

# Appointment and Role of Debenture Trustee

-Issuance of Municipal Debt

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# Appointment of Debenture Trustee

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- The issuer intending to come out with Municipal Bond issuance shall appoint a debenture trustee who is registered with the Board in accordance with the provisions of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 and Securities and Exchange Board of India (Issue and Listing of Debt Securities by Municipalities) (Amendment) Regulations, 2019
- Consent letter issued by Debenture Trustee is required to be produced as annexure to Offer Document/Private placement memorandum.
- Issuer and Debenture Trustee shall enter into Bond Trustee Agreement before issue opening date.
- Bond Trustee agreement mentions clauses of details of issue, list of condition Precedents and condition subsequent (CPCS), Appointment & Resignation of trustee, Remuneration, including undertaking by issuer to execute Debenture Trust Deed within due time.

# Requirements for listing

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- Due diligence certificate by Debenture Trustee prior to issue opening
- Issuers are required to register DLT platform maintained by Depositories before listing and provide required documents for the same.
- Issue details to be updated on Centralized data base
- Trust Deed to be executed. It is recommended that trust deed to be executed in two parts:
  - Part A -containing statutory/standard information pertaining to the debt issue
  - Part B- containing details specific to the particular debt issue

Roles & responsibilities of trustee & covenants by Issuer company to be specifically mentioned in the DTD

*(In case issuer is body corporate Company Act provisions to be followed)*

# Monitoring of Escrow Accounts

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- Separate Bank A/c for collection of Funds

No Lien Escrow account - specific purpose of receiving and disbursing funds towards discharge of contractual obligations. For deposit of tax revenues, user charges and/or grants etc. as per terms of OD/PPM

- Interest Payment Account - an amount equivalent to one year interest obligation to be maintained in this account.
- Sinking Fund Account- maintained for repayment of principal amount due, as per the timelines in OD/PPM
- Debt Service Reserve Account – maintained for DSRA
- General Account- surplus funds from No lien escrow account can be transferred to General account
- Project Escrow Fund Account (As applicable)

*(No lien escrow, interest payment, and sinking fund account are monitored by the Debenture Trustee except for the General Account)*

# Monitoring & Disclosures to SEs , DTs

Compliance	Frequency	Due date for compliance, if any/Timelines to complete	Source / Provision
Issuer is required to inform due date to SE	Event Based	T+5 day	SEBI Circular dated 13.11.2019
Transfer from No lien escrow A/c to general A/c	Monthly	As per terms of PPM/OD	SEBI Circular dated 13.11.2019 4.1.4
Issue Proceeds shall be transferred to separate bank A/c after closure of the issue and amounts shall be utilized as per terms of PPM For Interim period proceeds may be invested Govt.sec., TB, FD with Sch bank MF ,Gilt fund etc. same shall be lien marked to DT.	After Execution of Trust Deed	As per terms of PPM/P	SEBI ILMD regulation 18 A & SEBI Circular dated 13.11.2019 9.2

# Monitoring &Disclosures to SEs , DTs

Compliance	Frequency	Due date for compliance, if any/Timelines to complete	Source / Provision
Interest payment A/c amounts transferred in can be invested in Govt.sec. ,TB, FD with Sch bank MF ,Gilt fund etc. same shall be lien marked to DT.	Event Based	as per terms of PPM/P	SEBI Circular dated 13.11.2019 4.1.2
Sinking fund A/c amount transferred can be invested in Govt.sec., TB, FD with Sch bank MF ,Gilt fund etc. same shall be lien marked to DT.	Event Based	as per terms of PPM/P	SEBI Circular dated 13.11.2019 4.1.3
Disclose balance of interest payment A/c & Sinking fund A/c along with notes if any pertaining transfers made to/from to SE	Quarterly	45 days from end of quarter	SEBI Circular dated 13.11.2019 4.1.6
Half yearly Unaudited financial results including debt equity ratio , debt service ratio, debt service coverage ratio, interest service coverage ratio etc.	Half Yearly	within 45 days from end of 1st HY	SEBI Circular dated 13.11.2019

# Monitoring &Disclosures to SEs , DTs

Compliance	Frequency	Due date for compliance, if any/Timelines to complete	Source / Provision
Utilization certificate to SE along with financial results	Half Yearly	within 45 days from end of 1st HY	SEBI Circular dated 13.11.2019
Annual Audited financial results along with audit report including debt equity ratio, debt service ratio, debt service coverage ratio, interest service coverage ratio etc.	Yearly	within 60 days from end of FY	SEBI Circular dated 13.11.2019
Final annual audited financial results along with <u>audit report</u> by CAG after approval of standing committee/ governing body /board shall be submitted to SE	Yearly	within 9 months from end of FY	SEBI Circular dated 13.11.2019
Review of credit rating by Issuer	Yearly	No specific time line provided	Regulations & SEBI circular dated 13.11.2019

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# Questions & Answers

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Thank You