

SEBI/HO/MIRSD/MIRSD\_CRADT/P/CIR/2021/675

November 30, 2021

To,

**All Debenture Trustees registered with SEBI**

Dear Sir / Madam,

**Sub: Publishing of Investor Charter and disclosure of complaints by Debenture Trustees (DTs) on their Websites**

1. In order to facilitate investor awareness about various activities where an investor has to deal with DTs for availing various services, SEBI has developed an Investor Charter for DTs, inter-alia detailing the services provided to Investors, timelines for various DT services provided, Rights and Obligations of Investors and Grievance Redressal Mechanism.
2. In this regard, all the registered DTs shall take necessary steps to bring the Investor Charter, as provided at '**Annexure – A**' to the notice of investor in non-convertible debt securities by way of:
  - a. disseminating the Investor Charter on their websites/through e-mail;
  - b. displaying the Investor charter at prominent places in offices etc.
3. Trustee Association of India (TAI) shall also disseminate the Investor Charter on its website.
4. Additionally, in order to bring about transparency in the Investor Grievance Redressal Mechanism, it has been decided that all the registered DTs shall disclose on their respective websites, the data on complaints received against them or in respect of non-convertible debt securities issuances dealt by them and redressal thereof, latest by 7<sup>th</sup> of succeeding month, as per the format enclosed at **Annexure- 'B'** to this circular
5. These disclosure requirements are in addition to those already mandated by SEBI.

6. The provisions of this circular shall come into effect from **January 01, 2022**.
7. This circular is issued in exercise of powers conferred by 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 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
8. A copy of this circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal Framework -> Circulars".

Yours faithfully,

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**INVESTOR CHARTER – DEBENTURE TRUSTEES (DTS)**

**1. Vision and Mission Statement for Investors**

**Vision**

- Strive to protect the interest of investors in debt securities by acting as a trusted Debenture Trusteeship service provider.

**Mission:**

- To safeguard the interests of the investors in listed debt securities through adherence to regulatory guidelines.
- To achieve highest level of operational efficiencies through well-defined internal processes and domain expertise.

**2. Details of services provided by Debenture Trustee.**

- Facilitating documentation, exercising due diligence and timely creation of security for debt securities.
- Ensuring creation of securities by the Issuer and holding of security including safe custody of documents.
- Monitoring of payment of interest/redemption of principal.
- Monitoring security cover and other financial covenants.
- Dissemination of rating revision/interest/redemption information by disclosing on Trustee's website/ with Credit Rating Agencies/SEBI.
- Timely and Effective resolution of investors complaints.
- Ascertain that the debentures have been converted or redeemed in accordance with the conditions under which they were offered to the investors.
- Enforcement of security as per terms of issue/regulatory guidelines.
- Appoint a nominee director on the Board of the issuer company.
- Exercise due diligence to ensure compliance with the provisions of the Companies Act, 2013 the SEBI Regulations and the debenture trust deed by the issuer company.

**3. Guidance pertaining to timelines for various services provided**

S.No	Type of Activity/ Service	Timeline (within number of days)
<b>1.</b>	<b>Disclosure by Debenture Trustee on Website or Stock Exchanges, as applicable</b>	
<b>On continuous basis</b>		
a.	Revision in Credit ratings of debt securities	1
b.	Status of payment of interest/principal by the listed entity	1
<b>On quarterly basis</b>		
a.	Monitoring of Asset Cover Certificate for secured non-convertible debentures	60
b.	Statement of value of pledged securities to Stock Exchange	60
c.	Net worth certificate of guarantor to stock exchange (in case NCDs are secured by way of personal guarantee)	60
d.	Status of Quarterly compliance report submitted by listed entity	60
<b>On half yearly basis</b>		
a.	Details of Debenture issues handled by debenture trustee and their status	60
b.	Status of information regarding breach of covenants/terms of the issue, if any action taken by debenture trustee	60
c.	Complaints received by debenture trustee(s) including default cases	60
d.	Monitoring of Asset Cover Certificate for unsecured non-convertible debentures [as provided by the issuer company]	60
<b>On annual basis</b>		
a.	Financials/value of guarantor prepared on basis of audited financial statement etc. of the guarantor (in case NCDs are secured by way of corporate guarantee)	75
b.	Valuation report and title search report for the immovable/movable assets, if any.	75
c.	Status regarding maintenance of accounts maintained under supervision of debenture trustee	75
d.	Status of information regarding any default by listed entity and action taken by debenture trustee	75
e.	Utilization Certificate submitted by listed entity	75
<b>2.</b>	<b>Other services/activities</b>	
a.	Providing copy of debenture trust deed to investor	7
b.	Redressal of Investor Grievances by Debenture Trustee	30
c.	Notice to be issued by Debenture Trustees in case of change in terms of debt securities including rollover, redemption of debt securities etc.	15

#### 4. Guidance pertaining to special circumstances

##### BREACH OF COVENANT AND/OR EVENT OF DEFAULT

- The Debenture Trustee(s) shall take following steps in case of breach of covenants or terms of issue and/or event of default:
  - send a notice to the investors within 3 days of breach of covenants or terms of issue and/or event of default.
  - convene the meeting of investors within 30 days of breach of covenants or terms of issue and/or event of default.
  - to enforce security or enter into the Inter Creditor Agreement or as decided in the meeting of investors.

#### 5. Rights and Obligations of Investors

##### Investor Right – right to

- To inspect debenture trust deed, to obtain copy of debenture trust deed and related documents as per prevailing state stamp laws.
- Receive notice
  - of any change in terms of debt securities including rollover, redemption etc.
  - of breach of covenants and/or event of default from debenture trustees.
  - of compromise or arrangement, to sanction any variation in the rights of the investors and to sanction any compromise or arrangement proposed to be made between the company and investor(s)
- Call for meeting to be convened by the debenture trustee on requisition in writing signed by investors holding at least 1/10th in value of the debentures for the time being outstanding.
- To lodge complaints with respect to their debt securities including non-receipt of interest and or principal etc. with Debenture Trustee.
- Receive information from Issuers as per SEBI Regulations and Companies Act, 2013.

##### Investor Obligations – under obligation to

- Read the information memorandum and debenture trust deed carefully before taking investment decision.
- Keep updated record with Depository Participant including bank details, address, email ID of first holder, PAN etc. at all times.
- Keep themselves updated with all information on public domain such as, debenture trustee website, Stock exchange, India bond Info etc. and any other platform introduced from time to time.

- Participate in the meeting called by debenture trustee.
- Cooperate with debenture trustee and provide information to debenture trustee
- Respond to debenture trustee's requests/letters/notices with clear and specific mandate within time period specified in the letter/notice by debenture trustee.

#### **6. Details of grievance redressal mechanism**

- Investor shall check the website of debenture trustees for the dedicated grievance email ID and other relevant details of the grievance redressal division/compliance officer for the purpose of registering grievances/complaints and any enquiry.
- For lodging the grievance, the investor can write to debenture trustee's dedicated grievance email ids or letter or can directly lodge complaints on link provided by Debenture Trustee on its website.
- While lodging a complaint it is necessary for investor to mention following:
  - Nature of Complaint
  - Name of Issuer Company
  - Holding details including ISIN
  - Full Name of Debenture Holder
  - PAN
  - Correct Email ID
- Upon receipt of the complaint, the Debenture Trustee after due verification shall send intimation of redressal/resolution of complaint via email / letter as applicable within the timeline.
- In case complaint is required to be escalated to issuer company by debenture trustee, same shall be escalated within 7 days of receipt of complaint.
- If the investor is not satisfied with the redressal/resolution of the complaint by the debenture trustee, investor can lodge the complaint on the SEBI Complaints Redress System - SCORES (<https://scores.gov.in/>).

**Annexure - B**

**Data of complaints against Debenture Trustees (DTs) to be displayed on their websites-**

Format for disclosing of data of complaints on their website:

**Data for the month ending**

S. No.	Received from	Carried forward from previous month	Received during the month	Total Pending #	Resolved*	Pending at the end of the month**		Average Resolution time^ (in days)
						Pending for less than 3 months	Pending for more than 3 months	
1	Directly from Investors							
2	SEBI (SCORES)							
3	Stock Exchanges (if relevant)							
4	Other Sources (if any)							
5	<b>Grand Total</b>							

\*Should include complaints of previous months resolved in the current month, if any.

\*\*Should include total complaints pending as on the last day of the month, if any.

^Average resolution time is the sum total of time taken to resolve each complaint in the current month divided by total number of complaints resolved in the current month.

**Month – wise complaints data on half yearly basis:**

<b>SN</b>	<b>Month</b>	<b>Carried forward from previous month</b>	<b>Received</b>	<b>Resolved</b>	<b>Pending</b>
1	July, 2021				
2	August, 2021				
3	September, 2021				
4	October, 2021				
5	November, 2021				
6	December, 2021				
	<b>Grand Total</b>				

**Trend of annual (Calendar Year) disposal of complaints (for 5 years on rolling basis)**

<b>SN</b>	<b>Year</b>	<b>Carried forward from previous year</b>	<b>Received</b>	<b>Resolved</b>	<b>Pending</b>
1	2017-18				
2	2018-19				
3	2019-20				
4	2020-21				
5	2021-22				
	<b>Grand Total</b>				