

Draft SEBI (Infrastructure Investment Trusts) Regulations, 2014

SEBI had come out with a consultation paper on Infrastructure Investment Trusts ("InvITs") on December 20, 2013 on which comments were sought till January 20, 2014.

In the Budget for FY 2014-15, identifying the needs and requirement of Infrastructure sector, Hon'ble Finance Minister announced as under:

'...As an innovation, a modified REITS type structure for infrastructure projects is also being announced as Infrastructure Investment Trusts (InvITs), which would have a similar tax efficient pass through status, for PPP and other infrastructure projects. These structures would reduce the pressure on the banking system while also making available fresh equity. I am confident these two instruments would attract long term finance from foreign and domestic sources including the NRIs...

... I have provided a conducive tax regime for Infrastructure Investment Trusts and Real Estate Investment Trusts to be set up in accordance with regulations of the Securities and Exchange Board of India..'

In pursuance to the Budget Announcement, Finance Bill for FY2014-15 provided various provisions in the Income Tax Act with respect to InvITs.

Based on the comments received on the consultative paper and the Budget announcement, a separate regulatory framework under draft SEBI (Infrastructure Investment Trusts) Regulations, 2014 (referred to as "Regulations" hereafter) is being proposed for introducing InvITs in India.

Salient features of the draft Regulations are as under:

1. InvITs are proposed to provide a suitable structure for financing/refinancing of infrastructure projects in the country.
2. Infrastructure is as defined by Cabinet Committee on Infrastructure vide Notification of Ministry of Finance dated March 1, 2012 and shall include any amendments/additions made thereof.
3. InvITs shall invest in infrastructure projects, either directly or through SPV. In case of PPP projects, such investments shall only be through SPV.
4. An InvIT which proposes to invest atleast 80% of the value of the assets in the completed and revenue generating Infrastructure assets, shall raise funds only through public issue of units and minimum subscription size and trading lot for such InvIT shall be Rs five lakhs. Rest 20% may be invested in under construction infrastructure projects (subject to maximum of 10%) and other permissible investments.

5. An InvIT which proposes to invest more than 10% of the value of their assets in under construction infrastructure projects shall necessarily raise funds through private placement from Qualified Institutional Buyers and body corporate and the minimum investment and trading lot for such InvITs shall be of Rs. 1 crore. Such InvITs shall mandatorily invest in not less than one completed and revenue generating project and not less than one pre-COD project.
 6. Listing shall be mandatory for both publicly offered and privately placed InvITs.
 7. An InvIT prior to making an offer of units, either through public issue or private placement, may have Strategic Investors such as banks, international multilateral financial institutions, FPIs including sovereign wealth funds, etc., which together invest not less than 5% of the size of the InvIT or such amount as may be specified by the Board.
 8. An InvIT shall be a trust with parties such as Sponsor(s), Investment Manager, Trustee and Project Manager(s).
 9. A trustee of InvIT can either be:
 - a. a Debenture Trustee registered with SEBI and not an associate of the sponsor(s)/investment manager; **or**
 - b. an associate of the sponsor/investment manager having not less than 50% of its directors as independent and not related parties to the InvIT;
- However, a trustee of InvIT cannot be trustee to another InvIT or an Alternative Investment Fund engaged in infrastructure sector.
10. The proposed holding of an InvIT in the underlying assets shall be not less than Rs 500 crore and the offer size of the InvIT shall not be less than Rs 250 crore at the time of initial offer of units.
 11. The aggregate consolidated borrowing of the InvIT and the underlying SPVs shall never exceed 49% of the value of InvIT assets. However, this may exclude any debt infused by the InvIT in the underlying SPV. Further, for any borrowing exceeding 25% of the value of InvIT assets, requirement of credit rating and unit holders approval has been made mandatory.

Draft regulations are enclosed for public comments. Comments may be forwarded by email to Ms. Nila Salil Khanolkar, Assistant General Manager (nila@sebi.gov.in) or Mr. Naveen Gupta, Assistant Manager (naveeng@sebi.gov.in) **latest by July 24, 2014.**

Comments should be given in the following format:

Name of entity/ person/ intermediary:			
Sr. No	Pertains to which Regulation /sub regulation	Proposed/ suggested changes	Rationale

Issued on: July 17, 2014

DRAFT REGULATIONS

THE GAZETTE OF INDIA

EXTRAORDINARY

PART – III – SECTION 4

PUBLISHED BY AUTHORITY

NEW DELHI, _____, 2014

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the th _____, 2014

SECURITIES AND EXCHANGE BOARD OF INDIA

(INFRASTRUCTURE INVESTMENT TRUSTS) REGULATIONS, 2014

In exercise of the powers conferred by Section 30 read with Section 11 and 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), for laying a framework for Infrastructure Investment Trusts and registration and regulation thereof, the Securities and Exchange Board of India hereby, makes the following regulations, namely, —

CHAPTER I

PRELIMINARY

Short title and commencement	1.	(1) These regulations may be called the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014. (2) These regulations shall come into force on the date of their notification in the Gazette of India.
Definitions	2.	(1) In these regulations, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate

	<p>expressions shall be construed accordingly,—</p> <p>(a) “Act” means the Securities and Exchange Board of India Act, 1992 (15 of 1992);</p> <p>(b) “Associate” of any person includes:</p> <ul style="list-style-type: none"> (i) any person controlled, directly or indirectly, by the said person; (ii) any person who controls, directly or indirectly, the said person, (iii) any entity or person under common control with the said person; (iv) where the said person is a company or a body corporate, any person(s) who is designated as promoter(s) of the company/body corporate and any other company/body corporate with the same promoter(s); (v) where the said person is an individual, any relative of the individual; (vi) where the said person is a company or a body corporate or an LLP, its group companies; (vii) companies/LLPs under the same management; (viii) where the said person is an InvIT, related parties to the InvIT; (ix) any company or LLP or body corporate in which the person or its director(s)/partner(s) hold, either individually or collectively, more than fifteen percent of its paid-up equity share capital or partnership interest, as the case may be; <p>(c) "Board" means the Securities and Exchange Board of India established under section 3 of the Act;</p> <p>(d) “body corporate” shall have the meaning assigned to it in or under sub-section (11) of section 2 of the Companies Act, 2013;</p> <p>(e) “Bonus issue” means additional units allotted to the unit holders as on the record date fixed for the said purpose, without any cost to the unit holder;</p> <p>(f) “certificate” means a certificate of registration granted</p>
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	<p>under these regulations;</p> <p>(g) "change in control" in relation to a company, LLP or body corporate, means:</p> <ul style="list-style-type: none"> (i) In case of a company or body corporate, change in control within the meaning of sub-section (27) of Section 2 of the Companies Act, 2013; (ii) in any other case, change in the controlling interest. <p><u>Explanation.</u>— For the purpose of sub-clause (ii), the expression “controlling interest” means an interest, whether direct or indirect, to the extent of more than fifty percent of voting rights or interest;</p> <p>(h) “company” means a company as defined under sub-section (20) of section 2 of the Companies Act, 2013.</p> <p>(i) "Completed and revenue generating project" means an Infrastructure Project , which prior to the date of its acquisition by, or transfer to, the Infrastructure Investment Trust, satisfies the following conditions:</p> <ul style="list-style-type: none"> (i) the Infrastructure Project has achieved the commercial operation date as defined under the relevant project agreement including concession agreement, power purchase agreement or any other agreement of a similar nature entered into in relation to the operation of a project or any agreement entered into with the lenders; (ii) the Infrastructure Project has received all the requisite approvals and certifications for commencing operations; (iii) the assets underlying the Infrastructure Project have been capitalised in the books of account of the special purpose vehicle of the Infrastructure Investment Trust; and (iv) the Infrastructure Project has been generating revenue from operations for a period of not less than one year; <p>(j) “Concession agreement” means an agreement entered into by a person with a concessioning</p>
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	<p>authority for the purpose of implementation of the project as provided in the agreement;</p> <p>(k) "Concessioneing authority" shall mean the public sector concessioneing authority in PPP projects;</p> <p>(l) "Credit Rating Agency" shall mean a Credit Rating Agency registered with the Board under the SEBI(Credit Rating Agencies) Regulations, 1999;</p> <p>(m)"Custodian" means a person registered with the Board under the SEBI (Custodian of Securities) Regulations, 1996;</p> <p>(n) "Designated stock exchange" means a recognised stock exchange in which units of an InvIT are listed or proposed to be listed and which is chosen by the InvIT as a designated stock exchange for the purpose of a particular issue of the units of the InvIT under these regulations:</p> <p>Provided that where one or more of such stock exchanges have nationwide trading terminals, the InvIT shall choose one of them as the designated stock exchange:</p> <p>Provided further that the InvIT may choose a different recognised stock exchange as a designated stock exchange for any subsequent issue of units of the InvIT under these regulations.</p> <p>(o) "Eligible infrastructure project" means an Infrastructure Project which, prior to the date of its acquisition by, or transfer to, the Infrastructure Investment Trust, satisfies the following conditions:</p> <p>(i) For PPP projects:</p> <p>(1) the Infrastructure Project is completed and revenue generating , or</p> <p>(2) the Infrastructure Project is a pre-COD project;</p> <p>(ii) In Non-PPP projects, the Infrastructure Project has received all the requisite approvals and certifications for commencing construction of the project and has been rated by a credit rating agency;</p> <p>(p) "Follow-on Offer" means offer of units of a an InvIT</p>
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to the public for subscription and includes an offer for sale of InvIT units by an existing unit holder to the public;

- (q) "Follow-on Offer Document" means any offer document by which follow-on offer is made to the public by an InvIT;
- (r) "Form" means any of the forms set out in the Schedule I of these Regulations.
- (s) "Infrastructure" includes all infrastructure sub-sectors as defined by Cabinet Committee on Infrastructure vide Notification of Ministry of Finance dated March 1, 2012 and shall include any amendments/additions made thereof;
- (t) "Infrastructure project" means any project in infrastructure sector;

Provided that any project which has either or both of the following attributes shall not be considered as an infrastructure project for the purposes of this regulation:

- (i) the revenues/profits generated from the project are treated as rental or leasehold income from an accounting perspective in the books of the company executing such project or are liable to be treated as such under the applicable accounting standards or practices;
- (ii) the immovable assets related to the project are not treated as fixed assets, but as investment properties from an accounting perspective in the books of the company executing such project or are liable to be treated as such under the applicable accounting standards or practices.

Explanation: For the purpose of this regulation, in case of assets such as hospitals or hotels:

- (1) leasing of land or building on which such hospital or hotel is located shall not be considered as an infrastructure project for the purposes of these Regulations;
- (2) if revenues are generated from operation and management of a hospital or hotel, then the same

	<p style="text-align: center;">shall be considered as Infrastructure Project under these Regulations;</p> <p>(u) "Initial Offer" means the first offer of units of an unlisted InvIT to the public for subscription and includes an offer for sale of the InvIT units by any existing unit holder in the unlisted InvIT to the public;</p> <p>(v) "Initial Offer document" means an offer document by which initial offer is made to the public by an InvIT;</p> <p>(w) "inspecting authority" means any one or more person appointed by the Board to exercise powers conferred under Chapter V of these Regulations;</p> <p>(x) "Investment Management Agreement" means an agreement between the Trustee and the Investment Manager which lays down the roles and responsibilities of the Investment Manager towards the InvIT including as specified in Regulation 10 of these Regulations;</p> <p>(y) "InvIT" or 'Infrastructure Investment Trust' means any person registered as a Infrastructure Investment Trust under these Regulations;</p> <p>(z) "InvIT assets" means assets owned by the InvIT whether directly or through a Special Purpose Vehicle and includes all rights, interests and benefits arising from and incidental to ownership of such assets;</p> <p>(aa) "Lead member" means the lead member of the Concessionaire SPV for PPP projects as defined in the Project Documents;</p> <p>(bb) "Listed InvIT" means an InvIT whose units are listed on a recognized stock exchange;</p> <p>(cc) "LLP" means a Limited Liability Partnership as defined under The Limited Liability Partnership Act, 2008.</p> <p>(dd) "Investment Manager" means a company or LLP or body corporate which manages assets and investments of the InvIT and undertakes activities of the InvIT as specified under Regulation 10;</p> <p>(ee) "Net Asset Value" means the value of the InvIT divided by the number of outstanding units as on a particular date;</p>
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	<p>(ff) “net worth” in relation to a company or a body corporate shall have the meaning assigned to it in or under sub-section (57) of section 2 of the Companies Act, 2013;.</p> <p>(gg) “Non-PPP project” means an infrastructure project that is not a PPP project;</p> <p>(hh) "Offer document" means any document described or issued as an offer document including any notice, circular, advertisement or other document inviting offers from the public for the subscription or purchase of units of the publicly offered InvIT and includes initial offer document, follow-on offer document and any other offer document as may be specified by the Board;</p> <p>(ii) “Parties to the InvIT” shall include the sponsor(s), re-designated sponsor(s), Investment Manager, Project Manager and the Trustee</p> <p>(jj) “Placement Memorandum” means any document(s) through which private placement of units of the InvIT is made to selected persons;</p> <p>(kk) “PPP project” means an infrastructure project undertaken on a Private-Public Partnership basis between a public concessioning authority and a private SPV concessionaire selected on the basis of open competitive bidding;</p> <p>(ll) “Pre-COD project” means an infrastructure project which :</p> <ul style="list-style-type: none"> (i) has not achieved commercial operation date as defined under the relevant project agreements including the concession agreement, power purchase agreement or any other agreement of a similar nature entered into in relation to the operation of a project or any agreement entered into with the lenders; and (ii) has: <ul style="list-style-type: none"> (1) achieved completion of at least 50% of the construction of the infrastructure project as certified by an independent engineer of such that
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project; or

(2) expended not less than 50% of the total capital cost set forth in the financial package of the relevant project agreement.

(mm) "preferential issue" means an issue of units by a listed InvIT to any select person or group of persons on a private placement basis and does not include an offer of units made through a public issue, rights issue, bonus issue or qualified institutions placement;

(nn) "Project Manager" means the person designated as the Project Manager by the InvIT responsible for achieving execution of the project as specified under Regulation 11 and in case of PPP projects, shall mean the entity responsible for such execution and achievement of project milestones in accordance with the concession agreement or any other relevant project document;

(oo) "Public" for the purposes of offer and listing of units means any person other than related party of the InvIT or any person as may be specified by the Board.

Provided that in case any related party to the InvIT is a Qualified Institutional Buyer, such person shall be included under the term 'public';

(pp) "Public issue" means issue of units by a publicly offered InvIT to the public and includes initial offer and follow-on offer;

(qq) "Qualified Institutional Buyer" shall have the meaning assigned to it under clause (zd) of sub-regulation (1) of Regulation 2 of the SEBI (Issue Of Capital And Disclosure Requirements) Regulations, 2009;

(rr) "Qualified Institutions Placement" means allotment of units by a listed InvIT to qualified institutional buyers on private placement basis in terms of these regulations;

(ss) "Recognised stock exchange" means any stock exchange which is recognised under section 4 of the Securities Contracts (Regulation) Act, 1956 (42 of

1956);

(tt) "Re-designated sponsor" means any person(s) who has/have assumed the responsibility of the sponsor(s) as provided under Regulation 12 from the person(s) designated as sponsor

(uu) "Related parties of the InvIT" shall include:

(i) Parties to the InvIT;

(ii) Any unit holder holding, directly or indirectly, more than 20% of the units of the InvIT;

(iii) Associates, promoters, directors and partners of the persons mentioned at (i) and (ii) above;

(vv) "Rights issue" means an offer of units by a listed InvIT to the unit holders of the InvIT as on the record date fixed for the said purpose;

(ww) "Right-of-first-Refusal" or "ROFR" of an InvIT means the right given to the InvIT by a person to enter into a transaction with it before the person is entitled to enter that transaction with any other party;

(xx) "Special Purpose Vehicle" means any company or LLP:

(i) in which the InvIT holds or proposes to hold controlling interest and not less than 51% of the equity share capital or interest; and

(ii) which holds not less than 90% of its assets directly in infrastructure projects and does not invest in other Special Purpose Vehicles; and

(iii) which is not be engaged in any other activity other than activities pertaining to and incidental to the underlying infrastructure projects;

(yy) "sponsor" means company(ies) or LLP(s) or body corporate(s) who set(s) up the InvIT and assigned as such at the time of application made to the Board and in case of PPP projects, shall mean the lead member of the concessionaire SPV;

(zz) 'Strategic Investor' means;

(i) an Infrastructure Finance Company registered with Reserve Bank of India as a Non Banking Financial Company;

(ii) a Scheduled Commercial Bank;

		<p>(iii) International Multilateral Financial Institution;</p> <p>(iv) Systemically Important Non Banking Financial Companies registered with Reserve Bank of India;</p> <p>(v) Foreign Portfolio Investor; who together invest not less than 5% of the total offer size of the InvIT or such amount as may be specified by the Board from time to time.</p> <p>(aaa) "Trustee" means a person who holds the InvIT assets in trust for the benefit of the unit holders, in accordance with these regulations;</p> <p>(bbb) "Unit" means beneficial interest of the InvIT;</p> <p>(ccc) "Unit holder" means any person who owns units of the InvIT;</p> <p>(ddd) "Valuer" means any person who is a "registered valuer" under Section 247 of the Companies Act, 2013 and who has been appointed by the Investment Manager to undertake valuation of the InvIT assets;</p> <p>(eee) "Value of the InvIT" means value of the InvIT as assessed by the valuer based on the infrastructure and other assets owned by the InvIT, whether directly or through SPV excluding any debt/liabilities thereof;</p> <p>(2) The words and expressions used and not defined in these regulations but defined in the Act, the Securities Contracts (Regulation) Act, 1956, (42 of 1956), the Companies Act, 2013 (18 of 2013), or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations made thereunder or any statutory modification or re-enactment thereto, as the case may be.</p>
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CHAPTER II

REGISTRATION OF INFRASTRUCTURE INVESTMENT TRUSTS

<p>Registration of Infrastructure Investment Trusts</p>	<p>3.</p>	<p>(1) No person shall carry out any activity of an InvIT unless it is registered with the Board under these regulations;</p> <p>Provided that this clause shall not apply to Infrastructure Debt Fund Schemes of Mutual Funds and Category I and II Alternative Investment Funds</p>
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		<p>engaged in the infrastructure sector registered with the Board under the SEBI (Mutual Funds) Regulations, 1996 or SEBI (Alternative Investment Funds) Regulations, 2012 respectively.</p> <p>(2) An application for grant of certificate of registration under sub-regulation (1) shall be made, on behalf of the Trust by the Trustee in Form A as specified in the Schedule I to these regulations and shall be accompanied by a non-refundable application fee of such amount and in the manner as specified in Schedule II to these regulations;</p> <p>(3) The Board may, in order to protect the interests of investors, appoint any person to take charge of records, documents of the applicant and for this purpose, also determine the terms and conditions of such an appointment;</p> <p>(4) The Board shall take into account requirements as specified in these regulations for the purpose of considering grant of registration;</p>
<p>Eligibility Criteria.</p>	<p>4.</p>	<p>(1) For the purpose of the grant of certificate to an applicant, the Board shall consider any matter which it deems relevant to the activities as an Infrastructure Investment Trust;</p> <p>(2) Without prejudice to the generality of the foregoing provisions, the Board shall consider whether:</p> <p>(a) Whether the applicant is a Trust and the instrument of trust is in the form of a deed duly registered in India under the provisions of the Registration Act, 1908;</p> <p>(b) Whether the Trust Deed has its main objective as undertaking activity of InvIT in accordance with these Regulations and includes responsibilities of the Trustee in accordance with Regulation 9 of these Regulations;</p> <p>(c) Whether persons have been designated as sponsor(s), Investment Manager and Trustee under these Regulations and all such persons are separate entities;</p> <p>(d) With respect to sponsor(s):</p> <p>(i) Whether the sponsor has:</p> <p>(1) a net worth of not less than Rs. 10</p>

		<p>crore if it is a body corporate or a company; or</p> <p>(2) net tangible assets of value not less than Rs 10 crore in case it is a Limited Liability Partnership;</p> <p>Provided that in case of PPP projects, the net worth/net tangible assets shall be as defined in the eligibility criteria of the project documents;</p> <p>(ii) Whether the sponsor or its subsidiary or its holding company has a sound track record in development of infrastructure or fund management in the infrastructure sector;</p> <p>Explanation: For the purpose of this clause, 'sound track record' means experience of at least 5 years and where the sponsor is a developer, at least 2 projects of the sponsor have achieved financial closure.</p> <p>(e) Whether the Investment Manager has:</p> <p>(i) has a net worth of not less than Rs. 5 crore if the Investment Manager is a body corporate or a company or net tangible assets of value not less than Rs 5 crore in case the Investment Manager is a Limited Liability Partnership; and</p> <p>(ii) not less than 5 years experience in fund management/ advisory services/development in the infrastructure sector; and</p> <p>(iii) not less than 2 employees who have at least 5 years experience each, in fund management/ advisory services/development in the infrastructure sector;</p> <p>(iv) not less than one employee who has at least 5 years experience in the relevant sub-sector(s) in which the InvIT has invested or proposes to invest;</p> <p>(v) an office in India from where the operations pertaining to the InvIT is proposed to be conducted; and</p> <p>(vi) entered into an investment management</p>
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		<p style="text-align: center;">agreement with the Trustee;</p> <p>(a) Whether a project implementation agreement has been entered into between the Project Manager, the concessionaire SPV and the Trustee acting on behalf of the InvIT which sets out obligations of the Project Manager with respect to execution of the project;</p> <p>Provided that in case of PPP projects, such obligations shall be in accordance with the concession agreement or any such agreement entered into with the concessioning authority.</p> <p>(f) Whether the Trustee:</p> <p style="padding-left: 40px;">(i) is either:</p> <p style="padding-left: 80px;">(1) registered with the Board under SEBI(Debt Trustees) Regulations, 1993 and is not an associate of the sponsor(s)/Investment Manager; or</p> <p style="padding-left: 80px;">(2) if the Trustee is an associate company of the sponsor/Investment Manager, has not less than 50% of its directors as independent and not related parties to the InvIT;</p> <p style="padding-left: 40px;">(ii) is not Trustee of another InvIT or an Alternative Investment Fund engaged in infrastructure sector;</p> <p>(g) Whether with respect to units of the InvIT:</p> <p style="padding-left: 40px;">(i) no unit holder of the InvIT enjoys preferential voting or any other rights over another unit holder;</p> <p style="padding-left: 40px;">(ii) there are no multiple classes of units of InvITs;</p> <p>(h) Whether the applicant has clearly described at the time of registration, details pertaining to proposed activities of the InvIT;</p> <p>(i) Whether the applicant, sponsor(s), Investment Manager, Project Manager(s) and Trustee are fit and proper persons based on the criteria as specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008;</p> <p>(j) Whether any previous application for grant of certificate made by the applicant or any related party</p>
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		<p>has been rejected by the Board;</p> <p>(k) Whether any disciplinary action has been taken by the Board or any other regulatory authority against the applicant or parties to the InvIT or their associates under any Act or the Regulations/guidelines made thereunder;</p>
Furnishing of further information, clarification and personal representation	5.	<p>(1) The Board may require the applicant to furnish any such information or clarification as may be required by it for the purpose of processing of the application.</p> <p>(2) The Board, if it so desires, may ask the applicant or its authorized representative(s) to appear before the Board for personal representation in connection with the grant of certificate.</p>
Procedure for grant of certificate	6.	<p>(1) The Board on being satisfied that the applicant fulfils, the requirements specified in Regulation 4 shall send intimation to the applicant and on receipt of the payment of registration fees as specified in Schedule II, grant certificate of registration;</p> <p>Provided that the Board may grant in-principle approval to the applicants, where it deems fit and on satisfaction of all requirements as specified in Regulation 4, shall grant final registration to the applicant.</p> <p>(2) The Board shall, on receipt of the registration fees, grant a certificate of registration in Form B under Schedule I.</p>
Conditions of certificate	7.	<p>The certificate granted under regulation 6 shall, inter-alia, be subject to the following conditions:-</p> <p>(a) the InvIT shall abide by the provisions of the Act and these regulations;</p> <p>(b) the InvIT shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted;</p> <p>(c) The InvIT and parties to the InvIT shall satisfy with the conditions specified in Regulation 4 at all times;</p> <p>(d) The InvIT and parties to the InvIT shall comply, at all times, with the Code of conduct as specified in the Schedule VI, wherever applicable;</p>

<p>Procedure where registration is refused</p>	<p>8.</p>	<p>(1) After considering an application made under Regulation 3, if the Board is of the opinion that a certificate should not be granted to the applicant, it may reject the application after giving the applicant a reasonable opportunity of being heard.</p> <p>(2) The decision of the Board to reject the application shall be communicated to the applicant within thirty days of such decision.</p>
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CHAPTER III

RIGHTS AND RESPONSIBILITIES OF PARTIES TO THE InvIT, VALUER AND AUDITOR

<p>Rights and Responsibilities of Trustee</p>	<p>9.</p>	<p>(1) The Trustee shall hold the InvIT assets in the name of the InvIT for the benefit of the unit holders in accordance with the Trust Deed and these Regulations;</p> <p>(2) The Trustee shall enter into the investment management agreement with the Investment Manager on behalf of the InvIT which shall include responsibilities of the Investment Manager as specified under Regulation 10;</p> <p>(3) The Trustee shall oversee activities of the Investment Manager in the interest of the unit holders, ensure that the Investment Manager complies with Regulation 10 of these Regulations and shall obtain compliance certificate from the Investment Manager every quarter for the purpose;</p> <p>(1) The Trustee shall oversee activities of the Project Manager other that relating with revenue streams from the projects with respect to compliance with these Regulations and the project management agreement and shall obtain compliance certificate from the Project Manager, in the form as may be prescribed, on a quarterly basis;</p> <p>(4) The Trustee shall ensure that the Investment Manager undertakes the reporting and disclosures in accordance with these Regulations and in case of any delay or discrepancy, require the Investment Manager to rectify the same on an urgent basis;</p> <p>(5) The Trustee shall review the transactions carried out between the Investment Manager and its associates and</p>
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		<p>where the Investment Manager has advised that there may be a conflict of interest, shall obtain confirmation from the auditor that such transaction is on arm's length basis;</p> <p>(6) The Trustee shall periodically review the status of unit holders' complaints and their redressal undertaken by the Investment Manager;</p> <p>(7) The Trustee shall ensure that the Investment Manager declares and makes the distributions in accordance with Regulation 18;</p> <p>(8) The Trustee may require the Investment Manager to set up such systems and procedures and submit such reports to the Trustees, as may be necessary for effective monitoring of the functioning of the InvIT;</p> <p>(9) The Trustee shall ensure that subscription amount is kept in a separate bank account in name of the InvIT and is only utilized for adjustment against allotment of units or refund of money to the applicants till the time such units are listed;</p> <p>(10) The Trustee shall ensure that the remuneration of the valuer is not be linked to or based on the value of the assets being valued;</p> <p>(11) The Trustee shall:</p> <ul style="list-style-type: none">(a) ensure that the Investment Manager convenes meetings of the unit holders in accordance with these Regulations;(b) oversee the voting by unit holders;(c) maintain records pertaining to the meetings in accordance with Regulation 26 of these Regulations; <p>(12) The Trustee shall ensure that the Investment Manager convenes meetings of all unit holders of the InvITs not less than once every year and the time between such meetings shall not exceed 15 months;</p> <p>(13) The Trustee may take up with the Board or with the designated stock exchange, as may be applicable, any issue which has been approved in any meeting of unit holders, if the issue requires such action;</p> <p>(14) In case of any change in Investment Manager due to</p>
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		<p>removal or otherwise:</p> <ul style="list-style-type: none">(a) Prior to such change, the Trustee shall obtain approval from unit holders in accordance with Regulation 22 of these Regulations and approval from the Board;(b) The Trustee shall appoint the new Investment Manager within 3 months from the date of termination of the earlier Investment Manager;(c) The previous Investment Manager shall continue to act as such at the discretion of Trustee till such time as new Investment Manager is appointed.(d) The Trustee shall ensure that the new Investment Manager shall stand substituted as a party in all the documents to which the earlier Investment Manager was a party.(e) The Trustee shall ensure that the earlier Investment Manager continues to be liable for all its acts of omissions and commissions notwithstanding such termination. <p>(15) In case of any change in the Project Manager due to removal or otherwise:</p> <ul style="list-style-type: none">(a) The Trustee shall appoint the new Project Manager within 3 months from the date of termination of the earlier Project Manager;(b) The Trustee shall, either suo moto or based on the advice of the concessioning authority appoint an administrator in connection with a infrastructure Project(s) for such term and on such conditions as it deems fit;(c) The previous Project Manager shall continue to act as such at the discretion of Trustee till such time as new Project Manager is appointed;(d) All costs and expenses in this regard will be borne by the new Project Manager;(e) The Trustee shall ensure that the new Project Manager shall stand substituted as a party in all the documents to which the earlier Project Manager was a party;(f) The Trustee shall ensure that the earlier Project
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		<p>Manager continues to be liable for all its acts of omissions and commissions for the period during which it served as the Project Manager, notwithstanding such termination.</p> <p>(16) The Trustee shall obtain prior approval from the unit holders in accordance with regulation 22 of these Regulations and from the Board in case of change in control of the Investment Manager;</p> <p>(17) In case of change in control of the Project Manager in a PPP project, the Trustee shall ensure that written consent of the concessioning authority is obtained in terms of the concession agreement prior to such change, where applicable;</p> <p>(18) The Trustee shall not invest in units of the InvIT in which it is designated as the Trustee;</p> <p>(19) The Trustee shall ensure that the activity of the InvIT is being operated in accordance with the provisions of the Trust Deed, these Regulations and the Offer Document/Placement Memorandum and if any discrepancy is noticed, shall inform the same to the Board immediately in writing;</p> <p>(20) The Trustee shall immediately inform the Board in case any action which is detrimental to the interest of the unit holders is observed;</p>
<p>Rights and Responsibilities of Investment Manager</p>	<p>10.</p>	<p>(1) The Investment Manager shall make the investment decisions with respect to the underlying assets/ projects of the InvIT including any further investment or divestment of the assets;</p> <p>(2) The Investment Manager shall oversee activities of the Project Manager with respect to revenue streams from the projects and the project management agreement and shall obtain compliance certificate from the Project Manager, in the form as may be prescribed, on a quarterly basis;</p> <p>(3) The Investment Manager shall ensure that the infrastructure assets of the InvIT/SPV have proper legal titles, as may be applicable, and that all the material contracts entered into on behalf of InvIT/SPV are legal, valid, binding and enforceable by and on behalf of the InvIT/SPV.</p>

	<p>(4) The Investment Manager shall ensure that the investments made by the InvIT are in accordance with the investment conditions specified in Regulation 18 of these Regulations and in accordance with the investment strategy of the InvIT;</p> <p>(5) The Investment Manager, in consultation with Trustee, shall appoint the valuer(s), auditor, registrar and transfer agent, merchant banker, custodian and any other intermediary/service provider/agent as may be applicable with respect to activities pertaining to the InvIT in a timely manner and in accordance with these Regulations;</p> <p>(6) The Investment Manager shall appoint an auditor for a period of not more than 5 consecutive years;</p> <p>Provided that the auditor, not being an individual, may be reappointed for a period of another 5 consecutive years, subject to approval of unit-holders in the annual meeting in accordance with Regulation 22 of these Regulations.</p> <p>(7) The Investment Manager shall arrange for adequate insurance coverage for the assets of the InvIT;</p> <p>Provided that this shall not apply in case the assets are required to be insured by any other person by way of any agreement including a concession agreement or under any Act/ regulations/guidelines of any concessioning authority/government/local body.</p> <p>(8) The Investment Manager shall ensure that it has adequate infrastructure and sufficient key personnel with adequate experience and qualification to undertake management of the InvIT at all times;</p> <p>(9) The Investment Manager shall be responsible for all activities pertaining to issue of units and listing of units of the InvIT including:</p> <ul style="list-style-type: none"> (a) filing of placement memorandum with the Board; (b) filing the draft and final offer document with the Board and the exchanges within the prescribed time period; (c) Dealing with all matters up to allotment of units to the unit holders; (d) Obtaining in-principle approval from the Designated Stock Exchanges;
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		<p>(e) Dealing with all matters relating to issue and listing of the units of the InvIT as specified under Chapter IV of these Regulations and any guidelines as may be issued by the Board in this regard;</p> <p>(10) The Investment Manager shall ensure that disclosures made in the offer document/placement memorandum represent a true and fair view and are in accordance with these Regulations and guidelines/circulars issued thereunder;</p> <p>(11) The Investment Manager shall declare and make distributions to the unit holders in accordance with sub-regulation (6) of regulation 18 of these Regulations;</p> <p>(12) The Investment Manager shall review the transactions carried out between the Project Manager and its associates and where the Project Manager has advised that there may be a conflict of interest, shall obtain confirmation from the auditor that such transaction is on arm's length basis;</p> <p>(13) The Investment Manager shall ensure adequate and timely redressal of all unit holders' grievances pertaining to activities of the InvIT;</p> <p>(14) The Investment Manager shall ensure that the disclosures/reporting to the unit holders, Board, Trustees and designated stock exchanges, as may be applicable, are adequate, timely and in accordance with these Regulations and guidelines/circulars issued thereunder;</p> <p>(15) The Investment Manager shall provide to the Board and to the Designated Stock Exchanges, where applicable, any such information as may be sought by the Board or the Designated Stock Exchanges pertaining to the activity of the InvIT;</p> <p>(16) The Investment Manager shall ensure that the valuation of the InvIT assets is done by the valuer(s) in accordance with regulation 21 of these Regulations;</p> <p>(17) The Investment Manager shall submit to the Trustee:</p> <p>(a) quarterly reports on the activities of the InvIT including receipts for all funds received by it and for all payments made, position on compliance with these Regulations, specifically including compliance with regulations 18,19 and 20, etc.,</p>
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		<p>performance report, status of development of under-construction projects, within 30 days of end of such quarter;</p> <ul style="list-style-type: none">(b) valuation reports as required under these Regulations within 15 days of the receipt of the valuation report from the valuer;(c) decision to acquire or sell or develop or bid for any asset/project or expand existing completed assets/projects along with rationale for the same;(d) details of any action which requires approval from the unit holders as maybe required under the Regulations;(e) details of any other material issues including change in its directors, change in its shareholding, any legal proceedings that may have a significant bearing on the activity of the InvIT, etc. within seven working days of such action; <p>(18) In case the Investment Manager fails to timely submit to the Trustee information/reports as specified under sub-regulation (17) above or sub-regulation (8) of Regulation (9), the Trustee shall intimate the same to the Board and the Board may take action, as it deems fit.</p> <p>(19) The Investment Manager shall coordinate with Trustee, as may be necessary, with respect to operations of the InvIT;</p> <p>(20) The Investment Manager shall ensure computation and declaration of NAV of the InvIT based on the valuation done by the valuer not later than 15 days from the date of valuation;</p> <p>(21) The Investment Manager shall ensure that the audit of accounts of the InvIT by the auditor is done not less than not less than twice every year and such report is submitted within 45 days of end of financial year ending March/ half-year ending September to the Designated Stock Exchanges;</p> <p>(22) The Investment Manager may appoint a custodian in order to provide such custodial services as may be authorised by the Trustees;</p> <p>(23) The Investment Manager shall place before its Board of Directors a report on activity and performance of the InvIT</p>
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		<p>at least once every quarter within 30 days of end of such quarter;</p> <p>(24) The Investment Manager shall designate an employee/director as the compliance officer for monitoring of compliance with these Regulations and circulars issued thereunder and intimating the Board in case of any violation;</p> <p>(25) The Investment Manager shall ensure that all activities of the intermediaries/agents/service providers appointed by the manager are in accordance with these Regulations and circulars issued thereunder;</p>
Responsibilities of Project Manager	11.	<p>(1) The Project Manager shall undertake operations and management of the InvIT assets including making arrangements for the appropriate maintenance, as may be applicable, either directly or through the appointment and supervision of appropriate agents and as required under any project agreement including a concession agreement in the case of a PPP project ;</p> <p>(2) If the InvIT invests in under construction projects, the Project Manager :</p> <p style="padding-left: 40px;">(a) Shall undertake the operations and management of the projects, either directly or through appropriate agents;</p> <p style="padding-left: 40px;">(b) Shall oversee the progress of development, approval status and other aspects of the project upto its completion, in case of appointment of agents for the purpose of execution;</p> <p>(3) The Project Manager may ensure revision of the concession agreement, if required for the purpose of compliance with provisions of these Regulations;</p> <p>(4) The Project Manager shall undertake all obligations in respect of achieving timely completion of the infrastructure project, wherever applicable, project implementation, operation, maintenance and management of such infrastructure project in terms of the project management agreement;</p>
Rights and Responsibilities of sponsor(s)	12.	<p>(1) The sponsor(s) shall set up the InvIT and appoint the Trustee of the InvIT;</p> <p>(2) In case of any proposed purchase of shares/interest in an</p>

		<p>SPV or ownership of infrastructure project by the InvIT, the sponsor(s) shall transfer or undertake to transfer to the InvIT, its/their entire shareholding/interest in the SPV or ownership of the infrastructure projects, subject to a binding agreement and adequate disclosures in the Offer Document/placement memorandum, prior to allotment of units of the InvIT;</p> <p>Provided that this shall not apply to the extent of any mandatory holding of shares/interest in the SPV by the sponsor(s) as per any Act/regulations/guidelines of government/regulatory authority.</p> <p>(3) With respect to holding of units in the InvIT, the sponsor(s) together shall hold not less than 25% of the total units of the InvIT after initial issue of units on post-issue basis for a period of not less than 3 years from the date of the listing of such units;</p> <p>(4) If the sponsor(s) proposes to sell its units below the limit specified in sub-regulation (3) above:</p> <p>(a) Such units shall be sold only after a period of 3 years from the date of listing of the units;</p> <p>(b) Prior to sale of such units, the sponsor(s) shall arrange for another person(s)/entity(ies) to act as the re-designated sponsor(s) having a net worth of not less than rupees 20 crore;</p> <p>Provided that such units may also be sold to an existing sponsor.</p> <p>(c) The proposed buyer(s) shall provide option to exit to the unit holders in accordance with guidelines as may be specified;</p> <p>(5) If re-designated sponsor(s) propose(s) to sell its/their units to any another person, conditions specified under clauses (b) and (c) of sub-regulation (4) shall be complied with;</p>
<p>Rights and Responsibilities of the valuer and auditor</p>	<p>13.</p>	<p>(1) All valuers shall comply with the following conditions at all times:</p> <p>(a) The valuer shall ensure that the valuation of the InvIT assets is impartial, true and fair and is in accordance with regulation 21 of these Regulations;</p> <p>(b) The valuer shall ensure adequate and robust internal</p>

		<p>controls to ensure the integrity of its valuation reports;</p> <p>(c) The valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations at all times;</p> <p>(d) The valuer(s) shall ensure that it has sufficient financial resources at its disposal to enable it to conduct its business effectively and meet its liabilities;</p> <p>(e) The valuer(s) and any of its employees involved in valuing of the assets of the InvIT, shall not invest in units of the InvIT or in the assets being valued till the time such person is designated as valuer of such InvIT;</p> <p>Provided that this clause shall not apply to investments in units of the InvIT or investments in the assets being valued that has been made by such person prior to being designated as the valuer of the InvIT subject to adequate disclosures made by the valuer in the agreement signed between valuer and Investment Manager and the valuation report;</p> <p>(f) The valuer(s) shall conduct valuation of the InvIT assets with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment;</p> <p>(g) The valuer(s) shall act with independence, objectivity and impartiality in performing the valuation;</p> <p>(h) The valuer shall discharge its duties towards the InvIT in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete given assignment;</p> <p>(i) The valuer shall not accept remuneration, in any form, for performing a valuation of the InvIT assets from any person other than the InvIT or its authorized representative;</p> <p>(j) The valuer shall before accepting any assignment, disclose to the InvIT the existence of any direct or indirect consideration which the valuer may have in respect of such assignment;</p> <p>(k) The valuer shall disclose to the InvIT any pending business transactions, contracts under negotiation and</p>
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		<p>other arrangements with the Investment Manager or any other party whom the InvIT is contracting with and any other factors that may interfere with the valuer's ability to give an independent and professional valuation of the assets;</p> <ul style="list-style-type: none">(l) The valuer shall verify all critical information relevant to the valuation, supplied by the InvIT or any other person, including appropriate qualification or confirmation from an independent source;(m) The valuer shall not make false, misleading or exaggerated claims in order to secure assignments;(n) The valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;(o) The valuer shall not accept an assignment which interferes with its ability to do fair valuation;(p) The valuer shall, prior to performing a valuation, will acquaint itself in terms of all laws/regulations relevant to such valuation. <p>(2) The auditor shall comply with the following conditions at all times:</p> <ul style="list-style-type: none">(a) The Auditor shall conduct audit of the accounts of the InvIT and draft the audit report based on the accounts examined by him and after taking into account the relevant accounting and auditing standards, as may be applicable ;(b) The Auditor shall, to the best of his information and knowledge, ensure that the accounts and financial statements of the InvIT give a true and fair view of the state of the affairs as at the end of the period and profit or loss and cash flow for the period and such other matters as may be specified;(c) The Auditor shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of the InvIT;(d) The Auditor shall have a right to require such information and explanation pertaining to activities of the InvIT as he may consider necessary for the performance of his duties as auditor from the employees of InvIT or parties to the InvIT or SPV or
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		any other person in possession of such information.
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CHAPTER IV

OFFER OF UNITS OF InvIT AND LISTING OF UNITS

Issue of units and allotment	14.	<p>(1) No initial offer of units by an InvIT shall be made unless:</p> <ul style="list-style-type: none">(a) The InvIT is registered with the Board under these Regulations;(b) the value of the proposed holding of the InvIT in the underlying assets is not less than [Rs. 500 crore];(c) the offer size is not less than Rs. 250 crore; <p>(2) If the InvIT invests/ proposes to invest in under-construction projects, value of which is more than 10% of the value of the InvIT assets, it shall raise funds:</p> <ul style="list-style-type: none">(a) by way of private placement only through a placement memorandum;(b) from Qualified Institutional Buyers and body corporate only, whether Indian or foreign; Provided that in case of foreign investors, such investment shall be subject to guidelines as may be specified by RBI and the government from time to time.(c) with minimum investment from any investor of rupees one crore;(d) from not less than 5 and not more than 1000 investors; <p>(3) The InvIT as specified in sub-regulation (2) above shall file the draft placement memorandum for undertaking private placement of units with the Board along with the application for registration and the Board may communicate its comments, to such applicant which shall be incorporated by the applicant in placement memorandum prior to grant of registration;</p> <p>(4) With respect to InvITs that hold not less than 80% of its assets in completed and revenue generating</p>
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infrastructure projects:

- (a) Initial issue of units shall be by way of initial offer only;
- (b) Any subsequent issue of units after initial offer may be by way of follow-on offer, preferential allotment, qualified institutional placement, rights issue, bonus issue or any other mechanism as may be specified by the Board in the manner stipulated thereunder;
- (c) Minimum subscription from any investor in initial and follow-on offer shall be rupees five lakhs;
- (d) The value of the units proposed to be offered to the public in initial offer shall not be less than 25% of the value of the InvIT;
- (e) Prior to initial offer and follow-on offer, the Investment Manager shall file the draft offer document with the designated stock exchange(s) and the Board not less than 21 working days before filing the final offer document with the designated stock exchange;
- (f) Such draft offer document shall be hosted by the Designated Stock Exchanges on their websites for public comments for a period not less than 10 days;
- (g) The Board may communicate its comments to the Investment Manager and, in the interest of investors, may require the Investment Manager to carry out such modifications in the draft offer document as it deems fit;
- (h) The Trustee shall ensure that all comments from the public or from the Board received on the draft offer document are suitably addressed/incorporated prior to the filing of the final offer document with the Designated Stock Exchanges;
- (i) In case no modifications are suggested by the Board in the draft offer document within 21 working days from the date of filing, the InvIT

	<p>may issue the final offer document to the public;</p> <p>(j) The draft and final offer document shall be accompanied by a Due Diligence Certificate signed by the Investment manager and lead merchant banker certifying the;</p> <p>(k) The final Offer Document shall be filed with the Designated Stock Exchanges and the Board not less than five working days before opening of the offer and such filing with the Board shall be accompanied by filing fees as specified under Schedule II;</p> <p>(l) The InvIT may undertake the initial offer or follow-on offer within 6 months from the date of last issuance of observations by the Board, if any and if no observations have been issued by the Board, within 6 months from the date of filing of final offer document with the Designated Stock Exchanges;</p> <p>(m)The InvIT may invite for subscriptions and allot units to any person, whether resident or foreign;</p> <p>Provided that in case of foreign investors, such investment shall be subject to guidelines as may be specified by RBI and the government from time to time.</p> <p>(n) The application for subscription shall be accompanied by a statement containing the abridged version of the offer document detailing the risk factors and summary of the terms of issue;</p> <p>(o) Initial offer and follow-on offer shall not be open for subscription for a period of more than 30 days;</p> <p>(p) In case of over-subscriptions, the InvIT shall allot units to the applicants on a proportionate basis rounded off to the nearest integer subject to minimum subscription amount per subscriber as specified in clause (c) above;</p> <p>(q) The InvIT shall allot units /refund money within</p>
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	<p>10 working days from the date of closing of the issue;</p> <p>(r) The InvIT shall issue units in only in dematerialized form to all the applicants;</p> <p>(s) The determination of price of InvIT units may be through the book building or any other process in accordance with the guidelines issued by the Board, in the manner specified thereof;</p> <p>(t) The InvIT shall refund money to the applicants in case:</p> <p style="padding-left: 40px;">(i) it collects subscription of amount less than 75% of the issue size as specified in the final offer document, where money shall be refunded to all applicants;</p> <p style="padding-left: 40px;">(ii) the moneys received is in excess of the extent of over-subscription as specified in the final offer document, where money shall be refunded to applicants to the extent of the oversubscription;</p> <p style="padding-left: 40px;">Provided that right to retain such over subscription cannot exceed 25% of the issue size.</p> <p style="padding-left: 40px;">(iii) the number of subscribers to the initial offer forming part of the public is less than 20, where money shall be refunded to all applicants;</p> <p>(u) If the Investment Manager fails to allot or list the units within the specified time, then the Investment Manager shall pay interest to the unit holders @15% per annum, till such allotment/ listing and such interest shall be not be recovered in the form of fees or any other form payable to the Investment Manager by the InvIT;</p> <p>(5) If the InvIT fails to undertake any offer of its units, whether by way of public issue or private placement, within 3 years from the date of registration with the</p>
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		<p>Board, it shall surrender its certificate of registration to the Board and cease to operate as an InvIT.</p> <p>Provided that the Board, if it deems fit, may extend the period by another one year;</p> <p>Provided further that the InvIT may later re-apply for registration, if it so desires.</p> <p>(6) The Board may specify by issue of guidelines/circulars any other requirements, as it deems fit, requirements pertaining to issue and allotment of units by an InvIT, whether by way of public issue or private placement.</p>
<p>Offer document/placement memorandum and advertisements</p>	<p>15.</p>	<p>(1) The offer document/placement memorandum of the InvIT shall contain material, true, correct and adequate disclosures to enable the investors to make an informed decision.</p> <p>(2) Without prejudice to the generality of sub-regulation (1), the offer document/ placement memorandum shall:</p> <ul style="list-style-type: none"> (i) not be misleading or contain any untrue statements or mis-statements; (ii) not provide any guaranteed returns to the investors (iii) include such other disclosures as may be specified by the Board; <p>(3) The offer document shall include all information as specified under Schedule III to these Regulations;</p> <p>(4) The placement memorandum shall contain all material information about the InvIT, parties to the InvIT, fees and all other expenses proposed to be charged, tenure of the InvIT, investment strategy, risk management tools and parameters employed, key service providers, conflict of interest and procedures to identify and address them, disciplinary history of the sponsor(s), Investment Manager, Trustee and their associates, the terms and conditions on which the Investment Manager offers investment services, its affiliations with other intermediaries, manner of winding up of the InvIT and such other information as may be necessary for the investor to take an</p>

		<p>informed decision on whether to invest in the InvIT;</p> <p>(5) No advertisement shall be issued pertaining to issue of units by an InvIT which undertakes private placement of its units;</p> <p>(6) With respect to advertisements pertaining to the offer of units by an InvIT under public offer of its units:</p> <p>(i) Such advertisement material shall not be misleading and shall not contain anything extraneous to the contents of the offer document;</p> <p>(ii) if an advertisement contains highlights, it shall also contain risk factors with equal importance in all aspects including print size;</p> <p>(iii) The advertisements shall be in accordance with any guidelines as may be prescribed by the Board in this regard;</p>
<p>Listing and trading of units</p>	<p>16.</p>	<p>(1) Units of InvITs, whether publicly issued or privately placed, shall be listed on a recognized stock exchange;</p> <p>(2) The listing of the units shall be in accordance with the listing agreement entered into between the InvIT and the Designated Stock Exchanges;</p> <p>(3) The units of the InvIT listed in the designated stock exchanges shall be traded, cleared and settled in accordance with the bye-laws of designated stock exchanges, Depositories Act and such conditions as may be specified by the Board.</p> <p>(4) The InvIT shall not redeem units to the unit holders other than by way of a buyback in accordance with the guidelines as may be specified by the Board or at the time of delisting of units;</p> <p>(5) The units shall be listed on the Designated Stock Exchanges unless delisted under regulation 17 of these Regulations;</p> <p>(6) The minimum public holding for the units of the publicly issued InvIT shall be 25% of the total number of outstanding units, at all times, failing which action may be taken as may be specified by the Board and by the Designated Stock Exchanges including</p>

	<p>delisting of units under regulation 17 of these Regulations;</p> <p>(7) The minimum number of unit holders in an InvIT other than the sponsor(s):</p> <ul style="list-style-type: none">(a) in case of privately placed InvIT, shall be 5, each holding not more than 25% of the units of the InvIT;(b) forming part of public shall be 20, each holding not more than 25% of the units of the InvIT; <p>at all times, failing which action may be taken as may be specified by the Board and by the Designated Stock Exchanges including delisting of units under regulation 17 of these Regulations;</p> <p>(8) With respect to listing of privately placed units:</p> <ul style="list-style-type: none">(a) its units shall be mandatorily listed on the designated stock exchange(s) no later than 30 working days from the date of final closing;(b) Trading lot for the purpose of trading of units on the designated stock exchange shall be rupees one crore; <p>(9) With respect to listing of publicly offered units:</p> <ul style="list-style-type: none">(a) its units shall be mandatorily listed on the designated stock exchange(s) no later than 12 working days from the date of closure of the initial offer; <p>Provided that this sub-regulation shall not apply if the initial offer does not satisfy the minimum subscription requirements or the minimum number of subscribers under clauses (c) and (t)(iii) of sub-regulation (4) of regulation 14;</p> <ul style="list-style-type: none">(b) Trading lot for the purpose of trading of units on the designated stock exchange shall be rupees five lakhs; <p>(10) Any person other than the sponsor(s) holding units of the InvIT prior to initial offer shall hold the units for a period of not less than one year from the date of listing of the units;</p> <p>(11) The Board and Designated Stock Exchanges may</p>
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		<p>specify any other requirements pertaining to listing and trading of units of the InvIT by issue of guidelines/circulars or in any other form, as deemed fit;</p>
<p>Delisting of units and winding up of the InvIT</p>	<p>17.</p>	<p>(1) The Trustee shall apply for delisting of units of the InvIT to the Board and the designated stock exchanges if:</p> <ul style="list-style-type: none"> (a) the public float falls below the specified limit under sub-regulation (6) of Regulation 16 of these Regulations; (b) the number of unit holders of the InvIT falls below the limit as specified under sub-regulation (7) of Regulation 16; (c) if there are no projects/assets remaining under the InvIT for not more than six months and InvIT proposes to invest in no projects in future; (d) the Board or the Designated Stock Exchanges require such delisting for violation of the listing agreement or these Regulations or the Act; (e) the sponsor(s)/Investment Manager requests such delisting and such request has been approved by unit holders in accordance with regulation 22 of these Regulations; (f) unit holders apply for such delisting in accordance with regulation 22 of these Regulations; (g) the Board or the Designated Stock Exchanges require such delisting in the interest of the unit holders; <p>Provided that if clause (a) or (b) is breached, the Trustee may provide 6 months to the Investment Manager to rectify the same, failing which shall apply for such delisting.</p> <p>Provided that in case of PPP projects, such delisting shall be subject to relevant clauses in the Concession Agreement;</p> <p>(2) The Board and the Designated Stock Exchanges may consider such application for delisting for approval or rejection as may be appropriate in the interest of the</p>

		<p>unit holders;</p> <p>(3) The Board may, instead of delisting of the units, if it deems fit, provide additional time to the InvIT or parties to the InvIT to comply with the Regulations;</p> <p>(4) The Board may reject the application of delisting and take any other action, as it deems fit, under these Regulations or the Act for violation of the listing agreement or these Regulations or the Act.</p> <p>(5) The procedure for delisting of units of InvIT shall be in accordance with the listing agreement and in accordance with procedure as may be specified by the Board and by the Designated Stock Exchanges from time to time;</p> <p>(6) After delisting of its units, the InvIT shall surrender its certificate of registration to the Board and shall no longer undertake activity of an InvIT;</p> <p>(7) The InvIT and parties to the InvIT shall continue to be liable for all their acts of omissions and commissions notwithstanding surrender of registration to the Board.</p>
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CHAPTER V

INVESTMENT CONDITIONS, RELATED PARTY TRANSACTIONS, BORROWING AND VALUATION OF ASSETS

<p>Investment Conditions and Dividend policy</p>	<p>18.</p>	<p>(1) The Investment by an InvIT shall only be in Special Purpose Vehicles or eligible infrastructure projects or securities in India in accordance with these Regulations and the investment strategy as detailed in the Offer Document/Placement Memorandum;</p> <p>(2) In case of PPP projects, the InvIT shall mandatorily invest in the infrastructure projects through SPV;</p> <p>(3) The InvIT may invest in eligible infrastructure projects through Special Purpose Vehicles subject to the following:</p> <p style="padding-left: 40px;">(a) No other shareholder or partner of the Special Purpose Vehicle shall have any rights that prevents the InvIT from complying with the provisions of these Regulations and an agreement shall be entered into with such shareholders/partners to that effect prior to investment in the Special Purpose</p>
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		<p>Vehicle;</p> <p>(b) In case the Special Purpose Vehicle is a company, the Investment manager, in consultation with the Trustee, shall appoint not less than one authorized representative on the Board of such Special Purpose Vehicles and ensure that such representative attends all Board meetings of the SPV;</p> <p>(c) In case the Special Purpose Vehicle is an LLP, the Investment manager, in consultation with the Trustee, appoint not less than one authorized representative as designated partner to the LLP on behalf of the InvIT and ensure that such representative attends all meetings of the designated partners of SPV;</p> <p>(d) The Investment Manager shall ensure that the in every meeting including annual general meeting of the SPV, the voting of the InvIT is exercised;</p> <p>(4) In case of InvIT as specified under Regulation 14(2):</p> <p>(a) the InvIT shall mandatorily hold:</p> <p>(i) not less than one eligible infrastructure project which is completed and revenue generating; and</p> <p>(ii) not less than one eligible infrastructure project which is pre-COD project;</p> <p>(b) the InvIT shall invest only in eligible infrastructure projects or securities of companies or partnership interests of LLPs in infrastructure sector.</p> <p>Provided that un-invested funds may be invested in liquid funds/government securities/money market instruments/cash equivalents.</p> <p>Explanation: Companies or LLPs in infrastructure sector shall mean those companies or LLPs which derive not less than 80% of their operating income from infrastructure sector as per the audited accounts of the previous financial year;</p> <p>(5) In case of InvITs as specified under Regulation 14(4):</p> <p>(a) Not less than 80% of the value of the assets shall be invested in completed and revenue generating</p>
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		<p>infrastructure projects subject to the following;</p> <ul style="list-style-type: none">(i) If the investment has been made through a Special Purpose Vehicle, whether by way of equity or debt or equity linked instruments or partnership interest, only the proportion of direct investments in eligible infrastructure projects by such Special Purpose Vehicles shall be considered under this sub-regulation and the remaining portion shall be included under clause (b) under.(ii) If any project is implemented in stages, the part of the project which can be categorised as completed and revenue generating project shall be considered under this sub-regulation and the remaining portion shall be included under clause (b) under. <p>(b) Not more than 20% of value of the assets shall be invested:</p> <ul style="list-style-type: none">(i) in under-construction eligible infrastructure projects, whether directly or through Special Purpose Vehicles; Provided that investment in such assets shall not exceed 10% of the value of the assets of the InvIT.(ii) Listed or unlisted debt of companies or body corporate in infrastructure sector; Provided that this shall not include any investment made in debt of the SPV;(iii) Equity shares of companies listed on a recognized stock exchange in India which derive not less than 80% of their operating income from infrastructure sector as per the audited accounts of the previous financial year;(iv) Government securities;(v) Money market instruments, liquid mutual funds or Cash equivalents; <p>(c) If the conditions specified in clauses (a) and (b) above are breached on account of market</p>
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movements of the price of the underlying assets/securities, the Investment Manager shall inform the same to the Trustee and ensure that the conditions as specified above are satisfied within 6 months of such breach.

Provided that the period may be extended to 1 year subject to approval from investors in accordance with Regulation 22 of these Regulations;

(6) With respect to distributions made by the InvIT and the SPV:

(a) Not less than 90% of net distributable income after tax of the SPV shall be distributed to the InvIT in proportion of its holding in the SPV;

(b) Not less than 90% of net distributable income after tax of the InvIT shall be distributed to the unit holders;

(c) Such distributions shall be declared and made not less than once every quarter in every financial year in case of publicly offered InvITs and not less once every six months in case of privately placed InvITs and shall be made not later than 15 days from the date of such declaration;

(d) Subject to clause (c) above, such distribution shall be as per the dates and in the manner as mentioned in the Offer Document/Placement Memorandum;

(7) If any infrastructure asset is sold by the InvIT/SPV or in case of a PPP project, if the equity shares in the SPV is sold by the InvIT:

(a) if the InvIT/SPV proposes to re-invest gains, if any, into another infrastructure asset, it shall not be required to distribute any gains from such sale to the InvIT/ to the investors;

(b) If the InvIT/SPV proposes not to invest the gains made into any other infrastructure asset, it shall be required to distribute the same in accordance with sub-regulation (6) above;

(8) If the distributions are not made within 15 days of declaration, then the Investment Manager shall be liable to

		<p>pay interest to the unit holders @15% per annum till the distribution is made and such interest shall not be recovered in the form of fees or any other form payable to the Investment Manager by the InvIT;</p> <p>(9) An InvIT shall invest in at least 2 infrastructure projects;</p> <p>(10) An InvIT shall not invest in units of other InvITs;</p> <p>(11) An InvIT shall hold an infrastructure asset for a period of not less than 3 years from the date of purchase of such asset by the InvIT, directly or through SPV;</p> <p>Provided that this shall not apply to investment in securities of companies in infrastructure sector other than Special Purpose Vehicles.</p> <p>(12) In case of any co-investment with any person(s) in any transaction:</p> <p style="padding-left: 40px;">(a) the investment by the other person(s) shall not be at terms more favourable than those to the InvIT;</p> <p style="padding-left: 40px;">(b) the investment shall not provide any rights to the person(s) which shall prevent the InvIT from complying with the provisions of these Regulations;</p> <p style="padding-left: 40px;">(c) the agreement with such person(s) shall include the minimum percentage of distributable profits that will be distributed and entitlement of the InvIT to receive not less than pro rata distributions and mode for resolution of any disputes between the InvIT and the other person(s);</p> <p>(13) No schemes shall be launched under the InvIT;</p> <p>(14) The Board may specify any additional conditions for investments by the InvIT as deemed fit;</p>
<p>Related Party transactions</p>	<p>19.</p>	<p>(1) All related party transactions shall be on an arms-length basis in accordance with relevant accounting standards, in the best interest of the unit holders, consistent with the strategy & investment objectives of the InvIT;</p> <p>(2) All related party transactions of an InvIT shall be disclosed:</p> <p style="padding-left: 40px;">(a) in the offer document/placement memorandum with respect to any such transactions entered into prior to the offer of units and any such proposed transactions subsequent to the offer;</p> <p style="padding-left: 40px;">(b) to the Designated Stock Exchanges and unit</p>

		<p>holders periodically in accordance with the listing agreement and these Regulations; and</p> <p>(3) With respect to related party transactions with respect to publicly offered InvITs entered into after initial offer, if:</p> <ul style="list-style-type: none">(a) the total value of all the related party transactions, in a financial year, pertaining to acquisition/sale of assets or investments into securities exceeds 5% of the value of InvIT; or(b) the value of the funds borrowed from related parties, in a financial year, exceeds 5% of the total consolidated borrowings of the InvIT; <p>approval from the unit holders shall be obtained prior to entering into any such subsequent transaction with any related party in accordance with Regulation 22 of these Regulations.</p> <p>(4) Transaction between two or more of the InvITs with a common Investment Manager or sponsor, transactions between such InvITs shall be deemed to be related party transactions for each of the InvITs and provisions of regulation (19) shall apply.</p> <p>Provided that this clause shall also apply if the Investment Managers/sponsors of the InvITs are different entities but are associates.</p> <p>(5) With respect to any related party transaction, details of any fees/commissions received/to be received by any person/entity which is an associate of the related party pursuant to such transaction shall be adequately disclosed to the Designated Stock Exchanges;</p> <p>(6) Where any of the related parties has an interest in a business which competes or is likely to compete, either directly or indirectly, with the activities of the InvIT, the following details shall be disclosed in the Offer Document/placement memorandum:</p> <ul style="list-style-type: none">(a) details of the such business including an explanation as to how such business shall compete with the InvIT;(b) a declaration that the related party shall perform its duty in relation to the InvIT independent of its related business;
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		(c) declaration as to whether any acquisition of such business by the InvIT is intended and if so, details of the same thereof;
Borrowings and deferred payments	20.	<p>(1) The aggregate consolidated borrowings and deferred payments of the InvIT shall never exceed 49% of the value of the InvIT assets;</p> <p>(2) If the aggregate consolidated borrowings and deferred payments of the InvIT exceed 25% of the value of the InvIT assets, for any further borrowing:</p> <p style="padding-left: 40px;">(a) credit rating shall be obtained from a credit rating agency registered with the Board; and</p> <p style="padding-left: 40px;">(b) approval of unit holders shall be obtained in the manner as specified in regulation 22 of these Regulations;</p> <p>(3) If the conditions specified in sub-regulations above are breached on account of market movements of the price of the underlying assets/securities, the Investment Manager shall inform the same to the Trustee and ensure that the conditions as specified above are satisfied within 6 months of such breach.</p>
Valuation of assets	21.	<p>(1) The valuer shall not be an associate of the sponsor(s)/Investment Manager/Trustee and shall have not less than 5 years of experience in valuation of infrastructure assets;</p> <p>(2) Full valuation includes a detailed valuation of all assets of the InvIT by the valuer including physical inspection of every infrastructure project by the valuer;</p> <p>(3) Full valuation report shall include minimum of the clauses as specified in Schedule V to these Regulations;</p> <p>(4) A full valuation shall be conducted by the valuer not less than once every financial year;</p> <p>Provided that such full valuation shall be conducted at the end of the financial year ending March within not more than two months from the date of end of such year;</p> <p>(5) A half yearly valuation of the assets of the InvIT shall be conducted by the valuer for the half-year ending September for a publicly offered InvIT for incorporating any key changes in the previous six months and such half yearly</p>

		<p>valuation report shall be undertaken within not more than one month from the date of end of such half year;</p> <p>(6) Valuation reports received by the Investment Manager shall be submitted by the Investment Manager to the Designated Stock Exchanges within 15 days from the receipt of such valuation reports;</p> <p>(7) Prior to any issue of units by offered InvIT other than bonus issue, the valuer shall undertake full valuation of all the InvIT assets and include the same in the Offer Document;</p> <p>Provided that such valuation report shall not be more than 6 months old at the time of such offer;</p> <p>(8) For any transaction of purchase or sale of infrastructure projects, whether directly or through SPVs for publicly offered InvITs;</p> <p>(a) A full valuation of the specific project shall be undertaken by the valuer;</p> <p>(b) In case of a purchase transaction, the asset shall not be purchased at a value greater than 110% of the value of the asset as assessed by the valuer;</p> <p>(c) In case of a sale transaction, the asset shall not be sold at a value less than 90% of the value of the asset as assessed by the valuer;</p> <p>(9) No valuer shall undertake valuation of the same project for more than four years consecutively;</p> <p>(10) Any valuation undertaken by any valuer shall abide by international valuation standards and valuation standards as may be specified by Institute of Chartered Accountants of India (ICAI) for valuation of infrastructure assets or as may be specified;</p> <p>Provided that in case of any conflict, standards specified by ICAI shall prevail.</p> <p>(11) In case of any material development that may have an impact on the valuation of the assets of the InvIT, then Investment Manager of a publicly offered InvIT shall require the valuer to undertake full valuation of the infrastructure project under consideration within not more than two months from the date of such event and disclose the same to the Trustee and the Designated Stock Exchanges within 15 days of such valuation;</p>
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		(12) The valuer shall not value any assets in which it has either been involved with the acquisition or disposition of that asset to either a vendor or purchaser associated with the InvIT within the last 12 months;
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CHAPTER VI

RIGHTS OF UNIT HOLDERS, GENERAL OBLIGATIONS, DISCLOSURES AND REPORTING

Rights of unit holders including meetings	22.	<p>(1) The unit holder shall have the rights to receive income/distributions as provided for in the Offer Document/Placement Memorandum;</p> <p>(2) With respect to any issue requiring approval of the unit holders:</p> <ul style="list-style-type: none"> (a) A resolution shall be passed when the votes cast in favour of the resolution exceed a certain percentage, as specified hereunder, of the votes cast against in the resolution by unit holders, so entitled and voting; (b) The voting may also be done by postal ballot or electronic mode; (c) A notice of not less than 21 clear days shall be provided to the unit holders; (d) Voting by any person who is a related party in such transaction as well as associates of such person(s) shall not be considered on the specific issue; (e) Investment manager shall be responsible for all the activities pertaining to conducting of meeting of the unit holder, subject to overseeing by the Trustee. <p>Provided that in issues pertaining to the Investment Manager such as change in Investment Manager including removal of the Investment Manager or change in control of the Investment Manager, Trustee shall convene and handle all activities pertaining to conduct of the meetings.</p> <p>Provided further that in issues pertaining to the Trustee such as change in the Trustee, the Trustee shall not be involved in any manner in the conduct</p>
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of the meeting.

(3) With respect to publicly offered InvITs:

(a) an annual meeting of all unit holders shall be held not less than once a year within 120 days from the end of financial year and the time between two meetings shall not exceed 15 months;

(b) With respect to such annual meeting:

(i) Any information that is required to be disclosed to the unit holders and any issue that, in the ordinary course of business, may require approval of the unit holders may be taken up in the meeting including:

(1) Placing of latest annual accounts and performance of the InvIT with the unit holders;

(2) Approval of auditor and fees of such auditor, as may be required;

(3) Placing of latest valuation reports with the unit holders;

(4) Appointment of valuer, as may be required;

(5) Any other issue as may be required;

(ii) For any issue taken up in such meetings which require approval from the unit holders, votes cast in favour of the resolution shall not be less than one and a half times the votes cast against the resolution;

(4) Approval from unit holders shall be required in case of:

(a) Any approval from unit holders required under regulation 18 and 19 of these Regulations;

(b) Any borrowing in excess of specified limit as required under sub-regulation 2 of regulation 20 of these Regulations;

(c) Any issue of units after initial offer by a publicly offered InvIT, in whatever form;

(d) Any issue, in the ordinary course of business, which in the opinion of the sponsor(s)/Trustee/Investment Manager, is material and requires approval of the

		<p>unit holders, if any;</p> <p>(e) Any issue for which the Board or the Designated Stock Exchanges requires such approval as it deems fit;</p> <p>(5) For such cases as specified in sub-regulation (4) above, votes cast in favour of the resolution shall not be less than one and half times the votes cast against the resolution;</p> <p>(6) Approval from unit holders shall also be required in special cases as under:</p> <p>(a) Any change in Investment Manager including removal of the Investment Manager or change in control of the Investment Manager;</p> <p>(b) Any change in investment strategy of the InvIT;</p> <p>(c) In case the sponsor(s)/Investment Manager propose to seek delisting of units of the InvIT</p> <p>(d) If the value of the units held by a person along with its associates other than the sponsor(s) and its associates exceed 50% of the value of outstanding InvIT units, approval may be sought prior to acquiring any further units;</p> <p>(e) Any issue, not in the ordinary course of business, which in the opinion of the sponsor(s)/ Investment Manager/Trustee requires approval of the unit holders;</p> <p>(f) Any issue for which the Board or the Designated Stock Exchanges requires such approval as it deems fit;</p> <p>(g) Any issue taken up on request of the unit holders including:</p> <p>(i) Removal of the Investment Manager and appointment of another Investment Manager to the InvIT;</p> <p>(ii) Removal of the auditor and seek appointment of another auditor to the InvIT;</p> <p>(iii) Removal of the valuer and appointment of another valuer to the InvIT;</p> <p>(iv) Delisting of an InvIT if the unit holders have sufficient reason to believe that such</p>
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		<p>delisting would act in the interest of the unit holders;</p> <p>(v) Any issue which the unit holders have sufficient reason to believe that acts detrimental to the interest of the unit holders;</p> <p>(vi) Application to the Board for change in the Trustee if the unit holders have sufficient reason to believe that acts of such Trustee is detrimental to the interest of the unit holders;</p> <p>(7) For such special cases as specified in sub-regulation (6) above, votes cast in favour of the resolution shall not be less than three times the votes cast against the resolution;</p> <p>(8) With respect to the right(s) of the unit holders under clauses (g) of sub-regulation (6) above,</p> <p>(a) Not less than 60% of the unit holders by value, other than any party related to the transactions and its associates, shall apply, in writing, to the Trustee for the purpose.</p> <p>(b) On receipt of such application, the Trustee shall take up the issue with the Investment Manager for voting in the manner as specified in these Regulations;</p> <p>(c) With respect to sub-clause (vi), not less than 60% of the unit holders by value shall apply, in writing, to the Trustee for the purpose;</p>
<p>Disclosures</p>	<p>23.</p>	<p>(1) A privately placed InvIT shall ensure that the disclosures in the placement memorandum are in accordance with the sub-regulation (4) of regulation 15 to these Regulations and any guidelines issued by the Board in this regard;</p> <p>(2) A publicly offered InvIT shall ensure that the disclosures in the offer document are in accordance with the Schedule III to these Regulations and any guidelines issued by the Board in this regard;</p> <p>(3) The Investment Manager of all InvITs shall submit an annual report to all unit holders electronically or by physical copies and additionally to the Designated Stock Exchanges with respect to activities of the InvIT, not less than 3 months from the end of the financial year;</p> <p>(4) The Investment Manager of shall submit a half-yearly</p>

		<p>report to the Designated Stock Exchange not less than 1 month from the end of the every half year ending March and September;</p> <p>(5) Such annual and half yearly reports shall contain disclosures as specified under Schedule IV to these Regulations;</p> <p>(6) The Investment Manager shall disclose to the Designated Stock Exchanges any information having bearing on the operation/performance of the InvIT as well as price sensitive information which includes but is not restricted to the following:</p> <ul style="list-style-type: none">(a) Investment in any new project;(b) Divestment of any project;(c) Additional borrowing, at level of SPV or the InvIT, exceeding 5% of the value of the InvIT assets ;(d) Additional issue of units by the InvIT;(e) Details of any credit rating obtained by the InvIT and any change in such rating;(f) Any issue which requires approval of the unit holders;(g) Any legal proceedings which may have significant bearing on the functioning of the InvIT;(h) Notices and results of meetings of unit holders,(i) Any instance of non-compliance with these Regulations including any breach of limits specified under the Regulations;(j) Any material issue that in the opinion of the Investment Manager/Trustee needs to be disclosed to the unit holders; <p>(7) The InvIT shall also submit such information to the designated stock exchanges and unit holders on a periodical basis as may be required under the listing agreement;</p> <p>(8) The InvIT shall disclose such information to the designated stock exchanges, unit holders and the Board as may be specified by the Board, in the manner prescribed thereunder;</p> <p>(9) The InvIT shall also provide disclosures/reports specific to</p>
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		sector/sub-sector in which the InvIT has invested/proposes to invest as may be specified by the Board, in the manner prescribed thereunder;
Submission of reports to the Board	24.	The Board may at any time call upon the InvIT or parties to the InvIT to file such reports, as the Board may desire, with respect to the activities relating to the InvIT.
Power to call for information	25.	<p>(1) The Board may at any time call for any information from the InvIT or parties to the InvIT or any unit holder or any other person with respect to any matter relating to activity of the InvIT.</p> <p>(2) Where any information is called for under sub - regulation (1), it shall be furnished within the time specified by the Board.</p>
Maintenance of Records	26.	<p>(1) The Investment Manager shall maintain records pertaining to the activity of the InvIT, as may be applicable, including:</p> <ul style="list-style-type: none"> (a) All investments/divestments of the InvIT and documents supporting the same including rationale for such investments/divestments; (b) Agreements entered into by the InvIT or on behalf of the InvIT; (c) Documents relating to appointment of persons as specified in Regulation 10 (5); (d) Insurance policies for infrastructure assets; (e) Investment Management Agreement; (f) Registered Trust Deed; (g) Documents pertaining to application to the Board for registration as an InvIT; (h) Documents pertaining to issue and listing of units including placement memorandum, draft and final offer document, in-principle approval by Designated Stock Exchanges, listing agreement with the Designated Stock Exchanges, details of subscriptions, allotment of units, etc. (i) Distributions declared and made to the unit holders; (j) Disclosures and periodical reporting made to the Trustee, Board, unit holders and to the Designated Stock Exchanges including annual reports, half

		<p>yearly reports, etc.;</p> <p>(k) Valuation reports including methodology of valuation;</p> <p>(l) Books of accounts and financial statements;</p> <p>(m) Audit reports;</p> <p>(n) Reports relating to activities of the InvIT placed before the Board of Directors of the Investment Manager;</p> <p>(o) Unit holders' grievances and actions taken thereof including copies of correspondences with the unit holder and the Board, if any;</p> <p>(p) Any other material documents;</p> <p>(2) The Trustee shall maintain records, wherever applicable, pertaining to:</p> <p>(a) Certificate of registration granted by the Board</p> <p>(b) Titles of the infrastructure assets;</p> <p>Provided that where the original title documents are deposited with the Lender/Security Trustee in respect of any loan / debt, in which case the Trustee shall maintain copies of such title documents;</p> <p>(c) Notices and agenda sent to unit holders for meetings held;</p> <p>(d) Minutes of such meeting and resolutions undertaken therein;</p> <p>(e) Periodical reports and disclosures received by the Trustee from the Investment Manager;</p> <p>(f) Disclosures, periodically or otherwise, made to the Board, unit holders and to the Designated Stock Exchanges;</p> <p>(g) Any other material documents;</p> <p>(3) The aforesaid records may be maintained in physical or electronic form;</p> <p>(a) Provided that where records are required to be duly signed and are maintained in the electronic form, such records shall be digitally signed.</p>
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		(b) Any other material documents;
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CHAPTER V
INSPECTION

Boards right to inspect	27.	<p>The Board may suo-motu or upon receipt of information or complaint appoint one or more persons as inspecting officers to undertake inspection of the books of accounts, records and documents relating to activity of the InvIT for any of the following reasons, namely: -</p> <p>(a) to ensure that the books of account, records and documents are being maintained by the InvIT or parties to the InvIT in the manner specified in these regulations;</p> <p>(b) to inspect into complaints received from unit holders, clients or any other person, on any matter having a bearing on the activities of the InvIT;</p> <p>(c) to ascertain whether the provisions of the Act and these regulations are being complied with by the InvIT and parties to the InvIT; and</p> <p>(d) to inspect suo-motu into the affairs of the InvIT, in the interest of the securities market or in the interest of investors.</p>
Notice before inspection	28.	<p>(1) Before ordering an inspection under regulation 27, the Board shall give not less than ten days notice to the Trustee of the InvIT.</p> <p>(2) Notwithstanding anything contained in sub-regulation (1), where the Board is satisfied that in the interest of the investors no such notice should be given, it may, by an order in writing, direct that the inspection of the affairs of the InvIT be taken up without such notice.</p> <p>(3) During the course of an inspection, the InvIT against whom the inspection is being carried out and parties to the InvIT shall be bound to discharge their obligations as provided in regulation 29.</p>
Obligation of InvIT, parties to the InvIT and any other associate persons on inspection	29.	<p>(1) It shall be the duty of every InvIT in respect of whom an inspection has been ordered under the regulation 27 and parties to the InvIT and any other associate person who is in possession of relevant information pertaining to conduct and affairs of such InvIT, including representative of InvIT, if any, to produce to the Inspecting Officer such books, accounts and other documents in his custody or control</p>

		<p>and furnish him with such statements and information as the said Officer may require for the purposes of inspection.</p> <p>(2) It shall be the duty of every InvIT and parties to the InvIT and any other associate person who is in possession of relevant information pertaining to conduct and affairs of the InvIT to give to the Inspecting Officer all such assistance and shall extend all such co-operation as may be required in connection with the inspection and shall furnish such information sought by the inspecting officer in connection with the inspection.</p> <p>(3) The Inspecting Officer shall, for the purposes of inspection, have power to examine on oath and record the statement of any employees and directors of the InvIT/parties to the InvIT or any person responsible for or connected with the activities of InvIT or any other associated person having relevant information pertaining to such InvIT.</p> <p>(4) The Inspecting Officer shall, for the purposes of inspection, have power to obtain authenticated copies of documents, books, accounts of InvIT, from any person having control or custody of such documents, books or accounts.</p>
Submission of Report to the Board	30.	<p>The inspecting officer shall, as soon as possible, on completion of the inspection submit an inspection report to the Board.</p> <p>Provided that if directed to do so by the Board, he may submit an interim report.</p>
Communication of findings etc. to the InvIT	31.	<p>The Board may after consideration of the inspection report and after giving reasonable opportunity of hearing to the InvITs or parties to the InvIT or its representatives or any such person, issue such directions as it deems fit in the interest of securities market or the investors in the nature of;</p> <p>(a) requiring the InvIT to delist its units from the stock exchanges and surrender its certificate of registration;</p> <p>(b) requiring the InvIT to wind up;</p> <p>(c) requiring the InvIT to sell its assets;</p> <p>(d) requiring the InvIT or parties to the InvIT to take such action as may be in the interest of the investors;</p> <p>(e) prohibiting the InvIT or parties to the InvIT from operating in the capital market or from accessing the</p>

		capital market for a specified period.
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CHAPTER VI

PROCEDURE FOR ACTION IN CASE OF DEFAULT

Liability for action in case of default.	32.	<p>(1) An InvIT or parties to the InvIT or any other person involved in the activity of the InvIT who contravenes any of the provisions of the Act or these regulations or notifications, guidelines, circulars, instructions, etc. issued thereunder by the Board shall be liable for one or more actions specified therein including any action provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.</p> <p>(2) Sub-regulation (1) shall not prejudice the operation of sections 11, 11B, 11D or 24 or Chapter VIA of the Act or of any other law for the time being in force.</p>
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CHAPTER VII

MISCELLANEOUS

Power of the Board to issue clarifications.	33.	In order to remove any difficulties in the application or interpretation of these regulations, the Board may issue clarifications and guidelines in the manner as may be appropriate.
Others Infrastructure Investment Trusts	34.	The Board may lay down framework for Infrastructure Investment Trusts other than the InvITs falling in the categories specified in these regulations;
Delegation of powers	35.	The powers exercisable by the Board under these regulations shall also be exercisable by any officer of the Board to whom such powers are delegated by the Board by means of an order made under section 19 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

SCHEDULE I

[see Regulation 3(2)]

FORMS

FORM A

*Securities and Exchange Board of India (Infrastructure Investment Trusts)
Regulations, 2014*

Application for grant of certificate

(To be finalized)

FORM B

**Securities and Exchange Board of India
(Infrastructure Investment Trusts) Regulations, 2014**

[See regulation 6(2)]

Certificate of registration as a Infrastructure Investment Trust

I. In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), read with the regulations made there under, the Board hereby grants a certificate of registration to

as an Infrastructure Investment Trust subject to the conditions specified in the Act and in the regulations made thereunder.

II. The Registration Number of the Infrastructure Investment Trust is:

_____.

Date :

Place :

By Order

Sd/-

**For and on behalf of
Securities and Exchange Board of India**

SCHEDULE II

Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014

[See Regulation 3(2), 6(1) and 14(4)(k)]

FEES

1. Every applicant shall pay non-refundable application fees of one lakh rupees along with the application for grant of certificate of registration.
2. Every applicant shall pay as non-refundable registration fees a sum of ten lakh rupees at the time of grant of certificate by the Board within fifteen days from the date of receipt of intimation from the Board.
3. A publicly offered InvIT shall pay non-refundable filing fees of 0.05% of the total issue size at the time of filing of final offer document with the Board.
4. A privately placed InvIT shall pay a non-refundable fees of 0.05% of the total funds raised within 30 days from the date of final closing.
5. Such application, registration and filing fees shall be paid by way of a demand draft in favor of 'Securities and Exchange Board of India' payable at Mumbai or at respective regional or local office, as may be required.

SCHEDULE III

[See Regulations 14, 15, 19, 21 and 23]

MANDATORY DISCLOSURES IN OFFER DOCUMENT/FOLLOW ON OFFER DOCUMENT

1. Introduction

- a. Name of the InvIT, registered office address, correspondence address, contact person (s), contact details and email id of the InvIT
- b. Place and date of creation of the InvIT
- c. Registration number and date of the InvIT with SEBI

2. Details of sponsor(s), Investment Manager, Project Manager, Trustee and other parties

a. Sponsor (s)

(In case of multiple sponsors, provide details for every sponsor)

- i. Name, registered addresses, correspondence addresses, Contact person (s), contact details, email id
- ii. Background of the sponsor including activities being undertaken by the sponsor with respect to infrastructure.
- iii. Holding/ proposed holding by sponsor in the InvIT

b. Investment Manager and Project Manager

- i. Background of the investment/Project Manager including past experience in management/advisory services/development in infrastructure sector
- ii. Brief functions, duties and responsibilities of the investment/Project Manager
- iii. Brief profiles of directors of the Investment Manager and units held or proposed to held by them in the InvIT, if any

c. Trustee

- i. Background of the Trustee including details of registration with SEBI in case Trustee is a debenture Trustee
- ii. Names and profiles of the Board of Directors with specific details of which of the directors are independent
- iii. Functions, duties and responsibilities of the Trustee

d. Other parties

- i. Names, details and functions of other key parties/entities involved in the structure of the InvIT including key terms of

agreement with such parties, background and experience, brief functions, duties and responsibilities, Policy of appointment and removal, etc.

3. Brief background of the InvIT

- a. Glossary of terms/abbreviations
- b. Structure and description of the InvIT
- c. Details of any arrangements pertaining to underlying InvIT assets, entered into with various parties prior to the issue;
- d. Holding structure of the InvIT prior to the issue including breakup of the units held by parties to the InvIT and any other unit holder holding greater than 5% of the units of the InvIT prior to such issue;
- e. Proposed holding structure by the aforesaid parties post-issue;
- f. Fee and expenses charged/chargeable to the unit holders by various parties including fees charged/proposed to be charged by the Investment Manager, valuer, auditor, Trustees and any other third party and shall also include any set-up costs;
- g. Details of any Credit rating(s) obtained

4. Terms of the issue

- a. Terms of the offer including number of units, price, issue opening date, issue closing date, terms and conditions and any other information as may be required for the investor to make an informed decision.
- b. Policy of distributions to the unit holders including method of calculation and the frequency for distribution
- c. Listing of units
 - i. Names of designated stock exchanges
 - ii. Timelines for listing
 - iii. Declaration that prior in-principle approval obtained from the designated stock exchanges
- d. Commitment received from strategic investors, if any.

5. Market overview

- a. General market overview of the infrastructure sector
- b. Overview of the sub-sector in which the InvIT has invested/proposes to invest.

6. Description of the assets under the InvIT

- a. General consolidated details of all assets of the InvIT

- i. Breakup/proposed breakup of InvIT assets in terms of Reg 18(5)(a) and (b)
- ii. Details of proposed structure of investment by the InvIT in infrastructure projects.
- iii. Details of the SPVs through which the projects are held/proposed to be held including capital structure, holding pattern, holding of InvIT in the SPV, rights of InvIT in the SPV, etc. pre-issue (current) and post-issue(proposed). Also, details of key terms of debt and other instruments in the SPV shall be disclosed.
- iv. In case the projects are held/proposed to be held directly by the InvIT, details of holding of all the owners of the projects including % of ownership, rights of InvIT vis-à-vis other owners, etc. pre-issue (current) and post-issue(proposed).
- v. Status of lender consent with respect to underlying projects and amendment in lender agreement, if any pursuant to acquisition of the assets by InvIT.
- vi. Confirmation of adequate Insurance of all the infrastructure assets by the Trustee

b. **Project-wise details of infrastructure assets held/proposed to be held by the InvIT**

- i. Name, location, pictures and other details of the project.
 - ii. Structure of ownership of the project by the InvIT
 - iii. Special features of the infrastructure projects, if any
 - iv. Description of key agreements and restrictions relevant to the project such as terms of concession agreement, power purchase agreements, etc.
 - v. Life of the asset (*both contractually and physical life requiring maintenance, replacement*) and right available to extend this life
 - vi. Summary of Land diligence
 - vii. Technical reports specific to the sub-sector such as traffic data report, wind/solar report, etc.
 - viii. Month-wise revenue since COD of the project till date
- c. For under-construction projects, the following additional disclosures shall be made project-wise:
- i. Stage of development/construction along with % of completed development/construction as at the end of the year
 - ii. Progress of development
 - iii. Expected completion

- iv. Status of approval/assessment from various authorities including statutory assessment & environment considerations
- v. Key risks involved in delay

7. Business Details and Strategy

- a. Investment strategy
 - Description of investment strategy of the InvIT
 - Description of ROFR by the sponsor, if any with respect to any future assets including valuation methodology for future acquisitions from Sponsors in such cases
 - Capital and risk management strategy
- b. Use of proceeds:
 - purpose of the issue;
 - Issue Expenses

8. Leverage

- a. Capital structure of the InvIT assets including any borrowings/deferred payments with respect to the InvIT assets prior to the issue and post-issue (*Standalone and consolidated*)
- b. Borrowing policy

9. Related party transactions

- a. Procedure for dealing with related party transactions
- b. Details of any related party transactions undertaken prior to the offer as well as any such transactions proposed in the future.

10. Valuation

- a. Summary of valuation as per the latest full valuation report
- b. Valuation methodology
- c. Frequency of valuation and declaration of NAV

11. Financials

- a. Operating cash flow from the projects (*project-wise*) under the InvIT for the previous 3 years;
- b. Summary of the financial statements of the InvIT, Investment Manager and sponsor for the previous 3 years, as applicable
- c. Management's Discussion and Analysis of factors by directors of the Investment Manager affecting financial condition and results of operations
- d. Projections of revenue and operating cash flows by InvIT, project-wise over next three years including assumptions details as certified by the auditor
- e. Details on payment history and working capital

- f. Contingent liabilities as on date

12. Rights of Unit Holders

- a. Rights of unit holders
- b. Proposed disclosures to the unit holders either directly or by public dissemination on the designated stock exchange website
- c. Frequency and manner of meetings of unit holders

13. Title and approval disclosures, litigations and regulatory actions

- a. Title disclosure of the projects including any material litigations pertaining to the projects;
- b. Regulatory authorities involved and status of approvals with respect to the underlying projects and approvals periodically required for the project as per any Act/rules/regulations/guidelines by the government/regulatory authority
- c. Brief description of the material litigations and regulatory actions, whether completed or pending, against the InvIT, sponsor(s), Investment Manager, Trustee, or any of their associates, if any

14. Risk factors

15. Brief details on taxation and regulatory aspects to enable the investors to make an informed decision

16. Other general information

Policy of appointment of auditor and auditing standards to be followed

17. Sector specific information

Any information pertaining to the sector/sub-sector that may be relevant for an investor to invest in units of the InvIT

18. Supporting Documents

- a. Full Valuation Report
- b. Auditors Report
- c. Any other such report

19. Such other information as is material and appropriate to enable the investors to make an informed decision

20. Declarations

SCHEDULE IV
[See Regulation 23(5)]
MANDATORY DISCLOSURES

Mandatory Disclosures in the Annual Report

(A privately placed InvIT may only disclose the items, as may be applicable to its structure and activities)

1. Brief Investment Manager's report of activities of the InvIT and summary of the audited consolidated financial statements for the year of the InvIT
2. Management discussion and analysis by the directors of the Investment Manager on activities of the InvIT during the year, forecasts and future course of action.
3. Brief details of all the assets of the InvIT, project-wise.
4. Details of revenue during the year, project-wise from the underlying projects.
5. Brief summary of the valuation as per full valuation report as at the end of the year
6. Any information/report pertaining to the specific sector/sub-sector that may be relevant for an investor to invest in units of the InvIT
7. Details of changes during the year pertaining to:
 - a. Addition and divestment of assets including the identity of the buyers or sellers, purchase/sale prices and brief details of valuation for such transactions.
 - b. Valuation of assets and NAV *(as per the full valuation reports)*
 - c. Borrowings/ repayment of borrowings *(standalone and consolidated)*
 - d. Credit rating
 - e. Sponsor, Investment Manager, Trustee, valuer, directors of Investment Manager, directors of the Trustee/Investment Manager/sponsor, etc.
 - f. Clauses in trust deed, investment management agreement or any other agreement entered into pertaining to activities of InvIT.
 - g. Any regulatory changes that has impacted/may impact cash flows of the underlying projects
 - h. Change in material contracts or any new risk in performance of any contract pertaining to the InvIT
 - i. Any legal proceedings which may have significant bearing on the activities or revenues/cash flows of the InvIT
 - j. Any other material change during the year.
8. Revenue of the InvIT for the last 5 years, project-wise.

9. Update on development of under-construction projects, if any.
10. Details of outstanding borrowings and deferred payments of InvIT including any credit rating(s), debt maturity profile, gearing ratios of the InvIT on a consolidated and standalone basis as at the end of the year.
11. The total operating expenses of the InvIT along with detailed break-up, including all fees and charges paid to the Investment Manager and any other parties, if any during the year.
12. Past performance of the InvIT with respect to unit price, distributions made and yield for the last 5 years, as applicable.
13. Unit price quoted on the exchange at the beginning and end of the financial year, the highest and lowest unit price and the average daily volume traded during the financial year.
14. Details of all related party transactions during the year with details of transactions value of which exceeds 5% of value of the InvIT.
15. Details of issue and buyback of units during the year, if any
16. Brief report on corporate governance
17. Brief details of material litigations and regulatory actions, whether completed or pending, against the InvIT, sponsor(s), Investment Manager, Trustee or any of their associates, if any, as at the end of the year.
18. Risk factors
19. Information of the contact person of the InvIT

Mandatory annexure to the annual report

1. Full valuation report
2. Auditor's report

Mandatory disclosures in the Half-yearly report

(A privately placed InvIT may only disclose the items, as may be applicable to its structure and activities)

1. All details as provided above (*other than clause (2) and mandatory annexures*) for annual report for the previous half-year or as at the end of the half-year as applicable;
2. Audited financial statements for the half year; (*Standalone and consolidated*)
3. Updated valuation report by the valuer taking into account any material developments during the previous half-year;
4. Any other material events during the half-year;

SCHEDULE V

[See Regulation 21(3)]

MANDATORY MINIMUM DISCLOSURES IN FULL VALUATION REPORT

The full valuation report shall include as a minimum of following:

- a. Name and brief details of the valuer along with details of registration under the Companies Act, 2013
- b. all material details in relation to the basis of valuation;
- c. Description and explanation of the valuation methodologies adopted including assumptions used, justification of the assumptions, explanation of the rationale for choosing the particular valuation method if more than one method is or could have been adopted, etc.
- d. overall structure and condition of the relevant market including an analysis of the supply-demand situation, the market trend and investment activities;
- e. Any information/report pertaining to the specific sector/sub-sector that may be relevant for valuation of the assets;
- f. For every project, the following details shall be mentioned,:
 - i. Details of the project including whether the transaction is a related party transaction;
 - ii. Latest pictures of the project
 - iii. the existing use of the project;
 - iv. the nature of the interest the InvIT holds/proposes to hold in the project, percentage of interest of the InvIT in the project
 - v. Date of inspection and date of valuation
 - vi. Qualifications and assumptions
 - vii. Method used for valuation
 - viii. Valuation standards adopted
 - ix. Extent of valuer's investigations and nature and source of data to be relied upon
 - x. Purchase price of the project by the InvIT (*for existing projects of the InvIT*)
 - xi. Valuation of the project in the previous 3 years; (*for existing projects of the InvIT*)

- xii. Detailed valuation of the project as calculated by the valuer;
- g. any other matters which may affect the project or its value;
- h. a declaration by the valuer that:
 - i. the valuer is competent to undertake the valuation;
 - ii. the valuer is independent and has prepared the report on a fair and unbiased basis;
 - iii. the valuer has valued the projects based on the valuation standards as specified under sub-regulation 10 of regulation 21 of these Regulations;

SCHEDULE VI

[See Regulation 7(d)]

CODE OF CONDUCT FOR InvIT AND PARTIES TO THE InvIT

1. InvIT and parties to the InvIT shall conduct all affairs of the InvIT in the interest of all the unit-holders of the InvIT.
2. InvIT and parties to the InvIT shall make adequate, accurate, explicit and timely disclosure of relevant material information to all unit holders, exchanges and the Board in accordance with these Regulations and as may be specified by the stock exchanges from time to time.
3. InvIT and parties to the InvIT shall try to avoid conflicts of interest, as far as possible, in managing the affairs of the InvIT and keep the interest of all unit holders paramount in all matters. In case such events cannot be avoided, it shall be ensured that appropriate disclosures are made to the unit-holders and they are fairly treated.
4. The InvIT and parties to the InvIT shall ensure that the fees charged to the unit-holders by the respective persons shall be fair and reasonable in the circumstances and shall be characterized by good faith
5. Investment manager shall carry out the business of the InvIT and invest in accordance with the investment objectives stated in the offer document and take investment decisions solely in the interest of unit holders.
6. InvIT and parties to the InvIT shall not use any unethical means to sell, market or induce any person to buy their InvITs and the Investment Manager shall be responsible for including such prohibited acts in the agreement entered to with a third party who may be appointed by the Investment Manager for the purpose.
7. InvIT and parties to the InvIT shall maintain high standards of integrity and fairness in all their dealings and in the conduct of their business,
8. InvIT and parties to the InvIT shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment.
9. InvIT and parties to the InvIT shall not make any exaggerated statement, whether oral or written, either about their qualifications/capabilities/experience/ achievements.