



CIRCULAR

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November 04, 2020

To,

All Infrastructure Investment Trusts (“InvITs”)

All Parties to InvITs

Madam/Sir,

Sub: Guidelines for rights issue of units by an unlisted Infrastructure Investment Trust (InvIT)

Chapter VIA of the of SEBI (Infrastructure Investment Trusts) Regulations, 2014 (InvIT Regulations) provides the framework for private placement of units by InvITs which are not eligible to be listed. In order to enable unlisted InvITs to raise further funds, it has been decided to provide a mechanism for raising of funds by unlisted InvITs through rights issue of units.

For the purpose of this circular “rights issue” shall mean an offer of units by an unlisted InvIT to the unit holders of the InvIT as on the record date fixed for the said purpose. The guidelines in respect of a rights issue of units by an unlisted InvIT are given below.

1. Conditions for issuance

1.1.No InvIT shall make a rights issue of units unless the following conditions are satisfied:

1.1.1. A resolution of the board of directors of the investment manager approving the rights issue of units and determining the record date has been passed.

1.1.2. Units of the same class, which are proposed to be allotted are already issued by the InvIT.



- 1.1.3. None of the respective promoters or partners or directors of the sponsor(s) or investment manager or trustee of the InvIT is a fugitive economic offender declared under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).
- 1.1.4. None of the respective promoters or partners or directors of the sponsor(s) or investment manager or trustee of the InvIT
- (a) is debarred from accessing the securities market by the Board;
 - (b) is a promoter, director or person in control of any other company or a sponsor, investment manager or trustee of any other InvIT which is debarred from accessing the capital market under any order or directions made by the Board;

2. Underwriting

- 2.1. If the InvIT desires to have the issue underwritten, it may appoint underwriters in accordance with the Securities and Exchange Board of India (Underwriters) Regulations, 1993.

3. Letter of Offer

- 3.1. The investment manager, on behalf of the InvIT shall file a letter of offer with the Board at least 5 days prior to opening of the issue
- 3.2. The investment manager, on behalf of the InvIT, shall carry out the obligations relating to the issue.
- 3.3. The investment manager shall ensure that disclosures made in the letter of offer contains material, true, correct and adequate disclosures and are in accordance with the InvIT Regulations and guidelines or circulars issued thereunder.
- 3.4. The letter of offer shall contain disclosures as specified in Annexure I of this Circular.
- 3.5. The letter of offer shall also be furnished to the Board in soft copy.



4. Application

4.1. The application form for the issue shall be prepared by the investment manager and the investment manager shall make arrangements for distribution of the application form along with letter of offer to all unit holders as on the record date at least five days prior to the opening of the issue.

5. Pricing of Units

5.1. The investment manager on behalf of the InvIT shall decide the issue price before determining the record date.

5.2. The issue price shall be disclosed in the letter of offer.

6. Timelines

6.1. The rights issue shall open within three months from the record date.

6.2. The rights issue shall be kept open for at least three working days but not more than fifteen working days.

7. Manner of issuance of units

7.1. The units shall be allotted in the dematerialized form only.

7.2. The rights entitlements shall be credited to the demat account of the unitholders before the date of opening of the issue. The rights entitlements shall include a right exercisable by the person concerned to renounce the units offered to him/her or any of them in favour of any other person and letter of offer and the notice sent to the unitholders shall contain a statement to this effect.

8. Allotment

8.1. The minimum allotment to any investor shall be INR 1 crore.



8.2. Allotment shall be made in the following manner:

- 8.2.1. full allotment to those eligible unitholders who have applied for their rights entitlement either in full or in part and also to the renounee(s), who has/have applied for the units renounced in their favour, in full or in part, as adjusted for fractional entitlement.
- 8.2.2. allotment to eligible unitholders who having applied for the units in full to the extent of their rights entitlement and have also applied for additional units shall be made as far as possible on an equitable basis, having due regard to the number of units held by them on the record date, provided there is an undersubscribed portion after making allotment in (a) above.
- 8.2.3. allotment to the renounees, who having applied for the units renounced in their favour and also applied for additional units, provided there is an undersubscribed portion after making full allotment specified in (a) and (b) above. The allotment of such additional units may be made on a proportionate basis.
- 8.2.4. Allotment to the underwriter appointed for the issue, if any, at the discretion of the board of directors of the investment manager, subject to disclosure in the letter of offer as applicable.

9. Restriction on further capital issues

- 9.1. The InvIT shall not make any further issue of units in any manner during the period between the date of filing the letter of offer with the Board and the allotment of the units offered through the letter of offer.
- 9.2. The InvIT shall file an allotment report with the Board providing details of the allottees and allotment made within 15 days of the issue closing date.

10. This circular is being issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 33 of the InvIT Regulations.



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

11. This Circular is available on the website of the Securities and Exchange Board of India at www.sebi.gov.in under the category “Legal” and under the drop down “Circulars”.

Yours faithfully,

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Disclosures in a letter of offer

1. Disclaimer to the effect that the letter of offer relates to an issue being made to existing unit holders as on record date under the InvIT Regulations and these guidelines.
2. The letter of offer shall contain the disclosures as specified under Schedule III of the InvIT Regulations in the following manner:
 - a) The disclosures as per clauses 1, 2, 3, 5, 6, 7(a), 8, 12, 13, 14, 15, 16, 17 and 19 shall be made in the letter of offer.
 - b) The disclosures in clause (a) above may be incorporated by reference to disclosures made in any previous placement memorandum or placement document or annual report duly published by the InvIT:

Provided that the link(s) to such document wherever available, including on the website of the InvIT or SEBI, shall also be provided.

Provided further that any modification/update in the information provided in such documents shall be suitably incorporated in the letter of offer.

3. Terms of the issue:
 - a) Objects of the issue.
 - b) If the objects of the issue involve financing of any new asset(s), description of such asset(s) as per disclosures required under clause 6 of the Schedule III of the InvIT Regulations.



- c) If the objects are not being financed solely through the issue proceeds, the details of other financing arrangements for fulfilling the objects of the issue.

4. Related Party Transactions:

- a) Disclosure as per clause 9 of the Schedule III of the InvIT Regulations, which may be incorporated by reference to disclosures made in any previous placement memorandum or placement document.
- b) Any disclosures made regarding related party transactions shall also be incorporated by reference to such disclosures.
- c) Link(s) to document(s) at (a) and (b) above wherever available, including on the website of the InvIT shall be provided.

5. Valuation (latest available):

- a) Summary of valuation of the assets proposed to be financed through proceeds of the issue
- b) Valuation methodology.
- c) Frequency of valuation and declaration of NAV.
- d) Any disclosures made regarding valuation since the initial offer shall also be incorporated by reference to such disclosures.
- e) Link(s) to document(s) at (d) above wherever available, including on the website of the InvIT shall be provided.



- f) The valuation report of the asset to be financed through proceeds of the issue, if any, shall be provided to Board along with the letter of offer.

6. Financials:

- a) Disclosure as per clauses 11(a) to 11(c), 11(e) to 11(f) of the Schedule III of the InvIT Regulations:

Provided if the InvIT has undertaken any acquisition or disposal of any material asset(s) after the latest period for which financial information is disclosed in the letter of offer but before the date of filing of the letter of offer, the financial information should be prepared on a pro forma basis certified by statutory auditors of the InvIT for the last completed financial year and the stub period (if any).

- b) Disclosure as per clause (a) above may be incorporated by reference to any public disclosures of financials made under the InvIT Regulations or any circular issued thereunder, along with link(s) to such disclosure(s) wherever available, including on the website of the InvIT.
- c) Summary of the audited standalone financial statements of the assets proposed to be acquired for the previous three years and the stub period (if any)

7. Distribution including the manner of calculation of the net distributable cash flows, history of distributions made in the last three financial years or from the date of listing of the InvIT and the policy, if any.

8. Manner of Application and Allotment:

- a) How to apply, availability of application forms and letter of offer and mode of payment



- b) Dealing with Fractional Entitlement: Manner of dealing with fractional entitlement, if any, of the fractional rights etc.

9. Other disclosures:

- a) Unit holding pattern
- b) Review of credit rating
- c) Grievance redressal mechanism
- d) The disclosures in clause (a), (b) and (c) above may be incorporated by reference to any disclosures made under the InvIT Regulations or any circular issued thereunder, along with link(s) to such disclosure(s) wherever available, including on the website of the InvIT.
- e) The letter of offer shall contain the process of credit of rights entitlements in the demat accounts and the renunciation thereof.
- f) Any material development after the date of the latest balance sheet and its impact on the performance and prospects of the InvIT.

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

11. Declarations (to be signed by the board of directors of the investment manager and sponsor)



12. The investment manager shall ensure that the information contained in the letter of offer and the particulars as per audited financial statements in the letter of offer are not more than six months old from the issue opening date.

Provided that InvITs which are in compliance with InvIT Regulations and guidelines issued thereunder may file unaudited financials with limited review for the stub period in the current financial year, subject to making necessary disclosures in this regard including risk factors.