**
- Benefits of **extended tenor passed** to companies including startups & no penalty on pre-payment of principal &/ or interest
- Provide adequate **moratorium** on principal and interests, **possibly up to start of commercialisation phase**

Ensure Responsible Decision-Making

- Form Investment Committees following EC ANRF guidelines
- For SLFMs not leveraging RDIF fundings to raise private capital (passing through RDIF funds): establish appropriate institutional oversight mechanisms

Channelling Funding:
Implementation Guidelines for Second Level Fund Managers

Implementation Guidelines



RDI

Research Development & Innovation
A Special Purpose Fund and Independent Business Unit
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Anusandhan National Research Foundation

Implementation Guidelines for the

RESEARCH DEVELOPMENT & INNOVATION SCHEME



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Implementation Guidelines

Investment Policy Framework

Operational Guidelines

*Funding Guidelines to be followed
by SLFMs*

Guidelines for Selection of SLFMs

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Implementation Guidelines

Investment Policy Framework

- Eligible Technology Entities to be funded: Conditions pertaining to controlling stake, intellectual property rights, and usage
- **Projects to be funded:** Only used to support RDI-intensive technologies

Operational Guidelines

- **Two investment streams to fund SLFMs:** (a) Contribution to AIFs; and (b) Loan Financing
- **Suggestive funding modes:** Help balance RDIF's twin objectives of de-risking and returning capital to CFI
- **Limits to RDIF Financial Contribution to SLFMs:** Contribution to AIF

Funding Guidelines to be followed by SLFMs

- Guidelines on net interest margins, tenors, moratorium to ensure SLFMs **transmit RDIF de-risking** to ultimate beneficiaries
- **Guidelines to ensure responsible decision-making** by SLFMs, particularly those not leveraging RDIF to raise private capital

Guidelines for Selection of SLFMs

- Commercial Entities to be selected via **QCBS (80:20)**
- Public FROs to be selected via nomination

Investment Streams

S N	Component	<u>Stream 1</u> : Contribution to AIFs	<u>Stream 2</u> : Loan Financing
1	Eligible Entities	<ul style="list-style-type: none"> AIFs (existing/new) as defined in SEBI AIF Regulations, 2012 Fund of Funds 	<ul style="list-style-type: none"> FROs including TDB, BIRAC, IITMRP DFIs NBFCs
2	Investment Thesis	<ul style="list-style-type: none"> Alignment with RDIF Investment Policy 	
3	Underlying Investments of SLFMs	<ul style="list-style-type: none"> Equity; Debt (per SEBI Rules); Combination of both 	<ul style="list-style-type: none"> Equity ; Debt (including convertible debt); Combination of both
4	Management Fees	<ul style="list-style-type: none"> Management Fee: not exceeding 2% p.a. (i) of aggregate Capital Commitment at beginning of year, from initial closing date until end of Commitment Period (ii) of outstanding Investments of Fund, after end of Commitment Period Carried Interest: not exceeding 20% of AIF SLFM's distributions after return of capital, hurdle rate, and catch-up <i>(May be modified by EC ANRF)</i> 	<ul style="list-style-type: none"> Management Fee: not exceeding 1% Net interest margin: shall not exceed 3% <i>(May be modified by EC ANRF)</i>
5	Drawdowns/Tranches	<ul style="list-style-type: none"> Within a fixed period from date of issue of Drawdown Notice SLFM as per Special Financial Rules 	

Suggestive Funding Modes

S N	RDIF Objectives	<u>Suggestive Funding to AIF SLFMs</u>			<u>Loans</u> to SLFMs
		Mode 1	Mode 2	Mode 3	
1	Derisking: Providing capital on favourable terms to innovators and SLFMs	RDIF seeks IRR lower than hurdle rate offered to private contributors to AIF	RDIF receive distributions in pari passu with other AIF contributors	RDIF receives lower priority in distribution	Low rates Long tenures
2	Returning Capital to CFI: At high cost of credit risk of RDI-intensive Technology investments	RDIF receives priority distribution relative to other contributors to AIF	RDIF seeks same hurdle rate and/or IRR as other contributors	RDIF receives higher IRR than provided to private contributors	Debt is senior to equity

Special Financial Rules

Liberalised rules incorporating provisions from RDIF Implementation Guidelines

*Fund Flow from CFI to RDIF and
RDIF to SLFMs*

- *Fund flow mechanism*
- *RDIF operational expenditure*
- *Return of funds to CFI*
- *Recycling of capital*

Budget and Accounting

- *Budget preparation*
- *Preparation of RDIF Accounts*
- *Principles of allocation of capital and revenue expenditure*

*Contract Management between
RDIF and SLFMs*

- *Selection Methods: QCBS and Nomination*
- *Selection Procedure*
- *Contract Monitoring*
- *Execution of Contribution and Loan Agreement (RDIF and SLFMs)*

Getting RDIF Funding: *Notice Inviting Applications*

Notice Inviting Applications



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Notice Inviting Applications

Scope of Work for SLFMs

Application and Selection Method

*Quality Criteria, Information
Requirements and Evaluation Matrix*

Cost Criteria and Evaluation Matrix

Proposal Submission Requirements

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Notice Inviting Applications

Scope of Work for SLFMs

- **Funding Modalities to access RDIF Funding:** (a) Contribution to AIFs (b) Loan Financing
- **SLFM Investment Requirements: Eligible Technology Entities to be funded:** Conditions pertaining to controlling stake, intellectual property rights, and usage
- **Projects to advance RDI-intensive technologies in RDIF-Priority Sectors**

Application and Selection Method

- **Application Process:** Via RDIF Management Portal (Digital Sealed Cover 1 and 2)
- **QCBS mode of Selection (80:20)**

Quality Criteria, Information Requirements and Evaluation Matrix

- **Quality Criteria for AIFs, DFIs, and NBFCs:** General Competence, R&D and RDI-Technology Focus, 'Crowd-In'
- **Quality Criteria for FROs:** Org and Gov Structure, Management Team Competence, Track Record in Investment, R&D scale-up, RDI Theses alignment

Cost Criteria and Evaluation Matrix

- **Contributions to AIFs:** Management Fees and Carried Interest
- **Loan Financing:** Net Interest Margin and Management Fee

Proposal Submission Requirements

- **Modality of Funding, Quantum, Tenure/ Tenor of Financing**
- **Information required in Evaluation Matrix for Quality and Cost Criteria**
- **Forms, Declarations, and Undertakings**

Selection of SLFMs: *AIF / DFI / NBFC* Entities

Cabinet Approved Process: Quality and Cost Based Selection (QCBS)

Cost

Weightage: 20%

AIFs *score* high on:

Lower management fee
Lower carried interest

*Loan financing *scores* high on:*

*Lower net interest margin**
Lower management fee

Quality

Weightage: 80%

Part A: General Competence in Managing Investments & Operational Risks

Team competence and profile
Investment management competence and track record: *IRR, MoIC, DPIC, portfolio yields*, etc.)

Part B: R&D / RDI-intensive Technologies focus

Investment thesis alignment
Prior RDI-intensive Technologies exits/ investments
Prior ticket sizes
Absorption / utilisation capacity

Part C: Crowd-In of Private Capital

Percentage of aggregate capital (AIFs)/ funding for loan scheme or programme (Loan financing) from private sources

*net interest margin: difference between interest rate at which any SLFM lends capital to Eligible Technology Entities, and rate at which any SLFM receives funding from RDIF

Selection of SLFMs: FROs

Cabinet Approved Process: Nomination

Statutory/autonomous organisations of the Government of India

Nomination

Academic/research/non-profit organisations wholly funded by GoI or state govts

Nomination supported by competitive quality criteria tailored to technology, sector, innovation function

Second Level Fund Managers: *FRO which can be nominated*

SLFMs : *FROs which can be nominated by Government.*



प्रौद्योगिकी विकास बोर्ड

TECHNOLOGY DEVELOPMENT BOARD

Department of Science & Technology

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- **Dedicated RDIF vertical**, staffed by market professionals
- **Expert Investment Committee** to evaluate proposals
- **Multiple funding options:** loans, convertible debt, equity
- **Unsecured debt** for scale-up
- **3% maximum limit** for net interest margin
- **Co-investment** of optional convertible alongside AIF equity financing can be considered

SLFMs : *FROs which can be nominated by Government.*



birac.dbt@nic.in

- **Dedicated Programme Management Unit.** Focused entirely on RDIF fund disbursements.
- **Deep experience with biotech.** 13 years delivering support across the ecosystem.
- **Expertise across product ranges.** Programmes and capacities across high-impact vaccines and biotherapeutics, diagnostics and devices.
- **Expertise across value chains.** Product development to biomanufacturing.
- **Diverse funding options.** Experienced handling of debt and equity.

Contact Details



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Thank You!

QCBS Quality Criteria (AIFs, DFIs, NBFCs) (1/4)

Part A General Competence: Managing Investments and Operational Risks for Scaled Returns

S. N.	Selection Criteria	Measures		Weight
		AIFs	DFIs/ NBFCs	
1	<p>Fund Management Team Competence: General capability of the SLFM team in managing <u>investments and operational risks</u>, investees in the technology sector (irrespective of R&D/ RDI-intensive technology specialisation)</p> <p>For AIFs: <u>Professional background</u> of General Partners and Principals (or equivalent): successful investors, founders, managers, technologists.</p> <p><u>Skillsets</u>: expertise, experience, and success related to (for example)</p> <ul style="list-style-type: none">- Managing founder teams, to ensure robust teams, scaled operations, and strong returns;- Emerging technologies;- Product management;- Finance and investment;- Building and maintaining mentoring networks. <p>For DFIs: Organisation’s credentials and management team experience.</p>	<p>1. <u>AIFs</u>: Teams, for</p> <ul style="list-style-type: none">- experience leading deals and exits for technology firms;- successful scaling of operations at technology firms;- ability to build strong teams with low attrition;- ability to build strong processes for consistent investment performance and risk management;- track record of having raised third party capital;- quality of Investment Committee, Advisory Board, and Compliance management. <p><i>Note. Normally be evaluated for the Fund organisation. Where a new Fund is being established, these may be evaluated for the individuals forming the new Fund.</i></p>	<p>Organisation’s</p> <ul style="list-style-type: none">- credentials;- management team and board, track record and experience;- experience in RDIF Priority Sectors;- project financing experience: manufacturing, working capital.	15%
<p>Common to AIFs, DFIs, NBFCs</p> <ul style="list-style-type: none">- Key personnel’s track record related to functions such as deal-sourcing, due diligence / evaluation, portfolio management, exits;- Combined team (including advisory boards) for domain expertise in technologies / sectors.				
<p>Where quantitative criteria are considered essential, the following may be explored:</p> <p>1. Combined number of person-years of experience in technology and investment in</p> <ul style="list-style-type: none">- RDIF Priority sectors, in India;- TRLs / Venture Development Stages. <p>2. Total number of funds from which successful exits have taken place;</p> <p>3. Internal Rate of Return (IRR) / Distribution to Paid-In Capital (DPI) across previous Funds: mean values; standard deviations (to verify consistent performance);</p> <p>4. Number of years that Fund Management Team have worked together.</p>				

QCBS Quality Criteria (AIFs, DFIs, NBFCs) (2/4)

Part A General Competence: Managing Investments and Operational Risks for Scaled Returns

S. N.	Selection Criteria	Measures		Weight
		AIFs	DFIs/ NBFCs	
2	Demonstrated Track Record of Investment Management Competence. Success and consistency in delivering prior Funds, through <ul style="list-style-type: none"> - Repeatable processes; - Robust execution; - Effective risk management. 	1. Net IRR over previous Funds 2. Multiple on Invested Capital (MOIC) over previous Funds (<i>what multiple of the invested money was actually returned</i>). 3. Distributions to Paid-In Capital (DPIC) over last funds (<i>realised returns – cash actually distributed to LPs</i>) 4. Vintage Year Performance (<i>AIF's performance against other funds in the same First Close year</i>)	1. Net IRR over the last 10 years (<i>annualised return of Fund to LPs</i>). 2. Distributions to Paid-In Capital (DPIC) over last 10 years 3. Default Rates or Non-Accrual Loans over the previous five years 4. Recovery Rates (<i>percentage of the principal and accrued interest amounts recovered from loans that are in default e.g. via liquidation of assets, etc. – measuring robustness of SLFM's measures against downside.</i>)	20%
		1. Yield on Loans or Portfolio Yield over previous funds (for debt AIFs) (<i>average interest rate earned on the outstanding loan portfolio, measuring income generated from Debt AIF's investments</i>); over previous five years (for DFIs and NBFCs) 2. Default Rates or Non-Accrual Loans over previous funds (for debt AIFs) (<i>percentage of loans in portfolio that are unable to make repayments as scheduled – as a measure of robustness of execution and risk management</i>); over previous five years (for DFIs and NBFCs)		

QCBS Quality Criteria (AIFs, DFIs, NBFCs) (3/4)

Part B: R&D and RDI-Intensive Technology Focus: Orientation and Competence to Execute RDIF Mandate

S. N.	Selection Criteria	Measures		Weight
		AIFs	DFIs/ NBFCs	
3	Investment Theses (which may be part of the Private Placement Memorandum): alignment with RDIF Investment Policy.	Qualitatively assessed and scored, based on expert evaluation against RDIF Investment Policy criteria. Scoring would take place against: 1. Alignment with R&D / RDI-intensive Technology and Priority Sectors ; 2. Technology maturity ranges specified in the RDIF Investment Policy (TRL 4+); 3. Venture development stage (laboratory spin-out to production).		10%
4	Track Record in R&D Scale Up and RDI-Intensive Technology Competence. Demonstrated competence with the high-uncertainty investments characterising RDI-intensive technology – at the TRLs concerned. This would include technology stage / maturity, advanced science bases, ‘hockey-stick’ valuation growth (long low period, followed by exponential increase).	Fund Management teams that have achieved the following would be <u>highly</u> scored: At least one exit from an RDI-intensive technology firm: AND/OR At least two prior investments in RDI-intensive technology firms.		15%
5	Track Record in Investment Sizes for R&D Scale Up. Demonstrated competence with the size of investments needed to scale-up R&D.	Ticket Sizes in previous Funds (for AIFs) or across the previous five years (for DFIs / NBFCs): 1. Average value across previous Funds (for AIFs) or across the previous five years (for DFIs / NBFCs): indicating general familiarity with managing investment ticket sizes in the RDIF’s target range; 2. Modal value across previous Funds (for AIFs) or across the previous five years (for DFIs / NBFCs): indicating consistent ability to manage these ticket sizes; 3. Trends (longitudinal) across previous Funds (for AIFs) or across the previous five years (for DFIs / NBFCs).		5%
6	Absorption and Utilisation Capacity. Ability to effectively invest capital contributions received, in companies including startups.	Percentage of previous fund committed to investees.		5%

QCBS Quality Criteria (AIFs, DFIs, NBFCs) (4/4)

Part C Crowd-In: Extent of Private Contributions to Applicant's Aggregate Capital

S N	Selection Criteria (Options to be selected for respective cohort by EC ANRF)	Measures (<u>Examples</u> , to be selected by EC ANRF)		Weight
		AIFs	DFI/NBFCs	
7	Crowd-In of private capital. Ability to raise and direct private capital to innovation, alongside the RDIF contribution	Percentage of aggregate capital contributed by private sources, at Close for which contribution is being sought from RDIF (for AIFs) OR Percentage of funding for loan scheme / programme sourced from private sources (for DFIs / NBFCs)		10%

Applying QCBS Cost Criteria: Contribution to AIFs

S.N.	Evaluation Criteria	Description
1.	Management Fee	Management fee proposed to be charged per annum from RDIF, as a percentage of : (i) the aggregate Capital Commitment at the beginning of the year, from the initial closing date until the end of the Commitment Period, (ii) the outstanding amounts of the Investments of the Fund, after the end of the Commitment Period
2.	Carried interest	Carried interest proposed to be charged from RDIF at the end of the Fund tenure, as a percentage of the profit Round of distributions

Applying QCBS Cost Criteria: Loan Financing

S. N.	Evaluation Criteria	Description
1.	Net Interest Margin	Net Interest Margin maintained by SLFM; i.e. the difference between interest rate at which any SLFM lends capital to companies including startups, and that at which the said SLFM receives funding from RDIF, shall not exceed a maximum limit of 3%
2.	Management Fee	Management fee proposed to be charged by the SLFM, shall not exceed 1% per annum of total amount of the loan proposed to be provided by RDIF to the SLFM

Note: QCBS cost criteria shall not apply to SLFMs that are (a) statutory organisations (b) public institutions (c) academic/research/non-profit organisations wholly funded by the Government of India or State Governments.

Applying QCBS Quality Criteria (for Public FROs) (1/2)

S. N.	Selection Criteria	Measures	Weight
1	Organisational and governance structure conducive to private RDI scale-up. Ability of the FRO to build and house high-performance teams, capable of driving private-sector R&D scale-up – with initiative and focus on commercialisation, distinct from purely academic research.	<p>Qualitatively assessed and scored, based on expert evaluation of (for example)</p> <ul style="list-style-type: none"> - Organisational structure conducive to distinctive focus on private R&D scale-up and commercialisation, including: <ul style="list-style-type: none"> - Organisational form (Section 8 firm, Trust, Society etc. distinct from academic institutional structure); - Governance systems dedicated to organisational form (e.g. dedicated Board or Council), with proven regular functioning; - Structure of Investment Committee or any other Committee with financial and technical experts for assisting in decision making for funding companies and startups along with the profile of committee members - Accountability systems for achieving defined, time-bound milestones. 	10%
2	Management Team Competence. General capability of the FRO team in managing support to and investments in companies including startups. <u>Professional background</u> of leadership and personnel: successful scientists, technologists and managers. <u>Skillsets</u> : expertise, experience, and success related to (for example): <ul style="list-style-type: none"> - Managing founder teams, to ensure robust teams, scaled operations, and strong returns; - Emerging technologies; - Product development; - Product management; - Building and maintaining mentoring networks. 	<p>Qualitatively assessed and scored, based on expert evaluation of (for example)</p> <ul style="list-style-type: none"> - Professional leadership and personnel, reflecting both specialised RDI focus as well as scale-up / commercialisation; - Team profiles: FRO Management Team, and Advisors; - Experience leading partnerships and support at companies including startups (or equivalent); - Ability for technology commercialisation and business mentoring; - Experience in RDIF Priority Sectors 	15%

Applying QCBS Quality Criteria (for Public FROs) (2/2)

S. N.	Selection Criteria	Measures	Weight
3	Demonstrated Track Record of Investment/ Funding. Success and consistency in delivering prior Funds, through <ul style="list-style-type: none"> - Repeatable processes; - Robust execution; - Effective risk management. 	<ul style="list-style-type: none"> - Revenue generated or earned, including proceeds from any exits, from companies including startups; - Combined valuations of companies including startups funded by FRO; - Commercialisation successes by such companies including startups. e.g. licensing deals for IP, commercial partnerships, etc. with value; for up to 5 years subsequent to the final round of grant funding provided by the FRO; for each such company including startup. 	20%
4	Track Record in R&D Scale Up and RDI-Intensive Technology Competence. Success and consistency in transitioning companies including startups to commercialisation, with high-uncertainty investments characterising RDI-intensive technology – at the TRLs concerned.	<u>Qualitatively assessed and scored</u> , based on expert evaluation of outputs conducive to transitioning scientific knowledge to commercialisation. This might include any or more of the following indicative examples: <ul style="list-style-type: none"> - Details on the nature of the support provided to companies including startups by the FRO: qualitative, and investment; - Number of RDI-intensive companies including startups (or equivalent) supported over the last 5 years, or age of the FRO, whichever is greater; - Profiles of companies including startups (or equivalent) supported: technology, sector, IPR generated; - TRLs at entry into, and exit from FRO support. 	20%
5	Alignment of FRO focus with RDI Investment Policy. Intersection between the Focused Research Organisation's focus area – technology, sector, or innovation function – to RDIF objectives.	<u>Qualitatively assessed and scored</u> , based on expert evaluation of <ol style="list-style-type: none"> 1. FRO focus on Technologies, and extent of overlap with RDIF's focus on RDI-intensive technologies; 2. FRO focus on Sectors, and extent of overlap with RDIF Priority Sectors; 3. The extent to which the technology, sector, or innovation function is essential to RDIF objectives. 	15%

General Provisions to Ensure RDIF Mandate

Reports and Information from SLFMs to RDIF		
1.	Every six months*	<ul style="list-style-type: none"> Unaudited financial statements of SLFM Status reports on SLFM's investments (including investee eligible technology entities, technologies, sectors, and other criteria defined by RDIF Investment Policy)
2.	Every fiscal year	<ul style="list-style-type: none"> Audited financial statements and annual valuation of assets of SLFMs Statement of account in relation to units held by RDIF as a contributor Status reports on SLFM investments (including investee eligible technology entities, technologies, sectors, and other criteria defined by RDIF Investment Policy)
3.	All year round, at RDIF requirement	<p>RDIF ability to visit companies including startups to observe performance</p> <p>RDIF Meetings with SLFM teams for joint review</p>
Reporting from RDIF to SLFMs		
1.	All year round	RDIF shall periodically share with all SLFMs, a list of all SLFMs and the eligible technology entities in which they have invested. Would be used by SLFMs to ensure that its own financing does not drive RDIF funding above the approved funding limit

**from date of execution of Contribution/Loan agreement*

Suggestive Funding Modes: *Details*

S N	Funding Parameters (From RDIF to SLFM) <i>(to be decided by the EC)</i>	Illustrative Example <i>(Values to be decided by the EC)</i>
1	Rate of return for Mode 1 Funding	IRR at 5-6%
2	Distribution priority for Mode 1 funding	RDIF to receive higher priority distributions
3	Rate of return for Mode 2 Funding	As provided by AIF to all contributors
4	Distribution priority for Mode 2 Funding	In pari passu with all contributors to the AIF
5	Rate of return for Mode 3 Funding	RDIF to receive IRR higher than provided to private contributors
6	Distribution priority for Mode 3 Funding	RDIF to receive lower priority in distributions
7	Term	Up to 15 years inclusive of extension

Loans: *Details*

S N	Funding Parameters (From RDIF to SLFM) <i>(to be decided by the EC)</i>	Illustrative Example <i>(Values to be decided by the EC)</i>
1	Interest Rate	Low; for strategic projects, these maybe retained even at 1-2%
2	Tenors	Up to 20 years

Special Financial Rules

Salient Features: *Special Purpose Fund & Special Financial Rules*

“A Special Purpose Fund under ANRF shall be the 1st level custodian of the RDIF Fund”

Section 13(2)(d) of ANRF Act, 2023

“[The Governing Board shall constitute...] one or more Special Purpose Funds for any specific project or research”

“DST to formulate Special Financial Rules for implementation of the scheme, in place of the Government Financial Rules in consultation with EC ANRF and finalise with concurrence with DoE”

Section 13(4) of ANRF Act, 2023

“Central Government shall frame such financial rules for the utilisation of the amounts in the Funds established under this Act”

Section 23(2)(f) of ANRF Act, 2023

“In particular and without prejudice to the generality of the foregoing power. Such rules may provide for the financial rules for the utilisation of the amounts in the funds under subsection (4) of Section 13d”

Special Financial Rules

- A Special Purpose Fund under ANRF shall be 1st level custodian of RDIF (Sec 13 (2) (d) of ANRF Act, 2023)
- DST has formulated Special Financial Rules for scheme implementation (Sec 13 (4), and 23 (2)(f) of ANRF Act, 2023), in place of Government Financial Rules in consultation with EC ANRF and finalised with DoE concurrence
- Liberalised rules incorporating provisions from RDIF Implementation Guidelines

Fund Flow from CFI to RDIF and RDIF to SLFMs

- *Fund flow mechanism*
- *RDIF operational expenditure*
- *Return of funds to CFI*
- *Recycling of capital*

Budget and Accounting

- *Budget preparation*
- *Preparation of RDIF Accounts*
- *Principles of allocation of capital and revenue expenditure*

Contract Management between RDIF and SLFMs

- *Selection Methods: QCBS and Nomination*
- *Selection Procedure*
- *Contract Monitoring*
- *Execution of Contribution and Loan Agreement (RDIF and SLFMs)*

APPENDICES

Appendix 1

- **DPIIT FDI Policy 2020 Section 2.1.9:** *"‘Control’ shall include the right to appoint a majority of the directors or to control the management or policy decisions, exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements. For the purposes of Limited Liability Partnership, ‘control’ will mean right to appoint majority of the designated partners, where such designated partners, with specific exclusion to others, have control over all the policies of the LLP."*
- **DPIIT FDI Policy 2020 Section 2.1.45:** *"‘Resident Indian Citizen’ shall be interpreted in line with the definition of ‘person resident in India’ as per FEMA, 1999, read in conjunction with the Indian Citizenship Act, 1955."*

Appendix 2

- IPR include patents, trademarks, registered designs, copyrights and layout design of integrated circuits. These would include, but not be limited to: The Patents Act, 1970, as amended by the Patents (Amendment) Acts of 1999, 2002, and 2005; The Semiconductor Integrated Circuits Layout-Design Act, 2000; The Protection of Plant Varieties and Farmers' Rights Act, 2001; The Designs Act, 2000; The Trade Marks Act, 1999; The Copyright Act, 1957; and others. The descriptive list, designed to comprehensively cover the results of RDI funding, derives from Government of India precedent from the Department of Telecommunications' Telecom Technology Development Fund

Appendix 3 | SLFM Investment Committee (IC)

- Any SLFMs that have RDIF funds shall have IC that may contain a mix of technical and financial experts from private sector, academia, technology, and financial sector as per basis/nature of sector and industry.
- Team members of SLFM may also be members of IC.
- The Executive Council shall not decide nor approve names of members of IC in any SLFM.
- No such IC shall have any *ex officio* members from government.
- Each SLFM's IC shall vet the selection of specific projects to be funded.
- SLFM shall take care to ensure that there is no conflict of interest in choice of specific projects for financing, given likelihood of domain experts on its IC being investors in ideas and companies.
- IC shall function autonomously, without incurring any fiduciary or legal obligations in the event of investment underperformance or losses.
- IC shall ensure strategic coherence, fiscal prudence, and alignment with RDIF Investment Policy.
- **Role of IC:**
 - Approve allocations in alignment with RDIF's Investment Policy (Part A);
 - Approve all investment and divestment decisions related to RDIF investments;
 - Select and onboard investee companies including startups through a structured and rigorous evaluation process;
 - Continuously monitor and review performance of investee companies including startups and portfolio initiatives;
 - Implement course corrections, as necessary, to enhance the developmental impact and financial return.