

**Form No. SH-12****Debenture Trust Deed**

**[Pursuant to sub-section (13) of section 71 of the Companies Act, 2013 and rule 11 of the Companies (Share Capital and Debentures) Rules 2014]**

The debenture trust deed shall, *inter alia*, contain the following:-

**1. DESCRIPTION OF DEBENTURE ISSUE:**

- (a) Purpose of raising finance through the debenture issue;
- (b) Details of debenture issue as regards amount, tenure, interest/coupon rate, periodicity of payment, mode of payment and period of redemption;
- (c) An undertaking by the company to pay the interest and principal amount of such debentures to the Debenture holders as and when it becomes due, as per the terms of offer;
- (d) The terms of conversion/redemption of the debentures in terms of the issue to the debenture holders, options available, and debt equity ratio and debt service coverage ratio, if applicable.

**2. DETAILS OF CHARGE CREATED (in case of secured debentures):**

- (a) Nature of charge created and examination of title;
- (b) Rank of charge created viz. first, second, pari passu, residual, etc;
- (c) Minimum security cover required;
- (d) Complete details of the asset(s) on which charge is created such as description, nature, title, location, value, basis of valuation etc.;
- (e) Methods and mode of preservation of assets charged as security for the debentures;
- (f) Other particulars of the charge, e.g., time period of charge, rate of interest, name of the charge holder;
- (g) Provision for subsequent valuation;
- (h) Procedure for allowing inspection of charged assets and book of accounts by debenture trustee or any person or person authorized by it;
- (i) Charging of future assets
- (j) Time limit within which the future security for the issue of debentures shall be created
- (k) Circumstances specifying when the security may be disposed of or leased out with the approval of trustees
- (l) Enforceability of securities, events under which security becomes enforceable
- (m) Obligation of company not to create further charge or encumbrance of the trust property without prior approval of the trustee

**3. PARTICULARS OF THE APPOINTMENT OF DEBENTURE TRUSTEE(S):**

- (a) The conditions and procedure for the appointment of the debenture trustee ;
- (b) Procedure for resignation by trustee including appointment of new trustees;
- (c) Provision that the debenture trustee shall not relinquish his office until another debenture trustee has been appointed;
- (d) Procedure to remove debenture trustee by debenture holders providing for removal on a resolution passed by the holders of not less than three fourth in value of debentures;

- (e) Fees or commission or other legal travelling and other expenses payable to the trustee(s) for their services;
- (f) Rights of the trustee including the right to inspect the registers of the company and to take copies and extract thereof and the right to appoint a nominee director;
- (g) Duties of the trustee.

#### 4. EVENTS OF DEFAULTS

- (a) Events under which the security becomes enforceable which shall include the following events:
  - (i) When the company makes two consecutive defaults in the payment of any interest which ought to have been paid in accordance with the terms of the issue;
  - (ii) When the company without the consent of debenture holders ceases to carry on its business or gives notice of its intention to do so;
  - (iii) When an order has been made by the Tribunal or a special resolution has been passed by the members of the company for winding up of the company;
  - (iv) When any breach of the terms of the prospectus inviting the subscriptions of debentures or of the covenants of this deed is committed;
  - (v) When the company creates or attempts to create any charge on the mortgaged premises or any part thereof without the prior approval of the trustees/debenture holders;
  - (vi) When in the opinion of the trustees the security of debenture holders is in jeopardy.
- (b) Steps which shall be taken by the debenture trustee in the event of defaults;
- (c) Circumstances specifying when the security may be disposed off or leased out with the approval of trustees;
- (d) A covenant that the company may hold and enjoy all the mortgaged premises and carry on therein and therewith the business until the security constituted becomes enforceable

#### 5. OBLIGATIONS OF COMPANY:

This section shall state the company's duty with respect to-

- (a) maintaining a Register of debenture holders including addresses of the debenture holders, record of subsequent transfers and changes of ownership;
- (b) keeping proper books of accounts open for inspection by debenture trustee;
- (c) permitting the debenture trustee to enter the debentureholder's premises and inspect the state and condition of charged assets;
- (d) furnishing information required by the debenture trustee for the effective discharge of its duties and obligations, including copies of reports, balance sheets, profit and loss account etc.;
- (e) keeping charged property/security adequately insured and in proper condition;
- (f) paying all taxes, cesses, insurance premium with respect to charged property/security, on time;
- (g) not declaring any dividend to the shareholders in any year until the company has paid or made satisfactory provision for the payment of the installments of principal and interest due on the debentures;
- (h) creating the debenture redemption reserve;
- (i) converting the debentures into equity in accordance with the terms of the issue, if applicable;
- (j) informing the debenture trustee about any change in nature and conduct of business by the company before such change;

- (k) informing the debenture trustee of any significant changes in the composition of its Board of Directors;
- (l) informing the debenture trustee of any amalgamation, merger or reconstruction scheme proposed by the company;
- (m) keeping the debenture trustee informed of all orders, directions, notices, of court/tribunal affecting or likely to affect the charged assets;
- (n) not creating further charge or encumbrance over the trust property without the approval of the trustee;
- (o) obligation of the company to forward periodical reports to debenture trustees containing the following particulars:
  - (i) updated list of the names and addresses of the debenture holders;
  - (ii) details of interest due but unpaid and reasons thereof;
  - (iii) the number and nature of grievances received from debenture holders and (a) resolved by the company (b) unresolved by the company and the reasons for the same.
  - (iv) a statement that the assets of the company which are available by way of security are sufficient to discharge the claims of the debenture holders as and when they become due
- (p) complying with all directions/guidelines issued by a Regulatory authority, with regard to the debenture issue
- (q) submitting such information, as required by the debenture trustee

#### 6. MISCELLANEOUS:

- (a) The conditions under which the provisions of the trust deed or the terms and conditions of the debentures may be modified;
- (b) The mode of service of notices and other documents on the company, the trustee and the holders of the debentures;
- (c) The company to be responsible for paying any stamp duty on the trust deed or the debentures (if applicable);
- (d) Provisions regarding meetings of the debenture holders;
- (e) Provisions for redressal of grievances of debenture holders.