



**PRESENTATION BY**

**UNIT TRUST OF INDIA**  
**INVESTMENT ADVISORY**  
**SERVICES LIMITED**





# OFFERS TRUSTEESHIP SERVICES WITH A DIFFERENCE



# Vision

**Preferred Destination of Quality Service  
Seekers**



# Mission

To offer time bound quality service powered by committed and experienced human resource and driven by technology, professional knowledge and ethical standard.



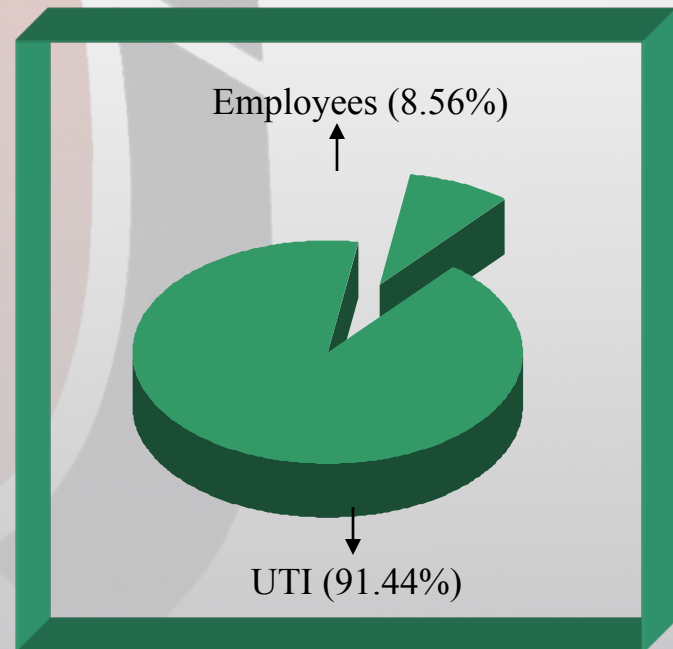
- Formation of the Company
- Entry Of UTILAS into Trusteeship Activity
- Board of Directors of the Company
- Salient Features and Services of Organisation
- Security creation – processes
- Compliance
- Execution of Documentation
- Post security creation activity
- Hurdles faced in security creation



# UTILAS : Formation of the Company

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- Incorporated in June 1988, as subsidiary of UTI
- Investment Advisor to India Growth fund Inc., a NYSE listed fund.
- Registered with Securities Exchange Commission, USA as a Investment Advisor



# Entry of UTILAS into Trusteeship Activities

- Offshore funds gradually got wound up as per the terms of their launch;
- UTILAS entered into Trusteeship Services;
- Memorandum of Association was amended to take up Trusteeship related activities;
- In March, 2004 UTILAS obtained SEBI Registration for carrying out activity of Debenture Trusteeship;
- The Trusteeship operation formally commenced in the first week of April, 2004.





# Board of Directors of the Company

- Shri. D S R Murthy – Chairman & CEO, presently Partner in S N Chaturvedi & Co.- (Formerly Executive Director, Unit Trust of India/UTI AMC)
- Shri. M R Umarji - Legal Advisor, Indian Banks Association (Formerly Executive Director, Reserve Bank of India)
- Shri. Viraf Mehta – Chartered Accountant, Kalyaniwala & Mistry Chartered Accountants
- Shri. K Madhavakumar – Director of EDU Channel (Formerly Chief General Manager, Unit Trust of India/UTI AMC)





# Salient Features & Services of the Organisation

- Focus is on quality & timely services;
- No conflict of interest in discharging the role as Trustees since UTIIAS does not have any financial relationship with corporates;
- UTIIAS has an unique position. It is not an associate of any institution which has financial relationship with corporates;
- Trustees for over 175 assistances, including term loans, external commercial borrowings, debentures, venture capital, etc. for a total corpus of over USD 10bn;
- MIDC Permission in favor of UTI IAS for mortgage of MIDC properties. Permission sought and awaited from other State Industrial Development Corporations.



# Security Creation – Processes

- Offer received from the Lender/Company for acting as Debenture/Security Trustee.
- Quote for fee for acting as Trustee is sent to the borrower
- The quote generally consists of one time Acceptance fees; Annual Service Charges payable upfront every year and other charges including stamp duty, service tax, etc. to be borne by company
- The borrower accepts the quote for fees and other charges (in certain cases after negotiations on the fee charged)
- Letter issued to borrower stating the acceptance of the assignment to act as Trustees for the send borrowing/facility at the prescribed fees and other charges

continued



# Security Creation – Processes

- Trusteeship Agreement entered into between Borrower and Trustee. In certain cases tripartite agreement is entered into between Borrower, Debenture Trustee and Lender.
- Based on the terms and conditions of the facility/ debenture, the check-list is provided to the borrower for compliance of pre-requisites of security creation.
- The check-list generally consists of General Body Resolution in terms of Sec. 293(1)(d) of the Companies Act, 1956
  1. General Body Resolution in terms of Sec. 293(1)(a) of the Companies Act, 1956 (for mortgage)
  2. Board Resolution for raising of Debentures/Rupee Loan/ECB, etc.
  3. Board/Committee Resolution for execution of documents

continued



# Security Creation – Processes

4. Copies of the following :
- i. Duly acknowledge letter of intent/information memorandum
  - ii. Letter of Allotment/Details of allotment
  - iii. Subscription Agreement
  - iv. Details of listing arrangements with Stock Exchanges.
  - v. Details of Depository with whom arrangement has been made for issue of debentures in demat form
  - vi. Certified copy of Memorandum and Articles of Association and latest Audited Balance Sheet of the company.

continued



# Security Creation – Processes

5. Letters in Original of the following
  - i. Details of existing charge holders/ranking of charge/loan outstanding
  - ii. Consent letters from existing charge holders
6. Following details regarding security offered
  - i. Brief description of properties offered as security, their location and form in which the security is proposed to be created; Exclusion of property, if any
  - ii. Certified copy of the Title Search report prepared by or acted upon by bank or Financial Institution, which presently holds charge
  - iii. Encumbrance certificate for the period from the date of title report up to the date of letter of intent governing the issue of debentures.
  - iv. Valuation report of the proposed security

continued



# Security Creation – Processes

7. Certificates of following
  - i. Permission under Sec. 281(1)(ii) of the Income tax Act, 1961 for mortgage of property
  - ii. Statutory Auditor's Certificate certifying that the Asset Cover available.





## Compliance

- Whether the Memorandum of association of the Company provides for
  - i. Issue of debentures
  - ii. Creation of stipulated security therefor
- Check the borrowing limit set by shareholders of the company under Sec.293(1) (d) of the Companies Act, 1956.
- Debentures to be issued by Board of Directors of the Company only in a Board meeting by a resolution and not otherwise by circular Resolution or by committee of Directors)
- Issue of Debenture Certificates
- Company may approach Company Law Board for extension of time for creation of security and supported by no-objection from the allottees of debentures.





## Execution of Documents

### For security creation

The following documents are generally executed in accordance with the terms of sanction for the facility.

1. Mortgage : Either by way of Registered Mortgage Deed (also known as English Mortgage or Debenture Trust Deed) or by way of Deposit of Title Deeds (also known as Equitable Mortgage). The English Mortgage is registered with Sub-Registrar of Assurances and under a single document, cover all assets (immovable, movable, licenses, trademarks, etc.) of the company which are sought to be mortgaged.
2. Hypothecation : The movable assets of the company including licenses, trademarks, etc., are secured by way of execution of Unattested Deed of Hypothecation.

continued



## Execution of Documents

3. Personal/Corporate Guarantee: The Guarantor is usually the Promoter of the company. It is under the Non-Judicial Stamp paper of the value applicable for Guarantees in the place where it is executed and Notarised. Where the Guarantee is by a company, then it has to be executed under the Common Seal of the Guarantor Company witnessed by its authorised Directors.
4. Pledge of Securities:
  - i. Deed of pledge duly Notarised
  - ii. Mandate to the Depository Participant by the Persons
5. Power of Attorney
6. Undertakings by the Promoters or persons associated with the assisted company and duly Notarised.
7. Statutory Mortgage Deed: This is executed for securing the vessels of the company with the Registrar of Indian Ships, Mercantile Marine Department (MMD).



## Post security creation activity

- Filing of Statutory Forms with ROC (within whose territorial jurisdiction the Registered Office of the Company is situated) by the Company within 30 days of the relevant transaction.
  - form 8 for registration of mortgage and charge created as security for Assistances other than debentures.
  - form 10 for registration of mortgage and charge created as security for Debentures.
  - form 17 for registration of satisfaction of mortgage and charge already created pursuant to repayment of the assistance.
- Deposit of documents in the safe custody viz. safe deposit lockers with banks, based on the place of execution.
- Seeking various reports from the company viz. Periodical reports on the asset cover available, interest cover, utilisation of funds, change in formation of company, change in composition of Board, default in payment of interest. Complying with SEBI Regulations, etc.



## Hurdles faced in security creation

- Lack of proper identification of land with marketable title
- Lack of clarity and identification of assets
- Non-availability of valuation of land.
- Agricultural land offered as security
- Non availability of Personal Guarantee.
- Debenture holder directly approaching the company/issuer for change in terms and conditions of security, redemption

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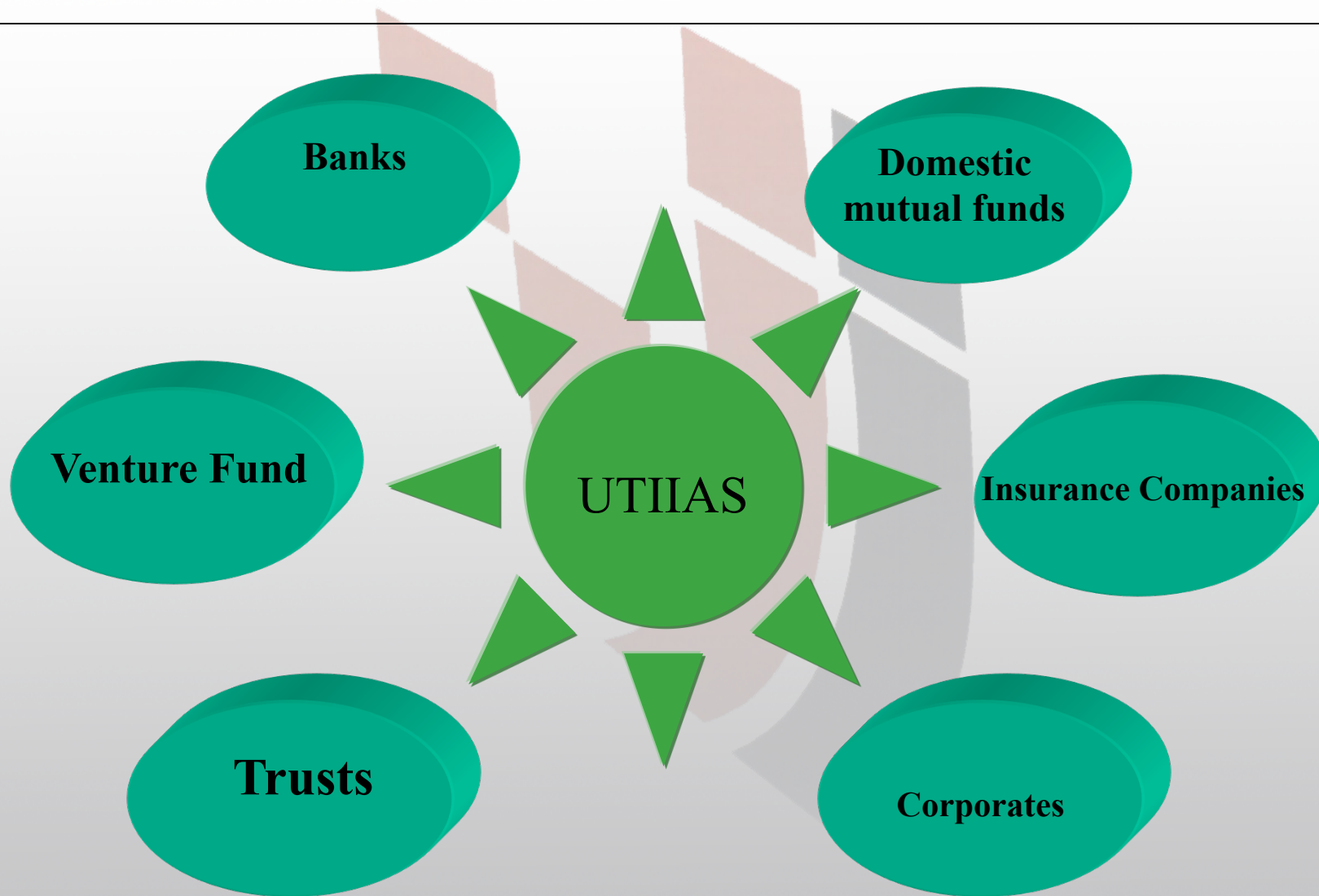


## Hurdles faced in security creation

- In case of movables, detail list of assets are not provided for.
- The term “wherever situated” does not signify the exact location of the assets.
- In case of vehicles under movables, the company usually fails to hypothecate the vehicles with the concerned RTO.
- Lack of close co-ordination between Lenders and Trustees and sharing of information, wherever necessary.



# Target Business Segments





**Registered Office:**

UTI Tower,  
'Gn' Block,  
Bandra Kurla Complex,  
Bandra East,  
Mumbai 400 051

**Administrative Office:**

Unit No.2, Block B, 1<sup>st</sup> Floor,  
JVPD Scheme,  
Gulmohar Cross Road No.9,  
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*Thank you*

