

CATALYST TRUSTEESHIP LIMITED

THE CATALYST CHRONICLE

● CIRCULAR AND AMENDMENT ISSUED BY THE MARKET REGULATORS:

Review of provisions pertaining to Electronic Book Provider (EBP) platform to increase its efficacy and utility

Key Highlights of the amendment are as under:

- Applicability of the EBP platform is now reduced from Issue size of Rs. 50 crores to Rs. 20 crores
- The same has been made applicable to Municipal Bonds issuance
- Timeline to apply on the EBP platform for the first time issuer has been reduced to 3 working days prior to the issue opening date from earlier timeline of 5 working days.
- An issuer, if desirous, may choose to access EBP platform for private placement of Securitised Debt instruments or security receipts or CPs or CDs, and issuers constituted as REITs, SM REITs and InvITs (earlier the option was only given for municipal debt securities or CPs or CDs).
- Issuers of debt securities, NCRPS and municipal debt securities on private placement basis of issue size less than Rs. 20 crore may also choose to access the EBP platform for such issuances.

Amendment to SEBI (Issue and listing of Securitised debt instruments and security receipts) Reg 2008

Key Highlights of the amendment are as under:

- Additions made to definition of “debt” or “receivables”
- Regulation 10 A - Mandatory periodic disclosure requirements (New regulation inserted)
- Regulation 11 - Obligations of trustees (New provisions inserted as under:)
 1. Provisions for monitoring breach of covenants in terms of the trust deed and transaction documents
 2. Provisions for calling meeting of investors incl. w.r.t breach of terms of deed
- Regulation 11B - Submission of periodic information to the SEBI on half yearly basis (New regulation inserted)
- Regulation 14 – additional provisions introduced for Credit enhancement and liquidity facilities
- Regulation 19A – Conditions governing securitisation (New regulation inserted)

SEBI has issued the Consultation Paper dated May 09, 2025, with the objective to seek comments/ views / suggestions from public on providing flexibility to AIFs to offer Co-Investment opportunities to investors within the AIF structure under SEBI (Alternative Investment Funds) Regulations, 2012.

Background:

- Alternative Investment Funds (AIFs) allow investors to co-invest with the fund in specific portfolio companies.
- Current norms restrict co-investment opportunities to specific arrangements outside the AIF structure, often via separate agreements or SPVs.
- Stakeholders have sought more flexibility and transparency by offering co-investments within the AIF structure.

Recommendations & Proposals for CIV

Eligibility:

- Co-investment via CIV only allowed for Accredited Investors & CIV's exit terms must be same as the main AIF.

Allow Co-Investment Within AIF via CIV:

- Introduce a Co-Investment Vehicle (CIV) as a separate scheme under Category I/II AIFs.
- CIV to be used for co-investing in unlisted companies where AIF is also investing.

Shelf PPM Filing & Advisory Flexibility:

- AIFs must file a shelf Private Placement Memorandum (PPM) for CIVs with SEBI during registration.
- AIF Managers may be allowed to advise on listed securities unless they are thinly traded (to avoid conflict of interest).

Key Exemptions for CIV:

- No diversification norms (can invest 100% in one company)
- No sponsor/manager commitment.
- No minimum tenure requirement (unlike AIF schemes)

In light of this, and based on the recommendations of the Alternative Investment Policy Advisory Committee (AIPAC) along with internal deliberations, public comments have been invited on the some proposals.

Consultation paper on regulatory amendments for Real Estate Investment Trusts and Infrastructure Investment Trusts – Issued on May 2, 2025

The key proposals outlined in the consultation paper are as follows:

- Strengthening governance and transparency in REITs and InvITs.
- Aligning REIT and InvIT regulations with global standards..
- Enhancing investor protection and market efficiency.

Below are the consultation questions for which comments are invited:

1. Clarification on definition of “public” for Minimum Public unitholding requirement.
2. Adjustment of negative cash flow at holdco with distributions received from SPVs in calculation of NDCF .
3. Alignment of timelines for submission of quarterly report under Regulation 23(4) of the InvIT Regulations, with the timeline for submission of quarterly financial results.
4. Alignment of timelines for submission of quarterly report to trustee under Regulation 10(18)(a) of REIT/InvIT regulations with the timelines for submission of quarterly financial results.
5. Alignment of timelines for submission of Valuation Report (under REIT regulations and Regulation 21(4), 21(5) and 21(6) of the REIT/InvIT regulations) with the timelines for submission of financial results .
6. Alignment of minimum allotment with trading lot for privately placed InvITs .
7. Investor Charter for REIT and InvIT.

Review of – (a) disclosure of financial information in offer document / placement memorandum, and (b) continuous disclosures and compliances by Infrastructure Investment Trusts (InvITs)

Chapter 3 and Chapter 4 of the Master Circular shall stand revised, with the objective to:

- Improve disclosure norms in offer documents/placement memorandums.
- Streamline continuous disclosure and compliance post-listing.

1. Offer Document/Placement Memorandum (Chapter 3)

- Financial Disclosures:
 - Audited financials for 3 years + stub period, if applicable.
 - Inclusion of Combined Financial Statements for InvITs not yet operational.
 - Proforma financials required for material acquisitions/divestments ($\geq 20\%$ of turnover/net worth/profit).
- Valuation & Net Asset Reporting:
 - Introduction of Net Assets at Fair Value & Total Return at Fair Value.
 - Must be certified and disclosed in the offer document.
- Projections:
 - Revenue and operating cash flow projections for 3 years + current year.
 - Audited and certified by both Investment Manager and Auditor.
- Management Discussion & Analysis (MDA):
 - Mandated for offer documents, including discussion of risks, revenue quality, and related-party transactions.
- Disclosures for Follow-on Offers:
 - Summary financials of new assets.
 - Status of previous distributions, valuation reports, and regulatory actions, if any.

2. Continuous Disclosure & Compliance Post-Listing (Chapter 4)

- Periodic Financial Reporting:
 - Quarterly, half-yearly, and annual submissions.
- Statement of Net Distributable Cash Flows (NDCF):
 - Clear methodology provided for computation at both Trust and SPV/HoldCo levels.
 - Details on cash retention, capital repayment, and distribution policy included.
- Other Requirements:
 - Material changes in manager/project manager fees.
 - Segment-wise asset disclosures by infrastructure sub-sector.
 - Change in accounting policies and rationale

SEBI circular dated May 13, 2025, w.r.t. Extension of timeline for complying with the certification requirement for the key investment team of the Manager of AIF

SEBI has extended the timeline for complying with the certification requirement for the key investment team of the Manager of Alternative Investment Funds (AIFs). As per Regulation 4(g)(i) of the SEBI (AIF) Regulations, 2012, at least one key personnel must possess the 'NISM Series-XIX-C: AIF Managers Certification'. Initially, schemes existing or pending as of May 10, 2024, were required to comply by May 9, 2025. This deadline is now extended to July 31, 2025, to ease compliance for the industry.

IFSCA circular dated May 24, 2025 ,w.r.t the Extension of timeline for appointment of Custodian under Regulation 132 of the IFSCA (Fund Management) Regulations, 2025.

Applicability: Regulation 132 mandates Fund Management Entities (FMEs) to appoint an independent custodian for:

- Retail schemes
- Open-ended restricted schemes
- Any scheme managing AUM above USD 70 million

Transition Period:

- FMEs with schemes recorded before the FM Regulations took effect (Feb 19, 2025) and already having a non-IFSC custodian were given a 12-month transition period.
- FMEs facing challenges requested more time.

Extension Granted:

- An additional 6 months is granted from the circular's date (i.e., until November 24, 2025) for appointing a custodian based in IFSC for:
- Schemes recorded after Feb 19, 2025, or
- Schemes recorded before that date but without any custodian agreement as of Feb 19, 2025

Temporary Alternative: During the extended period, FMEs may appoint a custodian in India, or a foreign jurisdiction regulated by its financial regulator and must provide related information to IFSCA when asked.

IFSCA circular dated May 21, 2025 ,w.r.t the Framework to facilitate Co-investment by Venture Capital Scheme and Restricted Scheme

Objective :- To lay down a framework for co-investment by Venture Capital Schemes and Restricted Schemes through a Special Purpose Vehicle (SPV), referred to as the "Special Scheme".

Special scheme:- A Company/LLP/Trust co-investing (with or without leverage) in a **single portfolio company via SPV**, aligned with the Existing Scheme by FMEs with operational Venture Capital or Restricted Schemes.

Structure of Special Scheme:

- Only FMEs (Fund Management Entities) with operational Venture Capital or Restricted Schemes can launch a Special Scheme.
- Special Scheme can be constituted as a Company, LLP, or Trust under Indian laws.
- Must be classified in the same AIF category (I, II, or III) as the Existing Scheme.
- Existing Scheme must hold at least 25% of the Special Scheme's capital.
- Tenure must be co-terminus with the Existing Scheme and must be liquidated if the Existing Scheme is liquidated.

Term Sheet & Eligible Investors:

- Any person can co-invest subject to minimum contribution norms.
- Term Sheet (Annexure A) must be filed with IFSCA within 45 days of investment and is treated as a constitutional document.
- Declaration-cum-undertaking (Annexure B) also required.
- Investors in Existing Scheme must be informed before capital is called.
- Activities of the Special Scheme may be consolidated with the Existing Scheme's reports.

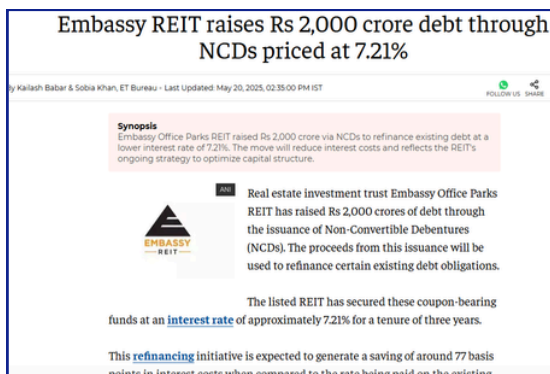
We Served as Trustee for Award-Winning Securitisation Deal for FY 2024-25

We are proud to have served as the securitization trustee for a pioneering Trade Receivable Securitization (TRS) structure developed by Vay Network Services Private Limited, which has been recognised as the Most Innovative Securitisation Structure of the Year by the Indian Securitisation Foundation.

The structure, aimed at unlocking working capital for MSMEs through a private capital investor-led model, represents a significant step forward in financial innovation. We are pleased to have played a role in enabling this milestone transaction.



We facilitated ₹2,000 Cr NCDs Issuance for Embassy Office Parks REIT



We are proud to have served as the debenture trustee for Embassy Office Parks REIT's landmark ₹2,000 crore Listed NCDs issuance this month. The issuance, aimed at refinancing maturing debt, witnessed strong participation from banks and mutual funds and was oversubscribed three times. As always, Catalyst remains committed to supporting transactions in India's real estate and capital markets landscape.

Successfully Managed One of the Largest Marquee Private NCD Deals

We are proud to have managed one of the largest privately placed, secured and unlisted Non-Convertible Debenture (NCD) deals in the market. This marquee transaction highlights our expertise in structuring and executing complex debt instruments, reaffirming our leadership in the trusteeship and capital markets space.

Highlights of the Month

Security Trustee Deals

Sector	No. of Transaction	Facility Amount (Cr.)
Renewable Sector	11	6572.47
NBFC	7	2010
Others	10	2666.32
Real Estate	4	1755
Infrastructure	3	5301.4
Total	35	18305.19

Debenture Trustee Deals

Sector	No. of Transaction	Facility Amount (Cr.)
Finance	1	50
Housing Finance	4	6915
Infrastructure	1	2000
Manufacturing	1	90
NBFC	30	69712.8
Others	36	18040.38
Pharma	1	300
Real Estate	10	908
Grand Total	84	98016.38

Securitization Deals

Asset Class	No. of deals	Sum of Pool Size (Cr.)
Agriculture Loan	2	244.5
Commercial Vehicle Loan	1	416
Gold Loan	2	735
Housing Loan	2	194.38
Invoice Discounting	1	50.35
Microfinance Loans	3	278.38
Personal Loans	4	378.41
Tractor Loan	1	136
Unsecure Business Loan	2	226.73
Grand Total	18	2659.75

AIF Deals

Sector	No. of Transaction	Facility Amount
AIF (Domestic)	4	9800 Cr
AIF (GIFT City AIF)	0	-
ESOP/ EBT/ Private Trust	1	-

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