



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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June 10, 2026

**Reserve Bank of India (Commercial Banks – Credit Facilities) Third
Amendment Directions, 2026**

Please refer to the [Reserve Bank of India \(Commercial Banks – Credit Facilities\) Directions, 2025](#) (hereinafter referred to as ‘Directions’).

2. On a review, and in exercise of the powers conferred by Sections 21 and 35A of the Banking Regulation Act, 1949 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 Third Amendment Directions hereinafter specified.

3. The Third Amendment Directions modify the Directions as under:

3(1) In paragraph 5 of Chapter II, sub-paragraphs 5(6) and 5 (14) shall be substituted with the following:

“5 (6) Credit facilities to Real Estate Sector including Real Estate Investment Trusts (REITs).

5 (14) Credit facilities to Infrastructure Sector including Infrastructure Investment Trusts (InvITs)”

3(2) After paragraph 133 of Chapter VIII, the following new Section F, its sub-sections, and paragraphs shall be inserted as under:

“F. Lending to Real Estate Investment Trusts (REITs)

133A. Banks shall be permitted to lend to REITs which are registered with and regulated by SEBI.

133B. Lending to REITs undertaken by overseas branches of Indian banks as part of syndication arrangements, shall not be subject to the Directions in

paragraphs 133A and paragraphs 133E to 133O if the funding contribution of a bank under such a syndication arrangement for a particular deal, across all its overseas branches does not exceed 20 per cent of total funding under the deal. However, the banks shall ensure that the REIT being funded is registered with and regulated by a financial sector regulator in the relevant jurisdiction and is listed.

F1. General Conditions

133C. A bank shall put in place a Board approved policy on lending to REITs, 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.

133D. Lending banks shall ensure that the applicable legal provisions in respect of REITs neither constrain the borrowing REIT's eligibility to borrow nor restrict the banks' ability to enforce their security interest and lender's rights. Specifically, in cases where the REIT is established as a trust, the banks shall establish that the trust deed of the borrowing REIT has relevant provisions for borrowings in the manner that is under consideration by the bank.

133E. A bank shall strictly monitor the end use of funds lent to REITs to ensure that this route is not being used to finance activities which are not directly permitted to be financed under the extant regulations.

133F. A bank may lend only to a REIT which satisfies the following conditions:

- (i) The REIT is listed;
- (ii) The REIT has at least 80 per cent of its underlying assets generating positive cashflows from operations for a period of not less than one year.

133G. The bank shall ensure that lending to a REIT 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 \(Commercial Banks – Resolution of Stressed Assets\) Directions, 2025](#).

133H. If the purpose of bank 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 received a Completion Certificate (CC), Occupancy Certificate (OC), or their equivalent.

133I. The credit facilities extended by a bank to a REIT shall not involve bullet or ballooning repayment structures so as to ensure that a disproportionate portion of principal repayment 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 a bank to a REIT through its investment portfolio in the form of bonds, debentures, and commercial paper.

133J. In addition to the conditions and prudential requirements prescribed in this Chapter, bank finance to a REIT for acquiring stake in other entities, including SPVs / holding companies, shall also be subject to the relevant conditions prescribed under Chapter XI – Acquisition Finance of these Directions.

Provided that,

(i) REITs shall be exempted from the requirement, as stipulated in paragraph 170A, that the acquiring entity shall be a non-financial company;

(ii) A non-financial subsidiary of the acquiring company, as mentioned in sub-paragraph 170E (2) shall also include a holding company as defined in Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014.

(iii) Provisions of sub-paragraphs 170E (3) and (4) shall not be permitted in cases of lending to REITs as acquiring companies. Any direct acquisition finance to a holding company or an SPV under a REIT shall be in terms of 'Chapter XI – Acquisition Finance' of these Directions.

(iv) Paragraphs 170J, 170K, 170L and 170O, as well as the requirement pertaining to 'net profit after tax reported in each of the previous three consecutive financial years' prescribed under paragraph 170G, shall not be applicable in respect of acquisition finance extended by banks to REITs.

F2. Prudential Ceiling on Leverage

133K. Without prejudice to generality, a bank shall undertake assessment of all critical parameters including sufficiency of cash flows at REIT level to ensure timely debt servicing.

133L. Overall leverage of the borrowing REIT shall be within the prudential ceiling prescribed by SEBI, or such lower limit as may be decided by the bank's Board.

133M. The aggregate exposure of all banks to a borrowing REIT, together with its underlying SPVs/ holding companies, shall not exceed 49 per cent of the value of the REIT's assets, or such lower limit as may be decided by the bank's Board.

Explanation:

(i) 'Exposure' for the above purpose shall include outstanding fund-based credit facilities, including investments in the form of bonds, debentures, and commercial paper, and credit equivalent of non-fund-based facilities, extended by banks to a REIT.

(ii) The 'value of REIT assets' shall have the same meaning as assigned under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended from time to time, and shall be considered on a gross basis, i.e., without netting cash and cash equivalents.

(iii) The value of the REIT assets shall be based on (a) the full valuation as at the end of the latest financial year ending March 31, or (b) half yearly valuation as at the end of the latest half-year ending on September 30, as prescribed under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, as amended from time to time, whichever is later.

F3. Security Coverage

133N. Bank financing to a REIT shall be fully secured *inter alia* by charge over the underlying immovable property, an assignment of rental cash flows and receivables, a pledge of equity interests held by the REIT in the relevant SPV, and / or 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 arrangements amongst such lenders.

Provided that, a charge over the underlying immovable property shall be mandatory wherever the financing is extended for the purpose of acquisition or development of a property or refinancing of debt incurred in connection with such purposes, regardless of the structure through which such purpose is achieved. For this purpose, acquisition of a property shall be construed on a look-through basis and shall include, without limitation, direct acquisition of an immovable property by the REIT, as well as indirect acquisition of an immovable property by way of purchase of equity shares in a SPV, or any other ownership interest in an entity that holds, directly or through one or more intermediate entities, an immovable property.

133O. The contractual provisions of the loan agreement shall provide for a high degree of protection for a REIT lender, which shall include, but not limited to, provisions of an escrow account for ringfencing the project cash flows; 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.

3(3) In 'Chapter IX – Infrastructure Financing' of the Directions, paragraph 137A shall be substituted with the following paragraph, namely:

“137A. Lending to InvITs:

(1) Banks shall be permitted to lend to InvITs which are registered with and regulated by SEBI.

(2) General Conditions:

(i) A bank 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, a bank shall satisfy itself regarding the valuation methodology and the assumptions

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

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

(iii) A bank 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) A bank 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 net 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) The bank 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 \(Commercial Banks – Resolution of Stressed Assets\) Directions, 2025](#).

(vi) If the purpose of bank 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 a bank 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 a bank to an InvIT through its investment portfolio in the form of bonds, debentures, and commercial paper.

(viii) In addition to the conditions and prudential requirements prescribed in this Chapter, bank finance to an InvIT for acquiring stake in other entities, including SPVs / holding companies, shall also be subject to the relevant conditions prescribed under Chapter XI – Acquisition Finance of these Directions.

Provided that:

(a) InvITs shall be exempted from the requirement, as stipulated in paragraph 170A, that the acquiring entity shall be a non-financial company.

(b) A non-financial subsidiary of the acquiring company, as mentioned in sub-paragraph 170E (2) shall also include a holding company as defined in Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014.

(c) Provisions of sub-paragraphs 170E (3) and (4) shall not be permitted in cases of lending to InvITs as acquiring companies. Any direct acquisition finance to a holding company or an SPV under an InvIT shall be in terms of Chapter XI – Acquisition Finance.

(d) Paragraphs 170J, 170K, 170L and 170O, as well as the requirement pertaining to net profit after tax reported in each of the previous three consecutive financial years prescribed under paragraph 170G, shall not be applicable in respect of acquisition finance extended by banks to InvITs.

(3) Prudential Ceiling on Leverage:

- (i) Without prejudice to generality, a bank 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 bank's Board.
- (iii) The aggregate exposure of all banks to a borrowing InvIT, together with its underlying SPVs/ holding companies, shall not exceed 49 per cent of the value of the InvIT's assets, or such lower limit as may be decided by the bank's Board.

Explanation:

- (a) 'Exposure' for the above purpose shall include outstanding fund-based credit facilities, including investments in the form of bonds, debentures, and commercial paper, and credit equivalent of non-fund-based facilities, extended by banks to an InvIT.
- (b) The 'value of InvIT assets' 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, and shall be considered on a gross basis, i.e., without netting cash and cash equivalents.
- (c) The value of the InvIT assets shall be based on (1) the full valuation as at the end of the latest financial year ending March 31, or (2) half yearly valuation as at the end of the latest half-year ending on September 30, as prescribed under the Securities and Exchange Board

of India (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time, whichever is later.

(4) Security Coverage

(i) Bank 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 a bank in entirety. With a view to ensuring non-disruptive implementation of amendments issued vide these Amendment Directions, a bank 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 bank 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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