

ADB TO INVEST \$100 MILLION IN NIIF FUND OF FUNDS

Relevant for: International Relations | Topic: ADB and India

MUMBAI: [Asian Development Bank](#) (ADB) will invest \$100 million into the [National Investment and Infrastructure Fund](#) (NIIF) of India Fund of Funds. With ADB's investment into the NIIF platform, the FoF has now secured \$700 million in commitments. ADB will now join the Government of India (GOI) and Asian Infrastructure Investment Bank (AIIB) as an investor in the Fund, said a press statement on Monday.

NIIF is India's first [sovereign wealth fund](#) that was set up by the Government of India in February 2015. It manages over \$4 billion of capital commitments across three funds.

NIIF already counts CPPIB, Abu Dhabi Investment Authority, AustralianSuper, Ontario Teachers' Pension Plan, [Temasek](#), Axis Bank, HDFC Group, ICICI Bank and Kotak Mahindra Life Insurance as investors in the NIIF Master Fund, alongside Government of India.

NIIF Fund of Funds was established in 2018 with the objective of creating a vehicle to provide India-focused private equity fund managers with a go-to institutional investor operating at scale and based in India. The FoF invests into a variety of sectors and strategies through third-party managed funds. So far, it has made commitments to three Funds aggregating to over Rs.2,600 crore (\$350 million). The three Funds are focused on green energy and climate; middle-income and affordable housing; and entrepreneur-driven mid-market growth companies, the statement added.

"ADB's commitment to NIIF Fund of Funds during these extraordinary and challenging times is highly meaningful. It reflects ADB's confidence in the continued growth and potential of the Indian economy, its skilled private equity fund managers and the large pool of determined entrepreneurs who seek capital to grow and strengthen their companies, Sujoy Bose, Managing Director & Chief Executive Officer of NIIF. With this capital infusion, the FoF will be able to increase its support to India-focused PE fund managers at a time when their global fundraising prospects may be challenging in the short term, he added.

"ADB's investment in NIIF will help catalyze institutional capital into domestic private equity funds in India, thereby contributing to greater availability of long-term growth financing for private sector companies and leading to the creation of quality jobs, social infrastructure development, and economic growth," said Diwakar Gupta, Vice-President for Private Sector and Public-Private Partnerships - ADB.

In December, Canada's largest pension fund Canada Pension Plan Investment Board (CPPIB) had also agreed to invest about \$600 million in National Investment and Infrastructure Fund (NIIF) through the NIIF Master Fund. The agreement includes a commitment of \$150 million in the NIIF Master Fund and co-investment rights of upto \$450 million in future opportunities to invest alongside the NIIF Master Fund.

With CPPIB's investment, NIIF Master Fund has \$2.1 billion in commitments. In addition, NIIF Master Fund investors have co-investment rights of \$3 billion, which will enable the NIIF Master Fund to invest at the scale required for India's large infrastructure requirements. The NIIF Master Fund invests equity capital in core infrastructure sectors in India, with a focus on transportation, energy and urban infrastructure.

Sensing a huge market opportunity to provide liquidity support to cash strapped companies, the

National Investment and Infrastructure Fund (NIIF), the country's sovereign wealth fund is all set to launch an NBFC soon, ET reported in January.

Aseem Infrastructure Finance Limited (AIFL), the new NBFC-IFC (Infrastructure Finance Company), is expected to get the RBI approval and it would target broader segment of infrastructure lending market, ET reported. With an initial pool of \$400-500 million of seed capital, the fund plans to achieve a loan book of \$3 billion in next couple of years.

In April, NIIF had launched a platform that will invest in road projects in India, by joining hands with ROADIS, a wholly-owned subsidiary of the PSP Investments. The platform will invest up to \$2 billion of equity to target Toll Operate Transfer models and acquisitions of existing road concessions.

Last year, NIIF had acquired [IDFC Infrastructure Finance](#) Limited (IDFC-IFL), a Non-Banking Finance Company that is registered an Infrastructure Debt Fund.

NIIF is also set to close its debut deal in India's road sector as well as SWF will buy two road assets of debt-ridden [Essel Group](#) for an enterprise value of Rs.2000 crore. NIIF will buy assets of Essel Infraprojects in [Karnataka](#) (Essel Devanahalli Tollway Private Limited) near Bengaluru airport, and Telangana (Essel Dichpally Tollway, a state highway).

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