

Minimum fee structure

In pursuance of SEBI Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2019/68 dated 27th May, 2019, debenture trustee is expected to disclose on its website, the minimum fees to be charged to issuer. Further, as per SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated 03rd Nov., 2020, issuers of debentures are expected to mention the fees of debenture trustee in Information Memorandum.

The minimum fees structure for debenture trusteeship of listed debentures / bonds, w.e.f. **1st April, 2021**

For NON PSU Issuers shall be as under:							
Nature	Issue Size (Rs.in Cr.)	Acceptance Fee (Rs.)	Annual Fee (Rs.)	Nature	Issue Size (Rs.in Cr.)	Acceptance Fee (Rs.)	Annual Fee (Rs.)
Secured Listed (Private placement and Public Issues)	Up to 25	75,000/-	1,00,000/-	Unsecured Listed (Private placement and public Issues)	Up to 25	60,000/-	1,00,000/-
	25 to 100	1,00,000/-	1,50,000/-		25 to 100	75,000/-	1,00,000/-
	100 to 1500	0.01% of issue size	0.015% of issue size		100 to 1500	0.005% of issue size	0.0075% of issue size
	Above 1500	15,00,000/-	22,50,000/-		Above 1500	7,50,000/-	11,25,000/-
For PSU Issuers shall be as under:							
Nature	Issue Size (Rs.in Cr.)	Acceptance Fee (Rs.)	Annual Fee (Rs.)	Nature	Issue Size (Rs.in Cr.)	Acceptance Fee (Rs.)	Annual Fee (Rs.)
Secured Listed (Private placement and Public Issues)	Up to 500	75,000/-	1,15,000/-	Unsecured Listed (Private placement and public Issues)	Up to 500	60,000/-	75,000/-
	500 to 1500	0.0075% of issue size	0.010% of issue size		500 to 1500	0.0035% of issue size	0.0055% of issue size
	Above 1500	11,00,000/-	15,00,000/-		Above 1500	5,50,000/-	7,50,000/-



Rationale for fee determination for Listed Debt Securities

It would be appreciated that the services rendered by Debenture Trustees are 'Professional Services' and would only partially reflect costs. The services provided are at the expense of Issuers but are for protecting the interests of Investors and at times, interests of Investors and Issuers may diverge. Further, instances of default have the potential to escalate cost significantly that would erode revenue from several issuances. Additionally, recently with SEBI circular dated November 3, 2020 and November 12, 2020, a manifold increase in the role and responsibility of the Debenture Trustee (DT) has been cast on Debenture Trustees. In terms of the amendments in SEBI regulations relating to Debenture Trustee Regulations, SEBI ILDS Regulations (now SEBI NCS Regulations 2021) and SEBI LODR Regulations, it would be imperative to review and upgrade infrastructure and ERP systems to undertake periodic monitoring and compliance of security created with covenants or terms of the issue of listed debt securities and organize independent assessment of assets offered as security.

The following factors are considered to meet the requirement of regulatory framework:

- a. Investment in Technology upgradation (ERP 2.0) an advanced and automated version for better management and monitoring of Debenture issuance, alerts and intimation for compliances under various regulations to Issuer companies, timely updates to various stake holders like Debenture Holders, Rating Agencies etc.
- b. Appointment of third party consultant's i.e. Legal Counsel, Chartered Accountants, Consultants, Valuers, etc. in order to conduct pre and post due diligence.
- c. Addition to work force and sustained skill updation of existing employees to meet the requirements of regulatory framework and conducting regular internal audits.
- d. Anticipation of additional activity expectations that may be introduced by SEBI, as may be assessed from discussion papers.
- e. The trend of increase in defaults requiring expeditious enforcement of collateral in debt securities and consequential expenses.

