NSDL
Technology, Trust & Reach

Participant Services Circular

Circular No.: NSDL/POLICY/2026/0116 August 17, 2026

Subject: SEBI Circular regarding, "Framework for Calculation of Net Distributable Cash Flows for InvITs"

Attention of the Participants is invited to SEBI Circular no. HO/17/11/17(5)2026-DDHS-POD2/I/18791/2026 dated August 14, 2026 regarding *"Framework for Calculation of Net Distributable Cash Flows for InvITs"* **(copy enclosed)**.

Participants are requested to take note of above circular.

For and on behalf of
National Securities Depository Limited

Rakesh Mehta
Digitally signed by Rakesh Mehta
Date: 2026.08.17 16:18:31 +05'30'

Rakesh Mehta
Vice President

Enclosure: One

FORTHCOMING COMPLIANCE			
Particulars	**Deadline**	**Manner of sending**	**Reference**
Investor Grievance Report (Monthly)	By 10th of the following month	Through e-PASS	Para 22 of 'Grievance Redressal' chapter and Para 27 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants
Compliance report w.r.t Same Mobile number and/ or email address captured for multiple accounts. (monthly)	Before 27th of following month	Through Email.	Para 26 of 'Miscellaneous' chapter of NSDL Master Circular for Participants.

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CIRCULAR

HO/17/11/17(5)2026-DDHS-POD2/I/18791/2026 **August 14, 2026**

To,

All Infrastructure Investment Trusts ("InvITs")

All Parties to InvITs

All Depositories

All Recognized Stock Exchanges

Madam / Sir,

Sub: Framework for Calculation of Net Distributable Cash Flows for InvITs

1. Section F (Para 3.19) titled "Framework for calculation of Net Distributable Cash Flows (NDCFs)" of Chapter 3 of Master Circular for Infrastructure Investment Trusts (InvITs) dated July 11, 2025, *inter-alia* provides the *"Framework for computation of NDCF for SPV/Holdco and InvIT"*.

2. SEBI is in receipt of request from industry association to review the aforementioned framework for computation of NDCF, to allow addition of debt funded major maintenance expenses for the purpose of calculation of NDCF. Based on the same and recommendations of the Hybrid Securities Advisory Committee ("HySAC") and public consultation pursuant to the same, the following changes are made in Section F (Para 3.19) titled "Framework for calculation of Net Distributable Cash Flows (NDCFs)" of Chapter 3 of Master Circular for InvITs:

   2.1. Under Para 3.19 of Chapter 3 of Master Circular for Infrastructure Investment Trusts dated July 11, 2025, in Table S.No. (I.) titled 'Computation of Net Distributable Cash Flow at HoldCo/SPV Level', a new line item shall be added to allow add back of payments made towards major maintenance expense for road projects to the extent funded by external debt. Accordingly, the framework for computation of NDCF at HoldCo/SPV level as provided in the Master circular shall change as follows (insertion highlighted in red color):

"

(I.) Computation of Net Distributable Cash Flow at HoldCo/ SPV level:

Particulars
Cash flow from operating activities as per Cash Flow Statement of HoldCo/ SPV
(+)..
(+)..
(+) Proceeds from sale of infrastructure investments, infrastructure assets or sale of shares of SPVs or Investment Entity not distributed pursuant to an earlier plan to re-invest as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations, if such proceeds are not intended to be invested subsequently………
(+) Payments made towards major maintenance expense for road projects to the extent funded by external borrowing subject to Note 12 below
(-)………
(-)………
NDCF for HoldCo/SPV's

…………………"

2.2. Under Para 3.19 of Chapter 3 of Master Circular for Infrastructure Investment Trusts dated July 11, 2025, in Table S.No. (II.) titled 'Computation of Net Distributable Cash Flow at Trust Level', a new line item shall be added to allow add back of payments made towards major maintenance expense for road projects to the extent funded by external debt. Accordingly, the framework for computation of NDCF at Trust level as provided in the Master circular shall change as follows (insertion highlighted in red color):

(II.) Computation of Net Distributable Cash Flow at Trust level:

Particulars
Cashflows from operating activities of the Trust

Particulars
*(+)**..***
(+)..
(+) Proceeds from sale of infrastructure investments, infrastructure assets or sale of shares of SPVs/Hold Co or Investment Entity not distributed pursuant to an earlier plan to re-invest as per Regulation 18(7) of InvIT Regulations or any other relevant provisions of the InvIT Regulations, if such proceeds are not intended to be invested subsequently………
(+) Payments made towards major maintenance expense for road projects to the extent funded by external borrowing subject to Note 12 below
(-)………
(-)………
NDCF at Trust Level

…………………”

2.3. Under Para 3.19 of Chapter 3 of Master Circular for Infrastructure Investment Trusts dated July 11, 2025, in S. No. (III.) titled 'Notes/ Other Rules', Note No. 4 and 6 shall be substituted with the following –

(III.) *Notes/Other Rules*

"………..

4. Surplus cash available in InvITs/HoldCos/SPVs due to:

(i)10% of NDCF withheld in line with the Regulations in any earlier year or half year or

(ii) Such surplus being available in a new HoldCo/SPV on acquisition of suchHoldCo/SPV by InvITor

(iii) Any other reason, excluding if such surplus cash is available due to any debt raise. However, surplus cash available on account of payments made for Major Maintenance expenditure for road projects to the extent funded by external debt may be distributed subject to

conditions specified in Note 12 and adequate disclosures in this regard.

5. …

6. Further, it is expressly provided that no Trust or SPVs can distribute any cash flows by obtaining external debt, except to the extent clarified in note 2, 7 and 12 (this will exclude any working capital / OD facilities obtained by Trust/ SPVs as part of Treasury management / working capital purposes as long as they are squared off within the quarter)."

2.4. Under Para 3.19 of Chapter 3 of Master Circular for Infrastructure Investment Trusts dated July 11, 2025, in S. No. (III.) titled 'Notes/ Other Rules', following shall be **added as Note No. 12** -

(III.) *Notes/Other Rules*

…………..

11……….

12. Any payments made towards major maintenance expense for road projects to the extent funded by external debt shall be added back subject to the following conditions –

(i) Road Project shall mean a project in the 'Roads and bridges' infrastructure sub-sector as mentioned in the notification of the Ministry of Finance dated September 19, 2025 and shall include any amendments or additions made thereto.

(ii) Major maintenance expense shall mean expenditure incurred on maintenance of road project which is not routine maintenance and is in accordance with the obligations and requirements specified in the concession agreement.

(iii) Unitholder approval pursuant to Regulation 22(5) of the InvIT Regulations (i.e. approval from unitholders shall be required

where votes cast in favor of the resolution shall be at least sixty per cent of total votes cast for the resolution) shall be undertaken before adding back payments made for Major maintenance expense for road projects to the extent funded by external borrowing. Such approval shall be undertaken for each Project (whether held at InvIT level or at SPV/HoldCo level) with respect to which the investment manager proposes to raise borrowing for major maintenance payments.

(iv) Explanatory Statement to the notice for convening such unitholder meeting, inter-alia, shall also disclose the following –

a. Names and details of the projects/SPVs/ Holdcos for which the debt for Major Maintenance expense is proposed to be raised or is already raised. The Major Maintenance borrowing may be raised at Trust level or SPV/ HoldCo level.

b. Category of all expenses which will be considered as Major Maintenance expenses.

c. Indicative Year wise and Project wise estimates of the Major Maintenance expenses for which borrowing is proposed to be raised which may have to be incurred as per the latest available valuation report

d. Possible Impact on future growth potential of InvIT due to use of borrowing for Major Maintenance expenses. The following disclaimer may be considered by the InvITs in this regard:

" Major Maintenance Debt is similar to loan taken for capital expenditure, however Major Maintenance expense cannot be capitalized as per accounting principles. Major Maintenance debt shall form part of the aggregate

borrowing of the InvIT and would result in reduction in the leverage head room available in future years to fund future growth. On the other hand, this will result in higher cash flow available for distribution or other uses since no cash is set aside for Major Maintenance."

e. *Present impact and Future impact on distribution to unitholders (Wherever applicable, the following shall be disclosed -*

- *Impact on cash flows leading up to the year of the Major Maintenance*
  - *Considering that no Major Maintenance reserves are built up, unitholders may get higher distributions in the initial years (i.e. years leading up to the year of Major Maintenance expenses).*
- *Impact on Cash flows post availment of Major Maintenance Loan.*
  - *The loan is expected to be repaid over period of ___ years and accordingly based on final repayment schedule agreed to with lenders the year-on-year distribution to unitholders could be subdued to this extent.)*

f. *What are the other Funding Alternatives in case debt is not available in future for funding Major Maintenance expenses*

(Wherever applicable, it should also be disclosed that in cases if debt is not available in future for funding Major Maintenance expenses, then the operating cash flows may have to be used for meeting Major Maintenance expenses and the future distributions to the unitholders may get impacted to that extent).

(v) It is clarified that the aforesaid approval from unitholders may be taken on a one-time basis (i.e. for the debt already availed or proposed to be availed for the entire project life cycle) or for specific major maintenance expense. Further, any deviations requiring additional debt from the previously approved proposal would require approval from the unitholder, prior to availing the debt.

(vi) Certificate of statutory auditor shall be obtained certifying that the major maintenance expenses incurred are in line with the obligations and the requirements for major maintenance stated under the concession agreements and payments made for such Major Maintenance expenses are funded by external borrowings. The payment of major maintenance expenses which are funded by external borrowings, as certified by the statutory auditor of the InvIT will be allowed to be added back for the purpose of NDCF calculation.

Further, statutory auditor may rely on independent expert for certifying that the major maintenance expenses incurred are in line with the obligations and the requirements for major maintenance stated under the concession agreements.

(vii) Disclosure of the following shall be made as part of financial results and Annual, Half yearly, Quarterly Report of the InvIT as applicable –

a. Net Borrowing Ratio, provided under chapter 4 shall also segregate the amount and percentage of borrowing taken for major maintenance expenses.

b. The notes to NDCF statement shall disclose the following for each project / SPV / Holco and the InvIT:

- *Aggregate amount of borrowing raised in the concerned period for meeting Major Maintenance expenses*

- *Aggregate amount of outstanding debt for Major Maintenance expenses as on the date*

(viii) Disclosure of the following shall be made in Annual, Half yearly, Quarterly Report of the InvIT, as applicable –

a. Debt maturity profiles as required under InvIT Regulations shall specifically segregate and highlight borrowing taken for Major Maintenance expenses."

3. This circular shall come into force with immediate effect.

4. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 33 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014. This circular is issued with the approval of the competent authority.

5. The recognized Stock Exchanges are advised to disseminate the contents of this Circular on their website.

6. This circular is available on the website of Securities and Exchange Board of India at www.sebi.gov.in under the category "Legal → Circulars".

Yours faithfully

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