FAQs

Funding Options

Infrastructure Investment Trusts (InvITs)

1. What does INVITS entail?

An Infrastructure Investment Trust (InvIT) is like a mutual fund, which enables direct investment of money from individual and institutional investors in infrastructure projects to earn a portion of the income as return. The InvIT is designed as a tiered structure with Sponsor setting up the InvIT which in turn invests into the eligible infrastructure projects either directly or via special purpose vehicles (SPV). InvIT are regulated by the SEBI (Infrastructure Investment Trusts) Regulations, 2014. For more information, click here

2. What is the procedure for registering as an InvIT?

No person shall act as an InvIT unless it has obtained a certificate of registration from the Board under SEBI (Infrastructure Investment Trusts) Regulations 2014. An application for grant of certificate of registration as InvIT shall be made by the sponsor on behalf of the trust in Form A as specified in the Schedule I of SEBI (Infrastructure Investment Trusts) Regulations 2014 and shall be accompanied by a non-refundable application fee as specified in Schedule II. The Board on being satisfied that the applicant fulfils the requirements shall send intimation to the applicant and on receipt of the payment of registration fees as specified in Schedule II, grant certificate of registration in Form B under Schedule I. Please refer to section 3 and 6 of SEBI (Infrastructure Investment Trusts) Regulations 2014 at the link for more information.

3. What are the key conditions regarding qualification of Sponsor(s)?

The term ‘ sponsor ’ means any company or LLP or body corporate which sets up the InvIT. Each sponsor must have a net worth of not less than US$15.38 mn if it is a body corporate or company; or Net tangible assets of value not less than US$15.38 mn in case of an LLP. The sponsor(s) together shall hold not less than 15% of total units of InvIT on a post-issue basis for a period of at least 3 years from the date of listing, subject to following: a) Sponsors would be responsible to the InvIT for all acts, omissions and representations/covenants; b) Sponsor/associate of the sponsor shall act as the project manager for a minimum period of 3 years unless a suitable replacement is appointed by

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unitholders. However, this conditions shall not apply if the sponsors hold a minimum of 25% stake on post-issue basis for at least 3 years from the date of listing c) Minimum experience of 5 years in infrastructure sector for each sponsor and where sponsor is a developer, at least 2 projects of sponsor should be completed. Please refer to section 4(d) of SEBI (Infrastructure Investment Trusts) Regulations 2014 at link for more information.

4. What are the key conditions regarding qualification of Investment Manager?

The key conditions are: • Net worth (net tangible assets in case of an LLP) of not less than US$15.38 mn if the investment manager is a body corporate or a company. • Experience of not less than five years in fund management or advisory services or development in the infrastructure sector. • Has not less than two employees who have at least five years experience each, in fund management or advisory services or development in the infrastructure sector. • Has not less than one employee who has at least five years experience in the relevant sub-invest. • Has not less than half of its directors in case of a company or members of the governing board in case of an LLP as independent and not directors or members of the governing board of another InvIT. • Has an office in India from where the operations pertaining to the InvIT is proposed to be conducted. Please refer to section 4(e) of SEBI (Infrastructure Investment Trusts) Regulations 2014 at link for more information

5. What are the provisions regarding disclosures under infrastructure Investment Trust?

The disclosure guidelines for an Infrastructure Investment Trust (InvIT) include: Disclosure in placement memorandum for privately-placed InvIT in accordance with sub-section (4), section (15), Chapter IV and any circular issued by the Board in this regard. Disclosure in offer document for publicly-offered InvIT in accordance with Schedule III and any circular issued by the Board in this regard. For more information, click here

6. What are the conditions regarding issue and allotment of units in InvITs?

• An InvIT shall not make an initial offer of its units unless: • The InvIT is registered with the Board under these regulations; • The value of assets held by InvIT is at least INR 500 crores; • The offer size is at least INR 250 crores • Slabs for minimum offer size and public float: • If post issue capital is less than INR 1600 crores: minimum 25% of the total outstanding units of the InvIT or INR 250 crores, whichever is higher • If post issue capital is equal to or more than INR 1600 crores but less than INR 4000 crores: minimum INR 400 crores • If post issue capital is equal to more than INR

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4,000 crores: minimum 10% of the total outstanding units of the InvIT • Any units offered to sponsor or manger or their related parties or their associates shall not be counted towards units offered to public • Public float in all cases shall be increased to a minimum of 25% within a period of three years from the date of listing • In case of a privately places InvIT, minimum investment from an investor should be INR 1 crore. However, if such InvIT invests or proposes to invest 80% or more of the value of InvIT assets, minimum investment from an investor shall be INR 25 crore • In case of a public InvIT, minimum subscription from an investor in initial and follow on offer to be INR 10 lakh • Maximum 10% of the amount raised by InvIT by public issue of units could be used for ' general purposes ' as mentioned in the offer document. Issue related expenses shall not form part of general purpose. • Minimum subscription amount shall be 90% of the fresh issue size as specified in the offer document • If the InvIT fails to make any offer of its units, whether by way of public issue or private placement, within 3 years from the date of registration with the Board, it shall surrender its certificate of registration to the Board and cease to operate as an InvIT Please refer to Chapter IV of SEBI (Infrastructure Investment Trusts) Regulations 2014 at link for more information

7. Which are the registered InvITs under SEBI?

The list of SEBI registered InvITs as on February 16, 2017 is available at the link.

8. Which are the registered Infrastructure Investment Trusts under Securities and Exchange Board of India?

The list of SEBI registered InvITs can be accessed from here.

9. What are the venture conditions for Infrastructure Investment Trusts?

The investment conditions for real estate investment trusts (REIT) are stated in detail in section 18, Chapter V of SEBI (Real Estate Investment Trusts) Regulations, 2014, as amended from time to time. For more information, click here.

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