

DRAFT CIRCULAR FOR PUBLIC COMMENTS

Review of Framework for conversion of Private Listed InvIT into Public InvIT

1. Background

1.1. [Chapter 14](#) of the Master Circular for Infrastructure Investment Trusts (InvITs) dated May 15, 2024 ("Master Circular") provides the framework for conversion of private listed InvIT into public InvIT.

1.2. SEBI is in receipt of certain suggestions from market participants to review the aforementioned framework:

1.2.1. Review of lock-in applicable on sponsor contribution at the time of conversion -

Extant Regulatory Requirement:

The Master Circular requires that at the time of conversion from private InvIT to public InvIT, the minimum sponsor contribution shall be 15% of the units issued through public issue or 15% of post-issue capital, which shall be subject to a lock-in of 18 months from the date of listing. Further, units held in excess of minimum sponsor contribution are subject to a lock-in of 1 year from the date of listing.

Suggestion received and its analysis:

It has been represented by market participants to review the aforementioned lock-in requirement applicable to sponsors in view of the lock-in already served by the sponsors. In this regard, it is noted that when the aforementioned provisions were specified vide circular dated February 09, 2022, there was no perpetual unitholding requirement for the sponsor(s). Instead, the minimum unitholding requirement for the sponsor(s) was to hold 15%¹ of the total units of the InvIT after initial offer on a post issue basis for a period of 3 years from listing.

¹ 25% in case sponsor or associate of sponsor is not the project manager

However, on August 18, 2023, the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (“InvIT Regulations”) were amended to introduce perpetual unitholding requirement for sponsor(s) and sponsor group(s). Consequently, they are required to collectively hold a certain percentage of total outstanding units of the InvIT at all times post listing of units in the initial offer. Hence, any fresh issuance of units to the public for the purpose of conversion of a private InvIT into a public InvIT will result in increased commitment from the sponsor(s) and/or sponsor group(s) to comply with the perpetual minimum unitholding requirement.

Proposal:

In view of the above and to promote ease of doing business, it is proposed to omit the provisions in the Master Circular pertaining to minimum sponsor contribution, lock-in on minimum sponsor contribution and lock-in on units held by the sponsor in excess of minimum contribution, on conversion of private listed InvIT into public InvIT.

1.2.2. Review of lock-in applicable on non-sponsor unitholder(s) at the time of conversion -

Extant Regulatory Requirement:

The Master Circular requires that at the time of conversion from private InvIT to public InvIT, the units held prior to the issue, by persons other than sponsor(s) shall be subject to a lock-in of 1 year from the date of listing.

Suggestion received and its analysis:

It has been represented by market participants that unitholders who have already invested in the InvIT should not be subject to further lock-in during the conversion process and hence they should be exempted from the lock-in requirement or the lock-in should be reduced to 6 months.

In this regard, it is noted that public investors invest in units of InvITs with the understanding that such units are marketable and freely tradable on the stock

exchanges. The conversion of private InvIT to public InvIT will aid in enhancing liquidity due to consequential reduction in trading lot (from Rs. 25 lakhs for private InvITs to one unit for public InvITs). Imposition of lock-in makes the units of the InvIT non-tradable and hurts the objective of increasing market liquidity and investor participation. Also, institutional investors in a private InvIT like mutual funds, pension and provident funds, insurance companies etc. may be bound by the terms and conditions of their scheme offer documents and / or investment guidelines and hence units held by them may not be subject to lock-in as the same may be detrimental to their interest and also against the interest of their underlying investors.

Proposal:

In view of the above and to promote ease of doing business, it is proposed to omit the provisions in the Master Circular pertaining to lock-in on units held prior to the issue, by persons other than sponsor.

1.2.3. Further, market participants have represented to consider rationalisation of disclosures in the offer document filed for public issue of units made for conversion of private InvIT to public InvIT. In this regard, it is noted that public issuance of units for the purpose of conversion is an offer of units post initial offer and accordingly it is proposed that the procedure and disclosure requirements for public issue of units as applicable for a follow-on offer shall apply for offer of units made to the public to convert a private listed InvIT into a public InvIT.

1.3. The above proposals are based on the recommendations of the Hybrid Securities Advisory Committee (“HySAC”). The Draft Circular in this regard is placed at [Annexure -A](#).

2. Public comments

2.1. Public comments are invited on the Draft Circular titled **“Review of Framework for conversion of Private Listed InvIT into Public InvIT”**.

2.2. The comments / suggestions should be submitted by latest by July 22, 2025, through the online web-based form which can be accessed using the following link:

[Click here](#)

Kindly go through the instructions mentioned on the above link before submitting comments on the Draft Circulars.

2.3. In case of any technical issue in submitting your comment(s) through the web based public comments form, you may contact Shri Barun Gurani, AM (barung@sebi.gov.in) through email with the subject *"Review of Framework for conversion of Private Listed InvIT into Public InvIT"*.

Issued on: July 01, 2025

DRAFT CIRCULAR

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

XXXX XX, 2025

To,

Bharat InvITs Association

All Infrastructure Investment Trusts (InvITs)

All Parties to InvITs

All Recognised Stock Exchanges

All Registered Depositories

Madam / Sir,

Subject: Review of Framework for conversion of Private Listed InvIT into Public InvIT

1. [Chapter 14](#) of the Master Circular for Infrastructure Investment Trusts (InvITs) dated May 15, 2024 (“Master Circular”) provides the framework for conversion of private listed InvIT into public InvIT.
2. SEBI is in receipt of certain suggestions from market participants to review the aforementioned framework. Based on the same and recommendations of the Hybrid Securities Advisory Committee (“HySAC”), the following changes are made in Chapter 14 of the Master Circular:
 - 2.1. Streamlining the requirements pertaining to minimum contribution from the sponsor(s) and sponsor group(s) in the public issue of units for conversion of a private listed InvIT into a public InvIT
 - 2.1.1. Paragraph 14.6. of the Master Circular shall be substituted with the following:

“14.6. Minimum unitholding for sponsor(s) and sponsor group(s)

14.6.1. The sponsor(s) and sponsor group(s) shall comply with the minimum unitholding requirement specified in Regulation 12(3) and 12(3A) of the InvIT Regulations, as applicable, at all times.”

2.1.2.Paragraph 14.7 of the Master Circular shall be substituted with the following:

“14.7. Lock-in

14.7.1. The lock-in on units held by the sponsor(s) and sponsor group(s) to comply with the minimum unitholding requirement mentioned in paragraph 14.6.1 above shall be as specified in Regulation 12(5) of the InvIT Regulations.”

2.2. Aligning the procedure and disclosure requirements for public offer of units to convert a private listed InvIT into a public InvIT with the procedure and disclosure requirements applicable for follow-on offer

2.2.1.In paragraph 14.3.1. of the Master Circular, for the words “initial”, the words “follow-on” shall be substituted.

2.2.2.Paragraph 14.5.1. of the Master Circular shall be substituted with the following:

“14.5.1. For such public issue, the InvIT shall comply with the requirements for follow-on offer prescribed under InvIT Regulations and the circulars issued thereunder including any amendments thereto.”

2.2.3.In paragraph 14.8.1. of the Master Circular, for the words “initial offer”, the words “such public issue” shall be substituted.

2.2.4.In paragraph 14.9.1. of the Master Circular, for the words “mandated in terms of Schedule III of”, the words “applicable for follow-on offer under” shall be substituted.

2.2.5. In paragraph 14.9.1. a) of the Master Circular, the words “as applicable for a follow-on offer” shall be inserted after the words “Details of distributions made by the InvIT”.

3. This circular shall be applicable with immediate effect.
4. 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 14(6) 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.
5. The recognized Stock Exchanges and Bharat InvITs Association are advised to disseminate the contents of this Circular on their website.
6. This Circular is available on the website of the Securities and Exchange Board of India at www.sebi.gov.in under the category “Legal” and under the drop down “Circulars”.

Yours faithfully