

## **IDBI Trusteeship Services Limited**

### **Bouquet of Services**

| <b>Sr. No.</b> | <b>Type of Service</b>                                | <b>Duties &amp; Functions</b>  |
|----------------|---|--|
| <b>1</b>       | <b>Debenture / Bond Trustee</b>                       | To act as Trustees for Bonds and Debentures issues (NCDs, FCDs, PCDs, OFCDs, Zero Coupon Debentures etc.) – for public and rights issues as also for private issues.   |
| <b>2</b>       | <b>Security Trustee / Safe Keeper</b>                 | To act as a Trustee on behalf of multiple lenders (both domestic & foreign). In this case Charge is created in favor of the Trustee, who acts upon instructions from the lenders.  |
| <b>3</b>       | <b>Trustees - Securitization</b>                      | To act as Securitization Trustee where in commercial or consumer credits are purchased and sold in the form of financial instruments. Services include liaisoning with originators, bankers, rating agencies, arrangers, legal counsel, investors, regulators etc. |
| <b>4</b>       | <b>Share Pledge Trustee / Share Monitoring Agent</b>  | To act on the instructions of the lenders / investors for monitoring shares / securities pledged or offered as collateral securities by the borrower.  |
| <b>5</b>       | <b>Escrow Agent</b>                                   | To monitor the cash flows and ensure utilization of the same as per pre-defined mechanism. A waterfall mechanism is devised and the escrow agent has to ensure utilization of inflows as per the mechanism.  |
| <b>6</b>       | <b>Trustees - Venture Capital Funds / Mutual Fund</b> | To act as Investors' Representative to ensure compliance with the norms laid down for investment.  |
| <b>7</b>       | <b>Facility Agent</b>                                 | To co-ordinate between lenders, borrowers & other parties that may be involved for facilitating transactions as may be mutually agreed upon.   |
| <b>8</b>       | <b>Management of SPVs / Trusts</b>                    | To ensure all compliances with respect to Statutory, Regulatory & other applicable authority.  |
| <b>9</b>       | <b>Special Corporate Services</b>                     | Eg. To act as a nominee director.  |

## OUR TEAM

At ITSL, a unique blend of professionals comprising of Banking Specialists, Insurance Practitioners, Lawyers, Business Administrators, Chartered Accountants, Company Secretaries and Technology Experts come together to deliver unmatched Trusteeship Services. Our distinguished team always strives to build enduring relationship for;

- Expertise that benefits our customers
- Expertise that helps our customers achieve their goals better and faster
- Expertise that helps us provide legendary customer service

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## Role of IDBI Trusteeship Services Limited as Security Trustee

Traditionally companies have been creating security in favour of the lenders either individually or in favour of one of the lenders holding charge on behalf of other lenders. However, lately companies have started appointing independent agencies as Security Trustee who not only hold the title deeds on behalf of the lenders, but even security is created in favour of the Security Trustee for the benefit of various lenders. This provides operational convenience to both the company and multiple lenders. There are numerous advantages of appointing an independent agency as Security Trustee, some of which are enumerated below:

- Independent role with single point responsibility for holding security on behalf of all lenders including pledge of promoters' shareholding;
- Independent vetting of documents to protect the interest of all lenders.
- Ensuring timely filing of various forms with ROC to ensure registration of charges. Ensure CERSAI filing.
- Holding safe custody of title deeds on a long term basis thereby avoiding frequent transfers of title deeds from one lender to another;
- In case the existing lenders desire to divest their stake, it would far more easier and economical since the charge over the underlying assets would continue to be in the name of the Security Trustee despite change in the lender(s). Each lender shall have the flexibility to divest their loan in full or part any time during the currency of the loan obviating the need to create fresh charge having stamp duty implications. A substitute lender could be inducted through execution of a Deed of Accession (signed as an Agreement) and the charge created in favour of the Security Trustee would be modified to include the name of the new lender.
- In case some of the lenders propose to securitize a part of their financial assistance at a later stage, upon improvement in performance of the company, it would be far more easier in case the charge is created in favour of an independent trustee since assignment of debt with underlying assets attracts payment of stamp duty.
- In terms of the provisions of Banking Regulation Act, the Banks are not allowed to hold more than 30 % equity stake in any company except in their subsidiaries. Wherever the pledge of promoters' shares is stipulated as a primary/collateral security, the companies are creating security in favour of ITSL, acting as Security Trustee to hold pledge of shares on behalf of multiple lenders.

- The Independent Security Trustee could also act as an inter-creditor agent for resolution of inter-creditor issues through the process of negotiation to arrive at the consensus.
- Security Trustee could also be authorized by the lenders to grant certain pre-determined approvals as authorized by the lenders, to the Company
- Decision on certain critical issues could be taken through consensus amongst the lenders and the Security Trustee could be assigned the role of convening and coordinating such meetings.
- The independent Security Trustee can also be assigned the role of holding lenders meet periodically. Security Trustee could also act as a Monitoring Agent (MA) to report compliance of various conditions stipulated at the time of sanction.
- Invoking security based on instructions of majority of lenders becomes easier
- Security Trustee could also be assigned the role to accord approval for ceding of charge subject to compliance of various pre-conditions, which would facilitate creation of security without delay.
- The Security Trustee shall also ensure insurance compliance
  - Insurance policy on assets of the Company could be obtained in the name of Security Trustee (on behalf of lenders)
  - Approval for claiming insurance in the event of damage to the assets could also be granted by the Security Trustee, subject to necessary safeguards;
  - Pro-rata sharing of insurance claim amongst charge holders.