



AAFM

**AMERICAN
ACADEMY OF
FINANCIAL
MANAGEMENT**

INDIA

GLOBAL LEADER IN FINANCIAL EDUCATION

Unit – 10

Legalities of Portfolio Management

Chapter – 7

Infrastructure Investment Trusts Regulations

INFRASTRUCTURE INVESTMENT TRUSTS REGULATIONS

- In exercise of the powers conferred by Section 30 read with Section 11 and 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), laying a framework for Infrastructure Investment Trusts and registration and regulation thereof, the Securities and Exchange Board of India; these regulations may be called the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014.
- ActII means the Securities and Exchange Board of India Act, 1992 (15 of 1992)
- Associatell of any person means – associate companyll as defined under the Companies Act, 2013
- "Board" means the Securities and Exchange Board of India established under section 3 of the Act

INFRASTRUCTURE INVESTMENT TRUSTS REGULATIONS

- **Body corporatell shall have the meaning assigned to it in or under sub-section (11) of section 2 of the Companies Act, 2013;**
- **Bonus issuell means additional units allotted to the unit holders, as on the record date fixed for the said purpose, without any cost to the unit holder;**
- **Certificatell means a certificate of registration granted under these regulations;**
- **"Change in control", means – in case of a company or body corporate, change in control where 'control' shall have the meaning as provided in sub-section (27) of Section 2 of the Companies Act, 2013**

INFRASTRUCTURE INVESTMENT TRUSTS REGULATIONS

- **Company** means a company as defined under sub-section (20) of section 2 of the Companies Act, 2013;
- **"Completed and revenue generating project"** means an infrastructure project, which prior to the date of its acquisition by, or transfer to, the InvIT
- **Concession agreement** means an agreement entered into by a person with a concessioning authority for the purpose of implementation of the project as provided in the agreement;
- **Concessioning authority** means the public sector concessioning authority in PPP projects;
- **Credit rating agency** means a credit rating agency registered with the Board under the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999;
- **Custodian** means a person registered with the Board under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996

INFRASTRUCTURE INVESTMENT TRUSTS REGULATIONS

- **Designated stock exchange** means a recognized stock exchange in which units of an InvIT are listed or proposed to be listed and which is chosen by the InvIT as a designated stock exchange for the purpose of a particular issue of the units of the InvIT
- **"Eligible infrastructure project"** means an infrastructure project which, prior to the date of its acquisition by, or transfer to, the InvIT
- **"Follow-on offer"** means offer of units of an InvIT to the public for subscription and includes an offer for sale of InvIT units by an existing unit holder to the public
- **Form** means any of the forms set out in the Schedule I
- **Governing board** in case of an LLP shall mean a group of members assigned by the LLP to act in a manner similar to the board of directors in case of a company

INFRASTRUCTURE INVESTMENT TRUSTS REGULATIONS

- Infrastructure includes all infrastructure sub-sectors as defined vide notification of the Ministry of Finance dated October 07, 2013
- "Infrastructure project" means any project in infrastructure sector
- Initial public offer means the first offer of units of an InvIT to the public for subscription and includes an offer for sale of the InvIT units by an existing unit holder to the public
- Infrastructure developer in case of PPP projects shall mean the lead member of the concessionaire SPV
- Inspecting officer means any one or more person appointed by the Board to exercise powers conferred under Chapter V
- Investment management agreement means an agreement between the trustee and the investment manager which lays down the roles and responsibilities of the investment manager towards the InvIT

INFRASTRUCTURE INVESTMENT TRUSTS REGULATIONS

- The words and expressions used and not defined in these regulations, but defined in the Act, the Securities Contracts (Regulation) Act, 1956, (42 of 1956), the Companies Act, 2013 (18 of 2013), or any rules or regulations made thereunder, shall have the same meanings respectively assigned to them in those Acts, rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

REGISTRATION OF INFRASTRUCTURE INVESTMENT TRUSTS

- No person shall act as an InvIT unless it has obtained a certificate of registration from the Board under these regulations.
- An application for grant of certificate of registration as InvIT shall be made by the sponsor on behalf of the trust in Form A as specified in the Schedule I and shall be accompanied by a non-refundable application fee as specified in Schedule II.
- The Board may, in order to protect the interests of investors, appoint any person to take charge of records, documents of the applicant and for this purpose, also determine the terms and conditions of such an appointment.
- The Board shall take into account requirements as specified in these regulations for the purpose of considering grant of registration.

REGISTRATION OF INFRASTRUCTURE INVESTMENT TRUSTS

Eligibility Criteria

- For the purpose of the grant of certificate to an applicant, the Board shall consider all matters relevant to the activities as an InvIT.
- Without prejudice to the generality of the foregoing provisions, the Board shall consider the following, mandatory requirements namely –
 - a) The applicant is the sponsor on behalf of the trust and the instrument of trust is in the form of a deed duly registered in India under the provisions of the Registration Act, 1908;
 - b) The trust deed has its main objective as undertaking activity of InvIT in accordance with these regulations and includes responsibilities of the trustee in accordance with regulation 9;
 - c) Persons have been designated as sponsor(s), investment manager and trustee under these regulations and all such persons are separate entities

REGISTRATION OF INFRASTRUCTURE INVESTMENT TRUSTS

Furnishing of Further Information, Clarification

- (1) The Board may require the applicant to furnish any such information or clarification as may be required by it for the purpose of processing of the application.
- (2) The Board, if it so desires, may require the applicant or its authorized representative(s) to appear before the Board for personal representation in connection with the grant of certificate.

REGISTRATION OF INFRASTRUCTURE INVESTMENT TRUSTS

Procedure for Grant of Certificate

- (1) The Board on being satisfied that the applicant fulfills, the requirements specified in regulation 4 shall send intimation to the applicant and on receipt of the payment of registration fees as specified in Schedule II, grant certificate of registration in Form B under Schedule I
- (2) The registration may be granted with such conditions as may be deemed appropriate by the Board.

REGISTRATION OF INFRASTRUCTURE INVESTMENT TRUSTS

Conditions of Certificate

- The certificate granted under regulation 6 shall, inter-alia, be subject to the following conditions –
 - ❖ The InvIT shall abide by the provisions of the Act and these regulations;
 - ❖ The InvIT shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted;
 - ❖ The InvIT and parties to the InvIT shall satisfy with the conditions specified in regulation 4 at all times;
 - ❖ The InvIT and parties to the InvIT shall comply, at all times, with the Code of conduct as specified in the Schedule VI, wherever applicable.

REGISTRATION OF INFRASTRUCTURE INVESTMENT TRUSTS

Procedure where Registration is refused

- (1) After considering an application made under regulation 3, if the Board is of the opinion that a certificate should not be granted to the applicant, it may reject the application after giving the applicant a reasonable opportunity of being heard.
- (2) The decision of the Board to reject the application shall be communicated to the applicant within thirty days of such decision.

RIGHTS AND RESPONSIBILITIES OF PARTIES TO THE INVIT, VALUER AND AUDITOR

Rights and Responsibilities of Trustee

- The trustee shall hold the InvIT assets in the name of the InvIT for the benefit of the unit holders in accordance with the trust deed and these regulations.
- The trustee shall enter into an investment management agreement with the investment manager on behalf of the InvIT.
- The trustee shall oversee activities of the investment manager in the interest of the unit holders, ensure that the investment manager complies with regulation 10 and shall obtain compliance certificate from the investment manager, in the form as may be specified, on a quarterly basis.
- The trustee shall periodically review the status of unit holders' complaints and their redressal undertaken by the investment manager.
- The trustee shall ensure that the remuneration of the valuer is not be linked to or based on the value of the assets being valued.

RIGHTS AND RESPONSIBILITIES OF PARTIES TO THE INVIT, VALUER AND AUDITOR

Rights and Responsibilities of Investment Manager

- The investment manager shall make the investment decisions with respect to the underlying assets or projects of the InvIT including any further investment or divestment of the assets.
- The investment manager shall oversee activities of the project manager with respect to compliance with these regulations and the project implementation agreement/project management agreement and shall obtain compliance certificate from the project manager, in the form as may be specified, on a quarterly basis.
- The investment manager shall ensure that the infrastructure assets of the InvIT or holdco or SPV have proper legal titles, if applicable, and that all the material contracts entered into on behalf of InvIT or SPV are legal, valid, binding and enforceable by and on behalf of the InvIT or SPV.
- The investment manager shall ensure that it has adequate infrastructure and sufficient key personnel with adequate experience and qualification to undertake management of the InvIT at all times.

RIGHTS AND RESPONSIBILITIES OF PARTIES TO THE INVIT, VALUER AND AUDITOR

Responsibilities of Project Manager

- 1) The project manager shall undertake operations and management of the InvIT assets including making arrangements for the appropriate maintenance, as may be applicable, either directly or through the appointment and supervision of appropriate agents and as required under any project agreement including a concession agreement in the case of a PPP project.
- 2) If the InvIT invests in under construction projects, the project manager shall –
 - (a) Undertake the operations and management of the projects, either directly or through appropriate agents;
 - (b) Oversee the progress of development, approval status and other aspects of the project up to its completion, in case of appointment of agents for the purpose of execution.
- 3) The project manager shall discharge all obligations in respect of achieving timely completion of the project implementation agreement/infrastructure project, wherever applicable, implementation, operation, maintenance and management of such infrastructure project in terms of the project management agreement.

RIGHTS AND RESPONSIBILITIES OF PARTIES TO THE INVIT, VALUER AND AUDITOR

Rights and Responsibilities of Sponsors

- The sponsor(s) shall set up the InvIT and appoint the trustees of the InvIT.
- The sponsors shall transfer or undertake to transfer to the InvIT, its entire shareholding or interest in the holdco and or SPV or ownership of the infrastructure projects
- With respect to holding of units in the InvIT, the sponsors together shall hold not less than fifteen percent of the total units of the InvIT after initial offer of units
- Sponsors would be responsible for all acts, omissions and representations/covenants of the InvIT related to formation of InvIT, sale/transfer of assets/holdco/SPV to the InvIT.
- Any holding by sponsor in InvIT, exceeding fifteen percent on a post issue basis, shall be held for a period of not less than one year from the date of listing of such units.

RIGHTS AND RESPONSIBILITIES OF PARTIES TO THE INVIT, VALUER AND AUDITOR

Rights and Responsibilities of the Valuer and Auditor

The valuers shall comply with the following conditions at all times:

- The valuer shall ensure that the valuation of the InvIT assets is impartial, true and fair and is in accordance with regulation 21
- The valuer shall ensure adequate and robust internal controls to ensure the integrity of its valuation reports
- The valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations
- The valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities
- The valuer shall act with independence, objectivity and impartiality in performing the valuation
- The valuer shall not accept remuneration, in any form, for performing a valuation of the InvIT assets from any person other than the InvIT or its authorized representative

OFFER OF UNITS OF INVIT AND LISTING OF UNITS

Issue of Units and Allotment

1) No initial offer of units by an InvIT shall be made unless:

- The InvIT is registered with the Board under these regulations
- The value of the assets held by the InvIT is not less than rupees five hundred crore. Explanation.-Such value shall mean the value of the specific portion of the holding of InvIT in the underlying assets or holdco or SPVs
- The offer size is not less than rupees two hundred fifty crore

2) If the InvIT raises funds by way of private placement:

- It shall do it through a placement memorandum;
- From qualified institutional buyers and body corporate only, whether Indian or foreign
- With minimum investment from any investor of rupees one crore
- From not less than five and not more than one thousand investors

OFFER OF UNITS OF INVIT AND LISTING OF UNITS

Issue of Units and Allotment

3) If the InvIT raises funds by public issue InvITs:

- It shall be by way of initial public offer
- Any subsequent issue of units after initial public offer may be by way of follow-on offer
- Minimum subscription from any investor in initial and follow-on offer shall be ten lakh rupees
- Prior to initial public offer and follow-on offer, the merchant banker shall file the draft offer document along with the fee as specified in Schedule II, with the designated stock exchanges and the Board not less than thirty working days before filing the offer document with the designated stock exchange and SEBI;
- The draft offer document filed with the Board shall be made public
- The Board may communicate its comments to the lead merchant banker and, in the interest of investors, may require the lead merchant banker to carry out such modifications in the draft offer document as it deems fit

OFFER OF UNITS OF INVIT AND LISTING OF UNITS

Issue of Units and Allotment

3) If the InvIT raises funds by public issue InvITs:

- The lead merchant banker shall ensure that all comments received from the Board on the draft offer document are suitably addressed prior to the filing of the offer document with the designated stock exchanges
- In case no observations are issued by the Board in the draft offer document within twenty one working days from the date of receipt of satisfactory reply from the lead merchant bankers or manager
- The draft and offer document shall be accompanied by a due diligence certificate signed by the lead merchant banker
- The offer document shall be filed with the designated stock exchanges and the Board not less than five working days before opening of the offer
- The InvIT may open the initial public offer or follow-on offer or rights issue within a period of not more than one year from the date of issuance of observations by the Board

OFFER OF UNITS OF INVIT AND LISTING OF UNITS

Offer Document or Placement Memorandum and Advertisements

- The offer document or placement memorandum of the InvIT shall contain material, true, correct and adequate disclosures to enable the investors to make an informed decision.
- Without prejudice to the generality of sub-regulation (1), the offer document or placement memorandum shall –
 - ❖ Not be misleading or contain any untrue statements or misstatements;
 - ❖ Not provide for any guaranteed returns to the investors; and
 - ❖ Include such other disclosures as may be specified by the Board.
- The offer document shall include all information as specified under Schedule III.

OFFER OF UNITS OF INVIT AND LISTING OF UNITS

Offer Document or Placement Memorandum and Advertisements

- The placement memorandum shall contain all information as specified under Schedule III, to the extent applicable.
- No advertisement shall be issued pertaining to issue of units by an InvIT which makes a private placement of its units.
- With respect to advertisements pertaining to the offer of units by an InvIT with respect to public issue of its units:
 - ❖ Such advertisement material shall not be misleading and shall not contain anything extraneous to the contents of the offer document;
 - ❖ If an advertisement contains positive highlights, it shall also contain risk factors with equal importance in all aspects including print size;
 - ❖ The advertisements shall be in accordance with any circulars or guidelines as may be specified by the Board in this regard.

OFFER OF UNITS OF INVIT AND LISTING OF UNITS

Listing and Trading of Units

- It shall be mandatory for units of all InvITs to be listed on a recognized stock exchange having nationwide trading terminals, whether publicly issued or privately placed
- The listing of the units shall be in accordance with the listing agreement entered into between the InvIT and the designated stock exchanges.
- The units of the InvIT listed in the designated stock exchanges shall be traded, cleared and settled in accordance with the bye-laws of designated stock exchanges and such conditions as may be specified by the Board.
- The InvIT shall redeem units only by way of a buyback or at the time of delisting of units.

OFFER OF UNITS OF INVIT AND LISTING OF UNITS

Listing and Trading of Units

- The units shall remain listed on the designated Stock Exchanges unless delisted under regulation 17.
- The minimum public holding for the units of the InvIT after listing shall be in accordance with sub-regulation (1A) of regulation 14 failing which action may be taken as may be specified by the Board and by the designated stock exchanges including delisting of units under regulation 17.
- Any person other than the sponsors holding units of the InvIT prior to initial offer shall hold the units for a period of not less than one year from the date of listing of the units.
- The Board and designated stock exchanges may specify any other requirements pertaining to listing and trading of units of the InvIT by issuance of guidelines or circulars.

OFFER OF UNITS OF INVIT AND LISTING OF UNITS

Delisting of Units and Winding up of the InvIT

- 1) The investment manager shall apply for delisting of units of the InvIT to the Board and the designated stock exchanges if –
 - (a) The public holding falls below the specified limit under sub-regulation (6) of regulation 16;
 - (b) The number of unit holders of the InvIT falls below the limit as specified under sub-regulation (7) of regulation 16;
 - (c) If there are no projects or assets remaining under the InvIT for a period exceeding six months and InvIT does not propose to invest in any project in future
 - (d) The Board or the designated stock exchanges require such delisting for violation of the listing agreement or these regulations or the Act;
 - (e) The sponsor(s) or trustee requests such delisting and such request has been approved by unit holders in accordance with regulation 22;
 - (f) Unit holders apply for such delisting in accordance with regulation 22;
 - (g) The Board or the designated stock exchanges require such delisting in the interest of the unit holders

Delisting of Units and Winding up of the InvIT

- 2) The Board and the designated stock Exchanges may consider such application for delisting for approval or rejection as may be appropriate in the interest of the unit holders.
- 3) The Board may, instead of delisting of the units, if it deems fit, provide additional time to the InvIT or parties to the InvIT to comply with sub-regulation (1).
- 4) The Board may reject the application for delisting and take any other action, as it deems fit, under these regulations or the Act for violation of the listing agreement or these regulations or the Act.

Delisting of Units and Winding up of the InvIT

- 5) The procedure for delisting of units of InvIT including provision of exit option to the unit holders shall be in accordance with the listing agreement and in accordance with procedure as may be specified by the Board and by the designated stock exchanges from time to time.
- 6) After delisting of its units, the InvIT shall surrender its certificate of registration to the Board and shall no longer undertake activity of an InvIT.
- 7) The InvIT and parties to the InvIT shall continue to be liable for all their acts of omissions and commissions with respect to activities of the InvIT notwithstanding surrender of registration to the Board.

INVESTMENT CONDITIONS, RELATED PARTY TRANSACTIONS, BORROWING AND VALUATION OF ASSETS

Investment Conditions and Dividend Policy

- The investment by an InvIT shall only be in holdco and/or SPVs or infrastructure projects or securities in India in accordance with these regulations and the investment strategy as detailed in the offer document or Placement memorandum.
- In case of PPP projects, the InvIT shall mandatorily invest in the infrastructure projects through holdco and/or SPV.
- In case of InvIT as specified under sub-regulation (2) of regulation 14, the InvIT shall invest not less than eighty per cent of the value of the InvIT assets in eligible infrastructure projects either directly or through holdcos or through SPVs
- If the distributions are not made within fifteen days of declaration, then the investment manager shall be liable to pay interest to the unit holders at the rate of fifteen percent per annum till the distribution is made and such interest shall be not be recovered in the form of fees or any other form payable to the investment manager by the InvIT.
- An InvIT shall not invest in units of other InvITs.

INVESTMENT CONDITIONS, RELATED PARTY TRANSACTIONS, BORROWING AND VALUATION OF ASSETS

Investment Conditions and Dividend Policy

- An InvIT shall not undertake lending to any person other than the holdco/SPVs in which the InvIT has invested in.
- An InvIT shall hold an infrastructure asset for a period of not less than three years from the date of purchase of such asset by the InvIT, directly or through holdco and/or SPV
- No schemes shall be launched under the InvIT.
- The Board may specify any additional conditions for investments by the InvIT as deemed fit.

INVESTMENT CONDITIONS, RELATED PARTY TRANSACTIONS, BORROWING AND VALUATION OF ASSETS

Related Party Transactions

- All related party transactions shall be on an arms-length basis in accordance with relevant accounting standards, in the best interest of the unit holders, consistent with the strategy and investment objectives of the InvIT.
- All related party transactions of an InvIT shall be disclosed
- Transaction between two or more of the InvITs with a common investment manager or sponsor shall be deemed to be related party transactions for each of the InvITs
- With respect to any related party transaction, details of any fees or commissions received or to be received by such related parties shall be adequately disclosed to the designated stock exchanges.
- The Board may specify additional guidelines with respect to related party transactions, as it deems fit.

INVESTMENT CONDITIONS, RELATED PARTY TRANSACTIONS, BORROWING AND VALUATION OF ASSETS

Borrowings and Deferred Payments

- The aggregate consolidated borrowings and deferred payments of the InvIT, holdco and the SPVs, net of cash and cash equivalents shall never exceed forty nine percent of the value of the InvIT assets.
- If the aggregate consolidated borrowings and deferred payments of the InvIT, holdco and the SPVs, net of cash and cash equivalents exceed twenty five percent of the value of the InvIT assets
- If the conditions specified in sub-regulations (1) and (2) are breached on account of market movements of the price of the underlying assets or securities, the investment manager shall inform the same to the trustee and ensure that the conditions are satisfied within six months of such breach.

INVESTMENT CONDITIONS, RELATED PARTY TRANSACTIONS, BORROWING AND VALUATION OF ASSETS

Valuation of Assets

- The valuer shall not be an associate of the sponsors or investment manager or trustee and shall have not less than five years of experience in valuation of infrastructure assets.
- Full valuation includes a detailed valuation of all assets of the InvIT by the valuer including physical inspection of every infrastructure project by the valuer.
- Full valuation report shall include the mandatory minimum disclosures as specified in Schedule V.
- A full valuation shall be conducted by the valuer not less than once in every financial year: Provided that such full valuation shall be conducted at the end of the financial year ending March 31st within two months from the date of end of such year.
- A half yearly valuation of the assets of the InvIT shall be conducted by the valuer for the half-year ending September 30th for a publicly offered InvIT for incorporating any key changes in the previous six months and such half yearly valuation report shall be prepared within one month from the date of end of such half year.

INVESTMENT CONDITIONS, RELATED PARTY TRANSACTIONS, BORROWING AND VALUATION OF ASSETS

Valuation of Assets

- Valuation reports received by the investment manager shall be submitted by the investment manager to the designated stock exchanges within fifteen days from the receipt of such valuation reports.
- Prior to any issue of units by publicly offered InvIT other than bonus issue, the valuer shall undertake full valuation of all the InvIT assets and include the same in the Offer Document
- No valuer shall undertake valuation of the same project for more than four years consecutively
- Any valuation undertaken by any valuer shall be in compliance with by international valuation standards and valuation standards as may be specified by Institute of Chartered Accountants of India for valuation of infrastructure assets or such other valuation standards as may be specified by the Board

RIGHTS OF UNIT HOLDERS, GENERAL OBLIGATIONS, DISCLOSURES AND REPORTING

Rights and Meetings of Unit Holders

- (1) The unit holder shall have the rights to receive income or distributions as provided for in the offer document or placement memorandum.
- (2) With respect to any matter requiring approval of the unit holders –
 - A resolution shall be considered as passed when the votes cast by unit holders, so entitled and voting, in favour of the resolution exceed a certain percentage as specified in these regulations, of votes cast against;
 - The voting may also be done by postal ballot or electronic mode;
 - A notice of not less than twenty one days shall be provided to the unit holders;
 - Voting by any person who is a related party in such transaction as well as associates of such persons shall not be considered on the specific issue;

RIGHTS OF UNIT HOLDERS, GENERAL OBLIGATIONS, DISCLOSURES AND REPORTING

Rights and Meetings of Unit Holders

- (3) For an InvITs – An annual meeting of all unit holders shall be held not less than once a year within one hundred twenty days from the end of financial year and the time between two meetings shall not exceed fifteen months;
- (4) In case of –
- Any approval from unit holders required under regulation 18, 19 and 21;
 - Any transaction, other than any borrowing, value of which is equal to or greater than twenty five percent of the InvIT assets;
 - Any borrowing in excess of specified limit as required under sub-regulation (2) of regulation 20;
 - Any issue of units after initial public offer by an InvIT, in whatever form, other than any issue of units which may be considered by the Board under sub-regulation (5);
 - Increasing period for compliance with investment conditions to one year in accordance with clause (c) of sub-regulation (5) of regulation 18;

RIGHTS OF UNIT HOLDERS, GENERAL OBLIGATIONS, DISCLOSURES AND REPORTING

Rights and Meetings of Unit Holders

(5) In case of –

- Any change in investment manager including removal of the investment manager or change in control of the investment manager
- Any material change in investment strategy or any change in the management fees of the InvIT
- The sponsors or investment manager proposing to seek delisting of units of the InvIT
- Any issue, not in the ordinary course of business, which in the opinion of the sponsors or investment manager or trustee requires approval of the unit holders
- Any issue for which the Board or the designated stock exchanges requires approval under this sub-regulation

RIGHTS OF UNIT HOLDERS, GENERAL OBLIGATIONS, DISCLOSURES AND REPORTING

Rights and Meetings of Unit Holders

- (6)** With respect to the rights of the unit holders under clauses (f) of sub-regulation (5) –
- (a)** Not less than twenty five percent of the unit holders by value, other than any party related to the transactions and its associates, shall apply, in writing, to the trustee for the purpose;
 - (b)** On receipt of such application, the trustee shall require the issue with the investment manager to place the issue for voting in the manner as specified in these regulations;
 - (c)** With respect to sub-clause (vi), not less than sixty percent of the unit holders by value shall apply, in writing, to the trustee for the purpose.

RIGHTS OF UNIT HOLDERS, GENERAL OBLIGATIONS, DISCLOSURES AND REPORTING

Disclosures

- A privately placed InvIT shall ensure that the disclosures in the placement memorandum are in accordance with the sub-regulation (4) of regulation 15 and any circulars or guidelines issued by the Board in this regard.
- A publicly offered InvIT shall ensure that the disclosures in the offer document are in accordance with the Schedule III and any circulars or guidelines issued by the Board in this regard.
- The investment manager of all InvITs shall submit an annual report to all unit holders electronically or by physical copies and to the designated stock exchanges within three months from the end of the financial year.
- The investment manager of shall submit a half-yearly report to the designated stock exchange within forty five days from the end of the every half year ending March 31st and September 30th.
- Such annual and half yearly reports shall contain disclosures as specified under Schedule IV.

RIGHTS OF UNIT HOLDERS, GENERAL OBLIGATIONS, DISCLOSURES AND REPORTING

Submission of Reports to the Board

- The Board may at any time call upon the InvIT or parties to the InvIT to file such reports, as the Board may desire, with respect to the activities relating to the InvIT.

Power to Call for Information

- The Board may at any time call for any information from the InvIT or holdco or SPVs parties to the InvIT or holdco or SPVs any unit holder or any other person with respect to any matter relating to activity of the InvIT.
- Where any information is called for under sub-regulation (1), it shall be furnished within the time specified by the Board.

RIGHTS OF UNIT HOLDERS, GENERAL OBLIGATIONS, DISCLOSURES AND REPORTING

Maintenance of Records

- (1) The investment manager shall maintain records pertaining to the activity of the InvIT, wherever applicable, including –
 - All investments or divestments of the InvIT and documents supporting the same including rationale for such investments or divestments
 - Agreements entered into by the InvIT or on behalf of the InvIT
 - Documents relating to appointment of persons as specified in sub-regulation (5) of regulation 10
 - Insurance policies for infrastructure assets
 - Investment management agreement
 - Documents pertaining to issue and listing of units including placement memorandum, draft and final offer document, in-principle approval by designated stock exchanges, listing agreement with the designated stock exchanges, details of subscriptions, allotment of units, etc.
 - Distributions declared and made to the unit holders

RIGHTS OF UNIT HOLDERS, GENERAL OBLIGATIONS, DISCLOSURES AND REPORTING

Maintenance of Records

- (1) The investment manager shall maintain records pertaining to the activity of the InvIT, wherever applicable, including –
- Disclosures and periodical reporting made to the trustee, Board, unit holders and the designated stock exchanges including annual reports, half yearly reports, etc.
 - Valuation reports including methodology of valuation
 - Books of accounts and financial statements
 - Audit Reports
 - Reports relating to activities of the InvIT placed before the board of directors of the investment manager
 - Unit holders' grievances and actions taken thereon including copies of correspondences made with the unit holder and the Board, if any
 - Any other material documents

RIGHTS OF UNIT HOLDERS, GENERAL OBLIGATIONS, DISCLOSURES AND REPORTING

Maintenance of Records

- (2) The trustee shall maintain records, wherever applicable, pertaining to –
- Certificate of registration granted by the Board
 - Registered trust deed
 - Documents pertaining to application made to the Board for registration as an InvIT
 - Titles of the infrastructure assets: Provided that where the original title documents are deposited with the lender or any other person in respect of any loan or debt, the trustee shall maintain copies of such title documents
 - Notices and agenda sent to unit holders for meetings held
 - Minutes of meetings and resolutions passed therein
 - Periodical reports and disclosures received by the trustee from the investment manager
 - Disclosures, periodically or otherwise, made to the Board, unit holders and the designated stock exchanges
 - Any other material documents

INSPECTION

Boards Right to Inspect

- The Board may suo motu or upon receipt of information or complaint appoints one or more persons as inspecting officers to undertake inspection of the books of accounts, records and documents relating to activity of the InvIT or holdco or SPV or parties to the InvIT for any of the following reasons, namely
- To ensure that the books of account, records and documents are being maintained by the InvIT or parties to the InvIT in the manner specified in these regulations;
- To inspect into complaints received from unit holders, clients or any other person, on any matter having a bearing on the activities of the InvIT;
- To ascertain whether the provisions of the Act and these regulations are being complied with by the InvIT and parties to the InvIT; and
- To inspect suo motu into the affairs of the InvIT, in the interest of the securities market or in the interest of investors.

INSPECTION

Notice before Inspection

- Before ordering an inspection under regulation, the Board shall give not less than ten days' notice to the trustee of the InvIT.
- Notwithstanding anything contained in sub-regulation (1), where the Board is satisfied that in the interest of the investors no such notice should be given, it may, by an order in writing, direct that the inspection of the affairs of the InvIT be taken up without such notice.
- During the course of an inspection, the InvIT against who the inspection is being carried out and parties to the InvIT shall be bound to discharge their obligations as provided in regulation.

INSPECTION

Submission of Report to the Board

- The inspecting officer shall, as soon as possible, on completion of the inspection submit an inspection report to the Board: Provided that if directed to do so by the Board, he may submit an interim report.

PROCEDURE FOR ACTION IN CASE OF DEFAULT

Liability for Action in Case of Default

- An InvIT or parties to the InvIT or any other person involved in the activity of the InvIT who contravenes any of the provisions of the Act or these regulations or notifications, guidelines, circulars or instructions issued thereunder by the Board shall be liable for one or more actions specified therein including any action provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

Power of the Board to Issue Clarifications

- In order to remove any difficulties in the application or interpretation of these regulations, the Board may issue clarifications or guidelines in the manner as may be appropriate.

PROCEDURE FOR ACTION IN CASE OF DEFAULT

Power to Relax Strict Enforcement of Regulations

- The Board may, in the interest of investors or for the development of the securities market, relax the strict enforcement of any requirement of these regulations, if the Board is satisfied that –
 - Requirement is procedural or technical in nature; or
 - The requirement may cause undue hardship to investors; or
 - The disclosure requirement is not relevant for a particular industry or class of listed entities; or
 - The non-compliance was caused due to factors beyond the control of the issuer; or any provision of Acts, Rules, regulations under which the listed entity is established or is governed by, is required to be given precedence to.
 - The Board may lay down framework for InvITs other than the InvITs falling in the categories specified in these regulations.

THANK YOU