

Dated 27 November, 2020

NOTICE

All Entities are hereby informed that the Exchange has received a Circular from SEBI Vide Ref. No. SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230, dated November 12, 2020 Regarding Monitoring and Disclosures by Debenture Trustee(s). The contents of the said circular are reproduced hereunder for your information.

Quote:

SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230

November 12, 2020

To,

**All listed entities who have listed their debt securities
or issuers who propose to list their debt securities
All Recognized Stock Exchanges**

All Debenture Trustees registered with SEBI

Dear Sir/ Madam,

Sub: Monitoring and Disclosures by Debenture Trustee(s)

1. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Debenture Trustees) Regulations, 1993 (“DT Regulations”) mandates issuers to submit information/ documents to Debenture Trustee(s). In order to enable debenture trustee(s) to discharge its obligations in respect of listed debt securities, the debenture trustee(s) shall undertake independent periodical assessment of the compliance with covenants or terms of the issue of listed debt securities including for ‘security created’.

A. Monitoring of ‘security created’ / ‘assets on which charge is created’

2. SEBI Circular No. SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/218 dated November 03, 2020, has prescribed the manner in which debenture trustees shall carry out due diligence for creation of security at the time of issuance of debt securities and as required under Regulation 15(1)(s) & 15(1)(t) of DT Regulations, debenture trustee(s) shall carry out due diligence on continuous basis. Debenture trustee shall carry out periodical monitoring in following manner:
 - 2.1. Debenture trustee shall incorporate the terms and conditions of periodical monitoring in the debenture trust deed wherein listed entity shall be liable to provide relevant documents/ information, as applicable, to enable the debenture trustee(s) to submit the following reports/ certification to Stock Exchange(s) within the timelines entioned

Reports/Certificate	Periodicity	Format
Asset cover Certificate	Quarterly basis within 60 days from end of each quarter	Annexure A
Statement of value of pledged securities		-

A statement of value for Debt Service Reserve Account or any other form of security offered		-
Net worth certificate of guarantor (secured by way of personal guarantee)	Half yearly basis within 60 days from end of each half-year.	-
Financials/value of guarantor prepared on basis of audited financial statement etc. of the guarantor(secured by way of corporate guarantee)	Annual basis within 75 days from end of each financial year.	-
Valuation report and title search report for the immovable/movable assets, as applicable.		-

2.2. For existing debt securities, listed entities and debenture trustee(s) shall enter into supplemental/amended debenture trust deed within 120 days from the date of this circular incorporating the changes in the debenture trust deed.

2.3. In case, a listed entity has more than one debenture trustee for its listed debt securities, then debenture trustees may choose a common agency for preparation of asset cover certificate.

B. Action to be taken in case of breach of covenants or terms of issue

3. In case of breach of covenants or terms of the issue by listed entity, the debenture trustee shall take steps as outlined in para 6.1 and 6.3 of SEBI Circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/203 dated October 13, 2020 and thereafter take necessary action as decided in the meeting of holders of debt securities in this regard.

C. Disclosure on website by debenture trustee

4. The debenture trustee(s) shall make the following disclosures on their websites as specified below:

Disclosures	Periodicity	Format
Revision in Credit ratings	Continuous basis within T+1 day from receipt of information	Table 1 Annexure B of
Status of payment of interest/ principal by the listed entity		Table 2 Annexure B of
Monitoring of Asset cover certificate and Quarterly compliance report of the listed entity.	Quarterly basis within 60 days of end of each quarter	Table 3 Annexure B of
Details of Debenture issues handled by debenture trustee and their status	Half-yearly basis within 60 days of the end of each half-year	Table 4 Annexure B of
Status of information regarding breach of covenants/terms of the issue, if any action taken by debenture trustee		Table 5 Annexure B of
Complaints received by debenture trustee(s) including default cases		Table 6 of Annexure B
Status regarding maintenance of accounts maintained under supervision of debenture trustee	Annual basis within 75 days of the end of the financial year	Table 7 Annexure B of
Status of information regarding any default by listed entity and action taken by debenture trustee		Table 8 Annexure B of
Monitoring of Utilization Certificate		Table 3 Annexure B of

D. Reporting of regulatory compliance

5. The formats for periodical reporting prescribed by SEBI Circular No. CIR/MIRSD/25/2011 dated December 19, 2011 stands rescinded and the debenture trustee(s) shall furnish revised periodical reports to SEBI in the formats as follows:

Report	Periodicity	Format
Half yearly compliance report	Half-yearly basis within 30 days of the end of each half-year.	Annexure C
Details of other activities carried out by Debenture Trustee(s) including type of activity, description of activity etc.		-
Risk-Based Supervision report		-

6. This circular is issued in exercise of the powers conferred upon SEBI under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 read with the provisions of Regulation 2A of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, Regulation 31(1) of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, Regulation 101(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 29 of the Securities and Exchange Board of India (Issue and Listing

of Municipal Debt Securities) Regulations, 2015 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

7. **Applicability:** The provisions of this circular shall come into force w.e.f. quarter ended December 31, 2020 for listed debt securities.

Yours faithfully,

**Richa G.
Agarwal Deputy
General Manager
Market intermediaries Regulation & Supervision Department**

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Annexure A

Format of certificate for asset cover by debenture trustee in respect of listed debt securities of the listed entity

To Stock Exchange (s)

Based on examination of books of accounts and other relevant records/documents, we hereby certify that: The listed entity has vide its Board Resolution and information memorandum/ offer document and under various Debenture Trust Deeds, has issued the following listed debt securities:

ISIN	Private Placement/ Public Issue	Secured/ Unsecured	Sanctioned Amount

a) Asset Cover for listed debt securities:

- i. The financial information as on DD-MM-YY has been extracted from the books of accounts for the year ended DD-MM-YY and other relevant records of the listed entity;
- ii. The assets of the listed entity provide coverage of times of the interest and principal amount, which is in accordance with the terms of issue/ debenture trust deed (calculation as per statement of asset cover ratio for the Secured debt securities - table – I)
- iii. The total assets of the listed entity provide coverage of times of the principal, which is in accordance with the terms of issue (calculation as per statement of asset coverage ratio available for the unsecured debt securities - table – II) (as per requirement of Regulation 54 read with Regulation 56(1)(d) of LODR Regulations).

Table – I:

Sr. No.	Particulars		Amount
i.	Total assets available for secured Debt Securities' – (secured by either pari passu or exclusive charge on assets) (mention the share of Debt Securities' charge holders)	A	
	• Property Plant & Equipment (Fixed assets) - movable/immovable property etc		
	• Loans /advances given (net of provisions, NPAs and sell down portfolio), Debt Securities, other credit extended etc		
	• Receivables including interest accrued on Term loan/ Debt Securities etc		
	• Investment(s)		
	• Cash and cash equivalents and other current/ Non-current assets		
ii.	Total borrowing through issue of secured Debt Securities (secured by either pari passu or exclusive charge on assets)	B	
	• Debt Securities (Provide details as per table below)		
	• IND - AS adjustment for effective Interest rate on secured Debt Securities		
	• Interest accrued/payable on secured Debt Securities		
iii.	Asset Coverage Ratio (100% or higher as per the terms of offer document/information memorandum/ debenture trust deed)	A/ B	

SIN wise details

S.No.	ISIN	Facility	Type of charge	Sanctioned Amount	Outstanding Amount As on DD-MM-YYYY	Cover Required	Assets Required
1.	XYZ	Non-convertible Debt Securities	Pari-passu/exclusive				
	Grand Total						

Table - II

SN	Particulars		Amount
i.	Net assets of the listed entity available for unsecured lenders (Property Plant & Equipment (excluding intangible assets and prepaid expenses) + Investments + Cash & Bank Balances + Other current/ Non-current assets excluding deferred tax assets (-) Total assets available for secured lenders/creditors on pari passu/exclusive charge basis under the above heads (-) unsecured current/ non-current liabilities (-) interest accrued/ payable on unsecured borrowings)	A	
ii.	Total Borrowings (unsecured)	B	
	• Term loan		
	• Non-convertible Debt Securities		
	• CC/ OD Limits		
	• Other Borrowings		
	• IND - AS adjustment for effective Interest rate on unsecured borrowings		
iii.	Assets Coverage Ratio (100% or higher as per the terms of Offer Document/Information Memorandum/ Debenture Trust Deed)	(A/B)	

b) Compliance of all the covenants/terms of the issue in respect of listed debt securities of the listed entity

We have examined the compliances made by the listed entity in respect of the covenants/terms of the issue of the listed debt securities (NCD's) and certify that the such covenants/terms of the issue have been complied by the listed entity except as stated below: -

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c. Accounts/ funds to be maintained in case of Municipal Debt Securities

S.No	Name of the Listed Entity	Type of Issue (Public/ Privately Placed)	Issue Size (in ₹ crores)	Size/ Value of Fund/account maintained			Action taken by debenture trustee, if any (in case of shortfall etc)
				No lien escrow account	Interest payment account	Sinking fund account	

8. Status of information regarding any default by listed entity and action taken by debenture trustee

Name of the listed entity (including ISIN)	Issue Type (Public / Privately placed listed)	Issue size (in ₹ crores)	Secured / Unsecured	Default of interest/ redemption amount (Yes/ No) along with the amount outstanding	Year of default (1st/ 2nd/ 3rd/ ..)	Date of intimating/ sending notice to the debenture holders	Result of the voting (receipt of consents), if applicable			Date of convening the meeting of debenture holders	Date of enforcement of security (Filing with DRT/ NCLT as applicable)	Date and details of any other actions (Appointment of nominee director, joining ICA, etc.)	Date of conclusion of recovery proceedings
							Negative consent for enforcement of security	Positive consent for signing the ICA	Other consents, if any				

1. COMPLIANCE CERTIFICATE FOR THE HALF YEAR ENDED SEPTEMBER / MARCH 20..

a) No conflict of interests with other activities

The activities other than debenture trusteeship performed by DT are not in conflict with DT activities and appropriate systems and policies have been put in place to protect the interests of debenture holders.

b) Change in status or constitution

Reporting of changes in status or constitution' of DT (In terms of SEBI Circular No. CIR/MIRSD/10/2011 dated June 20, 2011)

c) Other Information

- i. Details of arrest / conviction of key officials of DT
- ii. Details of prosecution cases or criminal complaints filed by investors against the DT
- iii. Details of any fraudulent activity by the employees associated with DT activities and action taken by the DT
- iv. Details of conviction of any offence involving moral turpitude or any economic offence by employees of DT
- v. Action taken by the DT on the above issues

d) Compliance with registration requirements:

Certified that the requirements specified for SEBI registration as DT are fulfilled, the details are as under;

- i. Net worth (audited) as defined in the Regulations as on FY ended (as per the latest audited financials)
- ii. Any change in infrastructure since the last report / registration/ renewal
- iii. Changes in Key personnel during the half year ended)

Name(s) of the key personnel	Appointment / Cessation	Date of appointment / cessation	Qualification	Experience

e) Details of deficiencies and non-compliances

f) Details of the review of the report by the Board of Directors

- i. Date of Board Review (DD/MM/YYYY)
- ii. Observation of the Board of Directors on the deficiencies and non-compliances and corrective measures initiated

Certified that we have complied with SEBI (Debenture Trustee) Regulations, 1993, applicable provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, Circulars issued by SEBI and any other laws applicable from time to time except the deficiencies and non-compliances those specifically reported at Section IV (E) above.

Unquote: -

All Entities are requested to take note of the aforesaid guidelines of SEBI and act accordingly.

Dhiraj Chakraborty
Compliance Officer