POLICY FOR EMPANELMENT OF EXTERNAL AGENCIES

SBICAP Trustee Company Limited

2022

POLICY FOR EMPANELMENT OF EXTERNAL AGENCIES

I. Purpose and background –

The Company is registered with the Securities and Exchange Board of India (SEBI) and has obtained the certificate to act as debenture trustee/ bond trustee.

In terms of Regulation 15(1) and 15(6) of the SEBI (Debenture Trustee) Regulations, 1993 (as amended (hereinafter referred to as the "DT Regulations"), the debenture trustee for secured listed issuances is required to exercise, and carry out, independent due diligence to ensure that the security offered by the issuer/security provider(s) is sufficient to discharge the obligations for payment of interest and redemption of the principal amount of the issue. Such due diligence could be undertaken up by the trustee itself, or through external entities viz practicing Chartered Accountants / practicing Company Secretaries / Valuers / Advocates or law firm / other similar agencies, as may be deemed necessary. Further in terms of SEBI Circulars dated November 03, 2020, November 12, 2020 and August 04, 2022, the trustee is also required to continuously monitor the terms of issue throughout till redemption.

The SEBI Regulations also require that every trustee shall have a Board approved Policy for the empanelment of External Agencies.

II. Applicability –

This Policy for Empanelment of External Agencies shall be applicable to all the external agencies engaged / empaneled / appointed by STCL for the purpose of conducting the due diligence in respect of the listed debenture assignments.

III. Definitions –

A. **Assets**: Assets shall mean any of the movable, immovable properties or any other assets of the Issuer/security provider(s), including any of the documents in respect thereof, on which a charge is proposed to be created to secure the payment if interest and redemption of the principal amount of the debenture(s)/bonds etc.

B. **Conflict of Interest**: Conflict of interest shall mean any conflict or clash between the obligations and professional responsibilities of the external experts or advisers engaged for carrying out the due diligence and their existing or previous dealings and associations with the Issuer Companies/Security providers during the immediately preceding 3 years as on the date of of their proposed engagement.

C. **Due Diligence**: Due diligence means the process or effort to collect and analyze information before making a decision or conducting a transaction or could be to ensure that the assets of the Issuers or the security provider are sufficient to discharge the interest and principal amount with respect to debt securities of the Issuers at all times, ascertaining the existing encumbrances and obtaining the pari-passu letters / NOC from existing charge holders obtaining the title search reports and valuation reports etc as the case may be.

D. **External Experts and Advisers**: External Experts and Advisers means a practicing Chartered Accountants, Practicing Company Secretaries, Registered Valuers, practicing Advocates / Law Firms etc. engaged for carrying out the due diligence by STCL before creation of security

IV. Empanelment of External Agencies and Conflict of Interest –

(A) Empanelment of External Agency on the panel of STCL-

1. STCL shall preferably empanel the professional / consultants / external agencies / experts on its panel from those who are already on the panel of State Bank of India (SBI).

2. However, the Company may empanel and engage any other professionals/consultants / external agencies / experts not empanelled with SBI, if found suitable and necessary for the smooth conduct of its business. Any such empanelment shall be made with the written approval of the MD&CEO.

   While empanelling any external agency on the panel, STCL shall check / assess / obtain the following minimum requirements that the: -

   (a) external agency possesses the adequate / required / valid certificate and academic qualifications as may be necessary to perform specific job such as title search report, valuation of properties, financial analysis on various factor and issuing the security cover certificate, ROC search etc.
   (b) Valid Firm registration certificates (for e.g., Bar Counsel certificate / Bar Counsel Identity Card / ICAI membership and firm registration certificate / ICSI membership and firm registration certificates / certificate of Institution of Valuers or Surveyors or Govt. Approved Valuer etc or such other certificates as may be required by STCL.
   (c) Minimum experience of at least 5 years of each external agency.
   (d) Infrastructure and other details such as manpower, capabilities, competency and experience of the external agency in relevant field; and
   (e) Such other details / documents as may be required.

3. Any external agency empanelled on panel of STCL shall enter into an written contracts / agreements that clearly describe all material aspects of the

empanelment including the rights, responsibilities and expectations of the parties to the contract, client confidentiality issues, termination procedures, etc. STCL and empanelled External Agencies shall execute the engagement letters before assigning any assignment/work.

4. STCL reserves the right to lodge a complaint against external agency with the respective institute where the external agency has registered itself such as Bar Counsel of India / State Bar Counsel, ICAI, ICSI, judicial or quasi-judicial authority, regulatory authorities, Government or any other appropriate authority/institute in case failure of External Agencies to not adequately perform the activity, poor Services, non-maintenance of confidentiality, technology error, fraud, misconduct, loss on reputation of STCL by the act of external agency etc in any of the assignments entrusted to such external agencies.

5. Engagement of the professionals has to be from the approved Panel only.

(B) Conflict of Interest

SEBI vide its various circular has advised Debenture Trustee to have a Conflict of-Interest policy for appointment of external experts and advisers like Practicing Chartered Accountants, practicing Company Secretaries, Registered Valuers, practicing Advocates etc. for carrying out Due Diligence by debenture trustees before creation of security. In order to comply with the aforesaid provisions and to mitigate any conflict of interest arising between STCL and external agencies following process is being laid down:

A. STCL shall ensure that empanelled agency do not have previous dealings and associations with the Issuers Companies during immediately preceding 3 years of their proposed engagement in assignments being entrusted to them;

B. Engagement of the external agencies has to be from the approved Panel only;

C. A line of confirmation / email or an undertaking in support of confirmation that there is no conflict of interest may be obtained, if required, from the Issuer and external experts / professionals and place on record and or in all cases a letter of appointment to the external experts should be issued.

V. Activities which are not outsourced to External Agency

Except as stated above STCL shall not empanel external agency to perform the core debenture trusteeship business activities of STCL.

VI. Review of the Policy

The Policy may be reviewed from time to time (in any case annually) by the Compliance Officer and MD & CEO, as and when required, and shall be submitted to the Board for approval.