

## MINIMUM PRICING MECHANISM

The minimum pricing mechanism w.e.f. April 1, 2021, for undertaking trusteeship services for issuers of listed debentures shall be as follows:-

<b>I. Entity Type: Non – PSU Entities</b>				
<b>Placement: Public Issue / Private Placement</b>				
<b>Issue Size (INR)</b>	<b>Secured</b>		<b>Unsecured</b>	
	<b>Acceptance Fees</b>	<b>Annual Fees</b>	<b>Acceptance Fees</b>	<b>Annual Fees</b>
<b>≤ 25 Crs</b>	INR 0.75 Lakh	INR 1.00 Lakh	INR 0.60 Lakh	INR 1.00 Lakh
<b>&gt; 25 Crs - ≤ 100 Crs</b>	INR 1.00 Lakh	INR 1.50 Lakh	INR 0.75 Lakh	INR 1.00 Lakh
<b>&gt; 100 Crs - ≤ 1500 Crs</b>	0.01%	0.015%	0.005%	0.0075%
<b>&gt; 1500 Crs</b>	INR 15.00 Lakh	INR 22.50 Lakh	INR 7.50 Lakh	INR 11.25 Lakh

<b>II. Entity Type: PSU Entities</b>				
<b>Placement: Public Issue / Private Placement</b>				
<b>Issue Size (INR)</b>	<b>Secured</b>		<b>Unsecured</b>	
	<b>Acceptance Fees</b>	<b>Annual Fees</b>	<b>Acceptance Fees</b>	<b>Annual Fees</b>
<b>≤ 500 Crs</b>	INR 0.75 Lakh	INR 1.15 Lakh	INR 0.60 Lakh	INR 0.75 Lakh
<b>&gt; 500 Crs - ≤ 1500 Crs</b>	0.0075%	0.010%	0.0035%	0.0055%
<b>&gt; 1500 Crs</b>	INR 11.00 Lakh	INR 15.00 Lakh	INR 5.50 Lakh	INR 7.5 Lakh

### Other Terms & Conditions:

- In case of multiple securities or securities located across states, complex /structured covenant monitoring etc., additional fee would be levied.
- Expenses relating to valuation, search, inspection, etc. arranged through external agencies shall be payable on actual basis over and above the aforementioned fees.
- The above schedule of fees will be excluding applicable taxes and out of pocket expenses.
- Enforcement Charges: Minimum INR 5,00,000/- plus taxes excluding litigation/other expenses which will be on actual basis.
- 12%p.a. penal interest shall be applicable if the dues are not paid within 3 months from the date of Invoice.
- The above indicative minimum fees may vary based on scope of work like nature of securities offered, past history and track record of the company, Credit Rating of the Issuer Company, Tenure of the Issue etc., subject to prior approval of Directors of Beacon Trusteeship Ltd.
- The fees shown in the above tables & other T&Cs as given above are subject to review from time to time.

**RATIONALE FOR NEW FEE STRUCTURE FOR LISTED DEBENTURE ISSUANCES**

Under the new SEBI Guidelines dated November 3 & November 12, 2020, the Debenture Trustees (DT) are mandated to undertake independent assessment of assets being offered as security, periodic monitoring, and compliance of the 'security created' or assets on which charge is created along with any applicable covenants or terms of the issue of listed debt securities incorporated in the debenture trust deed.

The change in the above regulations enhances the role of the DT to a 'GATEKEEPING ROLE' for the Debenture Trustee in line with our fiduciary duty to safeguard the interest of investors.

To facilitate this transformation and a substantial value addition, we as a DT shall be investing our resources into:

- a. Upgrading of the skill sets of the existing identified workforce and hiring of additional resources to discharge the fiduciary role in line with the changed regulatory guidelines (scope of the work having substantially increased)
- b. continuous monitoring of the transactions' covenants on an ongoing basis (increased bandwidth of the workforce)
- c. coordination with the appointed advisors/professionals/agencies/consultants on a real time basis in connection with due diligence and periodical monitoring (increased bandwidth of the workforce)
- d. granularity and extent of disclosures by the DT on a periodic basis (increased bandwidth of the workforce)
- e. Investments in Technology upgradation of the Monitoring / 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.
- f. Preparation for the then proposed DLT framework by SEBI for recording and monitoring of asset cover for the benefits of investors to improve the depth of investments. However, the responsibility of updating the required inputs in the DLT framework on a real time basis lies with the DT and DT would be submitting this information following their monitoring exercise in terms of SEBI circular no. SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2020/230 dated November 12, 2020, SEBI/HO/MIRSD/MIRSD\_CRADT/CIR/P/2021/618 dated August 13, 2021 and SEBI/ HO/ MIRSD/ CRADT/ CIR/ P/ 2022/ 38 March 29, 2022.

The DT business being operation intensive, the enablement of aforesaid value addition measures, would add to the employee costs, the key recurring part of cost component of DT. Therefore, the pricing structure is to be viewed considering the fundamental change in the responsibility of DT, whose neck is always going to be on the block.

Given the above, it was felt that there was a dire need & ample justification behind the proposed pricing structure, which originates from the manifold increase in the responsibility of the Debenture Trustee (DT) following the amendments in SEBI regulations relating to DT, ILDS and LODR respectively.

**Types of Fees Charged**

• **Acceptance fee (payable One Time at the Initiation)**

Fee charged for undertaking due diligence, pre compliances and other formalities to facilitate listing and fundraising.

• **Annual fee (payable annually on a Pro Rata basis)**

Fee for undertaking monitoring and completing related disclosures on a periodic basis till the life of the transaction.

Sd/-

Management

Beacon Trusteeship Ltd