

Research, Development, and Innovation (RDI) FUND

Frequently Asked Questions

SECTION A: General Eligibility of Fund Managers / AIFs

1. Are banks eligible to become SLFMS to RDIF?

A: RDIF invites applications from eligible Alternative Investment Funds (AIFs), Development Finance Institutions (DFIs), Non-Banking Financial Companies (NBFCs), and other eligible entities, in accordance with the RDIF Implementation Guidelines and the Notice Inviting Applications (NIA).

2. For AIFs, is there a minimum fund size requirement for eligibility (with/without Greenshoe)?

A: RDIF does not require AIF SLFMs to have a minimum size for the Schemes for which they are applying to RDIF for funds, with or without greenshoe. However, all prospective SLFMs will be screened for quality and cost parameters, as outlined in the Notice Inviting Applications. It is clarified that a Greenshoe option, if exercised by an AIF, would not lead to an increase in the RDIF contribution that was earlier determined.

3. Is there any restriction on AIFs seeking to become RDIF SLFMs to raise capital from international entities and funds?

A: AIF SLFMs can raise funds from international investors, provided that all investments **comply with Indian laws and regulations.**

4. Would RDIF be willing to fund SLFMs focused on the growth stage?

A: RDIF funds may be used to advance, from Technology Readiness Level 4 onward, RDI-intensive technologies: defined in the Guidelines as, among other

things, typically having high uncertainty (and consequent failure risks) in functionality, adoption, production, standards / architecture. These risks define such technologies at different stages of development and commercialisation, including the growth stage.

SLFMs may therefore apply to RDIF for funding to focus on growth-stage investments in companies and startups, as long as these comply with the RDIF Implementation Guidelines [Paragraphs 5, 6, 7, 8, and 9].

5. Greater specificity is required on stage focus, including whether early-stage, growth-stage, and multi-stage funds are equally eligible, and how prioritisation across stages will be determined.

A: RDIF does not specify any preference or priority with respect to fund stage—for example, Series A versus Series B, or early-stage versus growth-stage funds. Any entity within the eligible Fund Manager categories specified in Part A, Paragraph 4 of the Implementation Guidelines, and with an investment thesis aligned with RDIF Investment Guidelines, is eligible to apply for RDIF funding across any stage.

6. Would different sub-sectors within priority domains be evaluated through differentiated norms?

A: RDIF does not specify preferences between sub-sectors within priority domains. When investing in SLFMs, all RDIF Priority Sectors are treated equally. However, RDIF funding must be used by SLFMs exclusively for technologies and sectors listed in the RDIF Implementation Guidelines (see Part A, Paragraph 5).

7. Is it mandatory to collaborate with a government or academic institution to be eligible for funding under this scheme, or can private entities apply independently?

A: It is clarified that it is not mandatory to collaborate with a government or academic institution to be eligible for RDIF capital. RDIF has been designed to encourage private sector to scale-up Research, Development, and Innovation (RDI). It may be noted that RDIF shall not finance RDI by government entities and central public

sector enterprises (CPSEs), unless they are involved in strategic projects in partnership with the private sector.

8. Would the SLFM be able to raise money from non-domestic LPs? Is there a cap?

A: It is clarified that SLFMs are free to raise money from non-domestic limited partners, as long as such investments comply with Indian law and regulation.

9. Are incubators allowed to establish Alternative Investment Funds (AIFs) and seek RDIF capital?

A: Incubators in general will not be supported by RDIF. However, if any Incubator setups an AIF, then such AIFs are assessed as per Evaluation Matrix 5.1 in the Notice Inviting Applications.

10. Why is there an SLFM requirement? Small funds always give higher returns on capital invested (ROIC) than larger funds. This is a common phenomenon in venture capital (alternative investment funds) worldwide. With AIF qualification requirements, RDI limits young and smaller investors to invest in young startups of their peers. These investors are also likely to return greater ROIC. Qualification requirements limit RDI investment to established funds or fund managers. Why can this qualification not be removed for a smaller investment tier, say \$2.5-10 million, so new investors can get a chance?

A: RDIF does not apply minimum or maximum restrictions on any of the following aspects:

- a. The size of the AIFs which are eligible for an RDIF contribution. RDIF will contribute to small or large AIFs alike, as long as they are competitive across the quality and cost criteria outlined by the Quality and Cost-Based Selection Evaluation Matrices in the Notice Inviting Applications;
- b. The age or maturity of an AIF, in order to be eligible for RDIF contribution. RDIF would be willing to finance both well-established and newly-established

AIFs. The Notice Inviting Applications explicitly states, in Evaluation Matrix 5.1: “If only one or no prior Fund has been launched previous to this one, as Schemes of the current Trust / with the current management team: details may be provided for previous funds with which individual Partners were earlier associated.”

RDIF therefore ensures that both new and small Funds have the opportunity to receive support.

11. Investment Committee:

Evaluation Matrix 5.2, Criteria 1 assesses organizational structure including "Structure of Investment Committee...with financial and technical experts."

Authority: Must the IC have final binding authority on funding decisions or is an advisory to a CEO/Board?

Composition: minimum/maximum of IC members? Ratio of financial vs. technical experts? Can external advisors/consultants serve on the IC, or must all members be FRO staff?

Financial experts' definition: CA/CFA/IB/VC background?

FROs that currently have grant approval committees: Can this be restructured/rebranded as an Investment Committee, or must it be created de novo?

A:

1. AIFs seeking funding from RDIF must conform with SEBI Regulations. For Investment Committees, this includes SEBI (Alternative Investment Fund) Regulations 2012 Chapter IV, the Fourth Schedule, and other relevant clauses. Special attention is drawn to Regulation 20(7): “The Manager may constitute an Investment Committee (by whatever name called), to approve the decisions of the Alternative Investment Fund and such constitution shall be subject to such conditions as specified by the Board from time to time.”
2. Additionally, it may be noted that Guidelines Appendix C.1. specifies:

- a. Paragraph 1: *“Any SLFMs that have RDIF funds shall have Investment Committees (IC) that may contain a mix of technical and financial experts from the private sector, academia, technology, and financial sector as per the basis/ nature of sector and industry. The Investment Committee must be constituted in a way that avoids potential conflicts of interest.”*
 - b. Paragraph 5: *“Each SLFM’s IC shall vet the selection of specific projects to be funded.”*
- 3. The establishment of an Investment Committee is therefore necessary for SLFMs to use RDIF funds.
- 4. RDIF will not be over-prescriptive regarding the composition of Investment Committees, beyond the Guidelines in Appendix C.1.

However, it may be noted that RDIF Management Team, Executive Council ANRF, and the Empowered Group of Secretaries (EGoS) will assess the Fund Management Team’s Competence as Criterion 1 in Evaluation Matrix 5.1 of the NIA. Criterion 1 includes the quality of the Investment Committee.

12. Would AIFs sponsored by public sector banks (PSBs) be eligible for selection by nomination?

A: Only SLFMs that are (a) statutory organisations (b) public institutions (c) academic/research/non-profit organisations wholly funded by the Government of India or State Governments would be appointed on the basis of nomination by the EGoS, on the recommendation of the ANRF Executive Council. AIFs sponsored by public sector banks would be evaluated based on Quality and Cost Criteria as specified in NIA.

13. Would new AIFs be eligible to apply to RDIF for funding as SLFMs?

A: RDIF encourages both existing, well-established Funds, as well as newer Funds, which focus as much as possible on RDIF Priority Sectors, to apply for funding. RDIF would assess new Funds based on the track record and details of previous funds with which individual Partners were earlier associated.

14. Can AIFs apply for RDIF funding before SEBI has issued their registration certificates?

A: Entities which have submitted their applications for AIF registration to SEBI but have not yet received it, are eligible to apply for RDIF for funding. Such entities would be required to submit proof of application to SEBI. Such entities, if selected, would be eligible to receive a conditional Letter of Intent (LOI) of funding from RDIF. However, RDIF would not enter a Contribution Agreement with such an entity until SEBI registration is successfully completed, and full documentary support for this is provided to RDIF.

15. Could you kindly clarify if incubators and accelerators are eligible to submit applications for funding?

A: Incubators and accelerators in general are NOT eligible to apply for RDIF funding. DST has many schemes supporting Incubators and Accelerators. RDIF will not provide support for incubation activities. In certain exceptional cases, where an incubator (a) meets the definition of a Fund Receiving Organisation (FRO) as set out in the RDIF Implementation Guidelines; and (b) satisfies the eligibility and selection criteria specified in NIA Section 5, Paragraph 6, and the Evaluation Matrix (Section 5.2), their applications may be considered.

16. Are AIFs currently raising/deploying their second fund eligible to apply as a SLFM under the RDIF Scheme?

- a. Most of the scoring criteria require performance of the past two funds. If, for example, we are currently raising/deploying our second**

Deep Tech fund – is this a Go/No-Go Criteria for the RDIF AIF Application?

b. Is support for Emerging Fund Managers part of the overall AIF strategy? Is there a percentage allocation for Emerging Fund Managers?

A: RDIF encourages both existing, well-established Funds, as well as newer Funds, which focus as much as possible on RDI-intensive technologies and RDIF Priority Sectors, to apply for funding.

Emerging Fund Managers who are establishing Funds focused specifically on the technologies and sectors described in Part A Investment Policy for the RDIF Implementation Guidelines are particularly encouraged to apply to RDIF.

As specified in Evaluation Matrix 5.1: If only one or no prior Fund has been launched previous to this one, as Schemes of the current Trust / with the current management team: details may be provided for previous funds with which individual Partners were earlier associated (emphasis added).

In such cases, Criteria such as Fund Management Team Competence will be evaluated for the individuals forming the new Fund.

17. NIA Page 10, Section 5, Para 6 states: *"Only such FROs which have provided funding to companies including startups in the past, including via equity, debt, or grant, would be considered for RDIF funding."*

**What constitutes the minimum threshold for "provided funding" to meet eligibility? Number of Companies? Quantum of Funding? Time period?
What modalities qualify as "funding" for eligibility purposes?**

A: Regarding modalities: as the NIA language specifies, RDIF will consider and accept modalities of funding including grant, debt, or equity.

Regarding minimum threshold: FROs must have funded over 5 companies and startups in the previous three years.

18. Do fund managers need to be exclusively focused on RDIF's technology and sector focus areas, to be eligible for RDIF funding?

A: Fund managers which focus on a wide range of technologies and sectors may also apply for RDIF funding, as long as these include RDI-intensive technologies and RDIF Priority Sectors respectively.

However, SLFMs which focus exclusively RDIF's priority sectors would receive a higher RDIF contribution as a percentage of aggregate contribution, than those which do not. Kindly refer to the Clarifications to the Implementation Guidelines (S No 7).

19. For existing AIFs in the middle of fundraising, is there a minimum percentage/amount of committed private capital (non-RDI sources) required at the time of application?

A:

- a. AIFs in the midst of fundraising are eligible to apply for RDIF funds, even if private capital commitments have not been finalised at the time of application.
- b. RDIF contributions to AIF SLFMs will be determined as a percentage of aggregate contribution. This will exclusively reflect the AIF SLFM's focus on RDI-intensive technologies and RDIF Priority Sectors.
- c. SLFMs which qualify for selection under RDIF's Quality and Cost Based Selection (QCBS) process will be provided with a Letter of Intent, specifying an RDIF contribution as per (a) and (b) above.
 - i. RDIF will issue this Letter and specifying this contribution irrespective of the status of private commitments to the AIF at the time of selection.
 - ii. The Letter of Intent will specify terms that will enter the final Contribution Agreement that RDIF will enter with the SLFM.

However, RDIF will enter a Contribution Agreement committing capital to the selected SLFM only once it has received and verified Contribution Agreements from private contributors to the SLFM.

20. Can multiple parallel applications be made by a fund manager?

A: For multiple Funds managed by the same manager, a single application can be submitted per Fund.

SECTION B: Investment Scope and TRL / Technology Focus

21. The Guidelines state that RDIF will provide funding for development from Technology Readiness Level (TRL) 4 onward. The TRL framework does not have a universally consistent definition. How will the Fund team assess and apply eligibility for use of RDIF funds?

A: RDIF will not be overly prescriptive in requiring quantified specifications of a project's compliance with TRL 4 by an Eligible Technology Entity. The TRL 4 specification is a general one, indicating that RDIF funds must be used in commercialisation-focused projects that have at least achieved laboratory-level prototypes, and that they cannot be used in basic or applied R&D.

Though, SLFMs can refer to the National Technology Readiness Level (TRL) Assessment Framework released by the Office of the Principal Scientific Adviser to the Government of India (<https://www.psa.gov.in/national-technology-readiness>). This framework provides guidance on evaluating RDI intensity and TRL levels.

22. What kinds of activities at companies/ startups can SLFMs fund with RDIF capital? Are these restricted - e.g. to capital expenditure, operational expenditure, or other project related costs?

A: RDIF will not be overly prescriptive in such matters. RDIF funds may be used to finance transformative projects beyond Technology Readiness Level 4, involving RDI-intensive technologies for RDIF Priority Sectors. The specific details of how such capital would be used for such activity is left to the SLFM and its investee company / startup.

23. What level of approvals/documentation would be required to be submitted to the RDIF by SLFM when investing in startups?

A: SLFMs must provide documentation, the content and periodicity of which is specified in Paragraph 8.1 of Part B of the RDIF Implementation Guidelines.

24. Can SLFMs invest RDIF capital in companies/ startups that focus on activities other than advancing RDI-intensive technologies in RDIF Priority Sectors?

A: RDIF capital may only be used by SLFMs to exclusively fund RDI-intensive technologies in RDIF Priority Sectors.

25. How would large companies be benefitted by the RDIF?

A: RDIF offers debt: at low rates and extended tenors, focused on TRL 4 onward, including scale-up (commercialisation). RDIF also funds acquisition of technologies of critical or strategic importance (as long as this occurs within the context of a wider project that translates to the development of a product).

For corporates: RDIF-funded SLFMs can drive scale-up. RDIF-funded startups offer derisked, commercialisation-ready technology stacks, to 'plug in' to value chains.

26. Some AIFs are not fully focused on RDI-intensive technologies. In such cases, what percentage of its funds must an AIF contribute to RDI-intensive technologies, in order to be eligible for the AIF to receive RDIF funding?

A: AIFs must use RDIF funds that they receive exclusively on projects entailing RDI-intensive technologies, in RDIF Priority Sectors, at Technology Readiness Level 4 and above. Such projects/ funding rounds cannot use RDIF funds to an extent greater than 50% of the project cost, as specified in Para 7.2 in Part A of the RDIF Implementation Guidelines; the balance financing should be arranged by the project proponent from self or commercial sources.

Beyond this, RDIF does not specify a threshold for the use by SLFMs of their own capital. **May also please refer to the answer to Question No 61 of this document.**

However, it may be noted that AIF SLFMs will be eligible to receive a higher contribution from RDIF as a share of their aggregate capital, depending on the extent to which they focus on RDI-intensive technologies and RDIF Priority Sectors. This

would be specified in their Private Placement Memoranda / Investment Theses, and verified by reporting to RDIF on their investment activity as specified in Paragraph 8.1 of Part B of the RDIF Implementation Guidelines.

27. Can new Sectors be added to the RDIF Priority Sector List?

A: RDIF would be open to suggestions of new Sectors being added to the Priority Sector List specified in Paragraph 5 of Part A of the Implementation Guidelines. Such Sectors would require approval from the Executive Council of ANRF and the Empowered Group of Secretaries of the RDIF.

28. Can new technologies be added to those eligible for RDIF funding?

A: The Sub-Sectors and Technologies list uploaded to the RDIF website is indicative. RDIF does not intend to be over-prescriptive in types of technology. RDIF funds may be used to support any RDI-intensive technology fitting the general criteria outlined in Paragraph 8 of Part A of the RDIF Implementation Guidelines.

29. Given that definition of Deep Tech varies constantly, can a general classification be avoided by RDIF? Can such investments be assessed on a case-by-case basis?

A: RDIF does not wish to be over-prescriptive in the definition of which technologies SLFMs choose to invest in. RDIF will not be party in any way to any individual investment decision made by an SLFM; leaving SLFMs free to make individual investments according to their own best judgement as determined by the Investment Committee and the Management Team, as long as these investments are in accordance with the general principles outlined in the RDIF Implementation Guidelines.

RDIF would only require that such technologies comply with the criteria specific in Part A Paragraph 8 of the RDIF Implementation Guidelines.

RDIF has also uploaded, to its website, an indicative list of technologies. Again, RDIF does not intend this list to be prescriptive.

30. Do startups need to satisfy the specific classification of deeptech?

A: To receive RDIF funds, startups need only comply with (a) the definition of Eligible Technology Entities, as per Part A Paragraph 6 of the RDIF Implementation Guidelines (b) advance RDI-intensive technologies, per Para A Paragraph 8 (c) work in sectors define in Part A Paragraph 5.

31. Do AIF SLFMs who receive funds from RDIF need to invest a certain multiple of the RDIF contribution to them, into ETEs advancing RDIF-intensive technologies in RDIF priority sectors?

A: For now, RDIF requires SLFMs to invest all funds received from RDIF only (a) in Eligible Technology Entities (b) advancing RDI-intensive technologies (c) in RDIF Priority Sectors. **However, a broad example of investment has been illustrated in the table provided in the answer to Question No 61 of this document.**

32. From where would established companies working in strategic sectors (defence, security), access large-ticket loans?

A: RDIF aims to support Eligible Technology Entities, including corporates, in advancing RDI-intensive technologies within sunrise domains, as outlined in the RDIF Implementation Guidelines. Technology Development Board (TDB) has been identified as one of the FROs in RDIF. TDB once appointed as SLFM would be in a position to provide large-ticket loans to established companies working in strategic sectors. This will include providing growth and risk capital to enable technology adoption, innovation, and sectoral competitiveness.

33. Can companies / startups seeking to access RDIF funding approach multiple SLFMs for funding?

A: Companies / startups seeking to access RDIF funding can approach multiple SLFMs for funding. However, for any given (a) project (in the case of loan funding, as defined by the loan proposal's clearly specified deliverables and outcomes) or (b) funding round (in the case of equity financing, representing the total cost of achieving

the stated objectives at the time of fundraising), the funding from RDIF shall not exceed 50% of the project cost or funding round value.

Additionally, upon completion of the project (for loans) or achievement of the stated objectives (for equity financing), companies or startups may be eligible for RDIF support for follow-on projects or objectives. The 50% funding cap shall apply independently at each stage of funding.

34. Can companies and startups change SLFMs having received RDIF funding?

A: RDIF would leave this matter to the SLFMs and companies / startups concerned. However, in the event of such a change: if either of the following remains the same at the company / startup, across both SLFMs:

- (a) the loan proposal's specification of achieving clearly-defined deliverables and outcomes; thereby defining the same project across SLFMs (for loan funding);
or
- (b) the objectives proposed at the time of raising the funds; thereby comprising the funding round across SLFMs (for equity financing);

RDIF funds cannot finance more than 50% of the project cost or the funding round, across both SLFMs combined.

35. Does RDIF prescribe commercialisation pathways for IP created using its funds?

A: RDIF will not prescribe specific commercialisation pathways for SLFM-funded Eligible Technology Entities (ETEs). However, all ETEs must adhere to the intellectual property provisions in the RDIF Implementation Guidelines (Part A, Paragraph 6.2).

36. Can specific technologies, such as Bio-computing or HPC, be suggested for RDIF funding?

A: RDIF does not prescribe specific technologies that SLFMs must invest in, leaving investment decisions to the judgement of SLFM. However, any technology in which RDIF funds are deployed must fit the general definition of RDI-intensive technologies provided in Paragraph 8 of Implementation Guidelines Part A.

A general indicative list of sectors, sub-sectors, and types of projects is available on the RDIF website. This list is illustrative, not restrictive, providing examples of the kinds of technology projects eligible for RDIF funding.

RDIF funding can be used for capital-intensive projects, provided they fall within the definitions outlined in Paragraphs 5 and 8 of Part A of the Implementation Guidelines. Additionally, Government of India ministries may propose specific technologies to DST for potential inclusion in RDIF's investment focus.

37. What is the approximate funding range available for projects in strategic or sunrise sectors such as satellite communication or space technology?

A: The quantum of funding made available to projects at Eligible Technology Entities would always be determined exclusively by SLFMs, on a case-by-case basis. RDIF funds shall be limited to not more than 50% of the total assessed cost of the project.

38. Stage and Scale Criteria: Are there prescribed thresholds for investee companies—such as minimum or maximum annual revenues, stage of development, or workforce size—to qualify under the RDIF mandate?

A: It is clarified that RDIF sets no norms related to minimum or maximum annual revenues, stage of venture development, or workforce size to Eligible Technology Entities.

39. Investment in “any other sector or technology deemed necessary in public interest”. What would be the process to determine this? Will it be based on lists that are regularly updated by RDIF or does the SLFM have the right to make a request for inclusion?

A: It is clarified that ‘any other sector or technology deemed necessary in the public interest’, to be added to RDIF Priority Sectors, would be done so on the recommendation of the Executive Council of ANRF and the approval of the Empowered Group of Secretaries; as specified in Para 5.3. SLFMs are welcome to make recommendations.

40. Additional guidance is needed to distinguish between meaningful R&D and “routine R&D”, as inconsistent interpretations may lead to dilution of policy intent across SLFMs.

A: RDIF funds shall only be used to support RDI-intensive technologies as defined in the Implementation Guidelines (Part A, Paragraph 8), which (i) are generally based on advances in science and engineering innovation; (ii) typically have high uncertainty (and consequent failure risks) in functionality, adoption, production, standards / architecture; (iii) may entail investment in scientific or engineering R&D before product development. RDIF does not wish to be over-prescriptive here but the broad intent would be monitored by RDIF.

41. Any collaboration requirements with academia or public research institutions.

A: It is clarified that RDIF does not mandate that Eligible Technology Entities must collaborate with academia or public research institutions, although they are free and encouraged to explore such options should they so choose.

42. Clarity is required on whether SLFMs can support strategic technology acquisition, including acquisition of foreign technologies, assets, or companies, particularly where global deeptech startups may relocate structure or IP to India

A: RDIF funds will be used only by Eligible Technology Entities which have their global headquarters registered in India, and are under the control of resident Indian citizens. If global Deep Tech startups relocate to India to comply with these conditions, and register their intellectual property in India, RDIF-funded SLFMs may support such entities.

43. Whether expressions of interest or pre-registration are currently being accepted from eligible IT product companies?

A: RDIF does not fund companies and startups directly, which must apply to SLFMs for funding.

44. Are FROs eligible to provide equity to ETEs?

A: FROs may invest in companies or startups in the form of equity, debt, or a combination of both, including optionally convertible debt, in accordance with Part A, Paragraph 4 and Part C, Paragraph 4 of the RDIF Implementation Guidelines.

45. What are the evaluation criteria or parameters used by SLFMs and the RDI Fund to assess the eligibility and potential of startups seeking co-investment support?

A: It is clarified that the specifics of evaluation criteria or parameters used by SLFMs to assess the eligibility and potential of Eligible Technology Entities will be left to the SLFMs' judgement; provided always that SLFMs use RDIF funds in a manner aligned with the RDIF Implementation Guidelines.

46. Does RDIF impose restrictions on exits by RDIF-funded SLFMs from companies/ startups? This would affect investment decisions.

A: At this stage, RDIF has not been prescriptive regarding the exit strategies that SLFMs may adopt for investments financed using RDIF funds. RDIF will not evaluate individual investment decisions; however, it will exercise general oversight over SLFMs as specified in Part B, Paragraph 8, and require SLFMs to comply with the funding guidelines set out in Part C of the RDIF Implementation Guidelines.

RDIF also reserves the right to modify the Implementation Guidelines, including on exit-related matters, based on operational experience and stakeholder feedback.

47. Will RDIF specify modalities through which SLFMs make investments in companies /startups – debt or equity?

A: RDIF will leave such decisions to the professional judgement of the SLFM management team and Investment Committee.

48. Would RDIF constrain the terms on which SLFMs enter Loan or Contribution Agreements with companies / startups?

A: RDIF will require SLFM activity to conform with Part C *Funding Guidelines to be followed by SLFMs* of the Implementation Guidelines. This includes transmission of derisking (for example, net interest margins less than or equal to 3% for loan financing, extended tenors, moratoria, etc.)

SECTION C: Loan and Contribution Modalities

49. Does the scheme extend funding as grants, concessional loans, or equity-based support?

A: RDIF would provide funds to SLFMs as Loans or Contributions to AIFs. RDIF would not provide grants or short-term loans.

50. Can a DFI/ NBFC/FRO create an AIF to receive funding from RDIF; or can they access RDIF funds only via the Loan modality?

A: AIFs satisfying RDIF eligibility criteria, established by any of these organisations, can apply for RDIF funding.

51. Would RDIF require a separate class of shares (*units of scheme*)?

A: RDIF would accept those units that the AIF may issue in order to implement its own chosen Mode (Mode 1 / 2 /3) of funding, that it has selected from RDIF's menu of options.

The choice of Mode is entirely up to the AIF applying to become an SLFM.

Accordingly, the AIF, not RDIF, exercises the choice of issuing different classes of units.

52. Are loans to FROs unsecured loans or secured loans? Please provide clarity.

A: Loans provided by RDIF are expected to be unsecured. In accordance with the Implementation Guidelines, SLFMs receiving funding from RDIF will make funds available to Eligible Technology Entities (as defined in Paragraph 6), including startups scaling R&D from Technology Readiness Level (TRL) 4 onward, through financing or refinancing via:

- Long-term loans, including optionally convertible debt, which are expected to be unsecured;

- Equity investments, particularly in the case of startups; or
- A combination of debt and equity instruments.

53. Regarding loans from RDIF to FRO, Is there a moratorium period for payment of interest or repayment of principal?

A: Noting that RDIF would require SLFMs to provide moratoria on principal and interest payable from Eligible Technology Entities (per IG Part C Para 6), RDIF would extend moratoria to SLFMs in which it invests in the Loan mode. These terms would be finalised on the recommendation of competent RDIF authorities, ahead of entering the Loan agreement.

54. Fund Life & Tenure Alignment: Could you please confirm the preferred fund life or tenure expected for AIFs applying under RDIF, given that R&D-led and innovation-driven businesses often have longer gestation cycles?

A: It is clarified that RDIF would seek to ensure that Eligible Technology Entities receive funds on terms that reflect the extended gestation periods of RDI scaling. Accordingly: while RDIF does not define a specific preferred life or tenure for SLFMs, RDIF would

1. Provide funding via (a) Contribution to AIF mode, on an extended tenure – illustratively, up to 15 years (b) Loan mode, on an extended tenor – illustratively, up to 20 years;
2. Require that SLFMs pass on these benefits to Eligible Technology Entities;
3. Select SLFMs on the basis, inter alia, of the alignment of their investment theses with the RDIF Investment Policy.

55. Does RDIF have a preference between different contribution modes?

A: It is clarified that RDIF expresses no preference between different Contribution Modes. Once selected to become an SLFM, an AIF can select any Mode of its own preference.

56. Fund Disbursement and Management: Will the RDIF funds be deployed to the NBFC in a lump sum amount or through project-specific tranches tied to individual loan disbursements? If funds are provided in a lump sum, are there any stipulated restrictions on the use or management of the surplus capital prior to its final disbursement to the project?

A: RDIF funds will be disbursed against the issue of a Drawdown Notice by an SLFM.

57. Under the Loan modality: would the net interest margin provided by RDIF be subject to negotiation, in order to incentivise commercial actors?

A: Net interest margins must be maintained under a maximum limit of 3% by all SLFM channelling RDIF financing in the Loan modality.

58. For AIFs: would selecting a particular Mode of RDIF contribution (Mode 1, Mode 2, or Mode 3) affect the likelihood of receiving RDIF capital?

A: AIFs would be evaluated and selected based entirely on the Quality criteria outlined by Evaluation Matrix 5.1 in Section 5 and Cost criteria listed in Section 6 in the Notice Inviting Applications. Choice of Mode will not affect an Applicant's prospects in any way.

59. Under the Contribution to AIF modality: can SLFMs seek e.g. part of their funding under Mode 1, and another part under Mode 2 or Mode 3?

A: SLFMs need to choose one of the three Modes or suggest another Mode which conforms to SEBI regulations.

SECTION D: Investment Terms, Quantum, Cost, and Oversight

60. What is the maximum investment quantum / ticket size that an SLFM will receive, as investment, from RDIF?

A: RDIF does not specify a maximum quantum of investment or ticket size for its contributions or loans to SLFMs. RDIF's maximum contribution as a percentage of aggregate contribution will reflect the SLFM's focus on RDI-intensive technologies and RDIF Priority Sectors.

61. RDIF will contribute to SLFMs as a percentage of aggregate contributions, reflecting the extent of the SLFM's focus on RDI-intensive technology and RDIF Priority Sector. What will these percentages be, against what extent of such focus?

A: RDIF contributions to AIFs are determined as a percentage of aggregate capital, reflecting the Fund's focus on RDI-intensive technologies and RDIF Priority Sectors.

RDIF will contribute to the aggregate commitment of an SLFM as follows:

1. For SLFMs that intend to focus exclusively on RDI-intensive technologies and RDIF Priority Sectors: up to 50% of the aggregate commitments to the SLFM;
2. For SLFMs that will focus both on RDI-intensive technologies and RDIF Priority Sectors, and on other technologies and sectors: X% of the aggregate commitment to the SLFM, where
 - a. X% of aggregate commitment is contributed by RDIF, and may only be used for Eligible Technology Entities focusing on RDI-intensive technologies and RDIF Priority Sectors;
 - b. A matching X% of aggregate commitment must be drawn by the SLFM from contributors other than RDIF, and used only for Eligible Technology Entities focusing on RDI-intensive technologies and RDIF Priority Sectors;
 - c. Y%, which is $100-2X$, of aggregate commitment would be drawn by the SLFM from contributors other than RDIF; and may be used for companies and startups

focusing on any technologies and sectors that the SLFM chooses, other than RDI-intensive technologies and RDIF Priority Sectors.

To clarify practical investment obligations, SLFMs are required to invest both RDIF capital and the matching private capital in Eligible Technology Entities that focus on RDI-intensive technologies and RDIF Priority Sectors.

Examples of Contribution Quantum are tabulated below:

Contribution in AIF from		Investment in ETE that focus on RDI-Intensive Tech. & RDIF Priority Sector	Remarks
RDIF	Private Capital		
50%	50%	100%	100% RDIF-Intensive Tech & RDIF Priority Sector Focused AIF
40%	60%	80% (40% RDIF + 40% Pvt. Capital)	20% fund can be invested by AIF in any company including startups
30%	70%	60% (30% RDIF + 30% Pvt. Capital)	40% fund can be invested by AIF in any company including startups
20%	80%	40% (20% RDIF + 20% Pvt. Capital)	60% fund can be invested by AIF in any company including startups

62. What would be the maximum investment that RDIF would contribute to an SLFM?

A: RDIF Guidelines do not specify a maximum limit on the quantum of contribution it would provide to an SLFM. However, RDIF contributions to AIFs as a percentage of aggregate capital would be determined reflecting the AIFs' focus on RDI-intensive technologies and RDIF Priority sectors, so as to enable increased RDIF funding to these technologies and sectors.

63. How much will RDIF contribute to a project or funding round?

A: Total RDIF financing shall be limited to not more than 50 per cent of the total assessed cost of the project.

As specified in the Implementation Guidelines:

- For Eligible Technology Entities receiving debt funding (via loan or optionally convertible debt) from the SLFM, this shall be calculated as 50% of the project cost, as specified in a proposal for achieving clearly-defined deliverables and outcomes of a project.
- For Eligible Technology Entities receiving funding via equity or equity linked instruments from the SLFM, this shall be calculated as 50% of the value of each funding round. This value would be considered when it constitutes the entire cost of achieving the objectives proposed at the time of raising the funds. At every stage of funding, RDIF funding will remain 50%.

64. Will RDIF be judged by how safe its investments are, or by other parameters?

A: RDIF will be assessed in its performance according to a number of factors, including (but not restricted to) intellectual property generation, technological advancement, commercialisation and industry impact, etc. These will shape RDIF priorities in making investment decisions.

RDIF is also required to return its capital to the Consolidated Fund of India, starting in its 50th year. RDIF will therefore seek returns in a manner that allows it to fulfil this mandate.

65. Has RDIF allocated pre-specified percentages of its corpus to particular type of SLFM (e.g. micro-venture capital funds); or between its funding modalities (e.g. loans versus AIF contributions?)

A: RDIF has not made any predetermination regarding specific quantified allocations of its capital to particular SLFM types or via particular modalities.

66. How does RDIF's governance structure ensure accountability?

A: RDIF ensures accountability with strong institutional safeguards, outlined below:

- a. Distributed approval process. Any decision to select Second Level Fund Managers must clear, consecutively, the RDIF Management Team, the Executive Council ANRF (informed by the recommendation of its Expert Advisory Committee), and the Empowered Group of Secretaries (EGoS). All three entities must agree on selecting a fund manager, before RDIF can finance it. Each differs from the others in its membership. This requires every investment case to be evaluated afresh at each stage, entirely on its own merits, before it can be approved.
- b. Credible approval structures. The Executive Council of ANRF comprises Union Secretaries, chaired by the Principal Scientific Advisor to the Government of India. EGoS comprises Union Secretaries, chaired by the Cabinet Secretary. This protects RDIF investment decisions from compromise.
- c. Air-gapped RDIF/SLFM decision-making. The RDIF Implementation Guidelines specifically state that (a) the Executive Council of ANRF shall not decide nor approve names of members of the Investment Committee in any SLFM (b) no such Investment Committee shall have any ex officio members

from the government. This equips SLFMs with autonomy in allocating capital, as long as they comply with the general focus outlined in the Guidelines.

- d. Strict conflict of interest provisions. The RDIF Implementation Guidelines require provisions against conflict of interest across approval and investment levels. These are monitored continuously by RDIF and its leadership tiers.

67. What oversight norms would RDIF apply to SLFMs?

A: As specified in the Implementation Guidelines, RDIF requires from all SLFMs, in a format to be approved by the Executive Council and adapted to the specific requirements of each Investment Stream:

1. Reports within 60 days of the end of every six-month period, from the date of execution of the Contribution/ Investment / Loan agreement between RDIF and the SLFM: including unaudited financial statements of the SLFM, and status reports on the SLFM's investments (including investee companies, technologies, sectors, and other criteria defined by the RDIF Investment Policy);
2. Annual reports within 90 days of the conclusion of every fiscal year including audited financial statements and annual valuation of the assets of the SLFMs; a statement of account in relation to the units held by RDIF as a contributor; and status reports on the SLFM investments (including investee companies, technologies, sectors, and other criteria defined by the RDIF Investment Policy);
3. The ability to visit Eligible Technology Entities invested in by the SLFMs to observe performance;
4. Meetings with SLFM teams for joint review.

Note: RDIF shall retain the right to audit any SLFM via a professional agency.

68. Will RDIF review SLFMs to check whether RDIF priority sectors are being targeted with RDIF capital?

A: To ensure its mandate, RDIF will review SLFMs periodically, as specified in Part B Paragraph 8 of the RDIF Implementation Guidelines.

69. What are the typical interest rates applicable for concessional or nil-interest loans?

A: RDIF would provide loans to SLFMs at an interest rate to be determined by the Executive Council ANRF, on a case-by-case basis. These would be on concessional terms, including lower rates and longer tenors than those offered by private investors. SLFMs would be required to provide loans to Eligible Technology Entities at a net interest margin not exceeding 3%.

70. Clarity is needed on fund-level terms and conditions such as indicative ticket sizes, deployment timelines, allocation methodology, overall structure of capital commitments, and the degree of patience or duration flexibility expected from RDIF Capital.

A: Deployment timelines, allocation methodology, and the degree of patience or duration flexibility are already addressed in the RDIF Implementation Guidelines. There are no ticket sizes specified. The overall structure of capital commitments will be determined by RDIF during the processing of applications. **May also refer to the answer to Question No 60 of this document.**

Under Evaluation Matrix 5.1 (Quality Criteria for AIFs, DFIs, and NBFCs), an applicant's track record is assessed based on the average value of investments, across previous Funds for AIFs or across the past five years for DFIs/NBFCs to indicate familiarity with managing investment ticket sizes across various amounts.

71. Would RDIF be involved in individual investment decisions made by RDIF-funded SLFMs?

A: RDIF will not involve itself in individual investment decisions made by SLFMs. RDIF officials will neither require nor accept membership in SLFM Investment Committees. However, RDIF will require periodic reports from SLFMs on investee companies, technologies, sectors, and other criteria defined by the RDIF Investment Policy. RDIF shall retain the right to audit any SLFM via a professional agency.

72. Once RDIF has selected an AIF as an SLFM, would RDIF be involved in any individual investment decisions made by the AIF?

A: RDIF officials will not be members of the SLFMs' Investment Committees. The RDIF Management Team, and governance structures including the Executive Council and its Committees, and the Empowered Group of Secretaries, will not be party in any way in any individual investment decision by any individual SLFM. However, RDIF will monitor and review investments made by SLFMs.

RDIF funds shall be used exclusively for the core purpose for which Government has established RDIF. To this end, SLFMs receiving RDIF funds shall comply with the General Provisions to ensure RDIF mandate, specified in Paragraph 8 of Part B of the Implementation Guidelines. SLFMs must adhere at all times to the terms specified in the RDIF Implementation Guidelines, and the Contribution Agreement or Loan Agreement entered with RDIF.

73. Will an AIF SLFM have to seek RDIF's approval before making an investment in a startup that it has selected?

A: RDIF will not be party to any individual investment decision, at any SLFM.

74. Investment Committee Responsibilities

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- Is it a conflict if IC members are also investors (LPs) in the fund?
- Can GPs of the fund constitute 50% the IC?

A: RDIF requires that IC members make funding decisions without conflicts of interest. Specifically:

- If IC members are also investors (LPs) in the fund, or if General Partners (GPs) constitute a significant portion of the IC, the SLFM must ensure that this does not create a conflict of interest when selecting projects for financing.
- The guiding principle is that all IC members must act objectively in evaluating and approving RDIF funding, in line with Appendix C.1 of the Implementation Guidelines

75. Are there guidelines defining the proportion of equity investment versus grant support expected from each participating SLFM?

A: It is clarified that the specifics of investment quanta (i.e. ticket sizes) for financing from SLFMs to Eligible Technology Entities is left to the professional judgement of the SLFMs, and RDIF does not provide grants.

76. If an AIF is in the middle of its fund-raising cycle, and has already raised capital from private contributors, would the AIF remain eligible to apply to RDIF for funding?

A: Section 2 Paragraph 2 (ii) of the RDIF Notice Inviting Applications specifies that existing AIFs that have not yet achieved final close are eligible to be selected as SLFMs.

SECTION E: Application Process and Funding from RDIF

77. What is the target date for RDIF to sign its first contribution agreements with AIF SLFMs?

A: RDIF expects to sign its first contribution agreements with AIF SLFMs by the end of April/May 2026 or as soon as the evaluations of SLFM applications have been completed.

78. How would RDIF evaluate and shortlist Applicants to become SLFMs? What timeframes would RDIF follow for these?

A: The evaluation and shortlisting process will be carried out in accordance with Part D, Paragraph 6 of the RDIF Implementation Guidelines. The selection of SLFMs is expected to be completed within approximately 8–12 weeks from the closing date for receipt of applications.

79. How often does RDIF issue Notices Inviting Applications (NIAs), and can entities re-apply if not selected?

A: RDIF will issue Notices Inviting Applications periodically, with all announcements published on the RDIF website and official communication channels. NIAs may be released over time, and entities eligible to become Second Level Fund Managers (SLFMs) are free to apply under any subsequent NIA. Applicants who are not selected in a given NIA are also eligible to re-apply under future NIAs.

80. Could you kindly confirm the preferred process for submitting these queries? Specifically:

- a. Should queries be sent directly via email to this address, or is there a designated portal/form for submission?**
- b. Is there any formatting guideline, template, or subject line you recommend for optimal processing?**

c. Can queries be submitted as a single consolidated document (with numbered questions), or are separate emails/forms preferred?

A: All queries can be emailed to the email address provided on the RDIF portal at rdifund.anrf.gov.in, which is rdi-fund@anrf.gov.in.

81. The expected timeline for opening calls for project proposals under the RDI Scheme?

A: RDIF provides capital to SLFMs, who would then make these funds available to ETEs, including startups. The Notice Inviting Applications is currently open, subject to a submission deadline of 31 January 2025. The schedule that SLFMs will follow in disbursing funds to companies / startups is left to the SLFMs' discretion.

82. When is the next set of applications expected to be considered?

A: RDIF will release subsequent Notices Inviting Applications in due course.

83. For AIF SLFMs, under QCBS Cost criteria: how would the 20% Cost weightage be divided between Management Fee and Carried Interest?

A: To ensure consistent evaluation of cost parameters, for applicants seeking RDIF funds as contributions to AIFs, both management fee and carried interest will carry a weightage of 10% each. For applicants seeking RDIF funds as loans (including DFIs, NBFCs, and FROs), both net interest margin and management fee will carry a weightage of 10% each. May also please refer to the Clarifications to NIA.

84. The guideline document or the website does not include the specific templates or formats for these annexures. May we kindly request the following information:

A:

- a. The prescribed formats or templates for Annexures A.1 to E.3.
 - The prescribed format/ templates are available as Annexures. The same can be downloaded from website - Downloads Tab > NIA Forms and Documents
 - Link: NIA Forms and Documents Web Copy.pdf
https://rdifund.anrf.gov.in/images/pdf/NIA_Forms_and_Documents_Web_Copy.pdf
- b. Any additional instructions or file naming conventions required for uploading the documents on the RDIF portal.
 - DST has not specified any file naming convention.
 - SLFMs may choose to adopt following naming convention for their convenience: <AnnexureNumber/ File><SLFM_Name><Date>

DST has not released any additional instructions yet. If DST releases, the same shall be made available on the website.

85. How can applicants engage with or apply through the empanelled Fund Managers?

A: Eligible Technology Entities could reach out to Second Level Fund Managers in the same way that they currently approach any investor.

86. What is the typical timeline for review and approval of proposals once they are submitted to SLFMs or the RDI Fund Secretariat?

A: It is clarified that the specifics of timelines for review and approvals of proposals submitted to SLFMs is left to the SLFMs' internal practices and judgement. However, it may be noted that SLFMs will be regularly reviewed by RDIF, per Part B Paragraph 8 of the Guidelines.

SECTION F: Use of RDIF Funds by SLFMs

87. Can a company or a startup license intellectual property (IP) from countries other than India, and receive RDIF funding to commercialise it?

A: RDIF's objective is to drive the development and commercialisation of Indian intellectual property. While financing of acquisition of technologies that are critical or of high strategic importance is permissible, acquisition must occur within the context of a wider project that translates to the development of a product.

88. Clarity on participation pathways for corporates in national-priority R&D areas, particularly in defence technology, space technology, and other strategic deep domains, along with clearer guidance on how growth and risk capital will be channelled to sunrise sectors to enable innovation, technology adoption, and sectoral competitiveness.

A: RDIF's objectives are to support Eligible Technology Entities (including corporates) advance RDI-intensive technologies in sunrise domains, as specified in the RDIF Implementation Guidelines.

89. If an FRO gives a loan to a startup, then what are the terms for

- **Moratorium on interest payments**
- **Moratorium on principal repayments**
- **Security**

A: Specific terms would be determined at the point where RDIF signs the investment agreement with the SLFM.

90. Some Indian companies and startups are required, e.g. by foreign investors to establish entities in the US, or elsewhere. Would these be eligible to receive RDIF funds?

A: RDIF funds may only be used by companies / startups, which, inter alia:

- (a) Are under the control of resident Indian citizens, as defined in the Department for Promotion of Industry and Internal Trade (DPIIT)'s Consolidated FDI Policy (2020)
- (b) Have their registered global headquarters in India. This ensures that global revenues and profit would be consolidated under the Indian-registered entity.

91. Deployment & Fund Close: are there prescribed deployment timelines or investment milestones post-sanction?

A: It is clarified that RDIF does not prescribe deployment timelines or investment milestones post-sanction, beyond those established in the Private Placement Memorandum (for AIFs) and Contribution / Loan Agreements. However, it may be noted that SLFMs will be required to provide periodic reporting on their activity to RDIF.

92. What eligibility criteria does RDIF prioritise or prescribe for technology startups, to be able to access financing through RDIF-funded SLFMs?

A: To access RDIF funds, entities must satisfy the criteria outlined in Part A Paragraph 6 of the RDIF Implementation Guidelines.

93. How would RDIF respond to cases where projects occur under sectors in the RDIF Priority List, but constitute routine marketplace models?

A: Within RDIF Priority Sectors, funding is limited to projects that advance RDI-intensive technologies. RDIF does not fund low-end technology projects or routine R&D activities. This ensures that investments are aligned with the RDIF mandate to support innovation, as specified in Implementation Guidelines Part A, Paragraph 8.

SECTION G: Miscellaneous

94. Mechanisms for enabling or operationalising priority procurement by government departments for RDIF-supported companies need to be clarified to ensure practical implementation.

A: With reference to Part A Para 14 of the Implementation Guidelines: RDIF will form

- Outreach, awareness and information partnerships with Government agencies procuring and adopting technology, particularly in strategic domains, and ensure such agencies are informed about the Indian technological capabilities being advanced by its funding, that may be relevant to their needs and procurement plans.
- Such partnerships with public institutions and organisations containing research equipment and other technology derisking facilities which Indian RDI-intensive technology innovators may find essential.

95. Are there any capacity-building or mentorship programs for startups or fund managers under the RDI Fund to ensure alignment with its objectives?

A: The RDIF Management Team will maintain regular contact with SLFMs and Eligible Technology Entities, helping to communicate and facilitate alignment with RDIF objectives.

96. Can we get the list of private companies registered for RDI Fund from Mumbai?

A: Information submitted by applicants in response to the NIA is treated as commercially confidential and is exempt from disclosure under Section 8(1)(d) of the Right to Information Act, 2005. Accordingly, RDIF cannot share lists or details of applicant private companies, including those registered in Mumbai.