Annexure B to Board Memorandum

Table 1: Permitting InvITs to continue to hold investment in Special Purpose Vehicle post conclusion of concession agreement / such other agreement of similar nature or termination thereof, subject to fulfilment of certain conditions (Para 5.4 of board memorandum)

S. No.	Proposal in Consultation Paper based on the recommendations of the HySAC	Summary of Public Comments	SEBI's Views
1.	Regulation 2(1)(zy) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations") inter-alia requires that 90% of the assets of the SPV shall be invested directly in infrastructure projects and the SPV shall not be engaged in any other activity other than activities pertaining to and incidental to the underlying infrastructure projects.	(i) In certain cases (like power, telecom), there can be an SPV who would have entered into an agreement which may be terminated/concluded and infrastructure asset would cease to exist in that SPV. Hence, it is suggested to modify the proposed provisions to include all SPVs having infrastructure asset whose agreement with regard to project would have ended, irrespective of whether the	Since, it has been represented that there could be SPVs which may have entered into agreements other than concession agreements for projects other than PPP as well, wherein the termination or conclusion of such agreement will render the SPV without an infrastructure asset. In view of the above, the suggestion is proposed to be accepted and the proposed provisions may be modified accordingly to include any company or LLP holding any infrastructure project, wherein the conclusion or termination of the concession

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	It has been represented by industry association to clarify whether SPV of the InvIT, which ceases to hold any infrastructure project upon the conclusion or termination of concession agreement, will still be considered as an 'SPV' under the InvIT Regulations. Consultation paper proposed to amend the definition of SPV to include the following proviso under sub-clause (b) of the definition of 'SPV' in Regulation 2(1)(zy) of the InvIT Regulations –	underlying project is PPP based or otherwise.	agreement or such other agreement of similar nature would render the company or LLP without any infrastructure asset.
		(ii) It has been represented to clarify that these continuing investments post cessation of holding infrastructure asset will not be falling under the limit of 20% as envisaged under Regulation 18(4) and Regulation 18(5) of InvIT Regulations. It has also been suggested to clarify that these continuing investments will not be considered under Regulation 18(4) and 18(5).	It may be noted that the InvIT Regulations require that at least 80% of the value of the InvIT assets shall be invested in – (a) completed and revenue generating infrastructure projects for publicly listed InvITs, or (b) in eligible infrastructure projects for privately listed InvITs. The balance 20% can be invested in other permitted investments. Upon conclusion or termination of concession agreement / such other agreement of similar nature, the infrastructure project in such SPV will cease to exist. Hence, such SPV cannot be considered under the 80% investment category as there is no underlying infrastructure project. However, to provide clarity, it is proposed to specify

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	"Provided that, in respect of a company or LLP holding PPP project, the conclusion or termination of the concession agreement with the public concessioning authority shall not affect the status as an SPV and such company or LLP, shall continue to be classified as an SPV, subject to fulfillment of the conditions specified by the Board."		that investment in such SPV shall form part of the other permitted investments i.e. the 20% investment category. In view of the above, it is proposed to insert the following sub-clause in Regulation 18(5)(b) of the InvIT Regulations – "(ix) SPVs for which concession agreement or such other agreement of similar nature has been concluded or terminated and which are held in accordance with proviso to Regulation 2(1)(zy)(b)"
		(iii) One of the respondents has stated that keeping SPV alive after completion or exit shall increase unwanted burden, add burden towards admin and other cost, the SPV shall be non-productive entity after its	It may be noted that suggestion provides for delineating the SPV just after the day the concession period ends and the same would not be practically possible as there could be pending legal/contractual affairs pertaining to the SPV. Further the sale/liquidation/winding up or merger or

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		performance and unwanted lien towards closure of defect liability.	acquisition of new projects are processes which require time and may not be done on an immediate basis. Hence a period of one year is provided as a safeguard wherein the Investment Manager is mandated to either exit such investment or acquire any new infrastructure project in such entity. Hence, the suggestion may not be accepted and no change is proposed in this regard.
2.	Further the consultation paper proposed that the Investment Manager shall either exit such investment by way of sale / liquidation / winding-up of such entity, or acquire any new infrastructure project in such entity, within one year from -	(i) It has been represented to split the conditions in two parts – (a) dealing with exit of such investments within 1 year from the later of the three conditions as proposed in the consultation paper, and (b) providing that Investment Manager ("IM") shall acquire any new infrastructure project	It may be noted that the proposed timeline of 1 year is the maximum time period within which the IM should either exit investment in such SPV or acquire new infrastructure project in such SPV. Further, it facilitates cases where the IM is unable to acquire new infrastructure project immediately on expiry of the concession agreement as a time period of 1 year is provided for the same. In case

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	i. completion/termination of concession agreement, or ii. conclusion of all pending claims/litigations, or iii. completion of defect liability period, whichever is later.	in such entity upon conclusion or termination of the concession agreement. The rationale provided in this regard is that IM should be able to acquire new infrastructure project immediately post the termination of the concession agreement without waiting for completion of other dependencies like the pending claims or litigations or defect liability.	the IM is able to acquire new infrastructure project immediately on termination of concession agreement, the same can be done and the proposed provision does not restrict the same. In view of the above, no change is proposed in this regard.
		(ii) Respondents have suggested to provide provision for reasonable extension in the proposed 1-year timeline in cases where liquidation or restructuring is subject to NCLT or other statutory and regulatory approvals. It has been represented	In view of the submission that the process for winding up / liquidation / strike off / exit / merger may be subject to NCLT or other statutory and regulatory approvals, the proposal may be modified to exclude the time taken to obtain these relevant regulatory approvals from the one-year timeline proposed for exiting investment in such SPVs.

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		that approval from NCLT is inherently time consuming and a rigid timeline may create practical implementation challenges despite genuine compliance efforts. In this matter, some respondents have suggested that instead of IM completing the exit from such investments within a 1-year period, the IM shall forthwith initiate the process of exit and status thereof will be disclosed as per the framework provided in the consultation paper. The rationale provided in this regard is that the process of winding-up /	In view of the above, it is proposed that the time taken to obtain relevant statutory or regulatory approvals for exiting investment in such SPV shall be excluded from the proposed one-year timeline. In respect of the suggestion to stipulate that the IM shall forthwith initiate the process of exit instead of actually completing the exit within the proposed timeline of one-year, it may be noted that the one-year timeline for exit of investment in such SPVs is proposed as a safeguard measure for InvITs holding SPVs with no infrastructure projects. Further the same is intended to ensure that the Investment Manager takes immediate steps, actions and responsibility in a time bound manner

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		liquidation / strike off / exit / merger will not be completed within 1 year as it requires NCLT / other regulatory procedures. It has also been submitted that a sale transaction typically involves multiple stages of negotiation and due diligence. Imposing a 1-year timeline may create undue pressure, potentially resulting in sub-optimal value realization.	to either exit investment in such SPVs or acquire new infrastructure projects in such SPVs. Furthermore, in view of the proposal mentioned above to exclude the time taken to obtain relevant regulatory and statutory approvals from the one-year timeline, the proposed timeline of one year appears to be adequate. Hence, no change is proposed in this regard.
		(iii) To include 'merger or any other permitted mode of such entity' as a means of exit by the InvIT from such SPV.	The suggestion may be accepted to include 'merger' as a means of exit. However, there is no clarity on what could be the other permitted mode of such entity.

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			In view of the above, the proposal may be modified to add 'merger' along with other modes of exit stated in the proposal.
		(iv) Tax assessments often trigger appeals that can extend beyond initial assessment orders. Therefore, the completion of requisite assessment relating to tax, duties, levies, etc., including receipt of final assessment orders and resolution of any appeals or disputes, should also be considered as a criteria for counting the proposed timeline of 1 year.	It may be noted that although the proposal already provided that the one-year period will begin from the conclusion of all pending claims / litigations, it may be further clarified to include conclusion of all tax assessments and related appeals. In view of the above, the proposal may be modified to include conclusion of all tax assessments and related appeals.
3.	In addition to the above, the consultation paper proposed various disclosures (including contingent liabilities, material	(i) The consultation paper proposed the disclosure of whether SPV has sufficient assets to meet its existing liabilities (including contingent	It may be noted that the proposed disclosure requirement did not intend to put any obligation on the Investment Manager to meet the liabilities of the SPV.

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	litigations, exit strategy, etc.) at both InvIT and SPV Level shall be made in the annual report of the InvIT till the time investment in such SPV is held by the InvIT.	liabilities). If not, how the Investment manager plans to meet such liabilities. In this regard, it has been submitted that while the IM oversees the SPV's affairs, the planning is attributable to the SPV and for which IM will support and accordingly suggested to consider the following – Whether SPV has sufficient assets to meet its liabilities (including contingent liabilities). If not, how the SPV endeavors and plans to meet such liabilities and the Investment Manager shall provide full support to the SPV for the same.	In view of the above, it is proposed to modify the proposal to mandate only the disclosure of whether SPV has sufficient assets to meet its liabilities (including contingent liabilities) and if not, how such liabilities are planned to be met.
		(ii) One of the respondents has stated that if an SPVs concession period is	It may be noted that the end date of concession period for the infrastructure assets underlying a

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		about to end just days before finalization of Annual Report, the Management may not have sufficient time to incorporate the same in the Annual Report. Hence, a cutoff date needs to be determined to identify the SPVs to be disclosed in the Annual Report. The cut-off date may be kept as on 31st March of any particular financial year so that if any SPV's concession agreement is ending during the year till 31st March of that particular financial year only then disclosure of details will be made for the same financial year.	SPV is generally known well in advance to the Investment Manager. Also, a time period of 3 months from the end of the financial year has been provided in the InvIT Regulations for submission of annual report. In view of the above, no change is proposed in this regard.

Table 2: Expanding the scope of investment in liquid mutual fund schemes by REITs and InvITs (Para 6.5 of board memorandum)

S. No.	Proposal in Consultation Paper based on the recommendations of the HySAC	Summary of Public Comments	SEBI's Views
1.	Regulation 18(5) of the of the SEBI (Real Estate Investment Trusts) Regulations, 2014 ("REIT Regulations") / InvIT Regulations inter-alia provides that a REIT / InvIT can invest up to twenty percent of the value of its assets in permitted investments. The list includes units of liquid mutual fund schemes where the credit risk value is at least 12 and which fall under the Class A-I in the potential risk class matrix. It has been represented by the industry associations that among the top 15 liquid mutual fund schemes as per AUM, only 2 schemes qualify for	(i) To amend the definition of 'liquid asset' under Regulation 2(1)(ta) of REIT Regulations to align the liquid mutual fund schemes mentioned therein with the proposal in the consultation paper.	Regulation 2(1)(ta) of the REIT Regulations defines 'liquid asset' to inter-alia include units of liquid mutual fund schemes where credit risk value is atleast 12 and which falls under the Class A-I in the potential risk class matrix as specified by the Board. Also, the definition of 'liquid asset' under Regulation 2(1)(zca) of the InvIT Regulations inter-alia include units of liquid mutual fund schemes. To bring parity and to align the liquid mutual fund schemes included under the definition of 'liquid asset' with the proposed amendment in investment conditions in the REIT Regulations and the InvIT Regulations, the suggestion may be accepted.

S. No.	Proposal in Consultation Paper based on the recommendations of the HySAC	Summary of Public Comments	SEBI's Views
	a credit risk value of 12 and meet the Class A-I requirement. Currently Liquid mutual funds are primarily concentrated in the B-1 risk class (29 schemes; ₹4.83 lakh crore AUM), with limited presence in A-1 and none in C-1. Further, across the total 38 liquid mutual fund schemes in India, only 9 schemes qualify under the Class A-I criteria (₹0.52 lakh crore AUM) and of these 9 schemes, 3 schemes have an AUM below ₹1,000 crores. This may pose additional risks due to insufficient scale. Restricting REITs and InvITs to invest in this limited set of schemes can lead to concentration risk, undermining the principles of diversification.		In view of the above, it is proposed to also amend Regulation 2(1)(ta) of the REIT Regulations and Regulation 2(1)(zca) of the InvIT Regulations to include units of liquid mutual fund schemes where credit risk value is atleast 10 and which falls under the Class A-I or Class B-I in the potential risk class matrix as specified by the Board.
		(ii) One of the respondents has submitted that investment in liquid mutual fund schemes with Credit Risk Value below 12 should not be permitted as it may result in rise in volatility and risk percentage in InvITs and REITs. Further, higher credit risk leading to defaults and concentration of risk are pointed by another respondent.	It may be noted that the proposal does not restrict an InvIT to invest in liquid mutual fund schemes with credit risk value (CRV) of 12 or above. The proposal aims to expand the scope of investments in liquid mutual fund schemes with CRV of 10 and above. The same has been proposed based on the representation received from the Industry Associations submitting that very less number of liquid mutual fund schemes fall

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	Consultation Paper proposed to amend both REIT and InvIT Regulations to allow REITs and InvITs to invest in units of liquid mutual fund schemes where the credit risk value is 10 or above in the potential risk class matrix, encompassing both Class A-I and Class B-I categories.		under the category of CRV 12 and above i.e. having A class, which may lead to concentration risk within the industry. The proposal was also recommended by HySAC. Hence, the suggestion may not be accepted and no change is proposed in this regard.

Table 3: Alignment of investment conditions for Privately Listed InvIT with Publicly Listed InvIT in relation to investment in greenfield projects (Para 7.4 of board memorandum)

S. No.	Proposal in Consultation Paper based on the recommendations of the HySAC	Summary of Public Comments	SEBI's Views
1.	Regulation 18(4) of the InvIT Regulations inter-alia requires that a privately listed InvIT shall invest at least 80% of the value of its assets in Eligible Infrastructure	(i) It has been suggested that considering the proposal in the consultation paper, all the sub-	<u>For suggestion (i)</u> The suggestion may be accepted as the suggested

S. No.	Proposal in Consultation Paper based on the recommendations of the HySAC	Summary of Public Comments	SEBI's Views
	projects. Eligible Infrastructure project is defined under Regulation 2(1)(o) of the InvIT Regulations and inter-alia includes PPP projects which have not achieved commercial operation date, but have achieved either at least completion of 50% construction or expended at least 50% of the total capital cost (herein after referred as “50-50 test”) Further, Regulation 18(5)(b) of InvIT Regulations permits publicly listed InvIT to invest up to ten percent in under construction projects including projects which does not meet the 50-50 test i.e. greenfield projects. Representation is received from market participant that since a publicly listed InvIT is already permitted to invest 10% of its value of assets in greenfield projects, a privately listed InvITs may also be allowed to invest in greenfield projects.	clauses of clause (b) of Regulation 18(5) will get covered under proviso to Regulation 18(4). Hence, for the sake of brevity the deletion of specific references to all the sub-clauses (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii) of clause (b) of Regulation 18(5) can be considered and reference of clause (b) of Regulation 18(5) can be made in the proviso to Regulation 18(4). (ii) It should be explicitly clarified that 10% of InvIT assets cap on "under-construction projects" (as defined in	language changes are in alignment with the regulatory intent of the proposal made in the consultation paper and provides better clarity. Accordingly, it is proposed to modify the language of proviso to Regulation 18(4) by deleting the specific references of all sub-clauses of Regulation 18(5)(b) and providing the reference of only clause (b) of Regulation 18(5). <u>For suggestion (ii)</u> The proviso to Regulation 18 (4) will be modified to cover

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	Consultation paper proposed to amend proviso to Regulation 18(4) of the InvIT Regulations to facilitate privately listed InvITs to invest up to 10% of the value of InvIT assets in greenfield infrastructure projects.	the InvIT Regulations) applies to investments made under this new provision for private InvITs, just as it does for public InvITs under Regulation 18(5)(b)(i). This removes any ambiguity in future compliance.	Regulation 18(5)(b). Since the proviso to Regulation 18(5)(b)(i) already contains the cap of 10% on "under-construction projects", no additional clarification is required in this regard.

Table 4: Expanding the scope of permitted use of fresh borrowings for InvITs where Net Borrowings exceeds 49% of the value of InvIT assets. (Para 8.4 of board memorandum)

S. No.	Proposal in Consultation Paper based on the recommendations of the HySAC	Summary of Public Comments	SEBI's Views
1.	Regulation 20(3)(b)(ii) of the InvIT Regulations require that if the aggregate consolidated borrowings and deferred payments of the InvIT,	(i) The following language change has been suggested w.r.t. para 5.5.2 of the consultation paper (suggested deletion shown in strikethrough) –	It may be noted that the InvIT Regulations do not specify any end use criteria for borrowings made up to 49% of the value of the InvIT assets (the

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	holdco and the SPV(s), net of cash and cash equivalents ("Net Borrowings") exceed 49% of the value of the InvIT assets then any further borrowing shall be utilized by the InvIT only for acquisition or development of infrastructure projects. It has been represented by the industry association to clarify whether – a. obtaining debt for undertaking capital expenditure, b. obtaining debt for incurring Major Maintenance expense, and c. refinancing of debt by the InvIT/SPV/Holdco	"Pursuant to the enabling provision as aforementioned, it is proposed to specify that the following shall be permissible end use of borrowing under Regulation 20(3)~~(b)(ii).~~" It has also been suggested to modify the language of Regulation 20(3) to include there in the proposed provision enabling the Board to specify permitted use for borrowings instead of incorporating the same in sub-clause (ii) of clause (b) of Regulation 20(3).	same is provided in Regulation 20(3)(a) of the InvIT Regulations). However, for borrowings beyond 49%, the regulations inter-alia requires the borrowed funds to be utilized for specific purposes (the same is provided in Regulation 20(3)(b)(ii) of the InvIT Regulations). In view of the above, reference to Regulation 20(3)(b)(ii) may be retained and no change is required in the language of Regulation 20(3). Hence, the suggested language changes may not be accepted.
		(ii) The following language change has been suggested w.r.t. para 5.5.2.1 of the consultation paper –	It may be noted that all Major maintenance expenditure may not be eligible for capitalization and hence capital expenditure and major

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	can be considered as permitted use of borrowed funds under Regulation 20(3)(b)(ii) of the InvIT Regulations as they appear akin to development of infrastructure projects. Consultation paper proposed to amend Regulation 20(3)(b)(ii) of InvIT Regulations to provide an enabling provision an enabling provision therein to empower the Board to specify the purposes for which additional borrowings can be utilized by an InvIT whose Net Borrowings exceed 49% of the value of its assets.	Capital expenditure including major maintenance expense for Road Project, made to enhance asset performance or for capacity augmentation.	maintenance expenditure are mentioned as two separate end uses for borrowings. Accordingly, the proposed language change may not be accepted.
		(iii) To provide similar clarity w.r.t. Major maintenance expense in the NDCF format and other provisions under the Master Circular for InvITs in relation thereto.	The treatment of Major Maintenance expense in the computation of NDCF is taken up as a separate policy matter. Hence, no change is proposed in this regard in the extant proposals.
		(iv) It has been suggested to carry out consequential changes in Investor Charter prescribed in Annexure 17 to the Master Circular for InvITs (in clause (xii) under para 3 - Description of activities/ business entity, pertaining to borrowings).	Chapter 25, read with Annexure 17, of the Master Circular for InvITs dated July 11, 2025 (“Master Circular”) prescribe provisions on Investor Charter and Disclosure of Investor Complaints by InvITs. Based on the suggestion received, it is proposed that appropriate changes will be made in the

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	Further, the consultation paper proposed that following shall be considered as permitted use of borrowing under Regulation 20(3)(b)(ii) – a. Capital expenditure made to enhance asset performance or for capacity augmentation; b. Major maintenance expense in respect of Road Project, wherein Major maintenance expenses and road projects have been defined in the consultation paper.		Master Circular after the notification of proposed amendments.
2.	c. Refinancing of debt, by the InvIT, SPV or Holdco, which was originally availed for purposes permitted under Regulation	(i) It has been represented that refinancing transactions typically include prepayment costs, reserve funding and other charges necessary to fully retire existing debt. These do	In case the condition mentioned at point c(ii) in the second column (i.e. refinancing of only principal portion of debt) is deleted, it would mean permitting borrowings for payment of interest also. In this regard, it may be noted that

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	20(3)(b)(ii), subject to the following conditions – (i) there is no increase in the aggregate consolidated borrowings and deferred payments of the InvIT, holdco and the SPV(s), net of cash and cash equivalents, due to such refinancing; and (ii) only the principal portion of debt is refinanced i.e. any accumulated interest or any charges or fees by whatever name called shall not be refinanced.	not represent new leverage but are integral to refinancing. The overall leverage cap under the InvIT Regulations already provides adequate safeguard. Accordingly, additional condition limiting the end use only to principal refinance may not be needed. The proposed conditions may defy the purpose of refinancing which is carried out for optimizing overall borrowing cost in the interest of unitholders of the InvIT and may create practical challenges.	the payment of interest on borrowings should be done through operating revenues as a matter of sound financial discipline (instead of rolling over such interest). Further, as a principle, the additional borrowings above the 49% leverage limit is permitted only for limited purposes of acquisition and development and not for expenditures like payment of interest. It may also be noted that the framework for computation of NDCF requires that finance cost on borrowings as per Profit and Loss Account (i.e. on accrual basis) should be reduced to arrive at the distributable cash flows. Hence, as a prudent principle adopted for NDCF computation, actual payment of accrued interest should be made from the cash set aside for the same (instead of refinancing such interest).

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			Hence, refinancing of only the principal amount is proposed to be permitted. With respect to reserve funding, it may be noted that additional borrowings by an InvIT which is above 49% leverage are presently permitted only for acquisition and development of infrastructure projects. The creation of reserves by taking on additional debt is not permitted for an InvIT which is above the 49% leverage limit as a matter of sound financial prudence. With respect to the contention that the overall leverage cap under the InvIT Regulations already provide adequate safeguard, it may be noted that the InvIT Regulations, as notified on September 26, 2014, prescribed a cap of 49% on the Net Borrowings of the InvIT. To provide

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			more operational flexibility to InvITs, SEBI Board in its meeting held on March 01, 2019 approved the proposal to increase the maximum permitted leverage for InvITs from 49% to 70% (subject to compliance with certain conditions). While approving enhanced leverage for InvITs, the Board also approved the proposal that the funds raised through debt, under the enhanced debt limit from 49% to 70%, shall be available specifically for acquisition / development of infrastructure assets. Hence, although the leverage cap of 70% provides a baseline safeguard, the specific end use criteria serve as a secondary risk mitigation measure. With respect to the contention that the proposed conditions may create practical challenges, it may be noted that for each debt undertaken by

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			the InvIT / HoldCo / SPV, the breakup between principal and interest component is readily available with the entity since the same is required to be accounted in the financial statements. However, in view of public feedback, it is noted that since only principal portion of debt is permitted for refinance as mentioned at point c(ii) in the second column, the overall Net borrowings will not increase because of refinancing. Hence, the condition mentioned at point c(i) in the second column (i.e. no increase in the Net Borrowings of the InvIT due to such refinancing) may not be required and is proposed to be deleted.
		(ii) One of the respondents has suggested that for availing	The proposal in the consultation paper allows InvITs with leverage exceeding 49% of their

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		refinancing, the additional conditions that apply for incurring any additional debt beyond 49 percent such as obtaining approval from 75 percent of the unitholders, AAA issuer credit rating and the end use being restricted to acquisition or development of infrastructure projects should not be made applicable. The Investment Manager may place these funds in a separate bank account which will be used only for the purpose of repaying or prepaying the existing borrowings. It has also been suggested to include an indicative definition for the end use to explain what constitutes as development of infrastructure projects to extend the proposed amendment to	asset value to use fresh borrowings for debt refinancing. As refinancing involves availing fresh borrowings, the conditions mentioned in the public feedback are required to be complied with. These additional conditions are essential to maintain financial prudence. Further, it may be noted that such conditions are not applicable in case of refinancing by an InvIT whose borrowings are less than or equal to 49% of the value of InvIT assets. With regard to the suggestion to provide a definition to explain what constitutes development of infrastructure project, a standardized definition may not be appropriate considering the different types of infrastructure assets that can held under an InvIT (roads, power transmission lines, renewable energy

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		other InvITs which are not engaged in the road sector.	assets, telecommunication towers, data centers etc.) Further, it may be noted that the extant provision requiring additional borrowings to be utilized only for acquisition or development of infrastructure projects is not specific to road sector and covers all infrastructure sectors. In view of the above, the suggestion may not be accepted and no change is proposed.