All Scheduled Commercial Banks (Excluding Regional Rural Banks (RRBs)), All-India Financial Institutions (Exim Bank, NABARD, NHB and SIDBI)

Dear Sir/Madam,

**Lending by banks to InvITs**

Please refer to the circular [DBR.No.FSD.BC.62/24.01.040/2016-17 dated April 18, 2017](#) on 'Banks' Investment in Units of InvITs' in terms of which banks are allowed to invest in units of InvITs subject to the specified conditions.

2. Banks and other stakeholders have been seeking clarity on provision of credit facilities to InvITs. The matter has been examined and it has been decided that banks may be permitted to lend to InvITs subject to the following conditions:

i) Banks shall put in place a Board approved policy on exposures to InvITs which shall inter alia cover the appraisal mechanism, sanctioning conditions, internal limits, monitoring mechanism, etc.

ii) Without prejudice to generality, banks shall undertake assessment of all critical parameters including sufficiency of cash flows at InvIT level to ensure timely debt servicing. The overall leverage of the InvITs and the underlying SPVs put together shall be within the permissible leverage as per the Board approved policy of the banks. Banks shall also monitor performance of the underlying SPVs on an ongoing basis as ability of the InvITs to meet their debt obligation will largely depend on the performance of these SPVs. As InvITs are trusts, banks should keep in mind the legal provisions in respect of these entities especially those regarding enforcement of security.
iii) Banks shall lend to only those InvITs where none of the underlying SPVs, which have existing bank loans, is facing ‘financial difficulty’ as defined in para 2 of Annex-I to the circular [DBR.No.BP.BC.45/21.04.048/2018-19 dated June 07, 2019](#).

iv) Bank finance to InvITs for acquiring equity of other entities shall be subject to the conditions given in para 2.3.7.4 (iv) of the [Master Circular on Loans & Advances – Statutory & Other Restrictions dated July 1, 2015](#).

v) The Audit Committee of the Board of banks shall review the compliance to the above conditions on a half yearly basis.

Yours faithfully

(Saurav Sinha)
Chief General Manager-in-Charge