

CIRCULAR

SEBI/HO/DDHS/PoD2/P/CIR/2023/107

June 27, 2023

To

**All Infrastructure Investment Trusts
All Parties to the InvIT
All Recognized Stock Exchanges**

Madam / Sir,

Sub: Manner of achieving minimum public unitholding - InvITs

1. Regulation 14(1A) of SEBI (Infrastructure Investment Trusts) Regulations, 2014 (“InvIT Regulations”) *inter-alia* mandates that any listed InvIT which has public unitholding below twenty-five percent, shall increase its public unitholding to at least twenty-five percent within a period of three years from the date of listing of units pursuant to initial offer.
2. In order to facilitate InvITs to achieve minimum public unitholding compliance as required under InvIT Regulations, Investment Manager of the InvIT shall adopt any of the following methods:

No.	Method	Specific conditions, if any, applicable
1.	Issuance of units to public through offer document	-
2.	Offer for sale of units held by Sponsor(s) / Investment Manager / Project Manager and their associates/related parties to public through offer document	-
3.	Offer for sale of units held by Sponsor(s) / Investment Manager / Project Manager and their associates/related parties	-

No.	Method	Specific conditions, if any, applicable
	through the Stock Exchange mechanism i.e., the secondary market, in terms of circular reference No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/10 dated January 10, 2023.	
4.	Rights issue to public unitholders	Sponsor(s) / Investment Manager / Project Manager and their associates/related parties unitholders shall forgo their entitlement to units that may arise from such issue.
5.	Bonus Issue to public unitholders	Sponsor(s) / Investment Manager /Project Manager and their associates/related parties unitholders shall forgo their entitlement to units that may arise from such issue.
6.	Allotment of units under Institutional placement	
7.	<p>Sale of units held by Sponsor(s) / Investment Manager /Project Manager and their associates/related parties in the open market in any one of the following ways, subject to compliance with the conditions specified:</p> <p>i. Sponsor(s) / Investment Manager / Project Manager and their associates/related parties can sell up to 2% of the total paid-up unit capital of the</p>	<p>i. Sponsor(s) / Investment Manager / Project Manager and their associates/related parties can use either the mechanism specified at Sl. No. 7(i) or 7(ii) to comply with minimum public unitholding requirements, but not both.</p> <p>ii. The Investment Manager of the InvIT shall, at least one trading day prior to every such proposed sale, announce the following details to the stock exchange(s) where its units are listed:</p> <p>a) the intention of the Sponsor(s) / Investment Manager/ Project</p>

No.	Method	Specific conditions, if any, applicable
	<p>InvIT, subject to five times' average monthly trading volume of the units of the InvIT, every financial year till the due date for minimum public unitholding requirement as per InvIT Regulations (or)</p> <p>ii. Sponsor(s) / Investment Manager / Project Manager and their associates/related parties can sell upto a maximum of 5% of the paid-up unit capital of the InvIT during a financial year subject to the condition that the public unitholding in the InvIT shall become 25% after completion of such sale. The sale can be a single tranche or in multiple tranches not exceeding a period of 12 months and the amount of units to be sold shall not exceed the trading volume of the units of the InvIT during the preceding 12 months from the date of announcement.</p>	<p>Manager and their associates/ related parties to sell and the purpose of sale;</p> <p>b) the details of Sponsor(s) / Investment Manager/ Project Manager and their associates/ related parties, who propose to divest their unitholding;</p> <p>c) total number of units and percentage of unitholding in the InvIT that is proposed to be divested; and</p> <p>d) the period within which the entire divestment process will be completed.</p> <p>iii. The Investment Manager of the InvIT shall also give an undertaking to the recognized stock exchange(s) obtained from the Sponsor(s) / Investment Manager/ Project Manager and their associates/ related parties that they shall not buy any units in the open market on the dates on which the units are being sold by them as stated above.</p> <p>iv. The InvIT, its Sponsor(s) / Investment Manager/ Project Manager and their associates/ related parties shall ensure compliance with all applicable legal provisions including that of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and InvIT Regulations.</p>

No.	Method	Specific conditions, if any, applicable
8.	Transfer of units held by Sponsor(s) / Investment Manager / Project Manager and their associates/related parties to an Exchange Traded Fund (ETF) managed by a SEBI-registered mutual fund, subject to a maximum of 5% of the paid-up unit capital of the InvIT.	<p>The Investment Manager of the InvIT shall, at least one trading day prior to such proposed transfer, announce the following details to the stock exchange(s) where its units are listed:</p> <ul style="list-style-type: none"> i. the intention of the Sponsor(s) / Investment Manager/ Project Manager and their associates/ related parties to transfer units and the purpose of such transfer; ii. the details of Sponsor(s) / Investment Manager/ Project Manager and their associates/ related parties who propose to transfer their units in the InvIT; iii. total number of units and percentage of unitholding proposed to be transferred; and iv. Details of the ETF to which units are proposed to be transferred by the Sponsor(s) / Investment Manager/ Project Manager and their associates/ related parties. <p>The Investment Manager of the InvIT shall also give an undertaking to the recognized stock exchange(s) obtained from the Sponsor(s) / Investment Manager/ Project Manager and their associates/ related parties that they shall not subscribe to the units of such ETF to which units have been transferred by Sponsor(s) / Investment Manager / Project Manager and their</p>

No.	Method	Specific conditions, if any, applicable
		associates/related parties entities for the purpose of MPS compliance.
9.	Any other method as may be approved by the Board on a case to case basis.	The Investment Manager of the InvIT shall approach the Board with an application containing relevant details to obtain prior permission. The Board would endeavour to communicate its decision within thirty days from the date of receipt of the proposal or the date of receipt of additional information as sought from the Investment Manager of the InvIT.

3. The Stock Exchange(s) shall monitor the methods adopted by InvITs to increase their public unitholding and comply with minimum public unitholding requirements in terms of this circular. Non-compliance, if any, observed by the Stock Exchange(s) with respect to the method(s) and / or conditions prescribed herein, shall be reported to SEBI on a quarterly basis.
4. This Circular is issued in exercise of the powers conferred under sections 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 14(1A) and 33 of InvIT Regulations. This circular is issued with the approval of the competent authority.
5. This circular is available at www.sebi.gov.in under the link “Legal” and “Circulars”.
6. The recognized Stock Exchanges are advised to disseminate the contents of this Circular on their website.

Yours faithfully,

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