

**CIRCULAR**

**SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/63**

**May 07, 2025**

**To,**

**Bharat InvITs Association**

**All Infrastructure Investment Trusts (InvITs)**

**All Parties to InvITs**

**All Recognised Stock Exchanges**

Madam / Sir,

**Subject: Review of - (a) disclosure of financial information in offer document / placement memorandum, and (b) continuous disclosures and compliances by Infrastructure Investment Trusts (InvITs)**

1. Chapter 3 of the Master Circular for InvITs dated May 15, 2024 (“Master Circular”) provides guidelines for disclosure of financial information in the offer document / placement memorandum by InvITs along with the framework for calculation of Net Distributable Cash Flows. Chapter 4 of the Master Circular specifies provisions for continuous disclosures and compliances by the InvITs, post listing of units.
2. The Working Group for review of compliance requirements for REITs and InvITs, constituted under the aegis of Hybrid Securities and Advisory Committee (HySAC), submitted its report on Ease of Doing Business recommendations for REITs and InvITs.
3. Based on the report of the Working Group, inputs of Bharat InvITs Association, recommendations of the HySAC and internal deliberations, Chapter 3 and Chapter 4 of the Master Circular shall stand revised and the revised chapters are placed at [Annexure A](#).

4. Further, Paragraph 7 of Annexure – 5 of the Master Circular shall be substituted with the following:

*“7. Financials:*

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

*Provided if the InvIT has undertaken any acquisition or divestment 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 certified proforma financial statements shall be disclosed for at least the period covering last completed financial year and the stub period, if any. The preparation and certification of proforma financial statements shall be as provided in Section ‘(H)’ of Chapter 3 of this master circular.*

- 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 and the stock exchanges.*
- c) *Summary of audited financial statements of the assets being acquired for the previous three years and the stub period (if available).*

*Provided that in cases where the general purpose financial statement of the assets being acquired are not available, combined / carved-out financial statements for those assets shall be prepared in accordance with Guidance Note issued by the ICAI from time to time. The combined / carved-out financial statements shall be audited by the auditor of the seller in accordance with applicable framework.*

- d) *If the InvIT has been in existence for a period lesser than the last three completed financial years, then disclosure as per clause (a) above may be provided for such financial years for which the InvIT has been in existence and for the stub period (if applicable).”*

5. Furthermore, Paragraph 7 of Annexure – 6 of the Master Circular shall be substituted with the following:

**“7. Financials:**

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

*Provided that if the InvIT has undertaken any acquisition or divestment of any material assets after the latest period for which the financial information is disclosed in the placement document but before the date of filing of the placement document, the certified proforma financial statements shall be disclosed for at least the period covering last completed financial year and the stub period, if any. The preparation and certification of proforma financial statements shall be as provided in Section ‘(H)’ of Chapter 3 of this master circular.*

- 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 and the stock exchanges.*

- c) *Summary of the audited financial statements of the assets proposed to be acquired for the previous three years and the stub period (if available).*

*Provided that in cases where the general purpose financial statement of the assets being acquired are not available, combined / carved-out financial statements for those assets shall be prepared in accordance with Guidance Note issued by the ICAI from time to time. The combined / carved-out financial statements shall be audited by the auditor of the seller in accordance with applicable framework.*

- d) *If the InvIT has been in existence for a period lesser than the last three completed financial years, then disclosure as per clause (a) above may be provided for such financial years for which the InvIT has been in existence and for the stub period (if applicable).”*

6. This circular shall be applicable with immediate effect except for the requirements specified under Chapter 4 which shall be applicable for disclosure of financial information for the period beginning on or after April 01, 2025.

7. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with the provisions of Regulations

15(2)(iii), 23(8) and 33 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, to protect the interests of investors in securities market and to promote the development of, and to regulate the securities market. This circular is issued with the approval of the competent authority.

8. The recognized Stock Exchanges and Bharat InvITs Association are advised to disseminate the contents of this Circular on their website.
9. This Circular is available on the website of the Securities and Exchange Board of India at [www.sebi.gov.in](http://www.sebi.gov.in) under the category “Legal” and under the drop down “Circulars”.

**Yours faithfully**

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### **Chapter 3. Disclosure of financial information in offer document/placement memorandum for InvITs**

The provisions specified in this Chapter are applicable for initial offer and follow-on offer, unless explicitly stated otherwise.

#### **(A) Financial Information of InvIT:**

The financial information, to be disclosed in the offer document/placement memorandum, shall comply with the following:

##### **3.1. Period of financial statements to be disclosed**

- 3.1.1. The offer document / placement memorandum shall contain audited financial statements for a period of three financial years and stub period (if applicable).
- 3.1.2. The audited stub period financial statements shall be disclosed, if financial statements for latest completed financial year included in the offer document / placement memorandum is older than six months from the date of filing of the offer document / placement memorandum. The stub period should not end up to a date earlier than six months from the date of filing of the offer document / placement memorandum.
- 3.1.3. In case of a follow-on offer, if the InvIT has been in existence for a period lesser than the last three completed financial years, then financial statements of the InvIT shall be disclosed for such financial years for which the InvIT has been in existence and for the stub period (if applicable).

##### **3.2. Nature of financial statements**

- 3.2.1. In case of an initial offer, audited combined financial statements of the InvIT shall be disclosed in the offer document / placement memorandum. The principles for preparation of combined financial statements are discussed in Section '(G)' below.

3.2.2. In case of a follow-on offer, audited consolidated financial statements of the InvIT shall be disclosed in the offer document. The separate audited financial statements of the InvIT shall be disclosed on the InvIT's website and the link to InvIT's separate financial statements shall be specified in the offer document.

3.2.3. In case of a follow-on offer, if the InvIT has undertaken any acquisition or divestment of any material assets after the latest period for which the financial information is disclosed in the offer document but before the date of filing of the offer document, the certified proforma financial statements of the InvIT shall be disclosed for at least the period covering last completed financial year and the stub period, if any.

The principles for preparation and certification of proforma financial statements are discussed in Section '(H)' below.

### **3.3. Content and basis of preparation of financial information**

3.3.1. The financial information shall be prepared in accordance with Indian Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2 (1) (a) of the Companies (Indian Accounting Standards) Rules, 2015.

3.3.2. The financial information shall, *inter-alia*, disclose the following financial statements:

- a) Balance Sheet;
- b) Statement of Profit and Loss;
- c) Statement of Changes in Unit holders' Equity;
- d) Statement of Cash Flows;
- e) Explanatory notes annexed to, or forming part of, any statements referred above; and
- f) Notes, comprising material accounting policies and other explanatory information.

3.3.3. Applicability of Schedule III of the Companies Act, 2013:

The financial statements shall be prepared as per Division II of Schedule III of the Companies Act, 2013, with the exceptions and modifications as mentioned below:

- a) With respect to disclosure as per Paragraph 6(D)(I)(m) of 'General Instructions for Preparation of Balance Sheet' under Part I of Division II of Schedule III, the expression "promoters" shall be read as "sponsors" as defined in the InvIT Regulations.
- b) Paragraph 6(L)(v) (disclosures pertaining to loans or advances granted to promoters, directors, KMPs and the related parties), Paragraph 6(L)(xii) – 'Registration of charges or satisfaction with Registrar of Companies', Paragraph 6(L)(xiii) – 'Compliance with number of layers of companies', Paragraph 6(L)(xv) – 'Compliance with approved Scheme(s) of Arrangements', Paragraph 8 (classification of share application money pending allotment), and Paragraph 9 (classification of preference shares) of 'General Instructions for Preparation of Balance Sheet' under Part I of Division II of Schedule III shall not be applicable.
- c) Paragraph 7(m) – 'Corporate Social Responsibility' of 'General Instructions for Preparing of Statement of Profit and Loss' under Part II of Division II of Schedule III shall not be applicable.
- d) Statement of Profit and Loss: The breakup of Other Income and Other Expenses shall be given in the notes clearly indicating the nature and amount of each item. Further, amount pertaining to valuation expenses, audit fees, insurance & security expenses, project management fees (including fees paid to project manager), investment management fees (including fees paid to investment manager), trustee fee, custodian fees, registration fees, repairs and maintenance in case of infrastructure asset and profit/loss on sale of assets/investments shall be disclosed separately in the notes.
- e) Statement of Cash Flows: The Statement of Cash Flows shall be prepared under the 'indirect method' as prescribed in Indian Accounting Standard 7 - 'Statement of Cash Flows' mandated under section 133 of the Companies Act, 2013.

- f) Headings, line items, sub-line items and sub-totals may be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of an InvIT's financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the InvIT regulations or Indian Accounting Standards or any other law.
- g) The reference to the following terms made in Schedule III, shall, for the purpose of this chapter, be construed as follows, unless otherwise required:

| Reference to             | To be construed as                                         |
|--------------------------|------------------------------------------------------------|
| Board of directors       | Board of Director/Governing Body of the Investment Manager |
| Directors of the company | Directors of the Investment Manager                        |

- 3.3.4. In the 'Statement of Profit or Loss', the InvIT shall disclose Earnings per Unit (EPU) in place of Earnings per share. The principles for computation of EPU shall be same as the principles laid down in Ind AS 33 Earnings per Share, to the extent applicable. Relevant disclosures shall be provided as part of the notes for the EPU computation.

The above disclosure shall be applicable only for follow-on offer and not in case of an initial offer.

- 3.3.5. In the 'Statement of Changes in Unit holders' Equity', changes in unit holders' equity resulting from aggregate amount of investments by unit holders in the InvIT, and dividends / other distributions by InvIT to unit holders shall be disclosed separately.

The above disclosure shall be applicable only for follow-on offer and not in case of an initial offer.

- 3.3.6. For the purpose of preparation of financial information under the InvIT Regulations, Unit Capital shall be considered as Equity.



3.3.7. The financial information shall be disclosed after making the following adjustments, wherever applicable and wherever quantification is possible:

- a) Adjustments/rectifications for all incorrect accounting practices or failures to make provisions or other matters which resulted in modified opinion(s) or modification(s) to the opinion in the auditor's report.

Modified opinion(s), where quantification is not possible and which have not been adjusted, shall be highlighted along with the management comments. If the impact of above adjustments/ rectifications is not considered ascertainable, then a statement to that effect shall be given by the auditors.

- b) Material amounts relating to adjustments for prior period errors/items (as discussed in Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') shall be identified and adjusted in arriving at the profits of the years to which they relate.
- c) Where there has been a change in accounting policy, the profits or losses/incomes or expenditures of the earlier years (required to be disclosed in the offer document/ placement memorandum) and of the year in which the change in the accounting policy has taken place shall be recomputed based on the latest accounting policy applicable to reflect what the profits or losses/incomes or expenditures of those years would have been if a uniform accounting policy was followed in each of these years in accordance with the requirement of Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- d) If any accounting policy followed in past was not in compliance with applicable laws and/or accounting standards, the financial statements shall be adjusted and recomputed in accordance with correct accounting policies.
- e) The Balance Sheet shall be prepared after deducting the balance outstanding on Revaluation reserve account from both Fixed assets and Reserves and the Net worth should be arrived at after such deductions.

3.3.8. Financial statements shall disclose all 'material' items, i.e., the items if they can, individually or collectively, influence the economic decisions made on the basis of the financial statements. Materiality shall be judged and determined by the Investment Manager depending upon pertinent facts and circumstances, including the size or nature of the item or a combination of both.

### **3.4. Additional financial disclosures**

In addition to the financial statements referred in paragraph 3.3.2 above, the following statements/disclosures shall also be included as a part of the audited financial information and shall also be subjected to audit. These statements/disclosures shall be made for the period of financial statements disclosed in the offer document/placement memorandum, unless otherwise specified:

#### **3.4.1. Project wise operating cash flows:**

The InvIT shall disclose operating cash flow from the projects (project-wise) for all the InvIT assets.

#### **3.4.2. Contingent liabilities:**

- a) A statement of InvIT's Contingent liabilities, if any, as on the date of latest financial information disclosed in the offer document/placement memorandum, shall be disclosed.
- b) If there are any material changes in the contingent liabilities from the aforementioned date of latest financial information to the date of the offer document / placement memorandum, the details of such changes shall also be disclosed in the offer document / placement memorandum.

#### **3.4.3. Commitments:**

- a) A statement of InvIT's Commitments, if any, as on the date of latest financial information disclosed in the offer document/placement memorandum, shall be disclosed.

- b) If there are any material changes in the commitments from the aforementioned date of latest financial information to the date of the offer document / placement memorandum, the details of such changes shall be disclosed in the offer document / placement memorandum.

#### 3.4.4. Related party transactions:

- a) For the related parties as defined in the InvIT regulations, the InvIT shall provide relevant disclosures of all related party transactions in compliance with the requirements of “Ind AS 24 - Related Party Disclosures” and the InvIT Regulations.
- b) Further, the following additional disclosures related to Related parties and Related party transactions shall also be included:
- i. Details of related party and its relationship with InvIT;
  - ii. Nature of the transaction;
  - iii. Value of the transaction;
  - iv. In case of any related party transaction involving acquisition or disposal of an InvIT asset at the time of initial offer and/or follow-on offer, the following additional information shall be provided
    - Summary of valuation report;
    - Material conditions or obligations in relation to the transaction;
    - Rate of interest, if external financing has been obtained for the transaction/acquisition; and
    - Any fees or commissions received or to be received by any associate of the related party in relation to the transaction.

#### 3.4.5. Capitalisation statement

An InvIT shall disclose a Capitalisation Statement showing total debt, net worth, and the debt/equity ratios before and after the completions of issue. An illustrative format of the Capitalisation Statement is specified hereunder:

| Particulars         | Pre-issue as at .... | As adjusted for issue |
|---------------------|----------------------|-----------------------|
| (Amount)            |                      |                       |
| Total Debt          | xx                   | xx                    |
| Unit holders' Funds |                      |                       |
| Unit Capital        | xx                   | xx                    |
| Xx                  | xx                   | xx                    |
| xx                  | xx                   | xx                    |
| Reserves            | xx                   | xx                    |

Further, in case of follow-on offer, if there is any change in the Unit Capital (since the date from which the financial information has been disclosed in the offer document/placement memorandum), a note explaining the nature of the change shall be given.

#### 3.4.6. Debt payment history

A statement including history of interest and principal payments of InvIT shall be disclosed, if any, covering all InvIT assets forming part of the historical financial information. Additionally, the following shall also be disclosed:

- The carrying amount of debt at the beginning of each year
- Additional borrowings during the year
- Repayments during the year
- Other adjustments / settlements during the year
- The carrying amount of debt at the end of each year

#### 3.4.7. Statement of Net Assets at Fair Value

- a) The 'Statement of Net Assets at Fair Value' shall be disclosed as per below format:

| S.No. | Particulars                                      | Book Value | Fair Value |
|-------|--------------------------------------------------|------------|------------|
| (A)   | Total Assets [Refer Notes (i) to (ii)]           | xx         | xx         |
| (B)   | Total Liabilities [Refer Note (iii)]             | xx         | xx         |
| (C)   | Net Assets (A-B)                                 | xx         | xx         |
| (D)   | Less: Non-Controlling Interest [Refer Note (iv)] | xx         | xx         |
| (E)   | Net Assets attributable to unitholders (C-D)     | xx         | xx         |

| S.No. | Particulars        | Book Value | Fair Value |
|-------|--------------------|------------|------------|
| (F)   | No. of Units       | xx         | xx         |
| (G)   | NAV per unit (E/F) | xx         | xx         |

Notes:

- i. The breakup of the fair value of the assets shall be given project-wise in the notes to the 'Statement of Net Assets at Fair Value'. Fair value of assets shall be determined based on the valuation report of the valuer appointed under the InvIT Regulations.
  - ii. A project-wise reconciliation statement shall be given in the notes to the 'Statement of Net Assets at Fair Value' showing adjustments made to the valuation arrived at by the independent valuer to compute the fair value of assets presented in the 'Statement of Net Assets at Fair Value'.
  - iii. Fair value of liabilities considered for computing the NAV equals the book value of such liabilities, except in case where the outflow arising out of the liabilities have already been considered by the valuer while computing the fair value of assets or netted off with the corresponding assets.
  - iv. Non-Controlling Interest shall be recomputed considering fair values for reporting under the Fair Value column.
- b) In case of follow-on offer, the 'Statement of Net Assets at Fair Value' shall be provided for the period of the financial information disclosed in the offer document. However, in case of initial offer, the 'Statement of Net Assets at Fair Value' shall be provided only as on the last date of the financial information disclosed in the offer document / placement memorandum.

#### 3.4.8. Statement of Total Returns at Fair Value

- a) The line items for the 'Statement of Total Return at Fair Value', shall, at minimum, include the following:

| Particulars                                                                                                                                                                | Amount |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Total Comprehensive Income (As per the Statement of Profit and loss)                                                                                                       | xxxx   |
| Add/Less: Other Changes in Fair Value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in Total Comprehensive Income | xxxx   |
| <b>Total Return</b>                                                                                                                                                        | xxxx   |

- b) In case of follow-on offer, the 'Statement of Total Returns at Fair Value' shall be provided for the period of the financial information disclosed in the offer document. However, in case of initial offer, the 'Statement of Total Returns at Fair Value' shall be provided only for the last completed year and stub period, if any.

### 3.5. Audit of Financial Information:

3.5.1. The financial information shall be audited and the following shall be complied with respect to same:

- The audit shall be carried out by the auditor appointed for the InvIT as per the InvIT regulations. The auditor, so appointed, shall be the one who has subjected itself to the peer review process of the Institute of Chartered Accountants of India (ICAI) and who holds a valid certificate issued by the Peer Review Board of ICAI.
- In providing his report, the auditor shall be guided by the requirements of the 'Guidance Note on Reports in Company Prospectuses', issued by ICAI, to the extent applicable.
- In particular, the reports of the auditors on the financial statements of the various InvIT assets (whether prepared in accordance with the framework applicable to such InvIT assets or the framework applicable to the InvIT) will have to be taken into consideration and the same shall be relied upon by the auditor of the InvIT giving the final report.

For the audit procedures to be followed in such case, the auditor shall be guided by the procedures stated in the Standard on Auditing (SA) 600, "Using the Work of another Auditor", to the extent applicable. Further, the

fact that the financial statements audited by other auditors have been relied upon shall be disclosed in the audit report.

- d) As a part of the audit report, the auditor shall state whether:
- i. he has obtained all information and explanations which, to the best of his knowledge and belief, were necessary for the purpose of his audit;
  - ii. the Balance Sheet and the Statement of Profit and loss are in agreement with the books of account of the InvIT;
  - iii. the financial statements comply with the applicable accounting standards in his opinion;
  - iv. the 'Statement of Net Assets at Fair Value' is prepared in accordance with the requirements of SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder; and
  - v. the 'Statement of Total Returns at Fair Value' is prepared in accordance with the requirements of SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder.
- e) As a part of the audit report, the auditor shall give his opinion as to whether:
- i. the balance sheet gives a true and fair view of the state of affairs of the InvIT as at the balance sheet dates;
  - ii. the statement of profit and loss gives a true and fair view of the InvIT's profits or losses for the years/periods ended at the balance sheet dates;
  - iii. the statement of cash flow gives a true and fair view of the cash movements of the InvIT for the years/periods ended at the balance sheet dates; and
  - iv. the statement of changes in unit holders' equity gives a true and fair view of the movement of the unit holders funds for the years/periods ended at the balance sheet dates;

**(B) Projections of InvIT's Revenues and Operating Cash flows**

3.6. The offer document / placement memorandum shall contain disclosures of the projections of revenues and operating cash flows of the InvIT including related assumptions, project-wise, for the next three financial years and for the current financial year (i.e. the financial year in which the offer document / placement memorandum is filed with the Board). For the current financial year, the breakup of amount shall be given in the notes to projections as (a) Actual, and (b) Projection.

3.7. In case of initial offer, the projections shall be disclosed for InvIT assets/projects that are proposed to be owned by the InvIT prior to the allotment of units in the public offer/private placement.

In case of follow-on offer, the projections shall be disclosed only for the assets/projects proposed to be acquired by the InvIT from the proceeds of follow-on offer.

3.8. The following minimum items shall be disclosed as a part of the projections:

- Project-wise revenue
- Project-wise operating cash flows
- Assumptions for projections
- Any other item deemed important for better readability and understanding

3.9. The aforesaid projections, including assumptions, shall be certified by the auditor. For the purpose of said certification, the auditor shall be guided by the requirements of SAE 3400 for 'The Examination of Prospective Financial Information' and any other relevant standards/directions issued by ICAI in this context.

3.10. Further, the aforesaid projections (including the underlying assumptions and calculations) shall also be certified by the Investment Manager.



### **(C) Management Discussion and Analysis of InvIT's operations**

3.11. InvIT shall prepare and disclose Management Discussion and Analysis (MDA) (by the Investment Manager), based on the financial statements. A comparison shall be provided for the most recent financial information with financial information of previous two years.

3.12. MDA shall, inter-alia contain the following:

- Overview of the business of the InvIT
- A summary of the financial information containing significant items of income and expenditure.
- Factors that may affect results of the operations, key risks and mitigating factors
- Quality of earnings and revenue streams
- Significant developments subsequent to the last financial year:
  - A statement by the Investment Manager whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the offer document and which materially and adversely affect or is likely to affect the business or profitability of the InvIT, or the value of its assets, or its ability to pay its liabilities within the next twelve months.
- Procedure for dealing with and approval of related party transactions
- Related party transaction(s) involving acquisition or disposal of an InvIT asset
  - The analysis shall discuss impact of such acquisition/disposal on the yield of the units of InvIT
- An analysis of reasons for the changes in significant items of income and expenditure shall also be given, inter alia, containing the following:
  - unusual or infrequent events or transaction;
  - significant economic changes that materially affected or are likely to affect income from continuing operations;
  - known trends or uncertainties that have had or are expected to have a material adverse impact on revenues from continuing operations;

- future changes in relationship between costs and revenues, in case of events such as future increase in operating costs that will cause a material change are known;
- total turnover from each major segments of the InvIT
- status of any publicly announced new business segment;
- the extent to which business is seasonal;
- any significant dependence on a single or few suppliers or customers;
- competitive conditions.

#### **(D) Other Disclosures in the offer document / placement memorandum**

##### **3.13.Working Capital**

A statement from Investment Manager regarding sufficiency of the working capital to fulfill the present requirements of InvIT (i.e., at least twelve months from date of listing) shall be disclosed. In case, sufficient working capital is not available in the opinion of Investment Manager, then a statement should be provided describing how it proposes to provide additional working capital requirement.

##### **3.14.Past Market Performance**

In case of a capital offering subsequent to the initial offer, the market value of the units traded on all the designated stock exchanges where InvIT is listed shall be disclosed:

- on the last date of reporting period
- highest value during reporting period based on intra-day and on closing price with specified date
- lowest value during reporting period intra-day and on closing price with specified date

##### **3.15.Other Disclosures**

- a) Brief profiles of the key personnel of the Investment Manager and units held by them in the InvIT, if any
- b) Basis for issue price

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

**(E) Historical Financial information of Investment Manager and Sponsor(s)**

3.16. An offer document/placement memorandum of InvIT shall include summary of the audited consolidated financial statements (including the Balance Sheet and Statement of Profit and Loss (without schedules)) of Investment Manager and Sponsor(s) for past three completed years, prepared in accordance with accounting standards, as applicable, as per the Companies Act, 2013 and rules thereunder.

*For example, if the concerned entity is required to follow Companies (Accounting Standards) Rules, 2021 during the entire period of last three years, then the three year financial information of such entity shall be prepared in accordance with Companies (Accounting Standards) Rules, 2021. Similarly, if the concerned entity is required to follow Companies (Indian Accounting Standards) Rules, 2015 during the entire period of last three years, then the three year financial information shall be prepared in accordance with Companies (Indian Accounting Standards) Rules, 2015.*

3.17. In case the Investment Manager and/or Sponsor(s) has/have done a transition from Companies (Accounting Standards) Rules, 2021 to Companies (Indian Accounting Standards) Rules, 2015 at any time during the period of last three years, then the financial information for the last three years shall be disclosed on the following basis:

- a) If the concerned entity is following or is required to follow Companies (Indian Accounting Standards) Rules, 2015 for the latest two years (for the latest three years including comparatives of the first year of adoption) out of last three completed years, then the financial information for all the three years shall be prepared as per Companies (Indian Accounting Standards) Rules, 2015.
- b) If the concerned entity is following or is required to follow Companies (Indian Accounting Standards) Rules, 2015 only for the latest year (for the latest two years including comparatives) out of the historical period of three years, then the financial information for the recent two years shall be disclosed as per the

Companies (Indian Accounting Standards) Rules, 2015 and the financial information for the earliest year (i.e. the third last year) shall be disclosed as per the Companies (Accounting Standards) Rules, 2021.

*For example, if financial information of Investment Manager/Sponsor is presented for the financial years 2021-22, 2022-23, and 2023-24 and such Investment Manager/Sponsor is required by Companies Act, 2013 to report under Ind AS from financial year 2023-24 (with financial year 2022-23 as comparatives), then it shall disclose financial information for financial years 2023-24 and 2022-23 as per Companies (Indian Accounting Standards) Rules, 2015 and financial year 2021-22 as per Companies (Accounting Standards) Rules, 2021.*

*Further, for example, if financial information of Investment Manager/Sponsor is presented for the financial years 2021-22, 2022-23, and 2023-24 and such Investment Manager/Sponsor is required by Companies Act, 2013 to report under Ind AS from financial year 2022-23 (with financial year 2021-22 as comparatives), then it shall disclose financial information for all the three financial years, i.e. 2021-22, 2022-23 and 2023-24, as per Companies (Indian Accounting Standards) Rules.*

3.18. Further, if any of the Investment Manager/Sponsor is a foreign entity and is not legally required to comply with the Companies Act, 2013, then the financial statements of such entity may be prepared in accordance with International Financial Reporting Standards (IFRS).

**(F) Framework for calculation of Net Distributable Cash Flows (NDCFs):**

3.19. The framework for computation of NDCF by InvITs and its Holdcos/SPVs shall be as under:

**(I.) Computation of Net Distributable Cash Flow at HoldCo/ SPV level:**

| Particulars                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cash flow from operating activities as per Cash Flow Statement of HoldCo/ SPV                                                                                               |
| <b>(+) Cash Flows received from SPV's which represent distributions of NDCF computed as per relevant framework (refer note 1 and 8 below) (relevant in case of HoldCos)</b> |

| <b>Particulars</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (+) Treasury income / income from investing activities (interest income received from FD, tax refund, any other income in the nature of interest, profit on sale of Mutual funds, investments, assets etc., dividend income etc., excluding any Ind AS adjustments. Further clarified that these amounts will be considered on a cash receipt basis)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| (+) Proceeds from sale of infrastructure investments, infrastructure assets or shares of SPVs or Investment Entity adjusted for the following <ul style="list-style-type: none"> <li>• Applicable capital gains and other taxes</li> <li>• Related debts settled or due to be settled from sale proceeds</li> <li>• Directly attributable transaction costs</li> <li>• Proceeds reinvested or planned to be reinvested as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| (+) Proceeds from sale of infrastructure investments, infrastructure assets or sale of shares of SPVs or Investment Entity not distributed pursuant to an earlier plan to re-invest as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations, if such proceeds are not intended to be invested subsequently                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| (-) Finance cost on Borrowings as per Profit and Loss Account excluding finance cost on any shareholder debt/loan from trust. The amortization of any transaction costs can be excluded provided such transaction costs have already been deducted while computing NDCF of previous period when such transaction costs were paid                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| (-) Debt repayment (to include principal repayments as per scheduled EMI's except if refinanced through new debt including overdraft facilities and to exclude any debt repayments / debt refinanced through new debt, in any form or equity raise as well as repayment of any shareholder debt / loan from Trust)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| (-) any reserve required to be created under the terms of, or pursuant to the obligations arising in accordance with, any: <ul style="list-style-type: none"> <li>(i). loan agreement entered with banks / financial institution from whom the Trust or any of its SPVs/ HoldCos have availed debt, or</li> <li>(ii). terms and conditions, covenants or any other stipulations applicable to debt securities issued by the Trust or any of its SPVs/ HoldCos, or</li> <li>(iii). terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the Trust or any of its SPVs/ HoldCos, or</li> <li>(iv). agreement pursuant to which the SPV/ HoldCo operates or owns the infrastructure asset, or generates revenue or cashflows from such asset (such as, concession agreement, transmission services agreement, power purchase agreement, lease agreement, and any other agreement of a like nature, by whatever name called); or</li> <li>(v). statutory, judicial, regulatory, or governmental stipulations; – <b>(refer note 2)</b></li> </ul> |
| (-) any capital expenditure on existing assets owned / leased by the SPV or Holdco, to the extent not funded by debt / equity or from reserves created in the earlier years <b>(refer note 9)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

|                              |
|------------------------------|
| <b>Particulars</b>           |
| <b>NDCF for HoldCo/SPV's</b> |

**(II.) Computation of Net Distributable Cash Flow at Trust level:**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Particulars</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Cashflows from operating activities of the Trust</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| (+) Cash flows received from SPV's / Investment entities which represent distributions of NDCF computed as per relevant framework <b>(refer note 1 and 8 below)</b>                                                                                                                                                                                                                                                                                                                                                                              |
| (+) Treasury income / income from investing activities of the Trust (interest income received from FD, any investment entities as defined in Regulation 18(5), tax refund, any other income in the nature of interest, profit on sale of Mutual funds, investments, assets etc., dividend income etc., excluding any Ind AS adjustments. Further clarified that these amounts will be considered on a cash receipt basis)                                                                                                                        |
| (+) Proceeds from sale of infrastructure investments, infrastructure assets or shares of SPVs/Holdcos or Investment Entity adjusted for the following <ul style="list-style-type: none"> <li>• Applicable capital gains and other taxes</li> <li>• Related debts settled or due to be settled from sale proceeds</li> <li>• Directly attributable transaction costs</li> <li>• Proceeds reinvested or planned to be reinvested as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations</li> </ul> |
| (+) Proceeds from sale of infrastructure investments, infrastructure assets or sale of shares of SPVs/ Hold cos or Investment Entity not distributed pursuant to an earlier plan to re-invest as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations, if such proceeds are not intended to be invested subsequently                                                                                                                                                                              |
| (-) Finance cost on Borrowings as per Profit and Loss Account. However, amortization of any transaction costs can be excluded provided such transaction costs have already been deducted while computing NDCF of previous period when such transaction costs were paid                                                                                                                                                                                                                                                                           |
| (-) Debt repayment at Trust level (to include principal repayments as per scheduled EMI's except if refinanced through new debt including overdraft facilities and to exclude any debt repayments / debt refinanced through new debt in any form or funds raised through issuance of units)                                                                                                                                                                                                                                                      |
| (-) any reserve required to be created under the terms of, or pursuant to the obligations arising in accordance with, any: <ul style="list-style-type: none"> <li>(i). loan agreement entered with financial institution, or</li> <li>(ii). terms and conditions, covenants or any other stipulations applicable to debt securities issued by the Trust or any of its SPVs/ HoldCos, or</li> </ul>                                                                                                                                               |

| <b>Particulars</b>                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (iii). terms and conditions, covenants or any other stipulations applicable to external commercial borrowings availed by the Trust or any of its SPVs/ HoldCos, or                                                                                                                                                          |
| (iv). agreement pursuant to which the Trust operates or owns the infrastructure asset, or generates revenue or cashflows from such asset (such as, concession agreement, transmission services agreement, power purchase agreement, lease agreement, and any other agreement of a like nature, by whatever name called); or |
| (v). statutory, judicial, regulatory, or governmental stipulations; – <b>(refer note 2)</b>                                                                                                                                                                                                                                 |
| (-) any capital expenditure on existing assets owned / leased by the InvIT, to the extent not funded by debt / equity or from contractual reserves created in the earlier years <b>(refer note 9)</b>                                                                                                                       |
| <b>NDCF at Trust Level</b>                                                                                                                                                                                                                                                                                                  |

### **(III.) Notes/ Other Rules:**

1. NDCF computed at SPV level for a particular period to be added under this line item, even if the actual cashflows from SPV to InvIT has taken place post that particular period, but before finalization and adoption of accounts of the InvIT.
2. The Trust retains the option to distribute any surplus amounts, unless such surplus is required to create reserves for any subsequent period. However, any reserve created out of debt funds at the time of availing debt as per the terms of the financing documents shall not be reduced.
3. The option to retain 10% distribution under Regulation 18(6) needs to be computed by taking together the retention done at HoldCo, SPV level and Trust level.

Refer Illustration below:

#### **Illustration:**

| <b>Particulars</b>                     | <b>SPV A</b> | <b>SPV B</b> | <b>Total at SPV level</b> |
|----------------------------------------|--------------|--------------|---------------------------|
| NDCF as computed                       | 100          | 150          | 250                       |
| Amount retained by SPV                 | 5            | 10           | 15                        |
| <b>Net amount distributed to Trust</b> | <b>95</b>    | <b>140</b>   | <b>235</b>                |



| <b>InvIT</b>                                             | <b>Scenario 1</b> | <b>Scenario 2</b> |
|----------------------------------------------------------|-------------------|-------------------|
| Received from SPV                                        | 235               | 235               |
| Add:- other items at Trust level for computation of NDCF | 65                | (35)              |
| <b>Total NDCF</b>                                        | <b>300</b>        | <b>200</b>        |
|                                                          |                   |                   |
| <b>Combined NDCF for computing Max retention</b>         |                   |                   |
| NDCF of Trust (A)                                        | 300               | 200               |
| NDCF of SPV's (B)                                        | 250               | 250               |
| Less: - Amount distributed by SPV's (C )                 | (235)             | (235)             |
| <b>D = A + B -C</b>                                      | <b>315</b>        | <b>215</b>        |
| <b>Max retention amount – 10% of D</b>                   | <b>31.5</b>       | <b>21.5</b>       |
| Amount already retained by SPV                           | 15                | 15                |
| Max amount that can be retained by Trust                 | 16.5              | 6.5               |

4. Surplus cash available in InvITs/HoldCos/SPVs due to:
- 10% of NDCF withheld in line with the Regulations in any earlier year or half year or
  - Such surplus being available in a new HoldCo/SPV on acquisition of such HoldCo/SPV by InvIT or
  - Any other reason, excluding if such surplus cash is available due to any debt raise

could be considered for distribution by the HoldCo/SPV to the InvIT/HoldCo, or by the InvIT to its Unitholders in part or in full. Also, such distribution of surplus funds shall be separately disclosed after the NDCF computation for the respective period.

Provided that with regard to the point 4 (ii) above, if an acquisition of such SPV was funded by external debt, then surplus cash available with such SPV should first be used to repay such external debt. After such debt repayment, remaining surplus, if any, can be used for distribution.

5. Similarly, any restricted cash (disclosed as such) should not be considered for NDCF computation by the SPV or InvIT (e.g. unspent CSR balance for any year deposited in a separate account as per Companies Act which will be utilized in subsequent years, DSRA reserve, major maintenance reserve etc)



6. Further, it is expressly provided that no Trust or SPVs can distribute any cashflows by obtaining external debt, except to the extent clarified in note 2 and 7 (this will exclude any working capital / OD facilities obtained by Trust/ SPVs as part of Treasury management / working capital purposes as long as they are squared off within the quarter).
7. Further, it is also clarified that Proceeds from sale of infrastructure investments, infrastructure assets or shares of SPVs or Investment Entity adjusted for transaction costs or repayment of debt taken for such assets or other items as mentioned above which is intended to be reinvested or planned to be reinvested as per Regulation 18(7) of InvIT Regulations, could be temporarily parked in Overdraft accounts or used to repay any additional/ unrelated debt. Further if such proceeds are not intended to be reinvested as per the timeline provided in the Regulations and such net proceeds are to be distributed back to Unitholders, then redrawing such temporarily parked funds to distribute such net proceeds will not be considered as a contravention of note 6 above.
8. Cash flows received from HoldCos / SPV's / Investment entities which represent distributions of NDCF computed as per relevant framework at the Trust and/or HoldCo level for further distribution to Unitholders shall exclude any such cash flows used by the Trust and/or HoldCo for onward lending to any other SPVs / Investment entities/HoldCo to meet operational / interest expenses or debt servicing of such entities.
9. Capital expenditure include amounts incurred and paid towards asset enhancement and are capitalized to asset value in the financial statements including lease payments. It is further clarified that Existing Assets as referred to in this line item includes any new structure / building / other infrastructure constructed on an existing infrastructure asset which is already a part of the InvIT.

10. Debt repayment at Trust level will not be reduced from NDCF to the extent such debt is refinanced at the HoldCo/SPV level and such proceeds from refinancing have been transferred by the HoldCo/SPV to the Trust for such debt repayment.

Similarly, debt repayment at HoldCo/SPV level will not be reduced from NDCF to the extent such debt is refinanced at the Trust level and such proceeds from refinancing have been transferred by the Trust to the HoldCo/SPV for such debt repayment.

11. Investment Manager of the InvIT is required to ensure the following while making distributions:
- (a) The period of making distribution should be followed consistently whether on a half-yearly/quarterly/monthly basis and the same should be part of distribution policy of the InvIT which should be disclosed in the offer document, annual report and the website of InvIT.
  - (b) The distribution policy should prescribe the frequency of the distribution. Further, for each distribution, it should be ensured that cash flows from all assets, whether held by InvIT or any of the underlying SPVs or HoldCos, are being distributed together.
  - (c) The first distribution (whether monthly/quarterly/half-yearly, etc.) out of the NDCF computed for a financial year (or period thereof) should be minimum 90% / 100% as mandated in the InvIT Regulations. Thereafter, minimum distribution requirement should be met on a cumulative basis for the subsequent distributions out of the NDCF for such financial year.
  - (d) In case of any change in distribution policy other than regulatory changes, unitholder approval shall be required where votes cast in favour of the resolution are more than fifty percent of the total vote cast.

**(G) Principles for preparation of combined financial statements:**

3.20. For preparation of Combined Financial Statements, as has been indicated in paragraph 3.2.1 under Section '(A)' above, InvIT shall follow the following principles:

### 3.20.1.Assets/entities forming part of Combined Financial Statements:

All the assets or entities, which are proposed to be owned by the InvIT, as per the disclosures in the offer document / placement memorandum, shall collectively form part of combined financial statements.

### 3.20.2.Underlying assumption for preparation of Combined Financial Statements

Such combined financial statements shall be prepared based on an assumption that all the assets and/or entities, proposed to be owned by InvIT, were part of a single group.

### 3.20.3.Preparation of Combined Financial Statements:

- i. These statements shall be prepared on a combined basis and presented as if InvIT assets were a part of a single group since the first day of the reporting period for which financial information is being presented.
- ii. The principles for preparation of combined financial statements shall be same as the principles laid down in “Ind AS 110 Consolidated Financial Statements”, to the extent applicable. However, unlike consolidated financial statements, the combined financial statements shall not have the parent.
- iii. While preparing Combined Financial Statements, transactions between the entities proposed to be owned by InvIT (i.e. transactions between the entities which are forming part of the combined financial statements) shall be eliminated.

Further, all pertinent matters, such as non-controlling interests, foreign operations, different fiscal periods, or income taxes, etc. shall be treated in the same manner as in consolidated financial statements, to the extent applicable.

- iv. In cases where one or more of the underlying InvIT assets have been held by the sponsor or its associates or its group entities for a period lesser than the last three completed financial years, then such assets may be reflected in the Combined Financial Statements only from the date of holding by such entity.

However, if the discrete financial information for such assets is also available for the pre-holding period (i.e. the period before the acquisition by the sponsor or its associates or its group entities), then such assets shall be reflected in the Combined Financial Statements for such pre-holding period as well.

- v. If there are any assets for which the financial information is considered for a period lesser than three years and the additional stub period, if any, then such fact shall be clearly disclosed in the offer document/placement memorandum, along with all pertinent details.
- vi. Assumptions made in preparation of the Combined Financial Statements shall be disclosed in 'Basis of Preparation' of such statements.
- vii. The basis of preparation shall also explain the principles of combination and elimination of transactions amongst entities that are included in the Combined Financial Statements.

3.21. In addition to the principles listed at paragraph 3.20 above, the InvIT/Investment Manager, while preparing the Combined Financial Statements of the InvIT, shall also be guided by the requirements laid down in the 'Guidance Note on Combined and Carve-Out Financial Statements' and any other pertinent guidance/directions issued by ICAI in this context.

#### **(H) Proforma Financial Statements**

3.22. For preparation of proforma financial statements, as has been indicated in paragraph 3.2.3 under Section '(A)' above, the acquisition / divestment would be considered as material if acquired / divested business or SPV or HoldCo in aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual consolidated financial statements of the InvIT.

3.23. The proforma financial statements shall be prepared in accordance with any guidance note, standard on assurance engagement or guidelines issued by the ICAI from time to time and certified by statutory auditor of the InvIT or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the

Institute of Chartered Accountants of India (ICAI) appointed by the investment manager on behalf of the InvIT.

- 3.24. InvIT may voluntarily choose to provide proforma financial statements of acquisitions or divestments (i) even when they are below the above materiality threshold, or (ii) if the acquisitions or divestments have been completed prior to the latest period(s) for which financial information is disclosed in the offer document. Furthermore, the proforma financial statements may be disclosed for such financial periods as determined by the investment manager. In case of one or more acquisitions or divestments, one combined set of proforma financial statements should be presented.
- 3.25. InvIT may also voluntarily include financial statements of the business acquired or divested, provided that such financial statements are certified by the auditor (of the asset acquired or divested) or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the ICAI.
- 3.26. Where the businesses acquired / divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined / carved-out financial statements for such business shall be prepared in accordance with any guidance note, standard on assurance engagement or guidelines issued by the ICAI from time to time.
- 3.27. Further, in case of non-material acquisitions / divestments, disclosures in relation to the fact of the acquisition / divestment, consideration paid / received and mode of financing shall be made in the offer document / placement memorandum. Further, such disclosures shall be certified by the statutory auditor of the InvIT or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) appointed by the investment manager on behalf of the InvIT.
- 3.28. If the proceeds of issue are to be used for acquisition of one or more businesses or entities, the InvIT may voluntarily provide proforma financial statements to disclose the impact of such acquisition, for such financial periods as determined by the investment manager, provided such proforma financial statements are prepared in accordance with any guidance note, standard on assurance engagement or guidelines issued by the ICAI from time to time and certified by the statutory auditor

of the InvIT or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the ICAI and who are appointed by the investment manager on behalf of the InvIT.

**(I) Additional requirements in case of follow-on offer**

3.29. The follow-on offer document shall contain disclosures specified under Schedule III of the InvIT Regulations.

3.30. In case the objects of the issue involve acquisition of any new asset(s), the following disclosures shall be made in the follow-on offer document for the asset(s) proposed to be acquired from the proceeds of the follow-on offer:

- (a) description of the asset(s) as per clause 6 of Schedule III of the InvIT Regulations;
- (b) valuation of the asset(s) as per clause 10 (a) and 10 (b) of Schedule III of the InvIT Regulations;
- (c) summary of audited financial statements for the latest three financial years and stub period (if available);

Provided that in cases where the general purpose financial statement of the assets being acquired are not available, combined / carved-out financial statements for those assets shall be prepared in accordance with Guidance Note issued by the ICAI from time to time. The combined / carved-out financial statements shall be audited by the auditor of the seller in accordance with applicable framework.

- (d) title disclosures, litigations and regulatory actions;
- (e) risk factors;
- (f) other information as is material and appropriate to enable the investors to make an informed decision.

Further, full valuation report of the asset(s) proposed to be acquired through proceeds of the issue, if any, shall be provided to the Board.

3.31. In case any show-cause notice(s) has been issued by the Board or the adjudicating officer or prosecution proceeding(s) has been initiated by the Board, against the InvIT or its sponsor, sponsor group, investment manager or their respective promoters or directors, necessary disclosures in respect of such action(s) along with its potential adverse impact on the InvIT shall be made in the follow-on offer document.

3.32. If the InvIT or its sponsor, sponsor group, investment manager or their respective promoters or directors has settled any alleged violations of securities laws through the settlement mechanism of the Board in the past three years immediately preceding the date of filing of the follow-on offer document, then disclosure of such compliance of the settlement order, shall be made in the follow-on offer document.

**3.33. Other Disclosures**

- (a) History of distributions made in the last three financial years, if any
- (b) Summary of valuation of the infrastructure assets held by the InvIT, as specified in Clause 10(a) of Schedule III of the InvIT Regulations, shall be disclosed as per the latest available valuation report. In case of occurrence of any material change post the date of the latest available valuation report, the InvIT shall undertake a valuation of the infrastructure assets prior to filing of the follow-on offer document.

3.34. The merchant banker shall ensure that the financial information contained in the follow-on offer document and the particulars as per audited financial statements are not more than six months old from the issue opening date.

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



## **Chapter 4. Continuous Disclosures and Compliances by InvITs**

### **Disclosure of Financial information to Stock Exchanges**

#### **(A) Financial Information of InvIT:**

While disclosing its financial information to the Stock Exchanges, an InvIT shall comply with the following:

##### **4.1. Frequency and Time period for disclosures:**

- 4.1.1. The InvIT shall submit quarterly and year to date financial results to the stock exchanges within forty-five days of end of each quarter, other than the last quarter.
- 4.1.2. The InvIT shall submit annual financial results for the financial year to the stock exchanges, within sixty days from the end of the financial year.
- 4.1.3. The InvIT shall submit financial results in respect of the last quarter along with the results for the entire financial year, with a note stating that the figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.
- 4.1.4. The InvIT shall submit a Statement of Net Distributable Cash Flows (NDCF) as part of the financial results, whenever the InvIT declares and distributes NDCF as per the distribution policy disclosed to the unitholders.
- 4.1.5. The InvIT shall submit following statements on half yearly and annual basis as part of the financial results:
  - a) Statement of Assets and Liabilities
  - b) Statement of Changes in Unitholders' Equity
  - c) Statement of Cash Flows
  - d) Statement of Net Assets at Fair Value
  - e) Statement of Total Returns at Fair Value
- 4.1.6. The InvIT shall also disclose Statement of NDCF in the annual report, half yearly report and quarterly report, as applicable.

4.1.7. The InvIT shall, subsequent to listing, submit its financial information for the quarter or the financial year immediately succeeding the period for which the financial statements have been disclosed in the offer document / placement memorandum for the initial offer, in accordance with the above specified timeline i.e. within forty-five days of end of quarter or within sixty days from the end of the financial year, as the case may be, or within twenty-one days from the date of its listing, whichever is later.

#### 4.2. Nature and format of financial information

4.2.1. The financial information shall be disclosed on both separate as well as consolidated basis, unless otherwise specified.

##### 4.2.2. Financial Results

- a) The financial results, as mentioned in paragraph 4.1.1 to 4.1.3 above, shall contain the items mentioned in the format for Statement of Profit and Loss as prescribed in Schedule III of the Companies Act, 2013 (with the exceptions and modifications mentioned in paragraph 4.5.1 of this Chapter and paragraph 3.3.3 of Chapter 3 of this Master Circular), excluding notes and detailed sub-classification.
- b) The financial results shall be submitted to the stock exchanges and disclosed on the InvIT's website in the following format:

| Particulars | 3 months ended*         | Preceding 3 months ended * | Corresponding 3 months ended previous year* | Year to date figures for current period ended* | Year to date figures for previous year ended* | Previous year ended* |
|-------------|-------------------------|----------------------------|---------------------------------------------|------------------------------------------------|-----------------------------------------------|----------------------|
|             | (Audited / Unaudited)** | (Audited / Unaudited)**    | (Audited / Unaudited)**                     | (Audited / Unaudited) **                       | (Audited / Unaudited)**                       | (Audited)            |
|             |                         |                            |                                             |                                                |                                               |                      |

\* in dd/mm/yyyy format

\*\* specify whether figures are audited or unaudited

- c) The segment information shall be included as part of the financial results and prepared in accordance with Indian Accounting Standard 34 on 'Interim

Financial Reporting', in the same format as mentioned in paragraph 4.2.2.b) above.

Provided that segment information disclosed in annual financial statements shall be in accordance with Indian Accounting Standard 108 mandated under section 133 of the Companies Act, 2013.

#### 4.2.3. Statement of Assets and Liabilities

- a) The Statement of Assets and Liabilities, as mentioned in paragraph 4.1.5 a) above, shall contain the items mentioned in the format for Balance sheet as prescribed in Schedule III of the Companies Act, 2013, excluding notes and detailed sub-classification.

Further, for the purpose of preparation of financial information under the InvIT Regulations, Unit Capital shall be considered as equity.

- b) The Statement of Assets and Liabilities shall be submitted to the stock exchanges and disclosed on the InvIT's website in the following format:

| <b>Particulars</b> | <b>As at current half year end /<br/>year end date*</b> | <b>As at Corresponding half<br/>year end / previous year end<br/>date*</b> |
|--------------------|---------------------------------------------------------|----------------------------------------------------------------------------|
|                    | <b>(Audited / Unaudited)**</b>                          | <b>(Audited)</b>                                                           |
|                    |                                                         |                                                                            |

\*in dd/mm/yyyy format

\*\* specify whether figures are audited or unaudited.

#### 4.2.4. Statement of Changes in Unitholders' Equity

The Statement of Changes in Unitholders' Equity, as mentioned in paragraph 4.1.5 b) above shall be prepared as specified in paragraph 4.5 of this chapter.

#### 4.2.5. Statement of Cash Flows

The Statement of Cash Flows, as mentioned in paragraph 4.1.5 c) above, shall be prepared as specified in paragraph 3.3.3.e) of Chapter 3 of this master circular. It shall be submitted to the stock exchanges and disclosed on the InvIT's website in the following format:

| Particulars | For the current half year end /<br>year end date* | For the Corresponding half year end<br>/ previous year end date* |
|-------------|---------------------------------------------------|------------------------------------------------------------------|
|             | (Audited/ Unaudited)**                            | (Audited/ Unaudited)**                                           |
|             |                                                   |                                                                  |

\*in dd/mm/yyyy format

\*\* specify whether figures are audited or unaudited.

#### 4.2.6. Statement of Net Assets at Fair Value

- a) The Statement of Net Assets at Fair Value, as mentioned in paragraph 4.1.5 d) above, shall be prepared as specified in paragraph 3.4.7 of Chapter 3 of this master circular. It shall be submitted to the stock exchanges and disclosed on the InvIT's website in the following format:

| Particulars | As at current half year end /<br>year end date* |            | As at Corresponding half year<br>end / previous year end date* |            |
|-------------|-------------------------------------------------|------------|----------------------------------------------------------------|------------|
|             | (Audited / Unaudited)**                         |            | (Audited)                                                      |            |
|             | Book Value                                      | Fair Value | Book Value                                                     | Fair Value |
|             |                                                 |            |                                                                |            |

\* in dd/mm/yyyy format

\*\* specify whether figures are audited or unaudited

- b) InvITs which are not required to undertake half yearly valuation of the assets as per the InvIT Regulations shall disclose the fair value of assets as per the latest available valuation report.

#### 4.2.7. Statement of Total Returns at Fair Value

The Statement of Total Returns at Fair Value, as mentioned in paragraph 4.1.5 e) above, shall be prepared as specified in paragraph 3.4.8 of Chapter 3 of this master circular. It shall be submitted to the stock exchanges and disclosed on the InvIT's website in the following format:

| Particulars | For the current half year end / year<br>end date* | For the Corresponding half year end /<br>previous year end date* |
|-------------|---------------------------------------------------|------------------------------------------------------------------|
|             | (Audited/ Unaudited)**                            | (Audited/ Unaudited)**                                           |
|             |                                                   |                                                                  |

\* in dd/mm/yyyy format

\*\* specify whether figures are audited or unaudited

#### **4.2.8. Statement of NDCFs**

- a) The Statement of NDCF, as mentioned in paragraph 4.1.4 and 4.1.6 above, shall be prepared for the InvIT as well as for all the underlying HoldCos and SPVs in accordance with the framework for calculation of NDCF provided in Section (F) of Chapter 3 of this master circular.
- b) The distribution by InvIT to its unitholders which is in the nature of repayment of capital shall be shown as a negative amount on the face of the Balance Sheet as a separate line item 'Distribution – Repayment of Capital' under the sub-heading 'Equity' under the heading 'Equity and Liabilities'.

For InvITs which have reduced Reserves & Surplus / Unit Capital for the amount of NDCF distribution in the nature of repayment of capital in past periods, such InvITs shall regroup the figures for Reserves and Surplus / Unit Capital for prior periods presented in the financial information and show the same as a separate line item on the face of the Balance Sheet.

#### **4.3. Comparative information**

4.3.1. The annual financial information shall contain comparative information for the immediately preceding financial year.

The half yearly financial information shall contain comparative information for the corresponding half year in the immediately preceding financial year.

4.3.2. The comparative information would consist of corresponding amounts (comparative figures) for all the items shown in the financial statements (as specified in paragraph 4.5 below), including notes, and for the additional disclosures (as specified in paragraph 4.6 below), to the extent applicable.

4.3.3. In cases where the InvIT was not in existence in the previous corresponding reporting period(s) mentioned at paragraph 4.3.1 above, then the comparative information may not be provided and the said fact shall be clearly disclosed.

#### **4.4. Basis of preparation of financial information**

4.4.1. The financial information shall be prepared on the basis of accrual accounting policy and shall be in accordance with uniform accounting practices adopted for

all the periods, except if otherwise permitted under Ind AS and / or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015.

4.4.2. The financial results and the financial statements (other than annual financial statements) of the InvIT shall be prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 – Interim Financial Reporting, specified under the Companies (Indian Accounting Standards) Rules, 2015.

4.4.3. Additionally, InvITs shall also follow relevant accounting laws, as prescribed by their sectoral regulators, with respect to the projects being executed by them. HoldCos and SPVs owned by the InvIT may prepare financial statements in accordance with accounting standards and laws applicable to them.

4.4.4. In addition to the disclosure mentioned above, the InvIT may, if it so desires, also submit the financial information as per the International Financial Reporting Standards ('IFRS'). In such case, the material differences, if any, between the financial information as per Ind AS and as per IFRS, shall be appropriately highlighted and explained.

#### **4.5. Financial Statements:**

4.5.1. The financial statements shall be as mentioned in paragraph 3.3.2 of Chapter 3 of this master circular and shall be prepared in the manner specified in paragraph 3.3.3 of Chapter 3 of this master circular, with the exceptions and modifications as mentioned below:

- a) Paragraph 6(D)(I)(a) to 6(D)(I)(d), Paragraph 6(D)(I)(i), Paragraph 6(D)(I)(k) and Paragraph 6(D)(I)(l) of 'General Instructions for Preparation of Balance Sheet' under Part I of Division II of Schedule III shall not be applicable. Instead for Unit Capital, the following shall be disclosed:
  - (i) the number and amount of units issued;
  - (ii) a reconciliation of the number of units outstanding at the beginning and at the end of the period; and

- (iii) for the period of five years immediately preceding the date at which the Balance Sheet is prepared –
- A. aggregate number and class of units allotted pursuant to contract without payment being received in cash; and
  - B. aggregate number and class of units allotted by way of bonus units.
- b) The reference to the following terms made in Schedule III, shall, for the purpose of this chapter, be construed as follows, unless otherwise required:

| Reference to         | To be construed as   |
|----------------------|----------------------|
| Shares               | Units                |
| Shareholder          | Unit holder          |
| Shareholding pattern | Unit holding pattern |
| Share capital        | Unit capital         |

4.5.2. In the 'Statement of Profit or Loss', the InvIT shall disclose Earnings per Unit (EPU) in place of Earnings per share. The principles for computation of EPU shall be same as the principles laid down in Ind AS 33 Earnings per Share, to the extent applicable. Relevant disclosures shall be provided as part of the notes for the EPU computation.

4.5.3. In the 'Statement of Changes in Unit holders' Equity', changes in unit holders' equity resulting from aggregate amount of investments by unit holders in the InvIT, and dividends / other distributions by InvIT to unit holders shall be disclosed separately.

4.5.4. The annual separate and consolidated financial statements of the InvIT shall be prepared in accordance with Indian Accounting Standards (Ind AS) and / or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 to the extent not contrary to the InvIT Regulations.

4.5.5. The financial statements, other than annual financial statements, of the InvIT can be in the form of condensed financial statements prepared in compliance with the minimum requirements for condensed financial statements laid down in Indian



Accounting Standard 34 – Interim Financial Reporting, specified under the Companies (Indian Accounting Standards) Rules, 2015.

4.5.6. Financial statements shall disclose all ‘material’ items, i.e., the items if they can, individually or collectively, influence the economic decisions made on the basis of the financial statements.

For determining materiality, the InvIT shall be guided by paragraph 3.3.8 of Chapter 3 of this master circular.

4.5.7. In cases of any sale/divestment of any holding(s)/investment(s) in underlying SPV(s)/HoldCo(s) or any sale of infrastructure assets by the InvIT, the profit/loss on such transactions should be shown on a gross basis.

#### **4.6. Additional disclosures while submission of financial information**

The following disclosures shall be included in the half yearly and annual report of the InvIT (as applicable) unless otherwise specified. Further, the below mentioned disclosures shall also be subjected to audit / limited review, if applicable:

##### **4.6.1. Investment Manager and Project Manager Fees:**

- a) An InvIT shall disclose details of fees paid to the Investment Manager and the Project Manager. Further, explanations and justification for the fees paid to the Investment Manager and the Project Manager, including details about methodology for computation of the fees shall also be provided.
- b) An InvIT shall further confirm whether there has been any material change (materiality to be judged and determined by trustees in light of various pertinent factors including but not restricted to the size of InvIT, amount of change, prevailing circumstances, etc.) in the fees paid to the project manager and investment manager compared to the previous reporting period. If yes, detailed reasons and information thereof shall be provided.

##### **4.6.2. Sub-sector investments:**

If the InvIT holds assets (whether directly or through its HoldCo(s)/SPV(s)) in more than one infrastructure sectors/sub-sectors, then it shall disclose a breakup of the investments across all sectors/sub-sectors clearly showing investments in each major sector/sub-sector (major sector/sub-sector would constitute not less

than 5% of the total investment in the major classification) together with the percentage thereof in relation to the total investment.

For determining the infrastructure sectors/sub-sectors, the InvIT shall be guided by latest notifications and any other communications by Ministry of Finance.

#### 4.6.3.Changes in Accounting policies:

In cases of changes in accounting policies, if any, InvIT shall make adequate disclosures required as per the applicable accounting laws.

#### 4.6.4.Disclosures related to Modified Opinion(s)

The below mentioned disclosures would be required only in case of annual financial information of the InvIT:

- a) If the auditor has expressed any modified opinion(s) in respect of the audited annual financial information of the InvIT, then the InvIT, while submitting such financial information to the Stock Exchange(s), shall file a “Statement on Impact of Audit Qualifications” disclosing such modified opinion(s) and the cumulative impact of the same in the format as specified in Annexure I to the SEBI Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016.

With respect to the format referred in the aforementioned Circular, the reference to “Earnings per Share’ and ‘Management’ should be construed as a reference to ‘Earnings per Unit’ and ‘Board of Directors/Governing Body of the Investment Manager’ respectively.

Further, the aforementioned statement on impact of audit qualifications shall be signed by the following:

- Chairperson/CEO/MD of the Investment Manager
  - CFO or the Head of the Finance of the Investment Manager
  - Statutory Auditor
- b) If the auditor had expressed any modified opinion(s) or other reservation(s) in his audit report or limited review report in respect of the financial results of the immediately preceding financial year or half year, which had an impact on the profit or loss of that period, then the InvIT shall disclose the following:
    - Brief details of the past modified opinion(s) or other reservation(s)

- Whether such modified opinion(s) or other reservation(s) have been resolved
  - o If yes, details thereof
  - o If no, the reasons thereof and the steps which the InvIT intends to take in the matter

#### 4.6.5. Other Statements:

- a) The InvIT shall also disclose the following statements:
  - Statement of Contingent liabilities
  - Statement of Commitments
  - Statement of Related party transactions
- b) The details and the basis of disclosures for the above statements shall be same as specified in paragraph 3.4 of Chapter 3 of this master circular.

#### 4.6.6. Statement of Net Borrowings Ratio

- a) The 'Statement of Net Borrowings Ratio' shall be disclosed as part of financial results and in quarterly, half-yearly and annual report of the InvIT (as applicable).
- b) The InvIT shall disclose the 'Statement of Net Borrowings Ratio' in the following format:

| S. No. | Particulars                                                                         | Amount |
|--------|-------------------------------------------------------------------------------------|--------|
| A.     | Borrowings [Refer Notes 1 & 2]                                                      | xx     |
| B.     | Deferred Payments [Refer Note 1 & 3]                                                | xx     |
| C.     | Cash and Cash Equivalents [Refer Notes 1 & 3]                                       | xx     |
| D.     | Aggregate Borrowings and Deferred Payments net of Cash and Cash Equivalents (A+B-C) | xx     |
| E.     | Value of InvIT assets [Refer Notes 3 and 4]                                         | xx     |
| F.     | Net Borrowings Ratio (D/E)                                                          | xx     |

Notes:

1. This statement shall be prepared on the basis of consolidated financial statements of the InvIT.
2. The breakup of borrowings amount shall be given as pertaining to the InvIT, each SPV and each HoldCo in notes to the 'Statement of Net Borrowings Ratio'. Further, the type of each borrowing shall be given as part of the breakup such as Term Loan from ABC Bank / Financial Institution, Non-Convertible Debentures, etc. Furthermore, in case of borrowing from Bank / NBFC / Financial Institution / any other lender, the name of lenders shall also be disclosed.
3. Similarly, breakup shall be given for deferred payments, cash and cash equivalents and value of InvIT assets as pertaining to the InvIT, each SPV and each HoldCo in notes to the 'Statement of Net Borrowings Ratio'.
4. The Value of InvIT assets shall be determined based on the latest available valuation report by the valuer appointed under the InvIT Regulations.

4.6.7. Statement of Net Assets at Fair Value

The 'Statement of Net Assets at Fair Value' shall be disclosed in the manner as specified in paragraph 3.4.7 of Chapter 3 of this master circular.

4.6.8. Statement of Total Returns at Fair Value

The 'Statement of Total Returns at Fair Value' shall be disclosed in the manner as specified in paragraph 3.4.8 of Chapter 3 of this master circular.

**4.7. Approval and authentication of financial information:**

Before submission of the financial information to the Stock Exchanges, the financial information shall be approved by the Board of Directors/Governing Body of the Investment Manager and shall be authenticated and signed in the following manner:

- 4.7.1. The financial information submitted shall be approved by the board of directors of the investment manager.

Provided that while placing the financial information before the board of directors, the chief executive officer and chief financial officer of the investment manager shall certify that the financial information do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

4.7.2. Subsequent to the above, the financial information shall be signed by the Chairperson or the Managing director/partner or the Whole time director/partner on the Board of Directors/Governing Body of the Investment Manager and in the absence of all of them; it shall be signed by any other director/partner of the Investment Manager who is duly authorized by the Board of Directors/Governing Body to sign the financial information.

#### **4.8. Audit of Financial Information:**

4.8.1. The annual financial information submitted to the stock exchanges shall be audited and accompanied with audit report.

4.8.2. The financial information, other than annual financial information, submitted to the stock exchanges may be either audited or unaudited subject to the following:

- a) in case the InvIT opts to submit unaudited financial information, it shall be subject to limited review and shall be accompanied with limited review report;
- b) in case the InvIT opts to submit audited financial information, it shall be accompanied with audit report.

4.8.3. The audit / limited review shall be carried out by the auditor appointed for the InvIT as per the InvIT regulations. The auditor, so appointed, shall be the one who has subjected itself to the peer review process of the Institute of Chartered Accountants of India ('ICAI') and who holds a valid certificate issued by the Peer Review Board of ICAI.

4.8.4. The InvIT shall ensure that, for the purpose of quarterly and year to date consolidated financial information, hundred percent of each of the consolidated revenue, assets and profits, respectively, shall be subjected to audit in case of audited results, or shall be subjected to limited review in case of unaudited results.

4.8.5. In case the financial information is audited, it shall comply with all the requirements specified in paragraph 3.5 of Chapter 3 of this master circular, to the extent applicable, and the audit report shall contain disclosures stated therein. In addition to the auditor's opinion on the matters specified in paragraph 3.5.1 e) of Chapter 3 of this master circular, the auditor shall also give his opinion on the following:

- a) whether the statement of NDCFs gives a true and fair view of NDCFs for the years/periods ended at the balance sheet dates

4.8.6. While performing limited review as required under Regulation 13(2)(e) of the InvIT Regulations, the InvIT, the statutory auditors of InvIT, the entities whose accounts are to be consolidated with the InvIT and the statutory auditors of such entities shall follow the procedure in accordance with the circular issued by the Board under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable.

## **(B) Financial information of Investment Manager**

4.9. An InvIT shall disclose summary of the audited consolidated financial statements (including the Balance Sheet and Statement of Profit and Loss (without schedules)) of Investment Manager for the latest financial year, along with comparative figures for the immediate preceding financial year, prepared in accordance with the accounting standards and laws, as applicable for the Investment Manager, in the annual report of the InvIT.

4.10. The above information may not be disclosed if the Investment Manager's Net worth is not materially eroded (Material erosion shall be judged by the Trustees in light of various pertinent factors including but not restricted to size of InvIT, size of Investment Manager, amount of Net worth erosion, prevailing circumstances, etc.) when compared to its Net worth as per its last disclosed financial statements by the InvIT. If the financial information of Investment Manager is not disclosed because of the fact that there is no material erosion in the net worth as compared to the net worth as per the last disclosed financial statements, the said fact shall be clearly disclosed.

**(C) Obligation to maintain proper books of account and records, documents etc.**

4.11. Every InvIT shall maintain proper books of account, records and documents etc. relating to a period of not less than eight financial years immediately preceding a financial year, or where the InvIT had been in existence for a period of less than eight years, in respect of all the preceding years.

**(D) Other Continuous Disclosures to Stock Exchanges and Other Compliances**

**4.12. Listing Agreement:**

4.12.1. InvIT shall enter into a simplified listing agreement, with all the Stock Exchanges where it proposes to list its units, in lines with the format as specified under the SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 on 'Format of uniform Listing Agreement'.

4.12.2. However, with respect to the compliance with the listing conditions, InvIT shall follow the InvIT regulations and circulars issued therein.

**4.13. Disclosure of Unit holding pattern:**

4.13.1. An InvIT shall disclose its Unit holding pattern for each class of unit holders, as applicable, within the following time periods, as applicable:

- One day prior to listing of units on the stock exchanges;
- On quarterly basis, within 21 days from the end of each quarter; and
- Within 10 days of any capital restructuring of InvIT resulting in a change exceeding 2% of the total outstanding units of InvIT.

4.13.2. The Unit holding pattern shall be disclosed in the following format:

| Category   | Category of Unit holder                                                                                            | No. of Units Held | As a % of Total Outstanding Units | No. of units mandatorily held |                            | Number of units pledged or otherwise encumbered |                            |
|------------|--------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------------|-------------------------------|----------------------------|-------------------------------------------------|----------------------------|
|            |                                                                                                                    |                   |                                   | No. of units                  | As a % of total units held | No. of units                                    | As a % of total units held |
| <b>(A)</b> | <b>Sponsor(s) / Investment Manager / Project Manager(s) and their associates/related parties and Sponsor Group</b> |                   |                                   |                               |                            |                                                 |                            |
| <b>(1)</b> | <b>Indian</b>                                                                                                      |                   |                                   |                               |                            |                                                 |                            |
| (a)        | Individuals / HUF                                                                                                  |                   |                                   |                               |                            |                                                 |                            |
| (b)        | Central/State Govt.                                                                                                |                   |                                   |                               |                            |                                                 |                            |
| (c)        | Financial Institutions/Banks                                                                                       |                   |                                   |                               |                            |                                                 |                            |
| (d)        | Any Other (specify)                                                                                                |                   |                                   |                               |                            |                                                 |                            |
|            | <b>Sub- Total (A) (1)</b>                                                                                          |                   |                                   |                               |                            |                                                 |                            |
| <b>(2)</b> | <b>Foreign</b>                                                                                                     |                   |                                   |                               |                            |                                                 |                            |
| (a)        | Individuals (Non Resident Indians / Foreign Individuals)                                                           |                   |                                   |                               |                            |                                                 |                            |
| (b)        | Foreign government                                                                                                 |                   |                                   |                               |                            |                                                 |                            |
| (c)        | Institutions                                                                                                       |                   |                                   |                               |                            |                                                 |                            |
| (d)        | Foreign Portfolio Investors                                                                                        |                   |                                   |                               |                            |                                                 |                            |



| Category   | Category of Unit holder                                                       | No. of Units Held | As a % of Total Outstanding Units | No. of units mandatorily held |                            | Number of units pledged or otherwise encumbered |                            |
|------------|-------------------------------------------------------------------------------|-------------------|-----------------------------------|-------------------------------|----------------------------|-------------------------------------------------|----------------------------|
|            |                                                                               |                   |                                   | No. of units                  | As a % of total units held | No. of units                                    | As a % of total units held |
| (e)        | Any Other (specify)                                                           |                   |                                   |                               |                            |                                                 |                            |
|            | <b>Sub-Total (A) (2)</b>                                                      |                   |                                   |                               |                            |                                                 |                            |
|            | <b>Total unit holding of Sponsor &amp; Sponsor Group (A) = (A)(1) +(A)(2)</b> |                   |                                   |                               |                            |                                                 |                            |
| <b>(B)</b> | <b>Public Holding</b>                                                         |                   |                                   |                               |                            |                                                 |                            |
| <b>(1)</b> | <b>Institutions</b>                                                           |                   |                                   |                               |                            |                                                 |                            |
| (a)        | Mutual Funds                                                                  |                   |                                   |                               |                            |                                                 |                            |
| (b)        | Financial Institutions/ Banks                                                 |                   |                                   |                               |                            |                                                 |                            |
| (c)        | Central/State Govt.                                                           |                   |                                   |                               |                            |                                                 |                            |
| (d)        | Venture Capital Funds                                                         |                   |                                   |                               |                            |                                                 |                            |
| (e)        | Insurance Companies                                                           |                   |                                   |                               |                            |                                                 |                            |
| (f)        | Provident/pension funds                                                       |                   |                                   |                               |                            |                                                 |                            |
| (g)        | Foreign Portfolio Investors                                                   |                   |                                   |                               |                            |                                                 |                            |
| (h)        | Foreign Venture                                                               |                   |                                   |                               |                            |                                                 |                            |

| Category   | Category of Unit holder                                      | No. of Units Held | As a % of Total Outstanding Units | No. of units mandatorily held |                            | Number of units pledged or otherwise encumbered |                            |
|------------|--------------------------------------------------------------|-------------------|-----------------------------------|-------------------------------|----------------------------|-------------------------------------------------|----------------------------|
|            |                                                              |                   |                                   | No. of units                  | As a % of total units held | No. of units                                    | As a % of total units held |
|            | Capital investors                                            |                   |                                   |                               |                            |                                                 |                            |
| (i)        | Any Other (specify)                                          |                   |                                   |                               |                            |                                                 |                            |
|            | <b>Sub- Total (B) (1)</b>                                    |                   |                                   |                               |                            |                                                 |                            |
| <b>(2)</b> | <b>Non-Institutions</b>                                      |                   |                                   |                               |                            |                                                 |                            |
| (a)        | Central Government /State Government s(s)/President of India |                   |                                   |                               |                            |                                                 |                            |
| (b)        | Individuals                                                  |                   |                                   |                               |                            |                                                 |                            |
| (c)        | NBFCs registered with RBI                                    |                   |                                   |                               |                            |                                                 |                            |
| (d)        | Any Other (specify)                                          |                   |                                   |                               |                            |                                                 |                            |
|            | <b>Sub- Total (B) (2)</b>                                    |                   |                                   |                               |                            |                                                 |                            |
|            | <b>Total Public Unit holding (B) = (B)(1)+(B)(2)</b>         |                   |                                   |                               |                            |                                                 |                            |
|            | <b>Total Units Outstanding (C) = (A) + (B)</b>               |                   |                                   |                               |                            |                                                 |                            |

#### **4.14.Review of Credit Rating:**

4.14.1.Every credit rating, wherever required to be obtained by an InvIT as per Regulation 20 (2) of the InvIT regulations, shall be reviewed once a year, by the registered credit rating agency.

4.14.2.The credit rating review shall be completed annually within 30 days from the end of the financial year. Further, immediately upon completion of the credit rating review exercise and upon the receipt of the credit rating report, an intimation along with all pertinent information should be made to the Stock Exchanges.

#### **4.15.Website of InvIT:**

4.15.1.An InvIT shall maintain a functional website wherein the contents of the said website should be updated up to last 2 days and the website which should contain all the relevant information about InvIT, inter-alia, including the following:

- Details of its business;
- Financial information including complete copy of the Annual Report including Balance Sheet, Profit and Loss Account, etc.;
- Contact information of the designated officials of the company who are responsible for assisting and handling investor grievances;
- Email ID for grievance redressal and other relevant details;
- Information, report, notices, call letters, circulars, proceedings, etc. concerning units;
- All information and reports including compliance reports filed by InvIT with respect to units; and
- All intimations and announcements made by InvIT to the stock exchanges
- Any other information which may be relevant for the investors

4.15.2.Further, the contents of the website should be updated within 2 days of any changes / developments which trigger a need for an update on the website.

#### 4.16. **Grievance Redressal Mechanism:**

- 4.16.1. InvIT shall ensure that adequate steps are taken for expeditious redressal of investor complaints.
- 4.16.2. InvIT shall ensure that it is registered on the SCORES platform or such other electronic platform or system of the Board as shall be mandated from time to time, in order to handle investor complaints electronically in the manner specified by the Board.
- 4.16.3. All complaints including SCORES complaints received by the InvIT shall be disclosed in the format mentioned in **Annexure - 7** on the website of the InvIT and also filed with the recognized stock exchange(s), where its units are listed within 21 days from the end of financial year or end of quarter, as the case may be.
- 4.16.4. The Trustee and the Board of Directors/Governing Body of the Investment Manager shall ensure that all investor complaints are redressed by the Investment Manager in timely manner. Further, the statement as specified in paragraph 4.16.3 above shall be placed, on a quarterly basis, before the Board of Directors/Governing Body of the Investment Manager and the Trustee for review.

#### 4.17. **Statement of deviation(s) or variation(s)**

- 4.17.1. The InvIT shall submit to the recognized stock exchange(s), where its units are listed, the following statement(s) on a quarterly basis for any private issue, public issue, rights issue, preferential issue, etc.:
- a) Statement indicating deviations, if any, in the use of proceeds from the objects stated in the offer document/placement memorandum or explanatory statement to the notice for the general meeting, as applicable;
  - b) Statement indicating category wise variation, if any, between projected utilization of funds made by it in its offer document/placement memorandum or explanatory statement to the notice for the general meeting, as applicable and the actual utilization of funds.

4.17.2. The statement(s) specified above, shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved.

Such statement(s) shall also be placed before the Trustee and the Board of Directors/Governing Body of the Investment Manager for review. Pursuant to such review, the statement shall be submitted to the stock exchange(s). Such submission to the Stock Exchange(s) shall be made along with the submission of financial results. InvIT shall furnish an explanation for the aforementioned variation in its Annual report.

4.17.3. InvIT shall prepare an annual statement of funds utilized for purposes other than those stated in the offer document/placement memorandum or explanatory statement to the notice for the general meeting, certified by the statutory auditors of the InvIT, and place it before the Trustee and the Board of Directors/Governing Body of the Investment Manager till such time the money raised through the issue has been fully utilized.

#### **4.18. Additional disclosure requirements for InvITs which have outstanding borrowings**

4.18.1. InvITs which have issued debt securities under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 shall be required to comply with following continuous disclosure requirements:

- a) Regulations 50, 51, 54, 55, 56, 57, 58, 59, 60, 61 and 61A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") and any other provisions of the aforesaid regulations as may be applicable to InvITs.
- b) InvITs shall submit to the stock exchange(s), along with the quarterly financial results, a statement disclosing material deviation(s) (if any) in the use of issue proceeds of debt securities from the objects of the issue, till such proceeds have been fully utilised or the purpose for which the proceeds were raised has been achieved.

4.18.2. InvITs which have any outstanding borrowings shall make the following disclosures:

- a) The ratios mentioned below shall be disclosed on consolidated basis as part of financial results and in quarterly, half yearly and annual report of the InvIT (as applicable) -
  - i. debt-equity ratio
  - ii. debt service coverage ratio
  - iii. interest service coverage ratio
  - iv. asset cover available
  - v. total debts to total assets
  - vi. net worth i.e. unitholders funds
  - vii. distribution per unit
  - viii. EBITDA margin (i.e Earnings before interest tax depreciation and amortisation margin)
  - ix. net profit margin percent
  - x. current ratio
- b) Name of lenders in case of borrowings from Bank / NBFC / Financial Institution / any other lender, for all InvIT assets in the annual report.

4.18.3. Modified opinion(s) in audit reports having a bearing on the interest payment or redemption or principal repayment capacity of the InvITs shall be appropriately and adequately addressed by the board of the investment manager while publishing the accounts for the said period.