

Infrastructure Investment Trusts (InvITs)

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In news- Recently, NHAI's first infrastructure investment trust (InvITs) has raised more than Rs 5,000 crore.

About NHAI's InvIT-

- The National Highway Authority of India has **launched its InvIT under the National Monetisation Pipeline (NMP)**, which is based on 'Creation through Monetisation'.
- It seeks to monetise NH projects and has demonstrated a strong ability to attract a wide variety of sophisticated global investors.
- NHAI has the largest share under the NMP as **road assets worth Rs 1.60 lakh crore** will be monetised over four years till FY25 under the NMP plan.
- **NHAI InvIT attracted two international pension funds**, Canadian Pension Plan Investment Board and Ontario Teachers' Pension Plan Board.
- **It also attracted diversified Domestic Institutional Investors** who invested units worth more than Rs 5,000 cr in InvIT portfolio which currently has 5 National Highways.
- The move is aimed at enabling NHAI to monetise completed national highways that have a toll collection track record of at least one year and it reserves the right to levy toll on the identified highway.

What are Infrastructure Investment Trusts (InvITs)?

- **InvITs are instruments on the pattern of mutual funds, designed to pool money from investors** and invest the amount in assets that will provide cash flows over a period of time.
- **InvITs enable direct investment of money from individual**

and institutional investors in infrastructure projects to earn a small portion of the income as return.

- It enables developers of infrastructure assets to monetise their assets by pooling multiple assets under a single entity (trust structure).
- In India, InvITs are **governed by SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2016.**

Key features of InvITs-

- The key features of InvITs are **mandatory distribution of 90% of net distributable cash flows to the unit investors**, leverage cap of 70% on the net asset value, and a cap on exposure to assets under construction (for publicly placed InvITs).
- The sponsor of the InvIT is responsible for setting up the InvIT and appointing the trustee.

The **sponsor should hold a minimum 15% of the units issued by the InvIT with a lock-in period of three years** from the date of issuance.