

## **Frequently Asked Questions for Infrastructure Investment Trusts**

**Disclaimer:** These FAQs are prepared with a view to guide market participants on SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations"). For full particulars of laws governing the Infrastructure Investment Trusts (InvITs), please refer to the Acts/Regulations/Guidelines/Circulars etc. appearing under the Legal Framework Section of SEBI website i.e. [www.sebi.gov.in](http://www.sebi.gov.in). Any queries about the InvIT Regulations can be addressed to the Department of Debt and Hybrid Securities, SEBI.

### **1. What is an Infrastructure Investment Trust (InvIT)?**

InvIT of Infrastructure Investment Trust is a trust registered with SEBI to carry out the activity prescribed under SEBI (Infrastructure Investment Trusts) Regulations, 2014. An InvIT raises funds by issuing units to investors and invests those funds primarily in assets in infrastructure sector. The investment in such assets can be made directly or through SPV/Holding Company by the InvIT. Investors who hold units in an InvIT are called unit holders. The income generated from the underlying assets of the InvIT are regularly distributed to the unit holders.

### **2. What are various parties to an InvIT?**

Parties to an InvIT include its trustee, sponsor(s), investment manager and project manager(s). Their roles and responsibilities have been described under the InvIT Regulations and circular issuer thereunder.

### **3. What is InvIT SPV/Holding Company?**

Infrastructure assets are generally developed or held by infrastructure developers through separate legal entities known as Special Purpose Vehicles (SPVs). SPVs can be set up in the form of a company or a Limited Liability Partnership (LLP). Sometimes a two tier structure involving a holding company (HoldCo) and SPVs is also used to develop multiple projects under different SPVs. InvITs can acquire infrastructure assets through acquiring ownership of the assets or through acquiring the holding company/SPV holding such assets.

### **4. Which sectors can an InvIT invest into?**

InvITs can invest in assets which fall under any of the sub-sectors included in the Harmonised Master List of Infrastructure Sub-sectors, notified by Ministry of Finance from time to time.

### **5. What is the procedure of making an application for obtaining registration as a InvIT from SEBI?**

Application for registration as InvIT can be made through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>. The portal allows for filing of requisite information, uploading of documents and payment of requisite fees. The portal also provides facility for various post-registration filings and compliances.

### **6. What are the main requirements for registration as an InvIT?**

The eligibility requirements for InvITs and parties to the InvITs are provided under InvIT Regulations. The InvIT and parties to the InvIT are required to satisfy these criteria at all times. Some of the major eligibility conditions are as follows:

- (a) The trust deed is duly registered in India under the provisions of the Registration Act, 1908
- (b) The trust deed has its main objective as undertaking activity of InvIT in accordance with InvIT Regulations
- (c) The responsibilities of the trustee, as prescribed under InvIT Regulations, have been included in the trust deed
- (d) Sponsor, Investment Manager and Trustee have been designated and are separate entities
- (e) No unit holder enjoys superior voting or any other rights over another unit holder and there is only a single class of units
- (f) The parties to the InvIT are fit and proper persons

#### Requirements for Trustee

- (a) It is registered with SEBI as a Debenture Trustee
- (b) It is not an associate of the sponsor or the Investment Manager

#### Requirements for Sponsor(s)

- (a) It has a net worth/net-tangible assets of not less than INR 100 crores
- (b) It has a sound track record in development of infrastructure or fund management in the infrastructure sector

#### Requirements for Investment Manager (IM)

- (a) It has a net worth/net-tangible assets of not less than INR 10 crores
- (b) It has not less than five years of experience in fund management or advisory services or development in the infrastructure sector, or the combined experience of its directors/partners/employees in fund management or advisory services or development in the infrastructure sector is not less than 30 years
- (c) It has not less than two employees with at least 5 years' experience in fund management or advisory services or development in the infrastructure sector
- (d) It has not less than one employee with at least 5 years' experience in the relevant sub-sector(s) in which the InvIT has invested or proposes to invest
- (e) Not less than half of its directors/members of the governing board are independent directors
- (f) It has entered into an investment management agreement with the trustee

### **7. What is the time period for making initial offer of units by InvITs after registration?**

A registered InvIT is required to make initial offer of its units, through public issue or private placement, within three years from the date of registration failing which it is required to surrender its certificate of registration.

### **8. What are the various fees involved?**

The following fees are charged by SEBI from the InvIT:

- Application fee: INR 1 lakh
- Registration fee: INR 10 lakh
- Filing fee: 0.1% of the total issue size for initial and follow-on offer, 0.05% of the total size for rights issue by public InvITs

## 9. What are the types of InvITs permitted under InvIT Regulations?

Based on the mode of fund raising in the initial offer, InvITs can be classified into three categories.

- (a) Public InvITs: InvITs which offer units in the initial to public (i.e. all classes of investors) can be categorised as public InvITs. Such units are required to be listed on recognised stock exchanges.
- (b) Private listed InvITs: InvITs which offer units in the initial offer on private placement basis to institutional investors and body corporates and such units are listed on recognised stock exchanges, can be categorised as private listed InvITs.
- (c) Private unlisted InvITs: InvITs which offer units in the initial offer on private placement basis to institutional investors and body corporates, in terms of Chapter VIA of the InvIT Regulations and such units are not permitted to be listed on recognised stock exchanges, can be categorised as private listed InvITs.

Other features of respective InvITs are as follows:

Feature	Public	Private listed	Private unlisted
Mode of Initial offer	Public issue	Privately placed	Privately placed
Minimum asset value	INR 500 crore	INR 500 crore	INR 500 crore
Minimum initial offer size	INR 250 crore	INR 250 crore	INR 250 crore
Listing requirement	Mandatory	Mandatory	Not permitted
Minimum subscription in initial offer	INR 10,000-15000	INR 1 crore/INR 25 crore <sup>1</sup>	INR 1 crore
Permitted assets	Completed, revenue generating eligible infrastructure assets	Completed/under construction eligible infrastructure assets	Completed/under construction eligible infrastructure assets

---

<sup>1</sup> Based on type of assets owned by the InvIT

<b>Distribution requirement</b>	At least 90% of NDCF <sup>2</sup> ; at least once every six months	At least 90% of NDCF; at least once every year	At least 90% of NDCF; at least once every year
<b>Trading lot</b>	1 unit	INR 1 crore/INR 2 crore <sup>1</sup>	Not applicable
<b>Permitted investors</b>	No restrictions	Only institutional investors and body corporates	Only institutional investors and body corporates
<b>Number of investors</b>	Minimum 20 investors	Minimum 5 and Maximum 1000 investors	Minimum 5 and Maximum 20 investors
<b>Borrowing limit</b>	Not exceeding 70% of InvIT assets	Not exceeding 70% of InvIT assets	As per trust deed

Further, InvIT Regulations and circulars issued thereunder also provide for conversion of a Private Unlisted InvIT into a Private Listed InvIT and Private Listed InvIT into Public InvIT.

#### **10. How can an InvIT raise funds?**

InvIT can raise unit capital from investors through issuance of units via initial offer. Further unit capital by the InvITs can be raised through issuance of units via follow-on offer, preferential issue, institutional placement and rights issue of units.

InvITs can also raise debt capital through issuance of debt securities. Listed InvITs are required to list the debt securities issued by them on recognised stock exchanges.

#### **11. Who can invest in an InvIT?**

All categories of investors are permitted to invest in units of Public InvITs. Private placement of units (unlisted as well as listed) can be made only to institutional investors and body corporates. For the purpose of InvIT Regulations, 'institutional investor' means the following:

- i. a qualified institutional buyer; or
- ii. family trust or systematically important NBFCs registered with RBI or intermediaries registered with SEBI, all with net-worth of more than five hundred crore rupees, as per the last audited financial statements

#### **12. How to invest in an InvIT?**

Investors can make application for subscription of units in initial offer by InvITs. Post issuance and listing of units on stock exchange(s), investors can invest in such InvITs in a manner similar to investing in equity shares of listed companies.

#### **13. What are the rights of unit holders of an InvIT?**

---

<sup>2</sup> NDCF – net distributable cash flows

The rights associated with ownership of units typically available to unit holders of InvITs include the following:

- Right to receive distributions
- Right to attend and vote in meeting of unit holders
- Right to request the trustee to take up specified matters for voting by unit holders
- Right to redressal of grievances
- Right to receive exit offer in case of specified transactions
- Right to receive information required to be disclosed by the InvIT and in the manner, prescribed under InvIT Regulations

#### **14. Where can an investor look out for information on InvITs?**

For more information on InvITs, one can refer to the following:

- a) SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in))
  - Regulatory framework including InvIT Regulations ([link](#)), circulars ([link](#)) issued thereunder
  - List of registered InvITs ([link](#))
  - Offer documents of InvITs which have issued units through initial offer ([link](#)) ([link](#))
  - Status of application for registration as InvIT ([link](#))
  - Data on funds raised by InvITs ([link](#))
- b) Stock Exchanges website
  - Disclosures made by listed InvITs
- c) Website of the respective InvIT
  - Information about the InvIT
  - Disclosures made by the InvIT

#### **15. How can investors redress their complaints against InvITs?**

Investors should first approach the concerned InvIT with their complaint. If the complaint remains unresolved, the investors may approach SEBI for facilitating redressal of their complaints. SEBI has a web based centralized grievance redress system called SEBI Complaint Redress System (SCORES) available at <http://scores.gov.in> where investors can lodge their complaints against InvITs.