

# THE MARKET CHRONICLE

~BY CATALYST

NEWS

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● 29 DECEMBER, 2023

## **CIRCULAR AND AMENDMENT ISSUED BY THE MARKET REGULATORS:-**

### **Revised framework for computation of Net Distributable Cash Flow (NDCF) by Real Estate Investment Trusts (REITs) (Effective Date - April 1, 2024) – dated December 06, 2023.**

The said SEBI circular states that, for the purpose of ease of doing business, SEBI has standardised the framework for calculation of available Net Distributable Cash Flows (NDCF) by REITs and its Holdcos/SPVs and the same is set out in Annexure A of the attached circular.

For more details, please refer the attached SEBI circular link.

Learn more: <https://sebi.gov.in/legal/circulars/dec-2023/revised-framework-for-computation-of-net-distributable-cash-flow-ndcf-by-real-estate-investment-trusts-reits-79656.html>

### **Revised framework for computation of Net Distributable Cash Flow (NDCF) Infrastructure Investment Trusts (InvITs) (Effective Date - April 1, 2024) – dated December 06, 2023.**

The said SEBI circular states that, for the purpose of ease of doing business, SEBI has standardised the framework for calculation of available Net Distributable Cash Flows (NDCF) by InvITs and its Holdcos/SPVs and the same is set out in Annexure A of the attached circular.

For more details, please refer the attached SEBI circular link.

Learn more: <https://www.sebi.gov.in/legal/circulars/dec-2023/revised-framework-for-computation-of-net-distributable-cash-flow-ndcf-by-infrastructure-investment-trusts-invits-79657.html>

### **Consultation paper on Framework for issuance of subordinate units and Unit Based Employee Benefits - REITs and InvITs – dated December 9, 2023.**

SEBI issued a consultation paper issued on December 9, 2023 pertaining to framework for issuance of subordinate units and unit based employee benefits of InvITs and REITs.

Below are the proposals depicted in the attached consultation paper:

- Framework for issuance of subordinate units by REITs and InvITs to sponsor(s), their associates and sponsor group and the detailed proposal is set out in Part A of the attached circular.
- Framework for Unit Based Benefits for the employees of the Manager of REIT and Investment Manager of InvIT to offer benefits to its employees and detailed proposal is set out in Part B of attached consultation paper.

Please share your suggestions by any of the modes mentioned in the consultation paper by December 29, 2023.

For more details, please refer the attached consultation paper Link.

Learn more: [https://www.sebi.gov.in/reports-and-statistics/reports/dec-2023/consultation-paper-on-framework-for-issuance-of-subordinate-units-and-unit-based-employee-benefits-reits-and-invits\\_79760.html](https://www.sebi.gov.in/reports-and-statistics/reports/dec-2023/consultation-paper-on-framework-for-issuance-of-subordinate-units-and-unit-based-employee-benefits-reits-and-invits_79760.html)

### **Credit of units of AIFs in dematerialized form – dated 11th December 2023**

SEBI Issued a circular on Credit of units of AIFs in dematerialised form, managers of AIFs shall continue to reach out to existing investors to obtain their demat account details and credit the units issued to them to their respective demat account's.

Units already issued by schemes of AIFs to existing investors who have not provided their demat account details, shall be credited to a separate demat account named "Aggregate Escrow Demat Account". New units to be issued in demat form shall be allotted to such investors and credited to the Aggregate Escrow Demat Account.

As and when investors provide their demat account details to the AIF, their units held in Aggregate Escrow Demat Account shall be transferred to the respective investors' demat accounts within 5 working days.

Details	Schemes with corpus $\geq$ INR 500 crore as on Oct 31, 2023	Schemes with corpus < INR 500 crore as on Oct 31, 2023, and schemes launched after Oct 31, 2023, irrespective of corpus
Investors who have provided their demat account details	Units issued after Oct 31, 2023, shall be in demat form and credited only to investors demat accounts.	Units issued after Apr 30, 2024, shall be in demat form and credited only to investors demat accounts.
Investors who have not provided their demat account details	For investors on-boarded prior to Nov 01, 2023, units shall be credited in Aggregate Escrow Demat Account temporarily, till investors provide their demat account details.	For investors on-boarded prior to May 01, 2024, units shall be credited in Aggregate Escrow Demat Account temporarily, till investors provide their demat account details.
Completion of credit of demat units to a) demat accounts of investors who have provided demat account details and b) Aggregate Escrow Demat Account, for those who have not provided demat account details.	Latest by Jan 31, 2024	Latest by May 10, 2024

Managers of AIFs shall maintain investor wise KYC details of units held in Aggregate Escrow Demat Account, including name, PAN and bank account details, along with audit trail of the transactions. The same shall also be reported to Depositories and Custodians monthly.

For more comprehensive details, please go through the attached circular link.

Learn more: [https://www.sebi.gov.in/legal/circulars/dec-2023/credit-of-units-of-aifs-in-dematerialised-form\\_79774.html](https://www.sebi.gov.in/legal/circulars/dec-2023/credit-of-units-of-aifs-in-dematerialised-form_79774.html)

### Simplification of requirements for grant of accreditation to investors - dated December 18, 2023.

SEBI issued a circular dated December 18, 2023, reflecting a simplified requirements for grant of accreditation to investors and key highlights of the same is as under:

- Accreditation Agencies, also functioning as KYC Registration Agencies (KRAs), can now access KYC documents from their own and other KRAs' database for accreditation purpose.
- Accreditation certificate will be granted solely on the applicant's KYC and financial information; and such certificate shall include a disclaimer emphasizing that it does not exempt market intermediaries and pooled investment vehicles from conducting necessary due diligence during onboarding.
- The validity period of accreditation certificate has been revised.
- Newly incorporated entities meeting net-worth criteria, without financial information for the preceding year, will receive accreditation having validity of two years.
- Revised modalities of accreditation and the documents required for the accreditation process is set out in Annexure 1 and Annexure 2 respectively of the said circular.

For more details, please refer the attached circular Link.

Learn more: [https://www.sebi.gov.in/reports-and-statistics/reports/dec-2023/consultation-paper-on-framework-for-issuance-of-subordinate-units-and-unit-based-employee-benefits-reits-and-invits\\_79760.html](https://www.sebi.gov.in/reports-and-statistics/reports/dec-2023/consultation-paper-on-framework-for-issuance-of-subordinate-units-and-unit-based-employee-benefits-reits-and-invits_79760.html)

### Investments in Alternative Investment Funds (AIFs) (Effective-Immediately) – dated December 19, 2023. (RBI Circular)

REs makes investments in units of AIFs as part of their regular investment operations. However, certain transactions of REs involving AIFs that raise regulatory concerns have come to the notice of RBI. These transactions entail substitution of direct loan exposure of REs to borrowers, with indirect exposure through investments in units of AIFs.

In order to address concerns relating to possible evergreening through this route, it is advised as under:

- REs shall not make investments in any scheme of AIFs which has downstream investments either directly or indirectly in a debtor company of the RE.
- If an AIF scheme in which RE is already an investor makes a downstream investment in any such debtor company then RE shall liquidate its investment in the scheme within 30 days from the date of such downstream investment by AIF.
- In case REs are not able to liquidate their investments within the above-prescribed time limit, they shall make 100 percent provision on such investments.
- Investment by REs in the subordinated units of any AIF scheme with a 'priority distribution model' shall be subject to full deduction from RE's capital funds.

For more details refer the enclosed circular link : <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12572&Mode=0>

# VOICES' BY CATALYST

## "AN INTERVIEW WITH MR. A. JAYASEELAN: PARTNER & CCO - ANICUT CAPITAL"

**"VOICES' by Catalyst is delighted to have Mr. A. Jayaseelan - Partner and Chief Credit Officer (CCO), Anicut Capital, as an interviewee for our monthly newsletter- The Market Chronicle by Catalyst. Mr. Jayaseelan comes with around 2 decades of experience across banking and Finance Service Industry, he holds an MBA degree from Indian Institute of Management (IIM) Indore. He was part of the founding team of Anicut Capital and was subsequently elevated as the Partner & CCO. He leads the credit underwriting and operates with the investment committee to work towards the growth of Anicut's Credit Vertical. His dedication and expertise in his work makes him a perfect role model! It is our pleasure to have such a motivated leader to speak to us and our readers."**



**Being one of the largest AIF funds in the market, what is your overview about the AIF Industry and the probability of its booming in the coming years.**

The alternative investment industry in India has experienced a tremendous surge over the past few years and we expect that to continue in the future. Recent studies suggest that the industry will continue to grow at 25-30% CAGR over the next five years. There is an increased awareness and appetite for alternative investments from HNIs and family offices with a view to portfolio diversification and enhancement of returns. The robust growth of the Indian economy coupled with the supportive regulatory framework of SEBI has provided a conducive environment for this industry to further grow and become even more mainstream.

**Dear Sir, as your Fund's name 'Anicut' has been kept inspired by the Grand Anicut Dam (Kallanai Dam) an ancient engineering marvel located in Tamil Nadu, India (the first major irrigation systems in the world) can you elaborate upon the thought behind it and how does it resonate with your funds motive and goal.**

Our values are inspired by the Grand Anicut Dam (Kallanai Dam), an ancient engineering marvel located in Tamil Nadu, India. Built over 2,000 years ago by the Chola dynasty, it was one of the first major irrigation systems in the world, designed to harness the power of the Kaveri River and irrigate the surrounding farmland. At Anicut, we seek to embody the principles of innovation, excellence, and resilience that made the Kallanai Dam possible. Just like the way a dam channels water resources for cultivation, we aim to create long-term value for our portfolio companies, investors and partners. We take a thoughtful approach to investing, focusing on building strong relationships and supporting the growth of our portfolio companies over the long term.

**As you (Anicut) have walked its way towards the ladder of success for reaching where you are today and being renowned in the AIF market as one of the leading funds of India, can you please elaborate on a few key mantras that has helped you guys to keep pushing yourself in the fund's journey?**

Anicut was one of the early movers in AIF space to offer structured credit to emerging businesses. We have defined our priorities in terms of stages of companies, businesses, and the takeout mechanism in an unambiguous manner. Also, our ability to understand the opportunity, underwrite the risk involved and accordingly price the risk – all these done with great swiftness has been the USP of Anicut. Another cardinal aspect of our investment philosophy is our post investment engagement with the promoters and the company. We help them to -

expand their horizons with the help of our network. Thus, Anicut shall not be a mere passive investor – rather we would play a proactive role in terms of our constant engagement with the company to foster their growth plans. The team that we have built over the years across our business has been one of the primary reasons for our growth.

**Anicut has come a long way since its inception in the year 2015. Can you elaborate upon your year-on-year journey, by highlighting a few accomplishments and challenges along the way and how you've stood strong and dealt with it.**

Anicut currently has a cumulative AUM of ~Rs. 3000 crores across 5 funds. We started our journey with a private credit fund, Grand Anicut Fund 1, launched in 2016 with an AUM of ~Rs. 400 crores. The second fund in private credit series was subsequently launched in 2019, with an AUM of ~Rs. 865 crores. While the first fund faced multiple macroeconomic challenges specific to Indian environment, the second fund was raised amidst economic uncertainties due to the global pandemic COVID-19. We have fully deployed the second fund and recently launched the third private credit fund, Grand Anicut Fund 4, in Q4FY23, with a target size of Rs. 1000 crores and a green shoe option of Rs. 500 crores. In midst of the pandemic, we also launched Grand Anicut Angel Fund, for which subsequent progression was Series 'A' Equity Fund, which was then launched in 2022. This Series A fund also acts as an Opportunities Fund, which invests in winners of Private credit and Angel Fund, along with other ecosystem deals.

**As your trustee, we will be happy to know your feedback on the quality of service provided by us and any other feedback and experience instance that you would like to share with us.**

We would like to acknowledge the services rendered by Catalyst's team. The team has continuously exhibited professionalism and follows a proactive approach to ensure compliance pertaining to transactions and safeguarding investors' interests. The Catalyst team's expertise and quick turnaround has played a pivotal role in navigating regulatory landscapes effectively in case of complex transactions. We extend our gratitude to the team for their hard work and look forward to continuing this journey together.

**We are thankful to Mr. A. Jayaseelan for taking his time out by accepting this interaction opportunity and willingly sharing his insightful thoughts with our readers. Anicut as a fund and its journey over the years inspires all the Funds in the market and to the ones who's looking forward to initiate one such fund with unique qualities. "Long-term consistency trumps short-term intensity." – Bruce Lee and "One can achieve anything that you set your mind to" is the key takeaway from this interview interaction.**

## KNOWLEDGE SHARING!

**Did you know? An exorbitant sum of ₹42,272 crore was lying as unclaimed deposits with both public and private sector banks at the end of March 2023; and one of the reasons for this is no nomination registered in the bank account of the deceased account holder!...Read more about it:**

**Recently the Reserve Bank of India in its campaign for consumer awareness has got actor Amitabh Bachchan to drive home the importance of nomination!**

**Q. So, who is a nominee? Is he the owner of the assets on one's passing away?**

**A. No! Nominations are only for convenience and only legal heirs are entitled to inherit the assets of the deceased.**

Nominee is only a trustee one appoints so as to provide for passing over of the assets to one's legal heirs in case of eventuality. The nominee like an executor to your Will or an administrator of your estate, collects the assets from the bank and ensures that the legal heirs get those assets in a hassle-free manner.

In the absence of a nominee to a bank account, the legal heir who is entitled to an account will need to provide sufficient proof to the bank that he is the only legal heir of the deceased account holder and submit various legal documents like death certificate, legal heir certificate, succession certificate or a court order.

Let us take an example, in case of demise of father (male Hindu) who had a bank account, the multiple claimants i.e., his Class I heirs will be his mother, his wife and his children (in equal proportion). In absence of nominations to the bank account and in the absence of Will, these Class I heirs will have to make an application to the bank along with a copy of the death certificate of the account holder, the claim form, and the address and ID proof of each claimant. If things are hunky dory in the family and the assets are to be transferred to only one of them, then the other heirs will have to sign a letter of disclaimer, relinquishing all rights to the assets in favour of the claimant.

A simple Will which comes into effect post demise of the person writing the Will, is a legal declaration listing down the specific assets and the wishes of the owner with respect to his/her property that he desires to be carried out.

Intestate succession, i.e., one passing away without writing his/her Will is governed by personal succession laws and further differs for males and females, for instance, in the case of a female Hindu her Class I heirs are her husband and children, while in case of male Hindu it is his mother, wife and children.

Various administrative hassles like obtaining a Legal Heir certificate or physical presence of all the surviving heirs in various government authorities or banks, etc., court intervention may be required to distribute the assets all of which may disrupt family harmony while relations are cordial. Indian Succession Act, 1925, Section 59 provides that every person who is of sound mind and is not a minor can make a Will.

While your nominations in bank accounts have been updated at the behest of Mr. Amitabh Bachchan, please do not wait for him to come, and tell you the benefits of writing a Will. Do list down your wishes in a simple Will and ensure your money does not become part of the unclaimed amount lying with RBI!

**For your views on the above or further interest/queries concerning Family Office and Succession planning, you can reach out to us! at: [neha.raimathur@ctltrustee.com](mailto:neha.raimathur@ctltrustee.com) - 9619331806 / [aniket.thakur@ctltrustee.com](mailto:aniket.thakur@ctltrustee.com) - 9930907424**

## HIGHLIGHTS OF THE MONTH:

### Security Trustee deals:

Sectors	No. of Transaction	Facility Amount (Cr.)
Infrastructure Sector	5	3934
Renewable Sector	26	12686.6
NBFC	10	1609
Others	16	5734
Real Estate Sector	3	723
Grand Total	60	24,686.6

### Debenture Trustee deals:

Sector	No. of Transaction	Facility Amount (Cr.)
NBFC	43	7385.5
Real estate & infra	5	1251
Business & Enterprise	3	2850
Financial service	4	461
Health Care	2	90
Others	13	7434.5
Grand Total	70	1,94,572

### Securitization deals:

Asset Class	No. of Deals	Pool Size in Crores
Business Loan	12	594
Commercial Vehicle Loans	8	3665
Farm loans (Tractor Loans)	1	125
Gold Loan	1	55
Home Loans	3	1833
Loan Against Property	1	56
Microfinance Loans	27	3038
MSE Loans	3	388
Personal Loans	7	707
Two-Wheeler Loans	1	111
Grand Total	64	10,572

### Other deals:

Category	No. of Deals	Issue Size in Crores
AIF(Domestic)	4	1,770
AIF (GIFT)	3	3,110
Grand Total	7	4,880

**Thanks and Regards,  
Editorial team of Catalyst.**

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