Framework For Calculation Of Net Distributable Cash Flows (NDCF) For InvITs

Effective date: 14 August 2026 (Circular No. HO/17/11/17(5)2026-DDHS-POD2/I/18791/2026)

SEBI has revised the NDCF framework for Infrastructure Investment Trusts (InvITs) to provide relief where road projects incur significant major maintenance expenditure. Under the revised framework, such expenditure may be added back while computing NDCF, provided it is funded through external borrowings and the prescribed conditions are met — helping InvITs avoid a sharp reduction in distributable cash flows in the year the expenditure is incurred.

Conditions

- Prior approval of unitholders is required before availing the benefit.
- Statutory Auditor certification is required, confirming the expenditure qualifies as major maintenance under the concession agreement and is funded through external borrowings.
- Enhanced disclosures on leverage, debt repayment obligations, and the potential impact on future distributions are required, given the expenditure is borrowing-funded.

Practical implication

InvITs with road assets should review upcoming major maintenance requirements and assess relevance to their distribution strategy, weighing the long-term impact on leverage, future distributions, and debt-servicing capacity before availing the benefit.

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