



# भारतीय रिज़र्व बैंक RESERVE BANK OF INDIA

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## **Reserve Bank of India (All India Financial Institutions – Credit Facilities) Amendment Directions, 2026**

Please refer to the [Reserve Bank of India \(All India Financial Institutions – Credit Facilities\) Directions, 2025](#) (hereinafter referred to as '**Directions**').

2. On a review, and in exercise of the powers conferred by Section 45L of the Reserve Bank of India Act, 1934 and all other provisions / laws enabling the Reserve Bank of India in this regard, the Reserve Bank of India, being satisfied that it is necessary and expedient in public interest so to do, hereby, issues the Amendment Directions hereinafter specified.

3. The Amendment Directions modify the Directions as under:

3(1) In 'Chapter VI – Other Instructions on Credit Facilities' of the Directions, paragraphs 123 to 126 shall be deleted.

3(2) The following paragraphs shall be inserted under the sub-section 'C.2 Lending to Infrastructure Investment Trusts (InvITs)', namely:

“126A. AIFIs shall be permitted to lend to InvITs which are registered with and regulated by SEBI.

### **126B. General Conditions:**

(i) An AIFI shall put in place a Board approved policy on lending to InvITs, which shall cover, *inter alia*, appraisal mechanism, sanctioning conditions, underwriting norms, including metrics such as the debt service coverage ratio (DSCR) and their corresponding benchmark levels, internal limits for individual exposures as well as the aggregate portfolio, and monitoring mechanisms, including stipulation of appropriate covenants. As the valuations of InvITs are primarily based on projected cash flows, an AIFI shall satisfy itself regarding the valuation methodology and the

assumptions used for such valuations vis-à-vis AIFI's own policy and relevant regulatory standards.

(ii) An AIFI shall ensure that the applicable legal provisions in respect of InvITs neither constrain the borrowing InvIT's eligibility to borrow, nor restrict the AIFI's ability to enforce their security interest and lender's rights. Specifically, in cases where the InvIT is established as a trust, the AIFIs shall establish that the trust deed of the borrowing InvIT has relevant provisions for borrowings in the manner that is under consideration by the AIFI.

(iii) An AIFI shall strictly monitor the end use of funds lent to InvITs to ensure that this route is not being used to finance activities which are not directly permitted to be financed under the extant regulations.

(iv) An AIFI may lend only to an InvIT which is listed.

*Explanation:*

(1) Listed InvITs shall include InvITs under sub-regulations (2) and (4) of regulation 14 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014.

*Provided that* in all cases, not less than 80 per cent of the value of the InvIT assets is invested in completed and revenue generating infrastructure projects and such assets have been generating positive cashflows from operations for a period of not less than one year.

(2) The term 'completed and revenue generating project' shall have the same meaning as assigned under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time.

(v) An AIFI shall ensure that lending to an InvIT is not used to fund its SPVs having existing loans from REs and which are facing financial difficulty, as defined in the [Reserve Bank of India \(All India Financial Institutions – Resolution of Stressed Assets\) Directions, 2025](#).

(vi) If the purpose of AIFI financing is refinancing of existing credit facilities of SPVs, then such refinancing shall be undertaken only in respect of credit facilities towards completed projects that have achieved commencement of commercial operations.

(vii) The credit facilities extended by an AIFI to an InvIT shall not involve bullet or ballooning repayment structures, so as to ensure that a disproportionate portion of principal repayments is not concentrated in the terminal phase of the loan tenure. However, this shall not preclude structuring the repayment schedule in line with projected cash flows.

*Provided that,* the above restriction shall not be applicable to exposures of an AIFI to an InvIT through its investment portfolio in the form of bonds, debentures, and commercial paper.

**126C. Specific Provision for Acquisition Finance to InvITs:**

(i) Without prejudice to the provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder, an AIFI may extend acquisition finance to an acquiring company, having infrastructure financing as its mandate, subject to the following conditions:

(ii) AIFI shall put in place a Board approved policy on acquisition finance, suitably incorporating the underwriting benchmarks that address the structural complexities of such transactions, in particular relating to exposure limits, equity contribution, leverage multiples, and cash-flow certainty.

(iii) Acquisition finance may be extended to acquire 'control', or to increase acquiring company's stake towards acquiring 'control' over a non-financial infrastructure company as strategic investment – i.e., an investment driven by the core objective of creating long-term value for the acquirer through potential synergies, rather than mere financial restructuring for short-term gains.

*Explanation:* (a) For the purpose of this paragraph of the Direction, references to acquiring company shall mean the InvIT that would acquire shares in the target company, as the case may be.

Such acquiring company shall have a standalone as well as consolidated minimum net worth of ₹500 crore.

(c) 'Control' shall have the same meaning as defined in Section 2(27) of the Companies Act, 2013.

(iv) Acquisition finance can be extended:

(a) to the acquiring company for acquisition of target company directly by it; or

(b) to the acquiring company, for on-lending to a holding company, as defined in Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, or a non-financial SPV for acquisition of a target company by such a holding company or SPV.

*Explanation:* For the purpose of this paragraph of the Direction, references to target company shall mean a non-financial infrastructure company.

(v) In cases where acquiring control in a target company leads to control over multiple companies due to control of such companies by the target company, the criteria of potential synergy must be suitably assessed considering all such companies.

*Provided that,* acquisition finance shall not be extended for acquisition of a non-financial target company, which has one or more financial entities as subsidiaries or Joint Ventures.

(vi) Acquisition finance may also be provided to refinance existing acquisition finance debt of an acquiring company, subject to compliance with the provisions of these Directions and prudential requirements as specified in paragraph 4(12) of [Reserve Bank of India \(All India Financial Institutions – Resolution of Stressed Assets\) Directions, 2025](#), at the time of refinance.

*Provided that,* refinance of acquisition finance can take place only when the acquisition finance has been concluded in all aspects, resulting in establishment of control of the target company by the acquiring company.

*Provided further that*, the refinance shall not be used for repayment of acquiring company's contribution or for any purpose other than the retirement of the acquisition finance debt.

(vii) Credit assessment shall be conducted on a pro-forma consolidated basis, incorporating the financials of the acquiring company and the financials of the target company on a consolidated basis.

(viii) Total financing extended by the lenders for this purpose shall not exceed 75 per cent of the acquisition value, as independently assessed by the lenders as under:

(a) **Listed Company**: Valuation as determined by one independent valuer (to be appointed by the AIFI) as per para 8 (2) (e) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('SEBI SAST Regulations') for valuing shares not frequently traded (using valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies);

(b) **Unlisted company**: Lower of the valuation determined by two independent valuers (to be appointed by the AIFI) as per para 8 (2) (e) of SEBI SAST Regulations, 2011 for valuing shares not frequently traded (using valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies).

**(ix) Control acquisition requirements:**

(a) The instruments through which such control is sought to be achieved may include equity shares, compulsorily convertible preference shares and compulsorily convertible debentures conferring control over the target company.

*Provided that*, all debt claims of the acquiring company or its group entities on the target company shall rank subordinate to the claims of the AIFI(s) extending acquisition finance, for the full tenor of the credit facility.

*Explanation:* Instruments acquired by the acquiring company shall be free from any encumbrance.

(b) Control may be established through a single transaction, or a series of inter-connected transactions but completed within 12 months from the date of first disbursement of the acquisition finance.

*Provided that,* where the acquiring company already holds control over the target company prior to seeking acquisition finance, acquisition finance may be extended only for acquiring additional stake that crosses a substantial threshold of 26 per cent, 51 per cent, 75 per cent, 90 per cent of voting rights, each conferring materially enhanced governance or control rights under applicable law.

(x) Acquisition finance shall be secured by the financial instruments issued by the target company through which control over it is acquired by the acquiring company, without prejudice to the provisions of paragraph 53 of [Reserve Bank of India \(All India Financial Institutions – Concentration Risk Management\) Directions, 2025](#).

*Provided that,* other unencumbered assets of the acquirer and/or target company, may be taken as additional collateral as per the AIFI's policy.

(xi) AIFI shall fix limits for their aggregate exposures towards acquisition finance within the regulatory limit for aggregate exposure to the capital markets as specified in Paragraph 52 of [Reserve Bank of India \(All India Financial Institutions – Concentration Risk Management\) Directions, 2025](#).

#### **126D. Prudential Ceiling on Leverage:**

(i) Without prejudice to generality, an AIFI shall undertake assessment of all critical parameters including sufficiency of cash flows at InvIT level to ensure timely debt servicing.

(ii) Overall leverage of the borrowing InvIT shall be within the prudential ceiling prescribed by SEBI, or such lower limit as may be decided by the AIFI's Board.

## 126E. Security Coverage

(i) AIFI financing to an InvIT shall be fully secured *inter alia* by charge over the underlying immovable property, an assignment of cash flows and receivables, a pledge of equity interests held by the InvIT in the relevant SPV, and such other legally enforceable security interests as may be applicable. Where a charge is created over immovable property, it shall invariably be in the nature of an exclusive first charge, or a first pari passu charge where multiple lenders are involved, governed by an inter-creditor agreement or any other arrangement amongst such lenders.

(ii) The contractual provisions of the loan agreement shall provide for a high degree of protection for an InvIT lender, which shall include, but not be limited to, provisions of an escrow account for ringfencing the project cash flows; mitigation of risk for InvIT lenders in case of early termination of the underlying project (e.g., step-in rights for the lenders, minimum termination payments, etc.); and restrictions on the borrower entity and underlying SPVs from acting to the detriment of the creditors, e.g., restrictions on issuing additional debt without the consent of existing creditors.

4. These Directions shall come into force from **October 1, 2026**, or an earlier date when adopted by an AIFI in entirety. With a view to ensuring non-disruptive implementation of amendments issued vide these Amendment Directions, an AIFI is permitted to let its existing loans to InvITs which are not in conformity with these amendments as on the effective date of these Amendment Directions to run-off till maturity. However, the AIFI shall not review / renew such loans / limits after their expiry on same or different terms, even if such renewal is provided in the contract, or enhance the limits sanctioned prior to the date of these Amendment Directions coming into force, unless they are in compliance with amendments issued vide these Amendment Directions.

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