

MINIMUM FEE DISCLOSURE AND RATIONALE FOR LISTED DEBT SECURITIES

[In terms of SEBI Circular SEBI/HO/DDHS/P/CIR/2023/50 dated March 31, 2023]

With a view to securing the interests of investors in listed debt securities, enhance transparency and to enable Debenture Trustees (DTs) to perform their duties effectively and promptly, SEBI vide its circular No. SEBI/HO/DDHS/P/CIR/2023/50 dated 31st March 2023 directed DTs to disclose the nature of compensation arrangement with its clients on their websites, including the minimum fee to be charged (in absolute terms or as a percentage of the issue size) and factors determining the same. The minimum fees to be charged as disclosed below: -

Listed Debentures - Non-PSU Clients				
Issue Size	Public/Private - Non -PSU entities			
	Secured		Unsecured	
	Initial Fees	Annual Fees	Initial Fees	Annual Fees
Up to 100 crs	Rs. 0.10 Lac	Rs. 0.10 Lac	Rs. 0.10 Lac	Rs. 0.10 Lac
>100 crs - ≤1500 crs	Rs. 0.50 Lac	Rs. 0.50 Lac	Rs. 0.25 Lac	Rs. 0.25 Lac
>1500 crs	Rs.1.00 Lac	Rs.1.00 Lac	Rs.0.40 Lac	Rs.0.40 Lac
Listed Debentures - PSU Clients				
Issue Size	Public/Private -PSU entities			
	Secured		Unsecured	
	Initial Fees	Annual Fees	Initial Fees	Annual Fees
Any issue size	Rs. 0.01 Lac	Rs. 0.01 Lac	Rs. 0.01 Lac	Rs. 0.01 Lac

1. Additional fees, over and above the minimum fees may be chargeable in case of multiple securities/ securities located across states. Further, the expenses incurred for valuation, searches, due diligence, etc. arranged through external agencies may also be charged separately. The minimum fees chargeable for a specific transaction/issuer may vary subject to company's internal parameters including but not limited to credit rating, transaction complexity, overall relationship value, etc.

2. Above fees are designed based on minimum pricing to be disclosed by Debenture Trustees on their website as per SEBI circular no. SEBI/ HO/ MIRSD/ DOS3/CIR/P/2019/68 dated 27th May 2019. This may undergo change upon any revision in minimum pricing in future.

3. The above fees may be chargeable in the form of One-Time Fees provided that the fee amount shall not be lower than the aggregate of initial fee and annual fee for the entire tenure of the issue.

The pricing is calculated objectively by considering the work hours spent for the activities coupled with the obligations being performed for Debenture Trustee services. These activities are segregated as one-time activities and recurring activities and are linked for the purpose of calculation of fees as follows:

- Acceptance/Initial fee**- Fees charged for undertaking due diligence to facilitate listing and fund raising.
- Annual fee** – Fees for undertaking monitoring and completing related disclosures on a periodic basis till the life of the transaction.

The basis of fees determination is as per the responsibility of the Debenture Trustee Regulations, SEBI NCS Regulations and SEBI LODR Regulations respectively. The DTs are mandated to undertake independent assessment of assets offered as security, periodic monitoring and compliance of security created or assets on which charges are created with covenants or terms of the issue of listed debt securities incorporated in debenture trust deed. Further the roles and responsibilities were prescribed for the DTs by SEBI vide Circular SEBI/HO/DDHS/P/CIR/2023/50 dated March 31, 2023.

MINIMUM FEE DISCLOSURE AND RATIONALE FOR LISTED DEBT SECURITIES

[In terms of SEBI Circular SEBI/HO/DDHS/P/CIR/2023/50 dated March 31, 2023]

The change in regulatory framework has increased obligations of DT to safeguard the interest of investors.

While determining the fees, we have considered following factors:

- a. Automation of processes for better monitoring of the transactions' covenants on an ongoing basis.
- b. Upgrading the ERP system to record and facilitate in monitoring the breach in covenants, delay/default in payment/security creation; enabling related system generated alerts to issuers, debenture holders, rating agencies, etc.
- c. Appointment of third-party consultants like lawyer, company secretary, valuer etc.
- d. Co-ordination with third party consultant for making the required information available, obtaining of draft reports, incorporation of our comments/ observations on the report and obtaining of final reports.
- e. Obtaining of required NOCs from existing charge holders.
- f. Obtaining of necessary approvals from respective authorities (viz. NHAI in case of road projects or MIDC in case of leasehold land etc).
- g. Issuance of Annexure A and Annexure B after collating the required reports, certificates, approvals etc.
- h. Co-ordination of stock exchanges in relation to the listing of instruments.
- i. Co-ordination with Legal Counsel for drafting of documents including security documents. Creation of security, Filing of charges with MCA and CERSAI.
- j. Periodical monitoring of covenants as stipulated by SEBI including monitoring of interest/ repayment, asset cover, valuation, encumbrances on security and other covenants, rating revision etc.
- k. Routine Operational matters viz., issuance of pari-passu/ NOCs for merger /acquisition, release of security, amendment to terms and conditions of the underlying instrument etc.,

Effective Date of the above revised minimum fee structure: 11/10/2024