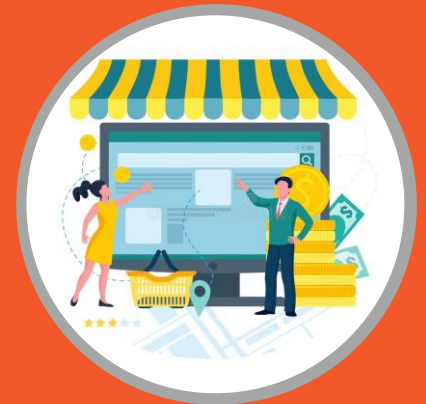




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RBI sets rules for loan e-aggregators



- RBI updated guidelines for loan aggregators, requiring the loan service providers (LSPs) to give transparent loan offers from digital lenders, **facilitating comparison without bias**
- RBI tightened norms for fintechs offering default loss guarantees, **restricting guarantees to fixed portfolios** and disallowing defaulted amount reinstatement
- Draft guidelines aim to ensure **transparency in digital lending, prevent deceptive practices, and mitigate risks** associated with default loss guarantees provided by fintechs

RBI lays out criteria for conversion of Small Finance Banks (SFBs) to Universal Banks



- RBI outlines provisions for SFBs to voluntarily convert into Universal Banks
- **Criteria –**
 - ✓ Must have their **shares listed** in a recognizable stock exchange
 - ✓ Maintain a **minimum net worth of Rs 1,000 Cr.** as of the previous audited quarter
 - ✓ **Report net profits** in the last two financial years
- Banks intending to transition must provide a detailed rationale for the conversion, **subject to RBI's due diligence exercise**, signaling a significant shift in their banking model

RBI asks NBFCs to stick to gold loan cash payout cap of Rs 20,000



- RBI issued a warning to non-bank lenders against exceeding the Rs. 20,000 cash loan limit, **aiming to curb large cash payouts for gold-backed loans**
- RBI warns against fast-paced retail credit growth, especially in gold loans, with much disbursed in cash. NBFCs have been flouting the rule by having **customers sign indemnities against income tax actions**
- RBI's action safeguards customers and mitigates systemic risks by enforcing the IT Act's Rs. 20,000 cash loan limit, **targeting black money creation and tax evasion loopholes**

RBI raises minimum capital requirement for ARCs* to begin securitization



- RBI released a compiled master direction for the ARCs raising the minimum required Net Owned Fund (NOF) **to begin securitization to Rs 300 Cr. from Rs 100 Cr.**
- Non-compliant ARCs will be subject to supervisory action, including **prohibition on undertaking incremental business** till it reaches the required minimum NOF
- **ARCs can hold funds** for dues through govt. securities and designated bank deposits, while investing up to 10% of their NOF in AA-rated or higher short-term instruments, such as money market funds and corporate bond

- **Private Placement Memorandum (PPM) Audit Format** : A new, detailed audit format for the PPM imposes added responsibilities on auditors, potentially increasing costs and overlapping with existing due diligence practices.
- **Obligations on AIF Managers** : AIF managers and KMPs* must conduct thorough due diligence on investors, surpassing standard KYC procedures. This will increase accountability and reduce reliance on investor representations
- **Foreign Investment Monitoring** : AIFs must ensure that foreign investors are not using the fund structure to circumvent FEMA regulations. Even if AIF sponsors or managers are Indian-owned, they must prevent foreign investors from bypassing FEMA regulations
- **Enhanced Reporting Obligations** : AIFs must provide quarterly financial reports to investors, disclose material risks, and report on leverage levels. Immediate reporting is required for any violations of AIF regulations, decisions to suspend redemptions, changes in key personnel, and overseas investment limits
- **Additional Compliance Requirements** : Other regulatory requirements include trustee compliance reporting, maintaining various policies (e.g., conflict of interest, anti-money laundering), central KYC registration, dematerialization of units, and compliance with reporting standards

Overall, these regulatory changes introduce stricter compliance measures aimed at enhancing transparency, investor protection, and regulatory oversight within the AIF sector

Deal Alert

Unitus Capital advises Annapurna Finance Pvt. Ltd. in its equity raise of USD 80 Mn* from Piramal Alternatives



*Includes USD 44 Mn of secondary raise

Deal Alert

Unitus Capital advises Infinity Fincorp Solutions Pvt. Ltd. in its equity raise of USD 8 Mn from Archerman Capital

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FINCORP SOLUTIONS
SANKALP AAPKA, SAATH HUMARA


ARCHERMAN

Sector-	Market Capitalization #	% Change*
Finance		
• Housing	146,727	3.0%
• NBFC's	1,096,734	2.7%
• Lending^	322,384	15.3%
Agriculture	281,891	0.8%
Climate		
• Power	1,621,966	3.8%
• Oil and Gas	2,912,101	1.1%
• Plastics	208,958	12.6%

#Market capitalization based on top 5 companies listed in BSE within the sector

*% Change from 25/04/2024-20/05/2024

^Does not include private banks

Company	Funding raised/ Stage
Apollo Hospital	\$297.0 Mn: PE
API Holdings	\$216.0 Mn: Series F
NephroPlus	\$103.0 Mn: Series F
Battery Smart	\$45.0 Mn: Series B
superplum	\$15.0 Mn: Series A
BriskPe	\$5.0 Mn: Seed
Niro	\$4.3 Mn: Series A
Solar Square	\$4.2 Mn: Series A
Atul Greentech	\$4.1 Mn: Series A

Select fundraises from Mid April 2024 to Mid May 2024

Thank You
