

MITCON CREDENTIALIA TRUSTEESHIP SERVICES LIMITED

**POLICY FOR EMPANELMENT OF EXTERNAL AGENCIES
FOR CARRYING OUT DUE DILIGENCE IN CASE OF LISTED
DEBT SECURITIES UNDERTAKEN BY THE COMPANY AND
MANAGING CONFLICT**

2023

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**EMPANELMENT OF EXTERNAL AGENCIES FOR CARRYING
OUT DUE DILIGENCE IN CASE OF LISTED DEBT
SECURITIES UNDERTAKEN BY THE COMPANY AND
MANAGING CONFLICT**

BACKGROUND

MITCON Credentia Trusteeship Services Limited (MCTSL/ the Company/the Trustee) is a registered intermediary with SEBI under the Securities and Exchange Board of India (Debt Securities) Regulations, 1993 and provides debt securities trustee services for client companies issuing listed debt securities.

MCTSL to comply with various regulations and circulars issued by the Securities and Exchange Board of India (SEBI) including the SEBI (Debt Securities) Regulations 1993 (“DT Regulations”) as amended from time to time. SEBI Circular No. SEBI/HO/DDHS/P/CIR/2023/50 dated March 31, 2023 read with various other applicable circulars issued by SEBI from time to time (as the case may be) (collectively “SEBI Circulars”), has prescribed the manner in which debt securities trustees shall carry out due diligence for creation of security at the time of issuance of debt securities and as required under Regulation 15(1)(s) & 15(1)(t) of DT Regulations, the Company is required to carry out due diligence on continuous basis. In terms of the said SEBI Circulars, the due diligence may be carried out by the debt securities trustee by itself or through external agencies, advisers or experts.

This policy inter alia lays down the process of selection and appointment of external agencies, experts or advisors with respect to debt securities trustee assignments undertaken by MCTSL.

DEFINITIONS

“**External Agencies**”, shall mean professionals such as advisors/experts/advocates or firm of Advocates/assayers/consultants/chartered accountants or firm of chartered accountants /valuers/ other similar agencies engaged for carrying out due diligence in terms of SEBI guidelines through whom required due diligence can be carried out;

“**Issuer**” shall mean an entity issuing the listed debt securities;

“**Conflict of interest**” shall mean any event / situation in which the interests of MCTSL and/or the constituents it represents, in an assignment to a consultant/External Agency in a listed debt securities transaction, is adversely impacted

due to past / existing relationship of such consultant/ External Agency with the Issuer / Issuer Group.

Further the Company may identify conflicts of interest situations from time to time while appointing any External Agency for any particular issue, which will be managed/mitigated with the help of the principles identified herein and by also taking into account further processes which the Company may develop over the period of time.

PROCESS OF EMPANELMENT

The Company will appoint External Agencies by following below mentioned process:

A. ELIGIBILITY

(1) Advocate / Firm of Advocates:

The services of Advocates are 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. 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 empanelled 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, local laws as applicable and should have experience of minimum three 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 / firm should not have undertaken any assignment of the issuer company during one 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 advocates of nationalized banks and Public Sector Undertakings shall be given preference.

(2) Firm of Chartered Accountants:

- 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 set-up 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 one preceding year 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.
- e) The Firm should give a declaration that it will inform MCTSL if there is any conflict of interest with issuer company at the time of accepting any assignment.

(3) Practicing Company Secretaries:

- 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.
- e) The Firm should give a declaration that it will inform MCTSL if there is any conflict of interest with issuer company at the time of accepting any assignment.

(4) Valuers:

- a) The Valuer / Firm shall be eligible to be empanelled, if it is on the panel of 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.
- b) The Valuer / Firm - Associates / Partners should not have been disqualified by any Forum / Authority or Regulatory Authorities.
- c) No disciplinary measures should have been taken against the Valuer / Firm – Associates / Partners, during last five years.

It is considered utmost important to ensure the integrity of the empanelled external agencies engaged by the Company for undertaking the due diligence in respect of the assignments of debenture trusteeship. With a view identify, consider and manage the potential conflict of interest, the officials of Company and also the empanelled

external agencies shall comply with this policy and terms of engagement respectively while rendering their services of due diligence and periodical monitoring services.

Further, External Agencies having worked on similar assignments (due diligence in accordance with SEBI Circulars) and those empanelled with other debenture trustee companies may also be considered and preferred while considering empanelment.

B. Details/information and documents to be obtained –

The Company will obtain a duly filled application form from the External Agencies in the format as prescribed by the company and obtain requisite documents and information accordingly. Considering the nature of assignment to be carried out by the External Agencies so empanelled, required deviation from the applicability of certain requirements from such Application Form may be waived on case to case basis.

C. External Agencies empanelled with / appointed by other debenture trustee company - In case any External Agency is appointed by other debenture trustee company for any particular issuer, same may be considered for appointment (whether empanelled with the Company or not) for carrying out the due diligence as allowed under SEBI Circulars for such issuer company.

D. Activities that can be outsourced by Debenture Trustee:

- a. Valuation of Asset provided as security
- b. Title Search Report
- c. ROC Search Report
- d. Asset/Security Cover Certificate
- e. Net Worth Certificate
- f. Appraisal Report
- g. Any other certificate required under the SEBI Regulations

E. Authority who can approve outsourcing of activities:

Compliance officer/ Managing Director/ Director/ any other authorised official of the Company may consider appointment/empanelment of external agency for outsourcing of activities as detailed in point no. D above.

F. Empanelment of External Agency:

The Company will enter into contractual agreement for empanelment of third parties/ external agency and outsourcing various assignment for clients and accordingly issue appointment letters/ engagement letters/ empanelment letters assignment wise based on the agreed remuneration and other terms & conditions as mutually agreed. External agency can apply for empanelment in a standard

format as prescribed by the Company and as made applicable for the selection process for MCTSL.

G. Remuneration to External Agencies:

For effective discharge of duties and to prevent influence on the services provided by external agencies and to prevent conflict of interest it is advised that external agencies will not engage with the Issuer and will only directly communicate with the Company only and any charges, costs, fees, remuneration of the External Agencies will be paid by the Company. The External Agency as such, will issue the invoice to the Company for the assignments undertaken and thereby avoiding direct commercial transaction between issuer companies and external agency. (Company may/may not get reimbursement of such costs borne by the Company for carrying out due diligence from the Issuer companies).

H. Risk Management Program:

This will form the actual framework for managing risk to meet business objectives. While core elements of the management team and the Board have deep experience in managing attendant risks, this framework seeks to provide the basis for a common understanding of risk parameters and the mechanisms to achieve them. Overall risk management at MCTSL will be carried out through oversight at different levels of the organization from the Board to elements of the operating team.

MANAGING CONFLICTS OF INTEREST

Circumstances that would constitute conflict of interest while appointing any External Agency for any particular assignment:

The following are potential conflicts of interest situations that may arise:

- a. The External Agency has acted or had been appointed by the issuer company in capacity as statutory auditor/independent auditor / legal counsel/ consultant/advisor/etc. in the past for itself or its affiliate;
- b. Partner / lawyer /Chartered Accountant / Practicing Company Secretary / advisor / consultant etc. of the External Agency working on the assignment/issuing report /certificate, was/had been into employment of the issuer company or its affiliate in the past;
- c. Any partner / lawyer / Chartered Accountant / Practicing Company Secretary / advisor / consultant etc. of the External Agency is a relative of the key managerial persons / directors of the issuer company;
- d. the External Agency have pecuniary relationship with the issuer company;

(Terms affiliate and relative shall have same meaning ascribed to them under the Companies Act, 2013)

POLICIES AND PROCEDURES

The following policies and procedures have been adopted and to be followed while appointing any External Agency for any particular assignment and for mitigation of conflict of interest and to assess whether and how activities can be outsourced:

1. The Company will obtain following confirmation from the External Agency before appointing such External Agency for any assignment of carrying out due diligence with respect to the proposed security and / or for periodic monitoring for any issuance:
 - a. The external agency has system and processes in place to prevent conflict of interest.
 - b. Confirm from websites of professional monitoring bodies of the profession concerned, about disciplinary actions pending / proposed / taken against the proposed external agency / its principal constituents / dealing employee.
 - c. that the External Agency has not acted nor been appointed by the issuer company in capacity as statutory auditor/independent auditor / legal counsel/ consultant/advisor/etc. in the past for itself or its affiliate for the past three Financial Years.
 - d. that, the partner/lawyer/Chartered Accountant/Practicing Company Secretary/advisor/consultant etc. of the External Agency working on the assignment/issuing report /certificate, was/had not been into employment of the issuer company or its affiliate in the past three Financial Years;
 - e. that, the partner/lawyer/Chartered Accountant/Practicing Company Secretary/advisor/consultant etc. of the External Agency working on the assignment/issuing report /certificate is not a relative of the key managerial persons/directors of the issuer company; and
 - f. that, the partner/lawyer/Chartered Accountant/Practicing Company Secretary/advisor/consultant etc. of the External Agency working on the assignment/issuing report /certificate does not have pecuniary relationship with the issuer company for 3 years prior to the issue.
 - g. that, the partner/lawyer/Chartered Accountant/Practicing Company Secretary/advisor/consultant etc. of the External Agency working on the assignment/issuing report /certificate shall not be dealing directly with the issuer company whereby ensuring that independence of the due diligence

process shall not get affected and thereby mitigating the potential conflict of interest that may arise and further to ensure that no commercial transaction take place directly between issuer company and empanelled agency and expense in relation to services availed by MCTSL from empanelled agencies shall be paid by MCTSL.

2. The external agency shall have / put in place the following systems/ arrangements:

- a) Maintain high standards of integrity in the conduct of its business.
- b) Ensure fair treatment of the Issuers.
- c) Ensure that its personal / professional interests, does not at any time, conflict with its duty / responsibility towards MCTSL and the constituents it represents, and their interest always takes primacy in its advice.
- d) Make appropriate disclosure to MCTSL of possible source or potential areas on conflict of interest which may impair the ability to render fair, objective and unbiased services / reports / statements.
- e) Endeavour to reduce opportunities for conflict through prescriptive measures such as through information barriers to block or hinder the flow of information from one department to another etc.
- f) Not to deal in securities while in possession of material nonpublished information.
- g) Not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities.
- h) Not to utilize information received from Issuer / MCTSL or pertaining to them, obtained as a result of their dealings, for their personal interest
- i) To strictly implement and abide by the SEBI Regulations on Prohibition of Insider Trading which has inter-alia mandated the following:
 - Appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security.
 - Restrictions on communication of material unpublished information while dealing in securities on behalf of others.
 - Undertaking to that effect to be furnished to MCTSL.

3. Compliance Team should:

MITCON Credentia Trusteeship Services Limited – Policy for empanelment of External Agencies and Managing Conflict

- a) Review the documents / factors examined by the Dealing / Handling Officer and the documents furnished by the External Agency and confirm its compliance with the guidelines, on random basis.
 - b) Compliance officer may consider assignment / empanelment of consultants wherein element of conflict of interest are suspect after recording reasons for allowing the same. All such cases would be reported to Business Head for confirmation.
4. Reporting:
- a) Annual review of compliance be taken by Managing Director in respect of each of the empanelled external agency, with a view to take a decision about continuance or discontinuance in the respective lists of panels.
 - b) Quarterly reporting of cases of deviation from the guidelines, if any using discretion exercised by Compliance Team, to the Managing Director.
5. Actions on events of conflict of interest:
- a) Opportunity be given to the empanelled external agency to furnish explanations / findings clarifications.
 - b) Opportunity for personal hearing on the matter before the Managing Director.
 - c) In case the findings of Managing Director are of serious nature, they shall be placed before the Board for directions.
6. **Monitoring and Review:** The review of the external agencies will be taken once in year, taking into account the performance of such empanelled external agencies to assess the effectiveness and adherence to the policy. Any adverse findings or observations about deviation of the terms of engagement by the external agency will be brought to the notice of the Compliance Officer and appropriate action including delisting of such external agency and discontinuation of assignments pending if any , with such external agency will be taken.
7. The scope of work/services and reports/certificates to be prepared by the External Agency will be decided on a case-to-case basis depending upon the nature of security and requirement under the terms of transactions.
8. In case, the issuer has more than one debenture trustee for its listed debt securities, then the Company may choose a common agency for preparation of security cover certificate along with the other debenture trustee company of the issuer.

This policy may be amended from time to time as may be required under the Regulations and circulars passed by SEBI / applicable laws.

##The amended policy adopted in Board Meeting held on May 16, 2023

Sd/-

Ms. Ankita Agarwal

Company Secretary
