

## **Modification & Clarification in Implementation Guidelines document**

### **Part A: Modification**

The following Sections & Clauses of Implementation Guidelines (IG) document have been modified (the modifications are highlighted in red-ink) & the modified IG document is uploaded on the RDIF Website.

#### **1: Glossary (page 3) - Development Financial Institutions (DFIs)**

##### **Modified As**

Institutions established by relevant statutes or acts of Parliament or the Government of India to develop economic activities or sectors (e.g. infrastructure, housing, agriculture etc.) or to develop industrial concerns or enterprises of various classifications (e.g. small and medium enterprises etc.) or institutions which have been licensed as Developmental Financial Institution by Reserve Bank of India under Section 29 of the National Bank for Financing Infrastructure and Development Act, 2021. This definition is only for the purposes of implementation of RDI Scheme, and does not contravene any existing legal or regulatory provisions pertaining to DFIs otherwise

#### **2: Part C, Appendix C1: SLFM Investment Committee Guidelines, Para 7 (page: 27)**

##### **Modified As**

7. The IC shall function autonomously in accordance with extant SEBI regulations.

## **Part B: Clarification**

The following Sections & Paras of IG document have been further clarified.

<b>SN</b>	<b>Part</b>	<b>Para</b>	<b>Sub-Para</b>	<b>Page No.</b>	<b>Clarification</b>
<b>1</b>	<b>A</b>	<b>4</b>	<b>4.2</b>	<b>9</b>	It is emphasised that in all cases, RDIF and SLFMs will function according to extant law, regulation, rules, and norms; under competent authorities including but not restricted to the Reserve Bank of India, the Securities and Exchange Board of India (SEBI).
<b>2</b>	<b>A</b>	<b>7</b>	<b>7.1</b>	<b>13</b>	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. For a more comprehensive understanding of Technology Readiness Levels, kindly refer to the National Technology Readiness Framework by the Office of the Principal Scientific Adviser to the Government of India. The said report is available at <a href="http://www.psa.gov.in">www.psa.gov.in</a> .
<b>3</b>	<b>A</b>	<b>7</b>	<b>7.1</b>	<b>13</b>	RDIF can cover equipment, manpower, working capital etc for developing technology or product.
<b>4</b>	<b>A</b>	<b>7</b>	<b>7.1</b>	<b>13</b>	Applicants who seek to use RDIF funds for secondary transactions (i.e. purchasing shares from existing investors) should supply details of this intent alongside their Applications. This would be considered by RDIF governance bodies.

5	A	7	7.2	13	<ol style="list-style-type: none"> <li>1. Any Eligible Technology Entity receiving RDIF funds via <u>one or more RDIF-funded SLFMs</u> for a <u>given project or funding round</u> must ensure that 50% of the project cost (in the case of a loan or optionally convertible debt) or of the funding round (in the case of equity or equity linked instruments) comes from self or from commercial sources <u>that are non-Governmental</u>;</li> <li>2. These commercial sources, amounting to at least 50%, <u>may include the RDIF-funded SLFM itself</u>; so long as these funds are drawn from the SLFM's non-Governmental investors.</li> </ol>
6	A	7	7.2	13	It is clarified that a Greenshoe option, if exercised by an AIF, would <u>not</u> lead to an increase in the RDIF contribution that was earlier determined.
7	A	11	11.1	14	<p>RDIF will contribute to the aggregate commitment of an SLFM as follows:</p> <ol style="list-style-type: none"> <li>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;</li> <li>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 <ol style="list-style-type: none"> <li>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;</li> <li>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;</li> </ol> </li> </ol>

					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.																						
8	A	11	11.3	14	<p>Applicants selected as SLFMs shall invest all funding contributed by RDIF plus matching contribution from private capital in Eligible Technology Entity that focus on (a) RDI-intensive technologies (b) RDIF Priority Sectors. Examples are tabulated below.</p> <table><tr><th colspan="2">Contribution in AIF from</th><th rowspan="2">Investment in ETE that focus on RDI-Intensive Tech. &amp; RDIF Priority Sector</th><th rowspan="2">Remarks</th></tr><tr><th>RDIF</th><th>Private LP</th></tr><tr><td>50%</td><td>50%</td><td>100%</td><td>100% RDIF-Intensive Tech &amp; RDIF Priority Sector Focused AIF</td></tr><tr><td>40%</td><td>60%</td><td>80% (40% RDIF + 40% private capital)</td><td>20% fund can be invested by AIF in any company including startups</td></tr><tr><td>30%</td><td>70%</td><td>60% (30% RDIF + 30% private capital)</td><td>40% fund can be invested by AIF in any company including startups</td></tr><tr><td>20%</td><td>80%</td><td>40%</td><td>60% fund can be invested by AIF in</td></tr></table>	Contribution in AIF from		Investment in ETE that focus on RDI-Intensive Tech. & RDIF Priority Sector	Remarks	RDIF	Private LP	50%	50%	100%	100% RDIF-Intensive Tech & RDIF Priority Sector Focused AIF	40%	60%	80% (40% RDIF + 40% private capital)	20% fund can be invested by AIF in any company including startups	30%	70%	60% (30% RDIF + 30% private capital)	40% fund can be invested by AIF in any company including startups	20%	80%	40%	60% fund can be invested by AIF in
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								(20% RDIF + 20% private capital)	any company including startups	
9	B	6	6.2	19	Hurdle rate is just for reference. RDIF would accept Internal Rate of Return (IRR) lower than that offered by the AIF to private contributors.					
10	C.1	1		27	AIFs that have not yet constituted Investment Committees remain eligible to apply for RDIF funding. However, should the AIF be selected to become an SLFM: it will be required to form an Investment Committee, as a condition for receiving RDF funds.					
11	C.1	9	9.1, 9.2, 9.3	27	Approval and selection, in these sub-paragraphs relating to the Investment Committee's functioning, would mean selection / vetting / recommendation / approval as may be appropriate.					
12	D	Table D.1	Row 5, 'Track Record in Investment Sizes' Column 3 'Measures'	36	'Indicating general familiarity with managing investment ticket sizes in the RDIF's target range' refers to the ticket sizes of the investments that the prospective SLFM wishes to make, using RDIF funds.					
13	D	Table D.1	Row 6 'Absorption and Utilisation Capacity' Column 3 'Measures'	36	<ol style="list-style-type: none"> <li>1. Absorption Capacity: <ol style="list-style-type: none"> <li>a. For AIFs, the Absorption Capacity term would be defined as the highest total aggregate commitment that the AIF has received from contributors for any previous Fund;</li> <li>b. In the Loan Mode, the Absorption Capacity term would <u>not be applied</u>.</li> </ol> </li> <li>2. Utilisation Capacity: <ol style="list-style-type: none"> <li>a. For AIFs, the Utilisation Capacity term would be defined as the total amount that the AIF has drawn down over the Commitment Period of the Fund (as specified in Drawdown Notices), as a percentage of total aggregate commitment that the AIF has received from contributors (as specified in the Contribution</li> </ol> </li> </ol>					

					<p>Agreements for the Fund); for any previous Fund for which this percentage is maximum.</p> <p>In the Loan Mode, the Utilisation Capacity term would <u>not be applied</u>. The weight would be transferred to other criteria.</p>
14	D	6	6.1 (ii)(a)	37	<p>In the phrase "<i>Simultaneously, the RDIF may ensure that the most competent Indian SLFMs are available for consideration</i>", the term 'Indian' is descriptive of the regulatory jurisdiction (i.e. an entity registered and regulated in India), and is <u>not</u> an ownership-based distinction.</p>