

CIRCULAR

SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/44

March 28, 2025

To,

Bharat InvIT Association

All Infrastructure Investment Trusts (InvITs)

All Parties to InvITs

All Recognised Stock Exchanges

All Depositories

Madam / Sir,

Subject: Amendment to Master Circular for Infrastructure Investment Trusts (InvITs) dated May 15, 2024

(A) Review of lock-in provisions for preferential issue of units for Infrastructure Investment Trusts (InvITs)

1. Regulations 12(3) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (“InvIT Regulations”) *inter-alia* require the sponsor(s) and sponsor group(s) to hold a minimum of 15% of the total units of the InvIT¹, for three years from the date of listing of units in the initial offer.
2. However, Para 7.6.1. of the Master Circular for InvITs dated May 15, 2024, dealing with the lock-in requirement applicable at the time of preferential issue of units by a InvIT, requires as under:

“The units allotted to sponsor(s) and its associates shall be locked-in for a period of three years from the date of trading approval granted for the units: Provided that units not more than twenty-five percent of the total unit capital

¹ 25% of the total units in case the sponsor / associate of sponsor is not the project manager of the InvIT for a minimum period of three years from the date of listing of units of the InvIT.

of the InvIT shall be locked-in for three years from the date of trading approval:

Provided further that units allotted in excess of twenty-five percent of the total unit capital of the InvIT shall be locked-in for one year from the date of trading approval.

Explanation: For the computation of the lock-in requirement, the units held by the sponsor(s) and locked-in for three years, in the past in terms of Regulation 12(3) of the InvIT Regulations shall be taken into account. The units locked-in pursuant to Regulation 12(3) of the InvIT Regulations shall not be put under fresh lock-in again, even though they are considered for computing the lock-in requirement, in case the said units are free of lock-in at the time of the preferential issue.”

3. It has been represented by the industry associations to align the quantum of units required to be locked-in under the guidelines for preferential issue of units for InvITs with Regulation 12(3) of the InvIT Regulations applicable at the time of initial offer.
4. Accordingly, in order to promote ease of doing business and based on the recommendations of Hybrid Securities Advisory Committee (HySAC), the Para 7.6.1. of the Master Circular for InvITs dated May 15, 2024 is amended, as under:

“7.6.1. The units allotted to sponsor(s) and sponsor group(s) shall be locked-in as under:

- a) *fifteen percent of the units allotted to sponsor(s) and sponsor group(s) shall be locked-in for a period of three years from the date of trading approval granted for the units, subject to the condition that the project manager of the InvIT is the sponsor or an associate of the sponsor and shall continue to act in such capacity for a period of minimum three years from the date of trading approval granted for the units unless suitable replacement is appointed by the unitholders through the Trustee;*
Provided that twenty-five percent of the units allotted to sponsor(s) and sponsor group(s) shall be locked-in for a period of three years from the



date of trading approval granted for the units if the condition specified above relating to project manager of the InvIT is not satisfied;

- b) *the remaining units allotted to sponsor(s) and sponsor group(s) shall be locked-in for a period of one year from the date of trading approval granted for the units.*

Provided that the sponsor(s) and sponsor group(s) shall comply with the minimum unitholding requirement specified in Regulation 12(3) and 12(3A) of SEBI (Infrastructure Investment Trusts) Regulations, 2014, at all times”

5. Further, based on the request of industry associations and recommendations of HySAC with respect to permitting inter-se transfer of locked-in units among sponsor and sponsor groups, the following provision is inserted as new sub-paragraph under Para 7.6 of the Master Circular for InvITs dated May 15, 2024:

“7.6.5. Units allotted under a preferential issue to a sponsor or its sponsor group entities which are subject to lock-in, may be transferred among such sponsor or its sponsor group entities, subject to the condition that the lock-in on such units shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such units till the expiry of the lock-in period originally applicable to such units.

Explanation: In case of an InvIT with multiple sponsors, locked-in units held by a sponsor or its sponsor group entities shall be permitted to be transferred only within such sponsor or its own sponsor group entities and not to any other sponsor or their sponsor group entities.

Provided further that in the event of a change in sponsor, the locked-in units held by the outgoing sponsor or its sponsor group entities may be transferred to the incoming sponsor or its sponsor group entities, subject to the condition that the incoming sponsor or its sponsor group entities shall continue to comply with the minimum unitholding requirements as specified under the InvIT Regulations after such transfer.

Provided further that in case of conversion to a self-sponsored investment manager, the locked-in units held by the outgoing sponsor or its sponsor group entities may be transferred to the self-sponsored investment manager or its shareholders or group entities of the self-sponsored investment manager, subject to the condition that the self-sponsored investment manager or its shareholders or group entities shall comply with the minimum unitholding requirements as specified under the InvIT Regulations after such transfer.”

(B) Guidelines for follow-on offer by publicly offered InvITs

6. Regulation 14(4)(b) of the InvIT Regulations *inter-alia* provides follow-on offer as one of the mechanism for raising funds subsequent to issue of units after initial public offer and in the manner specified by the Board.
7. Regulation 2(1)(p) of the InvIT Regulations defines follow-on offer as under:
“ “follow-on offer” means offer of units of an InvIT to the public for subscription and includes an offer for sale of InvIT units by an existing unit holder to the public;”
8. It has been represented by the industry associations to provide a regulatory framework for undertaking follow-on offer by a publicly offered InvIT. They have also suggested a framework for undertaking fast track follow-on offer with the aim to make the fund raising more efficient.
9. In order to promote Ease of Doing Business and based on the representation and inputs received from industry associations and recommendations of HySAC, following provisions are inserted to modify Chapter 2, titled *“Guidelines for public issue of units of InvITs”* of the Master Circular for Infrastructure Investment Trusts dated May 15, 2024:

“Follow-on Offer

- 2.17. *The provisions specified in Chapter 2 of this Master Circulars which are applicable for public issue of units of InvIT are also applicable for follow-on offer by an InvIT.*
- 2.18. *For issuing units through a follow-on offer, the InvIT shall pay fees to the Board as specified in Schedule II of InvIT Regulations along with follow-on offer document / draft follow-on offer document, as applicable.*
- 2.19. *An InvIT desirous of issuing units by way of follow-on offer shall, for any such issue, ensure that:*
- 2.19.1. *It has made an application to all stock exchanges on which its units are listed, to seek an in-principle approval for listing of its units on such stock exchanges and has chosen one of them as the designated stock exchange.*
- 2.19.2. *Units shall be issued mandatorily in dematerialized form.*
- 2.20. *The Investment Manager and the merchant banker(s) shall be responsible for obtaining in-principle approval and final listing and trading approvals from the stock exchange(s).*
- 2.21. *The amount for general purposes, as mentioned in objects of the issue in the follow-on offer document filed with the Board shall be as specified under clause (va) of sub-regulation (4) of Regulation 14 of the InvIT Regulations.*
- 2.22. *The minimum public unitholding shall be at least twenty-five percent of the total outstanding units of the InvIT on post issue basis..*
- 2.23. *The provisions of Regulation 15 of the InvIT Regulations shall be applicable for follow-on offer document and advertisements in relation to a follow-on offer.*
- 2.24. *Allotment and Listing of units:* *The timelines for allotment and listing of units of InvIT shall be as per the timelines specified in case of initial*

public offer as mentioned in Chapter 2 of the Circular on Master Circular for InvITs.

2.25. *Payment of interest in case of failure to allot or list units:* *The provisions specified under clauses (t) and (u) of sub-regulation (4) of Regulation 14 of the InvIT Regulations shall be applicable mutatis mutandis pertaining to, payment of interest in relation to a follow-on offer in case of failure to allot or list units.*

2.26. *Restriction on further issue of units:* *An InvIT shall not undertake any further issue of units in any manner whether by way of public issue, rights issue, preferential issue, institutional placement or otherwise, except pursuant to a unit based employee benefit scheme (if any) during the period between the date of filing of the draft follow-on offer document/ follow-on offer document for follow-on offer and the listing of the units or refund of application monies:*

2.27. *The provisions of Chapter 3 of this Master Circular shall apply in relation to the disclosure of financial information in the follow-on offer document except Section (B) (provisions pertaining to disclosure of projections of InvITs Revenues and Operating Cash flows) and Section (G) (Principles for preparation of combined financial statements)."*

2.28. *Filing of offer document for issuing units through a follow-on offer ('follow-on offer document')*

2.28.1. *The InvIT shall file the draft follow-on offer document, through the merchant banker with the Board, for its observations. The timelines for issuance of observations shall be as specified under Chapter 2 of the Master Circular for InvITs. The draft follow-on offer document shall also be filed with the recognized stock exchange, through the merchant banker.*

2.28.2. *The follow-on offer document, after incorporating the observations of SEBI, shall be filed with the Board and recognized stock exchanges.*

2.29. Submission of due diligence certificate to the Board

2.29.1. *The merchant banker shall, along with the filing of the draft follow-on offer document, furnish to the Board, due diligence certificate as per Form A and Form B of Annexure -1 of the Master Circular for InvITs.*

10. This circular shall come into force with immediate effect.
11. 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 14(4)(b), 14(4)(l) and 33 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014. This circular is issued with the approval of the competent authority.
12. The recognized Stock Exchanges are advised to disseminate the contents of this Circular on their website.
13. 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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