

THE MARKET CHRONICLE

~BY CATALYST

NEWS

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CIRCULAR AND AMENDMENT ISSUED BY THE MARKET REGULATOR SEBI:

Amendments to Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 Dated 06.07.2023 - (Applicability-Immediate Effect)

- **SCHEDULE II DISCLOSURES FOR PRIVATE PLACEMENT OF NON-CONVERTIBLE SECURITIES [See Regulation 45(1) and Regulation 50(3)] APPLICABILITY.**

Omitted by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2023, w.e.f. 06-07-2023.

- **DISCLOSURES FOR ISSUE OF SECURITIES [See Regulation 25(4), Regulation 28(2), Regulation 28(5), Regulation 41(3), Regulation 45(1), and Regulation 50(3)]**

Substituted by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2023, w.e.f. 06-07-2023.

- **CHAPTER VA ISSUANCE AND LISTING OF NON-CONVERTIBLE SECURITIES ISSUED ON A PRIVATE PLACEMENT BASIS**

Filing of general information document and key information document.

CHAPTER VI LISTING OF COMMERCIAL PAPER

Inserted by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2023, w.e.f. 06-07-2023.

- **Regulation 47 is Omitted by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2023, w.e.f. 06-07-2023.**

- **Definition of “shelf placement memorandum” and “tranche placement memorandum”**

Omitted by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2023, w.e.f. 06-07-2023.

- **Definitions 2[(sa) “key managerial personnel” means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013 (18 of 2013);]**

Definitions 2 “(iia) “senior management”

- **Regulation 50, in sub-regulation (3), in clause (a), the words “Schedule II” shall be substituted with the words “Schedule I”**

Read more: <https://www.sebi.gov.in/legal/regulations/jul-2023/web-upload-of-the-securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-regulations-2021-last-amended-on-july-6-2023-73664.html>

Summary of compliances to be done on DLT platform- as per SEBI circular dated 31.03.2023, following are the flow that needs to be adhered to:

#	Requirement	Timelines of compliance to be done by the Issuer
1	Information regarding assets offered as security	At the time of the creation of temporary ISIN/ ISIN
2	Recording of charge creation and charge registration details	Once the charge is created in favour of the Debenture Trustee
3	Recording of covenants in the system	Updation of covenants of the issuance and uploading of the Debenture Trust Deed (DTD) within 5 working days of the signing of DTD.
4	Periodic monitoring of Security Cover and Covenants	Filing shall be co-terminus with that of the financial results as per regulation 52 of the SEBI LODR Regulations, 2015.
5	Entire Cash flow of ISIN	At the time of the creation of temporary ISIN/ ISIN
6	Interest and redemption payment	Updating the status of payment within 1 working day of payment/ redemption due date.
7	Redemption of debt securities	Initiate the release of charges on the system
8	Credit Rating information	Uploading of Initial credit rating.
9	Credit Rating revision information	Any subsequent rating actions carried out by CRAs shall be recorded in the system within 1 working day of the press release.

VOICES' BY CATALYST

"AN INTERVIEW WITH MR. AMIT GUPTA: GROUP CFO - ARKA FINCAP LTD."

VOICES' by Catalyst is delighted to have Mr. Amit Gupta as an interviewee for our monthly newsletter- The Market Chronicle by Catalyst. Mr. Amit brings in hands-on experience and is expertise in the finance domain focusing more on Treasury and CFO role. With his determination, hard work and never settling for less attitude, he has climbed the ladder of success and become a role model for people around him. It is our divine pleasure to have such a motivating leader to speak to us and our readers.



Firstly, many congratulations Sir on being promoted to Group CFO, I am sure that the journey here would have not been easier... Please help us by elaborating upon your professional journey and accomplishing your current leadership role as a Group CFO.

Thanks for your warm wishes. Yes, the journey was full of excitement and surprises. I joined Arka Fincap Limited in Feb 2019. Over the years, I got promoted to CFO and in April 2023 as the group CFO. As a CFO, I am responsible for treasury, finance, accounts, taxation, budgeting, MIS, regulatory reporting, corporate finance, investor relations and other ancillary activities. The role of CFO has been evolving and it is expected to contribute towards all strategic decisions and to business as well.

I enjoy my profession. I have always been challenging and pushing myself towards an uncomfortable zone. I got an experience in business as well as support functions. After completing my qualification, I started my career in 2003 with Erstwhile Magma Leasing Limited in Kolkata. Post that, I joined ICICI Bank Limited in 2005 and came to Mumbai where I got exposure to credit, relationships, compliance, etc., in the Agri. and MSME segments. After serving for almost 6 and a half years, I moved to IndoStar Capital Finance Limited in 2011.

My stint in IndoStar was very challenging. I got a chance to move to the other side of the table. I was handling a treasury role and was responsible for fundraising of the Company and dealing with rating agencies like CRISIL, CARE, ICRA, India Ratings etc. From the lending side, I moved to the borrowing side. Being a start-up, one had to do multi-tasking and so multiple assignments were added to my profile. I got experience in incorporating a Housing Finance Company as well. Further, I was instrumental in evaluating various inorganic growth opportunities. Also, I was part of the core team during the IPO of Equity shares of IndoStar Capital in 2018 and had a great learning. In Feb 2019, I moved to Arka Fincap Limited [Erstwhile Kirloskar Capital Limited] as Head – Resources & Corporate Finance and was gradually promoted to group CFO.

Overall, I got round table experience in business, credit, treasury, capital market, finance, compliance, corporate finance, investor relation etc.

What is your approach to initiating new strategies with your team?

As stated, nowadays the CFO role demands contribution towards business as well. My previous role with ICICI Bank has helped me immensely in that direction. I was a Relationship Manager at ICICI Bank, particularly in the SME and Agri divisions of the bank. I got experience with credit as well as relationships during my tenure with the bank. That has given me an insight into the business side completely. I have learned it hard way, that it is important to manage client relationships for ensuring the growth of the business. It also needs an attitude of responsibility, responsiveness, and accountability. The same approach was being designed for my current role. I understand the customer is very important whether it is external or internal. If you are having the right approach towards that and can provide the right solution at the right time, you will get their priority. Taking the same view, we have been building a team with the right set of candidates. I always look for members who don't have a compartmentalised approach. The current team is passionate and committed to their work.

You have worked as a Treasury and CFO for more than a decade and it offers you to be closely associated with the Trusteeship domain. What are your thoughts on the same? What is your experience with Catalyst as one of the leaders in the domain?

I closely work with the Trusteeship domain, since a decade. As a part of the fundraising activity, the trustee plays a critical role. Most importantly in Capital Market transactions, role and responsibility are multiplied many times. I am part of the evolution of the role of trusteeship over a period of time. The role and responsibility of trusteeship have undergone a drastic change. There have been various incidences in the past, which have pushed regulators to put in place a close monitoring mechanism to ensure transparency in dealings and protect investor's interests also. They have entrusted responsibility to the trusteeship, as a third party to keep a close watch and ensure the same.

The catalyst team come across as a real-time support system with full transparency in their dealings and also having adequate domain expertise to provide the right solution to the issuer. On the other hand, their systems and processes ensure close monitoring and ensuring compliance to protect investor/lender interests as well.

How do you manage to cope-up with the fast-changing and dynamically evolving regulations and compliances, at the CFO level?

I must say that this is not an easy task, with rapidly changing Regulations. If I elaborate on the regulations/guidelines in respect of accounting, secretarial, and capital market transactions, the NBFC framework has been changing drastically. For adapting to the changing regulations, one must build an internal framework which is very agile in nature, without losing sight of governance. Keeping that in mind, I always push my team to be ready for any change and adapt to the change in the work process without any compromise.

What are the financial forecasting techniques that you have adopted and implemented to help reduce the cost?

As a CFO, it is my utmost responsibility to maximize the return for the stakeholders. Cost control plays a major role in that. In this regard, I always follow the mantra of, "Earn it to spend it." I am never against incurring cost which is required to do business. But, sometimes some costs are being incurred without thinking much about the outcome of that. I believe, that is the space, where close monitoring is required. Monthly monitoring mechanisms, unit-wise productivity, and cost-effectiveness can be measured and can be compared with peer groups' numbers to assess the real position.

Sir you are a role model for many and your transforming professional journey motivates every individual, what advice would you like to share with the young minds embarking on their journey?

Let me be candid in saying that I am very impressed with the passion and enthusiasm, the upcoming professionals have. They have innovative thoughts and a high-risk-taking appetite. I don't want to advise them, as I believe they are capable enough to build their way. The only thing I would like to share via this medium is that 'growth becomes slow if you step into your comfort zone'. It is very important to challenge yourself every time and never settle. ***"The most dangerous poison is the feeling of achievement. The antidote is- every evening think what can be done better tomorrow"***.

We are thankful to Mr Amit for taking his time out by accepting this interaction opportunity and willingly sharing his insightful thoughts with our readers. His professional journey inspires many souls and his advice to "keep challenging oneself, never settling for less and keep focusing on what more one can achieve" is a key takeaway from this interview.

KNOWLEDGE SHARING!

Did you know? That the PF compliance designed by the EPFO for International employees working for India-based companies varies drastically from that of an Indian employee!! Read more about it...

As per the EPF Act “An employee, other than an Indian employee, who doesn’t hold an Indian passport and who works for an establishment in India is considered an International worker”. The EPF Act applies to such International Workers from the day of their engagement.

For ease of PF coverage, India has executed Social Security Agreements (SSA) with select countries, SSA is a bilateral agreement between countries to protect the interests of the workers in the host country. EPF Act only applies to employees coming from those countries with which India does not have an SSA.

Highlights of a few major differences in PF compliance of International Workers:

- PF contribution for International Workers has to be made at 12% of actual PF wages without any wage limit.
- International workers cannot withdraw PF accumulations till they attain 58 years of age.
- They have to file a separate Return with the PF office every month.

Case study on one such of “Loyal Textile Mills Ltd. V.S. RPFC, Tirunelveli”

Employer (Loyal Textile Mills Ltd.) was under the impression that India has an SSA with Sri Lanka and thus while making compliance for its two Sri Lankan employees, they treated them as regular/domestic employees and made PF contributions on restricted wages i.e. Rs. 15,000/-

PF Authorities, therefore, demanded the difference amount of PF, interest and damages. The company paid the amount of difference and the interest thereon. However, its request for waiver of damages was not acceded to by PF Authorities. Aggrieved by the said decision, the Company preferred an appeal to Madras High Court.

Hon. Madras High Court, in its recent judgment, observed that it was not a willful the default on part of the employer Company and the element of ‘Mens-Rea’ was not present and hence, quashed the order of PF Authorities.

The concept of ‘International Workers’ is introduced in EPF Act recently and the employers are likely to miss the compliance and hence, likely to face consequences thereof.

HIGHLIGHTS OF THE MONTH:

Security Trustee deals:

Sectors	No. of Transaction	Facility Amount (Cr.)
Infrastructure Sector	1	500
Renewable Sector	20	5835.45
Real Estate Sector	1	140
NBFC	1	30
Others	3	655
Grand Total	26	7,160.45

Debenture Trustee deals:

Sector	Category	Issue Size in Crores
Finance & Fintech	12	1352.5
NBFC	13	1401
Real Estate & Infra	12	2740
Healthcare & Pharma	3	453
Manufacturing	3	375
Mobility	5	131.25
Other	10	2956.7
Grand Total	58	9409.45

Securitization deals:

Asset Class	No. of Deals	Pool Size in Crores
Commercial Vehicle Loans	5	1927
Education Loans	2	70
Gold Loans	1	55
Housing Loans	2	1042
Loan Against Property	5	1517
Merchant Loans	1	40
Microfinance Loans	21	1569
MSME Loans	5	390
Personal Loans	6	565
Secured Business Loan	4	218
Unsecured Small Business Loan	2	53
Grand Total	54	7,446

Other deals:

Category	No. of Deals	Issue Size in Crores
AIF	01	327
ESOP/EBT/Private Trusts	02	100
Grand Total	03	427

Thanks and Regards, ~ Editorial team of Catalyst.

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