Minimum Fee Disclosure and Rationale for Listed Debt Securities

As per SEBI Circular SEBI/HO/DDHS/P/CIR/2023/50 dated March 31, 2023

In compliance with the Securities and Exchange Board of India (SEBI) circular referenced above, PNB Investment Services Limited (PNBISL), in its role as a Debenture Trustee (DT), discloses the **minimum fees structure and the rationale for fee determination** pertaining to listed debt securities.

1. Fee Structure: Minimum Fees to be Charged

A. Listed Debentures – Non-PSU Clients

Issue Size	**Secured (Initial Fee)**	**Secured (Annual Fee)**	**Unsecured (Initial Fee)**	**Unsecured (Annual Fee)**
Up to ₹100 crores	₹0.10 lakh	₹0.10 lakh	₹0.10 lakh	₹0.10 lakh
>₹100 crores – ≤₹1500 crores	₹0.50 lakh	₹0.50 lakh	₹0.25 lakh	₹0.25 lakh
>₹1500 crores	₹1.00 lakh	₹1.00 lakh	₹0.40 lakh	₹0.40 lakh

B. Listed Debentures – PSU Clients

Issue Size	**Secured (Initial Fee)**	**Secured (Annual Fee)**	**Unsecured (Initial Fee)**	**Unsecured (Annual Fee)**
Any Issue Size	₹0.01 lakh	₹0.01 lakh	₹0.01 lakh	₹0.01 lakh

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2. Additional Charges (Where Applicable)

- Additional fees **may be levied** for:
  - Multiple securities across different states,
  - Involvement of third-party consultants (e.g., lawyers, valuers, company secretaries),
  - Activities such as due diligence, valuation, legal opinions, title searches, etc.
- The **minimum fee for a transaction/issuer** may vary based on:
  - **Credit rating** of the issuer,

- **Transaction complexity**,
- **Overall relationship value**, and
- Other **internal risk parameters**.

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3. One-Time Fee Option

The above fees may also be **charged as a one-time consolidated fee** for the full tenure of the debenture. In such cases, the **lump sum amount shall not be lower** than the **aggregate of initial and annual fees** over the tenure of the issue.

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4. Rationale for Fee Determination

The fee structure has been developed considering the **increased regulatory obligations** imposed on Debenture Trustees to safeguard the interest of investors in listed debt securities. The pricing is **objectively calculated** based on:

- Time and resources spent on **one-time and recurring activities**;
- Regulatory obligations under:
  - SEBI Debenture Trustee Regulations,
  - SEBI NCS Regulations,
  - SEBI LODR Regulations.

The key responsibilities contributing to fee structure include:

A. One-Time Activities (Initial Fees)

- Due diligence for listing and fundraising,
- Engagement of third-party consultants (e.g., lawyers, valuers),
- Co-ordination with stakeholders (stock exchanges, legal counsel, regulators),
- Title search and security creation (including MCA/CERSAI filings),
- Issuance of Annexure A and B for listing purposes.

B. Recurring Activities (Annual Fees)

- Monitoring of:
  - Covenant compliance,
  - Interest and principal payments,

  - Asset cover ratios,
  - Encumbrances and valuations,
  - Rating actions and disclosures.
- Routine activities such as:
  - Issuance of NOCs (paripassu, merger/acquisition),
  - Release of security,
  - Amendments to debenture terms,
  - Periodic reporting to stock exchanges and rating agencies.

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5. Automation and Infrastructure Enhancements

To ensure robust and transparent monitoring in line with regulatory expectations, the following infrastructure initiatives have also been factored into the fee rationale:

- Automation for covenant tracking and compliance alerts,
- ERP system upgrades for real-time monitoring and alerts to issuers, rating agencies, and investors,
- Systemized breach/delay/default detection and response mechanisms.

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6. Regulatory Compliance

The disclosed fees and rationale are **in line with SEBI Circulars**:

- SEBI/HO/DDHS/P/CIR/2023/50 dated **March 31, 2023**
- SEBI/HO/MIRSD/DOS3/CIR/P/2019/68 dated **May 27, 2019**

The fee structure will be **updated from time to time**, as per any regulatory revisions or internal policy changes.