



Vistra ITCL (India) Limited

(SEBI Reg No. IND000000578)

**Policy on Appointment and Management of Conflict of Interest of Advisors for
listed secured debentures**

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I) Introduction:

This policy shall be known as Policy on Appointment and Management of Conflict of Interest of Advisors for listed secured debentures (“Policy”)

Vistra ITCL (India) Limited (Vistra) is registered with Securities Exchange Board of India as a debenture trustee under registration number IND000000578.

As per Regulation 15(f) of SEBI (Debenture Trustees) Regulations, 1993 (DT Regulations) amended on October 8, 2020, *inter-alia*, requires debenture trustee, to exercise independent due diligence and Regulation 15(1)(i) of DT Regulations places obligations on the debenture trustee to ensure that the assets of the Issuers are sufficient to discharge the interest and principal amount with respect to debt securities of the Issuers at all times.

As per SEBI circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3, 2020 and SEBI circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/230 dated November 12, 2020 (“**SEBI Circulars**”), Debenture trustee(s) by itself or through its advisers or experts shall independently carry out due diligence with respect to creation of security. Debenture trustee shall verify that the assets provided by Issuer for creation of security are free from any encumbrances or necessary permissions or consents has been obtained from existing charge holders by carrying out checks as per SEBI circular. Further, vide SEBI circular dated August 04, 2022 SEBI has issued enhanced guidelines, *inter-alia*, directing to formulate a policy for empanelment of such external agencies and also a policy on mitigating conflict of interest while empaneling and / or entrusting the matters to such external agencies.

Pursuant to the DT regulations and SEBI circular, Vistra in capacity as a debenture trustee will appoint independent advisors or expert to carry out the due diligence for creation of security in listed secured debenture issuances and for continuous periodic monitoring and get the security cover certificate, Valuation report and title search report as per SEBI circular dated 12th November 2020, SEBI circular dated 19th May 2022 and Master Circular dated 31st March 2023.

(II) Applicability:

This Policy shall be applicable to the advisors or experts empaneled by Vistra for conducting due diligence for creation of security and continuous due diligence pursuant to SEBI circulars dated November 03, 2020 and November 12, 2020 for the listed secured debenture issuance through public issue and Private placement. This Policy has been made effective from April 01, 2021 and amended and approved by the Board of Directors of Vistra in its meeting held on November 29, 2022 in line with SEBI circular dated August 04, 2022 and Master Circular issued by SEBI dated 31st March 2023.

(III) Purpose of the policy:

This policy is framed for dealing with criteria of appointment and Conflicts of Interest of the appointed advisors or experts who shall independently carry out due diligence of the debenture issuer and security provided for the issuance and for the periodic monitoring by the debenture trustee as per SEBI circular dated 12th November 2020 and SEBI circular dated 19th May 2022 and amended/Issued from time to time and Master Circular dated 31st March 2023.

Vistra is committed to maintain high professional standards and operate with effective administrative arrangements and ensuring element of 'independence' in the due diligence conducted by Vistra. In view of the same this policy is framed to protect the interest of debenture holders, to evaluate the independency of the appointed advisor or expert and, inter alia to ensure that standards of due diligence are not impaired by potential conflict of interests. As per SEBI circular, Debenture trustee by itself or through its appointed agencies viz. chartered accountant firm, registered valuer, legal counsel etc., shall prepare one or more reports viz. valuation report, ROC search report, title search report/ appraisal report, security cover certificate, any other report/certificate as applicable etc. and shall independently assess that the assets for creation of security are adequate for the proposed issue of debt securities and for the periodic monitoring by the debenture trustee as per SEBI circular dated 12th November 2020 and SEBI circular dated 19th May 2022 and amended/Issued from time to time and Master Circular dated 31st March 2023.

The Policy aims to ensure that the appointed advisors maintains independency and that there are no conflicts with the issuer. This policy outlines the framework for identifying, avoiding, and managing conflict of interests.

(IV) Definition:

- a) "**Advisor or expert**" includes professionals being a registered valuer, chartered accountant firm, company secretary firm, legal counsel or law firms and any other person appointed and has the power or authority to issue a certification in pursuance of any law for the time being in force;
- b) "**Conflict of interest**" is a situation in which a debenture issuer to a transaction can potentially influence the ability of any advisor to assist in conducting independent due diligence process carried out by the advisor or expert appointed by the Debenture Trustee and such influence/actions can adversely affect the interest of the investors who rely on the outcome of the due diligence prior to making the investment.
- c) "**Chartered accountant**" means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) who holds a valid certificate of practice under sub-section (1) of section 6 of that Act.
- d) "**Debenture**" includes debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the issuer company or not;
- e) "**Debenture trustee**" means a trustee registered with SEBI under SEBI (Debenture Trustees) Regulation 1993 and appointed for any issue of debentures by the Issuer Company.
- f) "**Debenture issuer**" is a body corporate issuing the debentures.
- g) "**Independence**" means the state of mind that permits the provision of an opinion without being affected by influences or biases that compromise professional judgment, allowing an individual/professional to act with integrity, and exercise objectivity and professional skepticism.
- h) **SEBI** " means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(V) Procedures:

(1) **Identification of conflict of interests:**

Conflicts of interest need to be identified, assessed by Vistra prior to the engagement of advisor in a listed debenture issue transaction in relation to the security involved.

In identifying conflicts of interest, Vistra shall consider all the factual circumstances where the appointed advisor or expert:

- (a) is likely to make a financial gain, or avoid a financial loss, at the expense of the debenture issuer;
- (b) has a vested interest in the outcome of a service provided to the debenture issuer or of a transaction carried out on behalf of the debenture issuer
- (c) has a financial or other incentive to favour the interest of debenture issuer;
- (d) Receives from a debenture issuer an inducement in relation to a service provided to a debenture issuer, in the form of monies, goods or services, other than the standard commission or fee for that service.
- (e) resists or refuses to execute a 'declaration of non-conflict' and/or undertaking to confirm the non-conflict.

(2) **Management of Conflicts:**

- (a) The advisor before appointment shall promptly make full and fair disclosure of any matter that could be expected to impair their objectivity or interfere with duties, including any transaction or relationship that could be deemed as a conflict with the debenture issuer.
- (b) No advisor/Law firm /chartered Accountant /Valuer should be engaged in any activity that involves any conflict.
- (c) Review and implementation of additional control measures/disclosures as may be required.
- (d) The advisor represents and confirms that it is not aware of any conflict of interest between its duties to the debenture trustee to provide the services and its duties to other clients, or between the interests of the Advisor and the Debenture Trustee. If any such conflict arises, the advisor will notify the Debenture Trustee in advance and discuss mutually if such conflict can be resolved, failing which it will *suo-moto* step down from the transaction.
- (e) Vistra shall make the payment of fees/ remuneration of the appointed Advisors .
- (f) Vistra shall ensure that the advisor or expert before appointment provide conflict of Interest declaration (Format annexed as **Annexure A**).

(3) Criteria for appointment of external agencies:

(1) Advocates and Law Firms:

The services of Law firms/Advocates shall be required mainly at the time of creation of security at the time of issuance of debentures proposed to be secured with immovable property of the issuer company and further during the life of the transaction specifically every 3 years wherein the title verification is carried out on the immovable property/movable property provided as security in accordance with the requirement of SEBI regulations and circulars issued by SEBI from time to time and/or documentations for the said Debenture issuances. With a view to get the 'Title and Search Report' in respect of immovable properties of the issuer company situate at different locations, adequate number of advocates need to be empaneled considering the volume of assignments, broadly considering the following:

- (a) The individual advocate or partners of the firm should be of good repute and have experience in work relating to Title and Search Reports and well versed with laws relating to transfer of property, succession, registration and should have experience of minimum five years in handling such matters.
- (b) The advocate should be willing to abide by Company's terms and conditions as to fees, charges, formats of reports and timelines for submission of reports etc.
- (c) The advocate / Law firm should not have undertaken any assignment of the issuer company during three preceding year and also shall not attend to its matters during continuance on panel.
- (d) The firm/any partners of the firm should not have any disciplinary matters against them and / or they should not have suffered any disqualification, during last five years.
- (e) Advocates already on panel of nationalized banks shall be given preference.
- (f) The Firm/Advocates should give a declaration that it will inform Vistra if there is any conflict of interest with issuer company at the time of accepting any assignment.

(2) Chartered Accountant:

The services of CA are required at the time of creation of security at initial issuance of debentures proposed to be secured with movable property of the issuer company and further during the life of the transaction on quarterly basis in accordance with the requirement of SEBI regulations and circulars issued by SEBI from time to time and/or documentations for the said Debenture issuances. With a view to get the Asset Cover Certificated/Security Cover Certificate in respect of movable properties of the debenture issuer adequate number of CAs need to be empaneled considering the volume of assignments, broadly considering the following criteria:

- (a) The Firm of Chartered Accountants (including LLP) should have at least one partner as FCA and should have experience of minimum three years.

- (b) The Firm should have necessary office infrastructure and adequate personnel to ensure proper deployment and timely completion of the assignments.
- (c) The partner of the Firm / Firm should not have undertaken any assignment of the issuer company during three years and also shall not attend to its matters during continuance on panel.
- (d) The Firm or any of its partner Cas should not have any disciplinary action initiated by ICAI or any other Govt. Authority / Organization, during last five years and should not be related to any key managerial personals or board of the issuer company.
- (e) The Firm should give a declaration that it will inform Vistra if there is any conflict of interest with issuer company at the time of accepting any assignment.

(3) Practicing Company Secretaries

The services of Company Secretary are required at the time of creation of security at initial issuance of debentures proposed to be secured by the issuer company and further during the life of the transaction on quarterly basis in accordance with the requirement of SEBI regulations, circulars issued by SEBI from time to time and/or documentations for the said Debenture issuances. With a view to get the search at the Registrar of Companies in respect to the various lendings availed by the issuer company adequate number of PCS need to be empaneled considering the volume of assignments, broadly considering the following criteria:

- (a) Practicing Company Secretary (PCS) / Firms registered with the Institute of Company Secretaries of India (ICSI) having minimum three years' experience in full time practice will be eligible.
- (b) The PCS / Firm should not have been penalized by the ICSI / MCA / ROC or any other Regulatory Authority in any Disciplinary Proceedings during last 5 years.
- (c) The Firm should have not been banned / blacklisted / de-barred from business by any PSU / Govt. Department during last five years.
- (d) The Firm or its partners should not be related to Directors or Key Managerial Personnel of the Issuer Companies. The Firm should give a declaration that it will inform Vistra if there is any conflict of interest with issuer company at the time of accepting any assignment

(4) Valuers

The services of Valuers are required at the time of creation of security at initial issuance of debentures proposed to be secured with immovable property of the issuer company and further during the life of the transaction specifically every 3 years of the transaction wherein the title verification is carried out on the immovable property/movable property

provided as security in accordance with the requirement of SEBI regulations, circulars issued by SEBI from time to time and/or documentations for the said Debenture issuances. With a view to get the immovable property valued adequate number of valuers are need to be empaneled considering the volume of assignments and pan India transactions, broadly considering the following criteria:

- (a) The Valuer / Firm shall be eligible to be empaneled, if it is on the panel Valuer Associations viz. IBBI, PSU / Scheduled Banks, Institute of Valuers (IOV), Institution of Estate Managers & Appraisers (IESMA), Practicing Valuers Association (India) (PVAI), The Institute of Company Secretaries of India (ICSI), The Indian Institute of Valuers (IIV), The Institute of Cost Accountants of India (ICMAI), The Institute of Chartered Accountants of India (ICAI), Association of or any other association registered as RVO with IBBI. The said valuer should hold a confirmed authentic approved valuer certificate issued by the Government.
- (b) The Valuer / Firm – Associates / Partners should not have been disqualified by any Forum / Authority or Regulatory Authorities. No disciplinary measures should have been taken against the Valuer /Firm – Associates / Partners, during last five years.

(VII) Measures to avoid or to deal with Conflict of Interests:

Vistra shall put in place the following arrangements to manage the Conflict of Interest promptly and fairly:

- (1) Ensure that the advisor or expert appointed by Vistra have no pecuniary relationship with the issuer company 3 years prior to the issue.
- (2) Take declaration of no conflict from the appointed advisors or expert, review the same and keep the same on record.
- (3) The appointed advisor should be independent from the debenture issuer, so that the certification/opinion will not be influenced by any relationship between them. The advisor is expected to give an unbiased and honest professional opinion.
- (4) Vistra shall ensure complete independence in appointment of the service providers from the Issuer. At no time will the details of external agencies be shared with Issuer.

(VIII) Review of empaneled agencies:

Vistra shall conduct an review of empaneled agencies once a year with respect to continuation or dis-continuation or addition of new empanelment of agencies.

While doing so Vistra would have the right to discontinue and/or call for clarity from the empanelment agencies in order to take a concrete decision. Certain criteria for discontinuation of agencies shall be as under:

- a) If agencies refuse to provide conflict of interest or any other information sort by Vistra.

- b) If Vistra has any reasons to believe that any information provided during empanelment is incorrect.
- c) If Vistra has a reason to believe that the due diligence was not conducted unbiased and in a honest manner.
- d) If any disciplinary action pending/proposed / taken against the agency /its principal constituents/dealing employees.
- e) If any adverse information received formally or informally through any source and details confirmed thereof.

The review process will be conducted by the legal team and confirmed to the Compliance Head and the Managing Director who shall confirm such discontinuation of the concerned agency.

Review clause shall also apply as and when the situation and/or any adverse information received by Vistra regarding any of the empaneled service providers.

(IX) Deviation from Policy:

Any request for deviation from this Policy, which may become necessary due to practical difficulties in implementation or otherwise, shall be referred to the Compliance Officer.

(X) Review of the Policy:

The Head Legal, Head Operations and Compliance Officer of Vistra shall annually or on change in regulatory provisions review the effectiveness of this policy and recommend changes thereto and confirmed by the Managing Director and approval of the Board of Directors of Vistra.

(On the letterhead)

To,

VISTRA ITCL (INDIA) LIMITED

The IL&FS Financial Centre,
 Plot C- 22, G Block, 7th Floor
 Bandra Kurla Complex, Bandra (East),
 Mumbai 400051

Declaration of Non-Conflict of Interest

I, the undersigned, acting as the *[Designation]* and in the capacity of the authorized signatory of **M/s.** *[Name of the Law Firm/ CA Firm/ CS Firm / Valuation Firm]* by virtue of authority assigned on to me under the Board Resolution dated _____, in respect of the proposed involvement of M/s. *[Name of the Law Firm/ CA Firm/ CS Firm / Valuation Firm]* in the due diligence of *[insert the details of the security]* provided by M/s. *[Name of the Issuer]* (“**Issuer**”) (referred to below as “**Due-Diligence**”) confirm that I / we:

- do not have any conflict of interest in connection to the Due Diligence to be undertaken by M/s. *[Name of the Law Firm/ CA Firm/ CS Firm / Valuation Firm]* of the assets to be provided by the Issuer for creation of security for the issue of listed, secured, Non-convertible Debentures aggregating to Rs. [•].
- Do not have any pecuniary relationship with the issuer company in last 3 years.
- will inform Vistra ITCL (India) Limited (debenture trustee to the forthcoming NCD issue), without delay, of any situation constituting a conflict of interest or could give rise to a conflict of interest.
- have not made, and will not make, any offer of any type whatsoever from which an advantage can be derived under the Due-Diligence.
- have not granted, sought, attempted to obtain or accepted and will not grant, seek, attempt to obtain, or accept any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal or corrupt practice, either directly or indirectly, as an incentive or reward relating to the Due-Diligence.
- have /was not been appointed earlier by the issuer in any of its assignment.

[Insert Place]

Place : [•]

Date : _____

Name :

Designation :

Signature :

(Stamp of the Law Firm/ CA Firm/ CS Firm / Valuation Firm)