



INDIA INFRASTRUCTURE FINANCE COMPANY (UK) LIMITED (IIFC(UK))

SCHEME FOR FINANCING INFRASTRUCTURE PROJECTS BY IIFC(UK)

1. Preamble:

The Government of India continues to progress its long-term objective of transforming the country into a developed economy under the Viksit Bharat@2047 framework, with public investment in infrastructure forming a central element of its economic strategy.

Continued high levels of public capital spending, alongside capital assistance to state governments, are intended to encourage private sector investment and support the development of a pipeline of commercially viable infrastructure projects. Complementary policy measures, including asset monetization initiatives and an expanded programme of Public-Private Partnership (PPP) projects, are designed to enhance capital efficiency and broaden private participation in infrastructure development. A number of sector-specific initiatives have been announced to strengthen connectivity and inclusive growth.

These initiatives and policy measures reflect the India's coordinated approach to strengthening its infrastructure framework and supporting sustainable economic development. The Government of India is also setting-up policies and frameworks to encourage Indian conglomerates to expand their businesses outside India to complement the economic development under Viksit Bharat@2047 framework.

Within its risk appetite and regulatory framework, IIFC (UK) Limited shall continue to position itself to support viable infrastructure projects and development to meet broader objectives set-up by Government of India.

2. Financial Assistance to be extended by IIFC(UK)

A. Debt Financing

- i. Direct Lending
- ii. Refinancing of existing debt: Takeover-cum-Enhancement of Term Debt Exposure for Projects under Operational Phase
- iii. Financing to RBI Regulated Entities & Public Financial Institutions (PFIs)

B. Other Modes of Financing/Participation

- i. Subscription in regulated Infrastructure Project Bonds listed outside India or at IFSC, GIFT City
- ii. Subscription in regulated Infrastructure funds in India/ IFSC GIFT City, set-up under a company

C. Any other route allowed under ECB Framework of Reserve Bank of India.

3. Sectors Eligible for financing by IIFC(UK)

- i. As per the Harmonized Master List of Infrastructure Sub-Sectors published by Ministry of Finance, Government of India as amended from time to time.
- ii. Mobile telephony services/ companies providing cellular services;
- iii. Mining;
- iv. Exploration; and
- v. Refining
- vi. Defense and Security Infrastructure:
 - a) Military Bases and Installations
 - b) Border Infrastructure
 - c) Defense Research and Development Facilities
- vii. Space and Satellite Infrastructure:
 - a) Satellite manufacturing
 - b) Satellite Launch Facilities
 - c) Space Research Centers
 - d) Ground Control Stations
- viii. Battery Storage and Manufacturing
- ix. Other Allied sectors (as per IIFCL's Credit Products)
 - a) Electric vehicles including commercial vehicles and buses.
 - b) Entities owning rolling stock of electric vehicles providing services to public consequent to bids invited by various government authorities*
 - c) Batteries/ Allied infrastructure for electric vehicles involving setting up of battery charging network
 - d) Manufacturing of Solar Cells, Panels and Modules
 - e) Installation of smart meters awarded pursuant to bids invited by State/Central Government Authorities
 - f) Green hydrogen/Amonia and related ancillary facilities including pipeline and electrolyzers
 - g) Windmill and related Equipment
 - h) Solar Irrigation
 - i) Biofuel
 - j) Three Star or higher category classified hotel located inside cities with population of more than one million.
 - k) Any Other Activity promoted by the GOI through MNRE/Gati Shakti/National

- l) Development Plans/Any Other Government Department in relation to Infrastructure Sectors and/or National Infrastructure Pipeline/National Monetization Pipeline
- x. Any projects classified under Harmonized master list of Infrastructure Sub Sectors and/or as detailed above under Allied Infrastructure sub sector being set up outside India by Indian Developers.

4. Eligibility Criteria for lending by IIFC(UK)

IIFC(UK) shall finance only commercially viable projects. Viable projects may also include those projects that will become viable after receiving viability gap funding under a government scheme.

In order to be eligible for funding from IIFC(UK), the project shall be implemented (i.e. developed, financed and operated) for the Project Term by:

- a. A Public Sector Company
- b. A Private Sector Company selected under a PPP initiative; or
- c. A Private Sector Company

IIFC(UK) shall subscribe to regulated Infrastructure Project Bonds listed outside India or at IFSC, GIFT City and regulated Infrastructure funds in India/ IFSC GIFT City.

5. Definitions:

Under Construction Projects – Under Construction project means a project which is in construction phase and has not achieved the actual Commercial Operation Date i.e. COD/PCOD.

Operational Project – Those projects which starts with commencement of commercial operation on the day of the actual DCCO i.e. COD/PCOD and ends with full repayment of the project finance exposure.

Promoter/Sponsor: Promoter shall mean the majority owner/shareholder of the project Company which is implementing the Infrastructure Project. Sponsor shall mean the majority owner/shareholder in the promoter company. The rating of Sponsor entity shall be considered if Sponsor is infusing the equity/contribution in the Project and/or is providing Corporate Guarantee/sponsor undertaking(s) to the satisfaction of IIFC(UK) on case-to-case basis.

Regulated Income Projects entail those projects with regulated tariff with reasonable certainty of revenue/tariff approved by Government of India/Indian PSU/Quasi Govt. of India entity/Indian Regulatory authority for the Economic Life of the Project or till the tenor of Loan repayment & in compliance of applicable financial covenants.

Non- Regulated Income Projects entail those projects with Non-regulated tariff/revenue in the project in compliance of applicable financial covenants.

Outstanding Debt is the term loan as appraised by Lender(s) from which IIFCL is taking out the Loan.

6. CREDIT PRODUCTS FOR LENDING BY IIFC(UK)

A. Direct Lending Product for extending financial assistance to Under construction Projects

IIFC(UK) shall continue to lend in consortium and/or multiple banking arrangements and shall not be sole lender in any project. The maximum exposure of IIFC(UK) shall not exceed 45% of the Total Project Cost, in any case.

IIFC(UK) can extend Term Loans (LOC as sublimit of Term Loan) to Under Construction projects

Promoter/ Sponsor Rating	Project Category as per Revenue Contract	Exposure Limit on Case to Case Basis
AAA (Domestic Indian Rating)* Or AA- and above (Domestic Indian Rating)	Regulated Income Projects	Maximum exposure of IIFC(UK) shall not exceed 45% of the Total Project Cost.
	Non-Regulated Income Projects	Maximum exposure of IIFC(UK) shall not exceed 35% of the Total Project Cost.
A-/A/A+	Regulated Income Projects	Maximum exposure of IIFC(UK) shall not exceed 35% of the Total Project Cost.
	Non-Regulated Income Projects	Maximum exposure of IIFC(UK) shall not exceed 30% of the Total Project Cost.
BBB/BBB+	Regulated Income Projects	Maximum exposure of IIFC(UK) shall not exceed 30% of the Total Project Cost.
	Non- Regulated Income Projects	Maximum exposure of IIFC(UK) shall not exceed 25% of the Total Project Cost.
A and above (Domestic Indian rating)* Or Unrated with Guarantee from Govt. of India*	Indian Public Sector Undertakings (PSUs) with majority (i.e. 51%) shareholding by Government of India or a State Governments of India or JV of only Indian PSU's or 100% owned subsidiaries of Indian PSU or JV of Central & State Govt. of India.	Maximum exposure of IIFC(UK) shall not exceed 45% of the Total Project Cost.

**Such projects being set-up outside India shall qualify for funding from IIFC(UK)*

Further any Grant or VGF or any other Grant like support from the Government/authority shall be netted off from the project cost to determine the exposure.

Sub Debt in Under construction Projects:

Subordinate debt as a debt which ranks lower in security than the project debt carrying a pari-passu charge (i.e., second charge on project assets and pari-passu with all sub-debt lenders).

IIFC(UK) can provide subordinate debt subject to following conditions:

- a) Infrastructure projects being implemented under a Concession Agreement/off taker agreement by Government of India /Indian PSU/Quasi Indian Govt. entity/Indian Regulatory authority for the Economic Life of the Project or till the tenor of Loan repayment
- b) Concession Agreement/offtaker Agreement should capture subordinate debt in the termination payment clause.
- c) Subordinate debt shall not exceed 10% of the total project cost or 50% of Promoter/Sponsor Contribution whichever is lower. The same shall be within the term loan limit as applicable.
- d) The Rate of Interest on the Sub Debt shall be at least 2 percent higher than the Senior Debt of Project.
- e) Subordinate debt shall have second charge on all assets (including receivables) of the Borrower, both present and future, to secure the subordinate debt as mentioned in the loan agreement. The said second charge to secure subordinate debt shall rank pari passu with all lenders for their subordinate debts. The above mentioned second charge of subordinate debt lenders shall be subordinate to the first pari passu charge of the senior lenders for their senior debts; and
- f) Subordinate debt shall not be converted into equity or similar instrument.
- g) IIFC(UK) shall take exposure in sub debt only along with senior debt. The maximum debt equity ratio allowed in such cases i.e. sub debt along with senior debt shall be 80:20.

The facility may be structured in such a way that interest on Subordinate debt shall be capitalized till COD of the Project and principal repayment along with such capitalized interest shall commence along with senior debt or after the commencement of repayment of senior debt based on the cash flows available.

End-Use

1. The Term Loans can be sanctioned only for the capex requirement of Infrastructure Projects.
2. Reimbursement of term loan is allowed in the following cases:
 - a) Capex incurred over last twelve months from date of IIFC(UK) Sanction/appraisal
 - b) Documentary proof to ascertain such expense through a CA Certificate
 - c) Such expenses are verified through assessment of statement of accounts.
 - d) Satisfactory physical verification of such assets created through capital expenditure shall be done through a satisfactory LIE report.

Tenor

The Term Loans shall be structured with the Minimum Average Maturity Period (MAMP) requirements prescribed under the RBI ECB Framework for projects in India or with an amortization schedule matching the cash flows of the project extended for a tenor not exceeding 85% of the Economic Life of the project.

B. Takeover-cum-Enhancement of Term Debt Exposure for Projects under Operational Phase

IIFC(UK) shall continue to lend in consortium and/or multiple banking arrangements and shall not be sole lender in any project. The maximum exposure of IIFC(UK) shall not exceed 60% of the Outstanding Debt in the project.

IIFC(UK) may extend financial assistance to projects under operational phase & for debt resizing.

Project/SPV Rating	Project Category as per Revenue Contract	Exposure Limit on Case to Case Basis
AAA (Domestic Indian Rating)* or AA- and above (Domestic Indian Rating)	Regulated Income Projects	Maximum exposure of IIFC(UK) shall not exceed 60% of the Outstanding Debt in the project.
	Non-Regulated Income Projects	Maximum exposure of IIFC(UK) shall not exceed 40% of the Outstanding Debt in the project
A-/A/A+	Regulated Income Projects	Maximum exposure of IIFC(UK) shall not exceed 40% of the Outstanding Debt in the project
	Non-Regulated Income Projects	Maximum exposure of IIFC(UK) shall not exceed 30% of the Outstanding Debt in the project
BBB/BBB+	Regulated Income Projects	Maximum exposure of IIFC(UK) shall not exceed 30% of the Outstanding Debt in the project
	Non-Regulated Income Projects	Maximum exposure of IIFC(UK) shall not exceed 25% of the Outstanding Debt in the project
A and above (Domestic Indian rating)* or Unrated with Guarantee from Govt. of India*	Indian Public Sector Undertakings (PSUs) with majority (i.e. 51%) shareholding by Government of India or State Governments of India or JV of only Indian PSU's or 100% owned subsidiaries of Indian PSU or JV of Central & State Govt. of India.	Maximum exposure of IIFC(UK) shall not exceed 40% of the Outstanding Debt in the project

**Such projects being set-up outside India shall qualify for funding from IIFC(UK)*

In cases where IIFC(UK) has exposure in existing Under construction projects, the same shall be netted off while calculating the exposure limit in Operational Projects.

End-Use

IIFC(UK) to takeover **Outstanding Debt** in part or full of existing Lenders of Infrastructure Project. CA certificate shall be taken for the End use of the funds.

Tenor

The Term Loans shall be structured with the Minimum Average Maturity Period (MAMP) requirements prescribed under the RBI ECB Framework for projects in India or with an amortization schedule matching the cash flows of the project extended for a tenor not exceeding 85% of the Economic Life of the project.

Conditions for when to Takeout/Refinance:

Project/SPV Rating	Regulated Income Projects	Non-Regulated Income Projects
AA- and above	Upon PCOD/COD	Upon PCOD/COD
A-/A/A+ and above	Receipt of 1 st Regulated Income in the Project	6 months operation from COD/PCOD
BBB/BBB+	1 year Operation from COD/PCOD	1 year operation from COD/PCOD

C. Scheme for Financing to RBI Regulated Entities & Public Financial Institutions (PFIs)

1) Objective of the Scheme: The primary objective of IIFC(UK)'s scheme for Financing RBI regulated Entities & PFIs is to augment increased flow of funds for the development of infrastructure in the country. Under the scheme, IIFC(UK) will provide term loans/line of Credit to specific financial institutions for financing infrastructure projects meeting specified criteria for finance in respect of their lending to infrastructure projects & its sub sectors as defined under Harmonized list issued by DEA, Ministry of Finance, Govt. of India. This scheme shall apply on prospective basis. All existing exposure under the erstwhile New Refinance Scheme of IIFC(UK) shall continue till their respective maturity as per then applicable policy.

2) Eligibility, Tenor & Security:

S.No.	Category	Min. Long Term Standalone External Domestic Rating @	Tenor & Security#
1.	NBFCs with minimum 51% shareholding with Govt. of India	AA-	3 to 5 Years for Unsecured Facility
2.	NBFCs set up by State Governments	AA-	3 to 5 years (only on Secured basis with minimum asset cover of 1.1 times)
3.	Other Public Financial Institutions (PFIs) notified under Section 2(72) of the Companies Act, 2013	AA-	3 to 5 years (only on Secured basis with minimum asset cover of 1.2 times)
4.	Private Sector NBFC-IFCs with minimum 3 years of operational track record	AA-	3 to 5 years (only on Secured basis with minimum asset cover of 1.1 times)

@ In case of multiple external ratings, lowest external rating will be considered. In case external rating for the proposed RTL is not available but external rating of already availed term loans are available, then such existing rating shall be considered with a condition that external rating of RTL from IIFCL as per rating eligibility criteria shall be arranged within 3 months of drawal of first tranche and if such external rating is not arranged or is lower than the eligibility

criteria, then the applicable ROI shall increase by 2% payable monthly from the date of expiry of permitted timeline or from the date of release of external rating. # Security shall be obtained by way of hypothecation of first pari passu charge on receivables & current assets of the borrowers or by way of obtaining exclusive charge on identified assets.

3) **Extent of Finance:** Tenor under this scheme shall be guided by the factors including ownership structure, quantum of Security and External Rating as defined at clause 2 of this policy. Exposure norms including Single and Group Exposure limits shall be as per the Board Approved Policy as amended from time to time.

4) **Rate of Interest:** The applicable Rate of Interest for fresh proposals sanctioned under this scheme shall be as decided by the Board of Directors of IIFC(UK) on case-to-case basis, based on prevalent market conditions, over and above the benchmark rate. The Rate of Interest may be reset on periodic basis viz quarterly, semiannually, annually etc.

5) **Minimum Financial Benchmarks as per latest audited/ limited reviewed quarterly financials:**

Benchmarks	NBFCs having Min. 51% shareholding with GoI	NBFCs set up by State Governments	Other PFIs	Private Sector NBFC-IFCs
CRAR	15% or as per RBI guidelines, whichever is higher			
PAT	Positive during the last 3 years on financial year end basis			
Gross NPA	Less than 3%	Less than 5%	Less than 3%	
Net NPA	Less than 2%	Less than 3%	Less than 2%	
TOL/NOF	Upto 10	Upto 10	Upto 5	
ROA	Minimum 2%	Minimum 1.5%		

6) **End Use of Funds:** End use of such loans will be for on-lending to infrastructure sector or reimbursement of existing deployment made in Infrastructure sector during the last 9 months as per the harmonized list of infrastructure sub-sector.

7) **Repayment of Finance:** Repayment of principal may be structured to include equated instalments, structured repayments, bullet repayments, etc. Interest to be serviced on monthly basis.

8) **Other conditions**

- a) Failure to service debt obligations would attract a penal charge of 2% p.a. Breach of financial covenants shall also attract penal charges at 2% p.a
- b) Downward shift in external rating by any credit rating agency shall attract higher Rate of Interest as per the prevalent guidelines.
- c) Prepayment of finance shall attract prepayment penalty of 2% of the pre-paid amount except in events where prepayment without prepayment penalty is permitted.
- d) Security shall be by way of hypothecation of first pari passu charge on receivables & current assets of the borrowers or by way of obtaining exclusive charge on identified assets. In case of charge on exclusive asset, the charge can be modified for those assets where DPD is equal to or more than 1 day.

D. Subscription in Regulated Infrastructure Project Foreign Currency Bonds listed outside India or at IFSC, GIFT City

A Regulated Infrastructure Project Bond shall mean a fixed-income debt instrument issued by an Indian entity for financing infrastructure assets, which is listed on a recognized stock exchange (international or IFSC – GIFT City), and is issued in compliance with the regulatory framework of the relevant jurisdiction (e.g., RBI, SEBI, IFSCA, or equivalent foreign regulator).

1. **Objective of the Scheme:** Subscription in debt securities (bonds) issued for financing infrastructure projects, which are Listed on recognized international stock exchanges; or Listed at IFSC, GIFT City. Subscriptions may be made in:

- a. Bonds listed outside India (international markets)
- b. Bonds listed at IFSC (GIFT City) exchanges

2. **Eligible Issuers: Subscriptions shall be permitted in bonds issued by:**

- a. Infrastructure Project SPVs
- b. Promoter/Sponsor of Infrastructure Project SPVs
- c. Indian Public Sector Undertakings (PSUs) engaged in infrastructure
- d. Indian Government Authorities
- e. Municipal Corporations, Councils or Committees, Developmental Authorities of India.
- f. Indian Financial intermediaries financing infrastructure (e.g., NBFC-IFCs, PFIs)

Issuer must be regulated and compliant with applicable jurisdictional regulations.

3. **Eligibility Criteria:**

- a) Regulatory Compliance
 - i. Bonds must be listed on a recognized exchange
 - ii. Issuance must comply with:
 - (a) RBI / SEBI / IFSCA norms (for domestic/IFSC instruments)
 - (b) Applicable foreign regulatory framework (for offshore bonds)
- b) Credit Rating:
 - i. **Minimum Credit Rating for the subscription by IIFC(UK) in project bonds shall be BBB by an International Rating Agency for bonds listed at IFSC GIFT City and for bonds listed outside India.**
 - ii. If two or more Ratings have been obtained from the rating agencies for the proposed issuance, then the applicable rating considered for financing will be lower of two/lowest of all.
 - iii. The rating shall be deemed valid only if (i) the rating rationale from rating agency is not more than one year old on the date of opening of issue and (ii) The credit rating letter is not more than one month old on the date of opening of issue. However if the Credit Rating Letter (not more than one month old) is available and rating rationale is not available at the time of investment, the rating shall be deemed to be valid

4. **Issue Size Limit:-** 30%. (Including Green shoe)

E. Foreign Currency Subscription in regulated Infrastructure funds in India/ IFSC GIFT City, set-up under a company

A Regulated Infrastructure Fund shall mean a pooled investment vehicle set up under a company structure in India or IFSC (GIFT City), which is regulated by the relevant authority (e.g., SEBI, IFSCA or other applicable regulator) and primarily invests in infrastructure assets or infrastructure-related securities; under the Harmonised Master List of Infrastructure Sub-Sectors

1. **Objective of the Scheme:** to participate in diversified infrastructure investments through regulated fund structures.

IIFC(UK) shall subscribe to units of infrastructure funds set up as companies.

2. **Eligible Fund Structure:** Investments shall be permitted in funds that meet the following criteria:

- a) Incorporated as a company under applicable laws
- b) Regulated by:
 - SEBI (for domestic funds), or
 - IFSCA (for IFSC-based funds)
- c) Having defined investment objectives focused on infrastructure sectors as per the Harmonised Master List of Infrastructure Sub-Sectors

3. **Eligibility Criteria:**

- a) Fund must be established and operated in compliance with SEBI / IFSCA regulations and applicable corporate and securities laws.
- b) Fund documentation (e.g., offer document, investment policy) must be available
- c) Primary investment focus on infrastructure sectors as per the Harmonised Master List of Infrastructure Sub-Sectors.

F. Any other route allowed under ECB Framework of Reserve Bank of India

Any other route permitted under the External Commercial Borrowings (ECB) Framework issued by the Reserve Bank of India, as amended from time to time.
