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**The Managing Director/ Executive Directors/Administrators  
Of All Stock Exchanges**

Dear Sir(s)/Madam(s),

**Sub: Model Listing Agreement for listing of Debt Securities**

- 1.0 SEBI, vide its circulars dated 30<sup>th</sup> September 2003 and 22<sup>nd</sup> December 2003, stipulated the conditions to be complied with, in respect of privately placement debt securities. One of the conditions specified therein requires that an entity desirous of listing privately placed debt securities shall enter into a separate Listing Agreement with the Stock Exchanges.
- 2.0 It has now been decided that listing of all debt securities irrespective of the mode of issuance i.e. whether issued on private placement basis or through public/rights issue, shall be done through a separate Listing Agreement. In this regard, the Stock Exchanges are advised to henceforth list all debt securities through an Agreement prepared in line with the Model Listing Agreement enclosed alongwith this circular.
- 3.0 The main features of the Model Listing Agreement are as under:
  - 3.1 The Agreement may be used for listing of all debt securities issued by an issuer irrespective of mode of issuance. The debt securities have been referred as "debentures" in the agreement and includes debentures as defined in Section 2(12) of the Companies Act, 1956 and any other debt instruments, which are proposed to be listed on recognized Stock Exchange. Issuer means any person making an issue of debentures which are proposed to be listed excluding Supra National Organizations like Asian Development Bank, World Bank etc.
  - 3.2 The Model Agreement has three parts. Part (I) contains clauses which shall be complied by all issuers irrespective of mode of issuance, Part (II) contains clauses which shall be complied with only if the debentures are issued either through public or rights issue and part (III)

contains clauses which are required to be complied with only if the debentures are issued on private placement basis.

- 3.3 In case of issuers whose equity shares are listed and which have already entered into a Listing Agreement for its equity shares, clauses of Equity Listing Agreement shall have an overriding effect over the Debenture Listing Agreement, in case of inconsistency, if any.

4.0 The Stock Exchanges are hereby directed to:

- (a) make necessary amendments to the bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable
- (b) bring the provisions of this circular to the notice of the concerned entities and also to disseminate the same on the website for easy access to the investors and
- (c) communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report till the Debenture Listing Agreement is in place.

5.0 This circular is being issued in exercise of powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Section 10 of the Securities Contracts (Regulation) Act 1956, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

**Neelam Bhardwaj**

**MODEL LISTING AGREEMENT FOR DEBENTURES**

This agreement made at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ by \_\_\_\_\_ a Company/any other entity duly formed and registered under the relevant Act and having \_\_\_\_\_ its \_\_\_\_\_ Registered \_\_\_\_\_ office at \_\_\_\_\_ (hereinafter called “the Issuer”) with the \_\_\_\_\_ (name of the Stock Exchange) \_\_\_\_\_ (hereinafter called ‘the Exchange’).

WHEREAS the Issuer has filed with the Exchange an application for listing its debentures more particularly described in detail in **Schedule I** annexed hereto and made a part thereof.

AND WHEREAS it is a requirement of the Exchange that there must be filed with the application an agreement in terms hereinafter appearing, to qualify for the admission and continuance of the said securities upon the list of the Exchange.

AND WHEREAS the issuer, whose equity shares are listed and who has already entered into a listing agreement for its equity shares, shall also enter into this debenture listing agreement for listing its debentures and shall comply with the same in addition to the listing agreement already signed. In case of inconsistency, if any in the obligations arising out of these agreements the provision of listing agreement for equity shall prevail.

NOW THEREFORE in consideration of the Exchange having agreed to list the said securities, the Issuer hereby agrees to covenants appearing in the part 1 ie. General Clauses and part \_\_\_\_\_ (either 2 or 3, depending upon the mode of issuance) and agrees with the Exchange as follows:

**Part 1.0 (General Clauses):**

- 1.1. The Issuer agrees to notify the Exchange regarding expected default in timely payment of interest or redemption amount or both in respect of the debentures listed on the exchange as soon as the same becomes apparent to the Issuer.
- 1.2. The Issuer agrees to comply with such provisions as may be specified by the Exchange for clearing and settlement process.
- 1.3 The issuer undertakes to promptly notify the exchange:
  - a) of any attachment or prohibitory orders restraining the Issuer from transferring debentures out of the names of the registered holders and furnish to the Exchange particulars of the numbers of securities so affected, the distinctive numbers of such securities and the names of the registered holders and their demat account details.

- b) of any action which will result in the redemption, conversion, cancellation, retirement in whole or in part of any debentures or such action that would effect adversely payment of interest of debentures listed on the Exchange.
- c) of any change in the form or nature of any of its debentures that are listed on the Exchange or in the rights or privileges of the holders thereof and make an application for listing of the said securities as changed, if the Exchange shall so require.
- d) any proposed change in the general character or nature of its business/activities.
- e) any change in the following :
  - i) Issuer's directorate/members of council by death, resignation, removal or otherwise;
  - ii) of Managing Directors/members of council.
  - iii) of Auditors appointed to audit the books and accounts of the Issuer.
- f) Within 15 minutes of closure of the meeting of its Board of Directors/Council held to consider or decide on the below mentioned matters will inform the Exchange by fax, telegram
  - i) short particulars of any increase of capital by way of new securities whether by issue of bonus shares through capitalization, or by way of right shares to be offered to the shareholders or debenture holders, or in any other way;
  - ii) short particulars of the reissues of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
  - iii) short particulars of any other alterations of capital, including calls;
  - iv) the dividends and/or bonus recommended or declared or the decision to pass over any dividend
  - v) any other information necessary to enable the holders of the listed securities of the Issuer to appraise its position and to avoid the establishment of a false market in such listed securities.

1.4 a) The Issuer agrees to close its transfer books or fix a record date for purposes of payment of interest and payment of redemption amount or for such other purposes as the exchange may agree to or require and to give to exchange the notice in advance of at least thirty days, or of as many days as exchange may from time to time reasonably prescribe, stating the dates of closure of its transfer books (or, when the Transfer books are not to be closed, the date fixed for taking a record of its debentureholders) and specifying the purpose or purposes for which the transfer books are to be closed (or the record is to be taken) The Issuer further agrees to ensure that the time gap between two book closures and record dates would be atleast 30 days. Alternatively, the Issuer may agree to provide its schedule of book closure or record dates for the purpose of payment of interest and redemption amount at the time of listing of the debenture instrument itself and intimate any changes in such schedule to the stock exchange/debenture holders.

b) The Issuer agrees that it will not close its transfer books on such days (or when the transfer books are not to be closed, fix such date for the taking of a record of its

debenture holders) as may be inconvenient to Exchange for the purpose of settlement of transactions, of which due notice at least 21 days in advance shall have been given by Exchange to the Issuer.

c) The Issuer will issue all interest warrants and cheques for redemption money simultaneously, which shall be payable at par at such centers as may be agreed to between the Exchange and the Issuer and disclosed to the debenture holders and which shall be collected at par, with collection charges, if any, being borne by the Issuer, in any bank in the country at centers other than the centers agreed to between Exchange and the Issuer, so as to reach the holders of debentures on or before the date fixed for payment of interest on debentures or redemption money, as the case may be.

1.5 The Issuer will notify the Exchange at least 7 days in advance of the date of the meetings of its Board of Directors/Council of issuer at which the recommendation or declaration of issue of convertible debentures or of debentures carrying a right to subscribe to equity shares or any other matter affecting the interests of debenture holders is due to be considered.

1.6

- a) The Issuer agrees to intimate the Exchange in advance, of its intention to raise funds through issue of new debentures if it proposes to list such new debentures on the Exchange. The Issuer also agrees to make an application to the exchange for the listing of such new issue of debentures and to submit such provisional documents as required by the Exchange relating thereto.
- b) The Issuer agrees to make true, fair and adequate disclosure in the offer documents as per the applicable regulatory requirements in respect of such new or further issue of debentures which the Issuer proposes to list on the Exchange.
- c) The Issuer agrees that it shall not issue any prospectus/ offer document/ letter of offer for public subscription of any securities unless the said prospectus/ offer document/ letter of offer has been filed with SEBI and an observation letter has been obtained from SEBI through the lead manager.
- d) The Issuer further agrees that the Issuer shall submit to the exchange such documents to enable it to admit/ list the said securities for dealing in the exchange.
- e) In the event of non-submission of the documents as mentioned in sub-clause (d) above by the Issuer to the exchange or withdrawal of the observation letter, if any, issued by SEBI, anytime before grant of permission for listing/ admission to dealing of the securities, the securities shall not be eligible for listing/ dealing, as the case may be, and the issuer shall be liable to refund the subscription monies to the respective investors immediately.
- f) The issuer agrees to ensure that any scheme of arrangement/ amalgamation/ merger/ reconstruction/ reduction of capital, etc., to be presented to any Court or Tribunal does not in any way violate, override or circumscribe the provisions of securities laws or the stock exchange requirements.

Explanation: For the purposes of this sub-clause, 'securities laws' mean the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the provisions of the Companies Act, 1956 which are administered by SEBI under section 55A thereof, the rules, regulations, guidelines etc. made under these Acts and the instant Listing Agreement.

- (g) The issuer agrees that in the explanatory statement forwarded by it to the shareholders u/s 393 or accompanying a proposed resolution to be passed u/s 100 of the Companies Act, it shall disclose the pre and post-arrangement or amalgamation (expected) capital structure and shareholding pattern.
- 1.7. Unless the terms of issue otherwise provide, the Issuer will not select any of its listed securities for redemption otherwise than pro rata or by lot and will promptly furnish to Exchange any information requested in reference to such redemption.
- 1.8 The Issuer agrees that it shall have a debenture trustee for each debenture issued and listed by it on the Exchange on a continuous basis (i.e. the onus of appointing a debenture trustee on the resignation of the earlier one lies on the Issuer) and the issuer will forward to the Debenture Trustee promptly and without application:-
- a) Two copies of the Statutory and Directors' Annual Reports, Balance Sheets and Profits & Loss Accounts and of all periodical and special reports as soon as they are issued.
  - b) Two copies of all notices, resolutions and circulars relating to new issue of security prior to their dispatch to shareholders/debenture holders;
  - c) Copy of all the notices, call letters or any other circulars at the same time as they are sent to the debenture holders or advertised in the Press;
  - d) Copy of the proceedings of the meetings of debenture holders;
  - e) Copy of all notices, circulars, etc., issued or advertised in the press either by the Issuer, or by any entity which the Issuer proposes to absorb or with which the Issuer proposes to merge or amalgamate, or under orders of the court of any other statutory authority in connection with any merger, amalgamation, re-construction, reduction of capital, scheme or arrangement, including notices, circulars, etc. issued or advertised in the press in regard to meetings of debenture holders or creditors or any class of them and copy of the proceedings at all such meetings.
  - f) Copies of all notices sent to its shareholders/debenture holders with respect to amendments to its Memorandum and Articles of Association and will file with it a copy (which will be certified) of such amendments as soon as they shall have been adopted by the Issuer in general meeting.
  - g) Such information as required by the debenture trustee and provide access to relevant books of accounts to debenture trustee
  - h) A certificate regarding maintenance of adequate security cover in respect of listed debentures by either a practicing company secretary or a practicing chartered accountant, every quarter.
- 1.9 The Issuer agrees to send to its debenture holders upon request a copy of the Director's Annual Reports, Balance Sheet and Profit and Loss Account. The Issuer further agrees to file the same with the Exchange.

1.10 The Issuer agrees that it will not forfeit unclaimed interest before the claim becomes barred by law and that such forfeiture, when effected, will be annulled in appropriate cases;

1.11 Apart from complying with all specific requirements as above, the Issuer will keep the Exchange informed of events such as strikes, lock outs, closure on account of power cuts, etc. both at the time of occurrence of the event and subsequently after the cessation of the event in order to enable the holder of the security and the public to appraise the position of the Issuer and to avoid the establishment of a false market in its securities. In addition, the Issuer will furnish to the Exchange such information concerning the Issuer as the Exchange may reasonably require. The material events may be event such as:

- **Change in the general character or nature of business/activities**

Without prejudice to the generality of Clause 1.3 f v) of the Listing Agreement the Issuer will promptly notify the Exchange of any material change in the general character or nature of its business/activities where such change is brought about by the Issuer entering into or proposing to enter into any arrangement for technical, manufacturing, marketing or financial tie-up or by reason of the Issuer, selling or disposing of or agreeing to sell or dispose of any unit or division or by the Issuer, enlarging, restricting or closing the operations of any unit or division or proposing to enlarge, restrict or close the operations of any unit or division or otherwise.

- **Disruption of operations due to natural calamity**

The issuer will soon after the occurrence of any natural calamity like earthquake, flood or fire disruptive of the operation of any one or more units of the Issuer keep the Exchange informed of the details of the damage caused to the unit thereby and whether the loss/damage has been covered by insurance and without delay furnish to the Exchange an estimate of the loss in revenue or production arising therefrom, and the steps taken to restore normalcy, in order to enable the security holders and the public to appraise the position of the issue and to avoid the establishment of a false market in its securities.

- **Commencement of Commercial Production/Commercial Operations**

The issuer will promptly notify the Exchange the commencement of commercial/production or the commencement of commercial operations of any unit/division where revenue from the unit/division for a full year of production or operations is estimated to be not less than ten per cent of the revenues of the Issuer for the year.

- **Developments with respect to pricing/realisation arising out of change in the regulatory framework**

The Issuer will promptly inform the Exchange of the developments with respect to pricing of or in realisation on its goods or services (which are subject to

price or distribution, control/restriction by the Government or other statutory authorities, whether by way of quota, fixed rate of return, or otherwise) arising out of modification or change in Government's or other authorities' policies provided the change can reasonably be expected to have a material impact on its present or future operations or its profitability.

- **Litigation /dispute with a material impact**

The issuer will promptly after the event inform the Exchange of the developments with respect to any dispute in conciliation proceedings, litigation, assessment, adjudication or arbitration to which it is a party or the outcome of which can reasonably be expected to have a material impact on its present or future operations or its profitability or financials.

- **Revision in Ratings**

The Issuer will promptly notify the Exchange, the details of any rating or revision in rating assigned to any debenture or equity instrument of the Issuer or to any fixed deposit programme or to any scheme or proposal of the Issuer involving mobilisation of funds whether in India or abroad provided the rating so assigned has been quoted, referred to, reported, relied upon or otherwise used by or on behalf of the Issuer.

- **Comments of Debenture Trustees**

The Issuer will promptly notify the Exchange, the details of any letter or comments made by Debenture Trustees regarding payment/non-payment of interest on due dates, payment/non-payment of principal on the due dates or any other matter concerning the security, issuer and /or the assets alongwith its comments thereon, if any.

- **Delay in Payment of Interest / Principal Amount**

The Issuer will promptly notify the Exchange, as and when there is a delay in timely payment of interest and / or the possibility of delay in repayment of the principal amount.

- **Classification as Non Performing Assets**

The Issuer will promptly notify the Exchange, as and when any loan of the Issuer is classified as a non-performing asset as per the norms of Reserve Bank of India by any bank or financial institution.

- **Any other information having bearing on the operation/performance of the issuer as well as price sensitive information.**

The above information should be made public immediately.

1.12 The Issuer, agrees to furnish such information required by the Exchange in respect of the securities listed on the Exchange and to permit the Exchange to make available immediately to its members and to the Press any information supplied by the Issuer in compliance with any of the listing requirements.



Provided that in cases where the information concerns an incomplete proposal or negotiations or the Issuer considers that disclosure to the public of such information might prejudice the issuer's legitimate commercial interests, the Exchange may, on application made in that behalf, grant a dispensation from the publication of such information after recording reason(s) therefor. Provided further that such dispensation would be subject to the condition that such information is maintained strictly confidential by the Issuer.

- 1.13 The Issuer agrees that as soon as its Securities are listed on the Exchange, it will pay to the Exchange fees as prescribed by the Exchange, and that thereafter, so long as the securities continued to be listed on the Exchange, it will pay to the Exchange on or before April 30, in each year an Annual Listing Fee computed on the basis of the securities of the Issuer as on March 31. The Issuer also agrees that it shall pay the additional fee, at the time of making application for listing of debentures arising out of further issue.
- 1.14 The Issuer agrees and undertakes, as a pre-condition for continued listing of securities hereunder, to comply with any regulations, requirements, practices and procedures as may be laid down by the Stock Exchange for the purpose of dematerialisation of securities hereunder in pursuance of the then prevailing statutes and/or statutory regulations, to facilitate scripless trading
- 1.15. In addition to the foregoing provisions and not in derogation thereof, the Issuer agrees to comply with the provisions of the relevant Acts including the Securities Contract Regulations Act, 1956, Securities Contract Regulation Rules, 1957 and guidelines issued by the Securities Exchange Board of India and also such other and future guidelines as may be issued from time to time by the Government, Reserve Bank of India and/or the Securities Exchange Board of India as may be applicable.
- 1.16 The issuer agrees that allotment of securities offered shall be done as per the disclosures made by the issuer and available in public domain.
- 1.17 The Issuer agrees and undertakes to designate the Company Secretary or any other person as Compliance Officer who
  - a) shall be responsible for monitoring compliance with the regulatory provisions applicable to such issue of debentures and report the same at the meeting of board of directors/Council of issuer held subsequently. He shall directly liaise with the authorities such as Securities Exchange Board of India, Stock Exchanges, Registrar of Companies, etc., and investors as far as implementation of various clauses, rules, regulations and other directives of authorities aforementioned and redressal of grievances of the investors are concerned, and,
  - b) shall be responsible for filing the information in the EDIFAR system as and when mandated by SEBI. The compliance officer and the Issuer shall ensure the correctness and authenticity of the information filed in the system and that it is in conformity with applicable laws and terms of the listing agreement.

1.18. The Issuer shall mandatorily comply with all the Accounting Standards issued by ICAI or statutorily imposed from time to time.

1.19 The issuer agrees that it shall

- create and maintain security ensuring adequate security cover at all times for secured debentures
- ensure timely despatch of debenture certificate/demat credit and timely interest/redemption payment
- abide by the requirements of SEBI (Disclosure and Investor Protection) Guidelines, 2000; as applicable with issuance of debentures.

PROVIDED ALWAYS AND ISSUER HEREBY IRREVOCABLY AGREES AND DECLARES that the issuer will not without the concurrence of Exchange and the previous permission in writing from SEBI withdraw its adherence to the clauses of this agreement for listing of its securities.

THE ISSUER FURTHER AGREES that it may apply for relaxation from strict application of the provisions of this agreement, in case it is unable to comply with any of the provisions of this agreement on account of provisions of the Act/statute/any other document under which it is formed or governed, or in order to avoid undue hardship to the security holders, in which case the exchange may grant the relaxation sought for, with the prior approval of SEBI.

AND THE ISSUER HEREBY FURTHER AGREES and declares that any of its securities listed on the exchange shall remain on the list unless the same are delisted as per the procedure laid down by SEBI and the Exchange in which case this agreement shall stand terminated AND THAT nothing herein contained shall restrict or be deemed to restrict the right of the Exchange to delist, suspend or remove from the list the said securities at any time and for any reason which the Exchange considers proper in accordance with the applicable legal provisions.

And the issuer further agrees that if it fails to comply with the provisions of this agreement or relevant Acts or provisions prescribed by the Statutory and Regulatory Bodies, the Exchange has the right to take suitable action under applicable legal provisions.

IN WITNESS WHEREOF the Issuer has caused these presents to be executed and its Common Seal to be hereunto affixed as of the day and year first above written.

The common seal of .....  
was hereunto affixed pursuant to a resolution passed at a meeting held on .....day  
of.....

Signature of the Board of Directors/Council of the Issuer.....in the presence of  
..... Signature

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## **Part 2.0**

### **2.0 Clauses which would be applicable if the debentures are issued through public/ rights issue.**

2.1 The Issuer agrees:

- a) that letters of allotment/demat credit/letters of regret will be issued simultaneously and that in the event of its being impossible, to issue letters of regret at the same time, a notice to that effect will be inserted in the press so that it will appear on the morning after the letters of allotment have been posted;
- b) that letters of allotment or acceptance will be serially numbered, printed on good quality paper and examined and signed by a responsible officer of the Issuer and that whenever possible they will contain the distinctive numbers of the securities to which they relate;
- c) that letters of allotment will contain a provision for splitting
- d) that letters of allotment will state how the next payment of interest on the said securities will be calculated.

2.2 The Issuer will issue, when so required, receipts in such forms as prescribed by the Exchange, for all debentures deposited with it whether for registration, sub-division, consolidation, renewal, exchange or for other purposes.

2.3. The Issuer agrees

- a) to have on hand at all times a sufficient supply of certificates to meet the demands for transfer, sub-division, consolidation, renewal;
- b) to issue certificates within one month of the date of lodgment for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies

2.4 The Issuer agrees:

- a) to issue, unless the exchange otherwise agrees and the parties concerned desire, allotment letters, certificates and other relevant documents in such units of trading as may be specified by the exchange subject to the same being in compliance with the instructions, if any, issued by SEBI in this regard.;
- b) to keep the trading lot as specified by the Exchange from time to time and to split certificates and letters of allotment of large denomination into smaller units and to consolidate certificates of small denominations into denominations corresponding to requirements of the Exchange;
- c) to promptly issue new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilized.

- d) to promptly issue new certificates in replacement of those which are lost within six weeks of notification of loss and receipt of proper indemnity, or within a time period agreed by the Stock Exchange upon receipt of such documents/compliance of such procedures as laid down in the statute under which the issuer has been formulated, if any.
- e) to issue call notices and splits and duplicates thereof in a standard form acceptable to Exchange, to forward a supply of the same promptly to Exchange for meeting requests for blank, split and duplicate call notices, to make arrangements for accepting call moneys at all centers where there are recognized Stock Exchanges in India and not to require a discharge on call receipts, wherever applicable.
- f) to accept the discharge of the member of Exchange on split, consolidation and renewal receipts as good and sufficient without insisting on the discharge of the registered holders, wherever applicable.

2.5 When documents are lodged for sub-division, consolidation or renewal through the clearing house of Stock Exchange, the Issuer agrees:

- a) that it will accept the discharge of an official of Stock Exchange Clearing House on the Issuer's split, consolidation and renewal receipts as good and sufficient without insisting on the discharge of the registered holders, if the issuer is governed by the statute formulating the issuer, in case of inconsistency if any it will act as per the governing statute however to the satisfaction of the exchange:
- b) that when the Issuer is unable to issue certificates or split, consolidation or renewal receipts immediately on lodgment, it will verify whether the discharge of the registered holders on the documents lodged for sub-division, consolidation or renewal and their signature on the relative transfers are in order. If the issuer is governed by the statute formulating the issuer, in case of inconsistency if any it will act as per the governing statute however to the satisfaction of the exchange:

2.6. The Issuer will, if so required by Exchange, certify transfer against letters of allotment and certificates and in that event the Issuer will promptly make on transfers an endorsement to the following effect;

Name of Issuer \_\_\_\_\_ Certificate/Allotment Letter No. \_\_\_\_\_ for the within mentioned \_\_\_\_\_ securities is deposited in the Issuer's Office against this transfer No. \_\_\_\_\_  
Signature(s) of Official(s) \_\_\_\_\_ Date \_\_\_\_\_

2.7. Unless the Exchange otherwise agrees the Issuer agrees that it will not make any charge to the investor:

- a) for registration of transfers of its debentures;
- b) for sub-division and consolidation of debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading;

- c) for issue of new certificates in replacement of those which are old, decrepit or worn out, or where the cages on the reverse of recording transfers have been fully utilised;
- d) for registration of any power of attorney, probate, letters of administration or similar other documents.

2.8. The Issuer agrees that it will not charge any fees exceeding those, which may be agreed upon with Stock Exchange

- a) for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed;
- b) for sub-division and consolidation of debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for the market units of trading.

2.9. The Issuer agrees to promptly verify the signatures of debenture holders on allotment letters, split, consolidation, renewal, transfer and any other temporary receipts and transfer deeds when so required by the debenture holders or a member of the Exchange or by the Clearing / Settlement system prescribed by the Exchange.

2.10. Issuer agrees that

- a) the instrument of transfer is in any usual or common form or a form considered to be acceptable/ approved by Stock Exchange and
- b) the transfer deeds are properly executed and accompanied either by certificates or by letters of allotment, pucca transfer receipts, split, consolidation or renewal receipts duly discharged either by the registered holders or, in the case of split, consolidation or renewal receipts, by the members of Stock Exchange.

2.11 The Issuer agrees to promptly service the debentures with respect to payment of interest and principal as per the terms of the issue and shall intimate the Exchange in case it commits default on the payment of interest and/or principal.

2.12

#### **A. Annual Accounts**

(1) The Issuer shall publish Consolidated Financial Statements, in case it has subsidiaries in the annual report in addition to the individual financial statements. The Consolidated Financial Statements shall also be audited by the statutory auditors of the issuer.

(2) The Annual Report shall contain 'Related Party Disclosures' in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

(3) The annual accounts shall also contain the following disclosures:

S.No	In the	Disclosures of amounts at the year end and the
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	<b>accounts of</b>	<b>maximum amount of loans/ advances/ investments outstanding during the year.</b>
1.	<b>Parent</b>	<ul style="list-style-type: none"> <li>•Loans and advances in the nature of loans to subsidiaries by name and amount.</li> <li>•Loans and advances in the nature of loans to associates by name and amount</li> <li>•Loans and advances in the nature of loans where there is               <ol style="list-style-type: none"> <li>(i) no repayment schedule or repayment beyond seven years or</li> <li>(ii) no interest or interest below section 372A of Companies Act by name and amount.</li> </ol> </li> <li>•Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount</li> </ul>
2	<b>Subsidiary</b>	Same disclosures as applicable to the parent company in the accounts of subsidiary company.
3	<b>Parent</b>	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.

Note : a) For the purpose of the above disclosures the terms "parent" and "subsidiary" shall have the same meaning as defined in the Accounting Standard on Consolidated Financial Statement (AS21) issued by ICAI.

b) For the purpose of the above disclosures the terms 'Associate' and 'Related Party' shall have the same meaning as defined in the Accounting Standard on "Related Party Disclosures (AS 18)" issued by ICAI

c) For the purpose of above disclosures directors interest shall have the same meaning as it has Sec in 299 of Companies Act.

(4) Issuers who change their name suggesting any new line of business (including software business) shall disclose the turnover and income etc from such new activities separately in the annual accounts for a period of three years from the date of change in name.

## **B. Cash Flow Statement**

(1) The issuer agrees to give cash flow statement along with the Balance Sheet and Profit and Loss Account.

(2) The Cash Flow Statement will be prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) issued by the Institute of Chartered

Accountants of India, and the Cash Flow Statement shall be presented only under the Indirect Method as given in AS-3.

(3) The statement shall be issued under the authority of the Board of Directors/Council of issuer of the issuer and shall be signed on behalf of the Board of Directors/Council in the manner provided for the authentication of Balance Sheet and Profit and Loss Account in Section 215 of the Companies Act, 1956.

### **C. Directors Report**

The Issuer agrees to make the following disclosure in the Directors Report:

- i) in case the shares or any other securities of the issuer are delisted by Stock Exchange, it shall disclose the fact of delisting, together with reasons therefor
- ii) in case the securities are suspended from trading, the reason therefor
- iii) the name and address of each Stock Exchange at which the issuer's securities are listed and also confirm that Annual Listing Fee has been paid to each of the exchange.

### **D. Relaxation**

The issuer agrees that in case it is unable to provide the statements/reports as stated in A through D above to the satisfaction of the stock exchange, it shall publish in a form approved by Stock Exchange such periodical statements of its working and earning as required by Stock Exchange, SEBI, or any statutory body or local authority or any body or authority acting under the authority or direction of the Central Government.

2.13 The Issuer agrees to send the following to its debenture holders:

- (a) Notice of all meetings of the relevant debenture holders specifically stating that the provisions for appointment of proxy as mentioned in section 176 of the Companies Act, 1956, shall be applicable for such meeting.
- (b) A half-yearly communication, counter signed by debenture trustees containing inter-alia following information
  - i) Credit rating
  - ii) Asset cover available
  - iii) Status of security
  - iv) Debt-Equity ratio
  - v) Previous due date for the payment of interest/principal and whether the same has been paid or not
  - vi) Next due date for the payment of interest/principal and whether the same would be paid or not
- (c) Information in sub-clause (b) may also be disseminated as below.
  1. To publish the details on half yearly basis in one English National Daily with wide circulation, one Hindi national daily with wide circulation and a regional language daily with wide circulation at the place of the registered office of the issuer.
  2. The issuer shall post the same in the EDIFAR website as and when made mandatory. The issuer may also host the same in its website.



## 2.14 Quarterly Financial Results

### A. General

- (1) The Issuer agrees that it will furnish unaudited financial results on a quarterly basis in the following pro-forma within one month from the end of quarter (Quarter means 3 months only) to the Stock Exchange.
- (2) Such unaudited quarterly results should have been taken on record the Board of Directors/ Council of issuer as the case may be or it's Sub Committee and signed by the Managing Director / Executive Director.
- (3) The Issuer shall inform the Stock Exchange where its securities are listed about the date of the board/Council Meeting at least 7 days in advance and shall also issue immediately a press release in at least one national newspaper and one regional language newspaper about the date of aforesaid Board/Council or its Sub Committee Meeting.
- (4) The Issuer shall make an announcement to the Stock Exchanges, where the Issuer is listed, within 15 minutes of the closure of the Board Meeting or Meeting of a Sub-Committee of Board of Directors/Council of issuer (consisting of not less than one third of the Directors/council members), in which the unaudited financial results are placed
- (5) The Issuer shall within 48 hours of the conclusion of the Board/Council or its Sub Committee Meeting publish the unaudited financial results in at least one English daily newspaper circulating in the whole or substantially the whole of India and in one newspaper published in the language of the region, where the registered office of the Issuer is situated.

### B. Formats of financial Results

#### (1) Main Format for companies other than Banks

Quarterly Results For Period \_\_\_\_\_ To \_\_\_\_\_ (For Issuers Other Than Banks)

(Rs. In Lakhs)

	(1)	(2)	(3)	(4)	(5)
	3 months ended	Corresponding 3 months in the previous year.	Year to Date figures for current period	Year to date figures for the previous year	Previous accounting Year
1. Net Sales/Income from Operations					
2. Other Income					
3. Total Expenditure					

a) Increase/decrease in stock in Trade b) Consumption of raw materials c) Staff cost d) Other expenditure (Any item exceeding 10% of the total expenditure to be shown separately).				
4. Interest				
5. Depreciation				
6. Profit (+)/Loss(-) before tax (1+2-3-4-5)				
7. Provision for taxation				
8. Net Profit (+)/Loss (-) (6-7)				
9. Paid-up equity share capital (Face Value of the Share shall be indicated) Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year to be given in column (5)				
10. Basic and diluted EPS for the period, for the year to date and for the previous year (not to be annualised) 11. *(Applicable for half yearly financial results) : Aggregate of non-promoter shareholding - Number of shares - Percentage of shareholding				

**Notes :**

- a. Any event or transaction that is material to an understanding of the results for the quarter including completion of expansion and diversification programs, strikes, lock-outs, change in management, change in capital structure etc, shall be disclosed. Similar material event or transactions subsequent to the end of the

quarter, the effect whereof is not reflected in the results for the quarter shall also be disclosed.

- b. All material non-recurring/abnormal income/gain and expenditure/loss and effect of all changes in accounting practices affecting the profits materially must be disclosed separately.
- c. In case of issuers whose revenues are subject to material seasonal variations, they shall disclose the seasonal nature of their activities and may also supplement their unaudited financial results into information for 12 month periods ended at the interim date (last day of the quarter) for the current and preceding years on a rolling basis.
- d. Issuer shall give the following information in respect of dividend paid or recommended for the year including interim dividends declared :
  - i) Amount of Dividend distributed or proposed distinguishing between different classes of shares and Dividend per share also indicating nominal value per share.
  - ii) Where Dividend is paid or proposed pro-rata for shares allotted during the year, the date of allotment, number of shares allotted pro-rata amount of dividend per share and the aggregate amount of dividend paid or proposed on pro-rata basis.
- e. The effect of changes in composition of the Issuer during the quarter, including business combinations, acquisitions or disposal of subsidiaries and long term investments, restructuring and discontinuing operations shall be disclosed.
- f. (i) If there is/are any qualification(s) by the Auditors in respect of Audited Accounts of any period, then the Issuer shall disclose the same along with the impact of such audit qualification(s) on the profit or loss while publishing the accounts for the said period.  
  
(ii) While publishing unaudited quarterly results, the Issuer shall disclose how the qualification(s), if any, by the Auditors in respect of the Audited Accounts of the previous accounting year has/have been addressed in the unaudited quarterly results and if the same is not addressed, then the impact that the qualification(s) would have had on the profit or loss in the unaudited quarterly results shall be disclosed.  
  
(iii) The Issuer, while furnishing the audited or unaudited financial results to the exchange, shall also explain to the exchange about the reasons for the qualification(s) referred under (i) and (ii) above, why the Issuer had failed to publish accounts without such audit qualification(s) and when the Issuer will remove the qualification(s) and publish accounts without such qualification(s).
- g. If the Issuer is yet to commence commercial production, then instead of the quarterly results, the Issuer should give particulars of the status of the project, its implementation and the expected date of commissioning of the project.

- h. The un-audited results sent to Stock Exchange/s and published in newspapers should be based on the same set of accounting policies as those followed in the previous year. In case, there are changes in the accounting policies, the results of previous year will be recast as per the present accounting policies, to make it comparable with current year results.

If the period of the Financial Year is more than 12 months and not exceeding 15 months there will be 5 Quarters and is more than 15 months but not exceeding 18 months there will be 6 Quarters and the financial results will be intimated to the Exchange and published in the Newspapers accordingly. Half yearly results which are required to be subjected to the "Limited Review" by the Auditors shall be prepared for the first two quarters where the Financial Year does not exceed 15 months and for the first two quarters and also separately for the third and fourth quarters where the Financial Year exceeds 15 months.

**(2) Alternative format for un-audited financial results:**

The manufacturing and trading/service companies which have followed functional (secondary) classification of expenditure in the annual profit and loss account in their most recent annual report may furnish un-audited financial results on a quarterly basis in the alternative format. The proforma for submitting the results for companies in the alternative format is given below:

**Quarterly Results For the Period \_\_\_\_\_ To \_\_\_\_\_**

(Alternative format of financial results for manufacturing and trading/service companies, which have followed functional (secondary) classification of expenditure in the annual profit and loss account published in most recent annual report).

(Rs. In Lakhs)

S. No		3 months ended (1)	Corresponding 3 months in the previous year (2)	Year to date figures for current period (3)	Year to date figures for the previous year (4)	Previous Accounting year (5)
1	Net Income from sales/services					
2	Cost of sales/services (a) Increase/decrease in stock in trade					

	(b) Consumption of raw materials (c) Other expenditure					
3	Gross Profit					
4	General Administrative Expense					
5	Selling and Distribution Expense					
6	Operating Profit before interest and depreciation					
7	Interest					
8	Depreciation					
9	Operating Profit after interest and depreciation					
10	Other Income					
11	Profit (+)/Loss(-) before tax					
12	Provision for taxation					
13	Net Profit(+)/Loss(-)					
14	Paid-up equity share capital					
15	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year to be given in column (5)					
16	Basic and diluted EPS for the period, for the year to date and for					

	previous year (not to be annualised)					
17	Aggregate of non promoters shareholding (applicable for half yearly results) • Number of shares • Percentage of shareholding					

Notes:

- a. Indicate by way of note total expenditure incurred on
  - (i) Staff Cost
  - (ii) Any item of expenditure which exceeds 10% of the total expenditure.  
This information shall be given in respect of all the periods included at the above statement.
- b. Any event or transaction that is material to an understanding of the results for the quarter including completion of expansion and diversification programs, strikes, lock-outs, change in management, change in capital structure etc, shall be disclosed. Similar material event or transactions subsequent to the end of the quarter, the effect whereof is not reflected in the results for the quarter shall also be disclosed.
- c. All material non-recurring/abnormal income/gain and expenditure/loss and effect of all changes in accounting practices affecting the profits materially must be disclosed separately.
- d. In case of issuers whose revenues are subject to material seasonal variations, they shall disclose the seasonal nature of their activities and may also supplement their unaudited financial results with information for 12 month periods ended at the interim date (last day of the quarter) for the current and preceding years on a rolling basis.
- e. Issuer shall give the following information in respect of dividend paid or recommended for the year including interim dividends declared:
  - i Amount of Dividend distributed or proposed, distinguishing between different classes of shares and Dividend per share also indicating nominal value per share.
  - ii Where Dividend is paid or proposed pro-rata for shares allotted during the year, the date of allotment, number of shares allotted pro-rata amount of

dividend per share and the aggregate amount of dividend paid or proposed on pro-rata basis.

- f. The effect of changes in composition of the Issuer during the quarter, including business combinations, acquisitions or disposal of subsidiaries and long term investments, restructuring and discontinuing operations shall be disclosed.
- g. (i) If there is/are any qualification(s) by the Auditors in respect of Audited Accounts of any period, then the Issuer shall disclose the same along with the impact of such audit qualification(s) on the profit or loss while publishing the accounts for the said period.  
(ii) While publishing unaudited quarterly results, the Issuer shall disclose how the qualification(s), if any, by the Auditors in respect of the Audited Accounts of the previous accounting year has/have been addressed in the unaudited quarterly results and if the same is not addressed, then the impact that the qualification(s) would have had on the profit or loss in the unaudited quarterly results shall be disclosed.  
(iii) The Issuer, while furnishing the audited or unaudited financial results to the exchange, shall also explain to the exchange about the reasons for the qualification(s) referred under (i) and (ii) above, why the Issuer had failed to publish accounts without such audit qualification(s) and when the Issuer will remove the qualification(s) and publish accounts without such qualification(s).
- h. If the Issuer is yet to commence commercial production, then instead of the quarterly results, the Issuer should give particulars of the status of the project, its implementation and the expected date of commissioning of the project.
- i. The un-audited results sent to Stock Exchange/s and published in newspapers should be based on the same set of accounting policies as those followed in the previous year. In case, there are changes in the accounting policies, the results of previous year will be recast as per the present accounting policies, to make it comparable with current year results.
- j. If the period of the Financial Year is more than 12 months and not exceeding 15 months there will be 5 Quarters and is more than 15 months but not exceeding 18 months there will be 6 Quarters and the financial results will be intimated to the Exchange and published in the News papers accordingly. Half yearly results which are required to be subjected to the "Limited Review" by the Auditors shall be prepared for the first two quarters where the Financial Year does not exceed 15 months and for the first two quarters and also separately for the third and fourth quarters where the Financial Year exceeds 15 months.

### **(3) Format for banks**

The proforma for submitting results and the review report for banks whose securities are listed in the Stock Exchange is given below:

**Quarterly Results For The Period From \_\_\_\_\_ To \_\_\_\_\_ (For Banks)**  
**(Rs in lakhs)**

Particulars	(1) 3 Months ended	(2) Corresp -onding 3 months in the previou s year.	(3) Year to date figures for current period	(4) Year to date figures for the previous year	(5) Previous accounting Year
1. Interest earned (a)+(b)+(c)+(d)					
(a) Interest/discount on on advances/bills					
(b) Income on investments					
(c) Interest on balances with Reserve Bank of India and other inter bank funds					
(d) Others					
2. Other Income					
A. TOTAL INCOME (1+2)					
3. Interest Expended					
Operating Expense (e)+(f)					
(e) Payments to and provisions for employees					
(f) Other operating Expense					
B. TOTAL EXPENDITURE (3)+(4) (excluding Provisions and Contingencies)					
C. OPERATING PROFIT (A-B) (Profit before Provisions and Contingencies)					
D. Other Provisions					



and Contingencies					
E. Provision for Taxes					
F. Net Profit (C-D-E)					
4. Paid-up equity share capital					
5. Reserves excluding Revaluation reserves (as per balance sheet of previous accounting year)					
7. Analytical Ratios					
(i) Percentage of shares held by Government of India					
(ii) Capital Adequacy Ratio					
(iii) Earning per Share					
8.*(Applicable for half yearly financial results) Aggregate of Non Promoter Shareholding <ul style="list-style-type: none"> <li>• No. of shares</li> <li>• Percentage of Shareholding</li> </ul>					

**Notes:**

- a. Any event or transaction that is material to an understanding of the results for the quarter including change in management, change in capital structure etc., shall be disclosed. Similar material event or transactions subsequent to the end of the quarter, the effect whereof is not reflected in the results for the quarter shall also be disclosed.
- b. All material non recurring/abnormal income/gain and expenditure/loss and effect of all changes in accounting practices affecting the profits materially must be disclosed separately.
- c. Issuer shall give the following information in respect of dividend paid or recommend for the year including interim dividends declared:
  - i. Amount of dividend distributed or proposed distinguishing between different classes of shares and dividend per share also indicating nominal value per share.
  - ii. Where dividend is paid or proposed pro-rata for shares allotted during the year, the date of allotment, number of shares allotted pro-rata amount of dividend per share and the aggregate amount of dividend paid or proposed on pro-rata basis.
- d. The effect of changes in composition of the Issuer during the quarter, including business combinations acquisitions or disposal of subsidiaries and long term investments, restructuring and discontinuing operations shall be disclosed.

- e.(i) If there is/are any qualification(s) by the Auditors in respect of Audited Accounts of any period, then the Issuer shall disclose the same along with the impact of such audit qualification(s) on the profit or loss while publishing the accounts for the said period.
- (ii) While publishing unaudited quarterly results, the Issuer shall disclose how the qualification(s), if any, by the Auditors in respect of the Audited Accounts of the previous accounting year has/have been addressed in the unaudited quarterly results and if the same is not addressed, then the impact that the qualification(s) would have had on the profit or loss in the unaudited quarterly results shall be disclosed.
- (iii) The Issuer, while furnishing the audited or unaudited financial results to the exchange, shall also explain to the exchange about the reasons for the qualification(s) referred under (i) and (ii) above, why the Issuer had failed to publish accounts without such audit qualification(s) and when the Issuer will remove the qualification(s) and publish accounts without such qualification(s).
- f. The unaudited results sent to Stock Exchange/s and published in newspapers (for listed banks) should be based on the same set of accounting policies as those followed in the previous year. In case there are changes in the accounting policies, the results of previous year will be recast as per the present accounting policies to make it comparable with the current year results.
- g. Half yearly results which are required to be subjected to the "Limited Review" by the auditors shall be prepared for the first two quarters.

### **C. Preparation of the Financial Results**

- (1) The Issuer shall comply with the Accounting Standard on 'Accounting for Taxes on Income' in preparation of the financial results under this clause.
- (2) The Issuer may publish consolidated financial results in addition to the unaudited financial results under this clause.
- (3) Issuers who change their name suggesting any new line of business (including software business) shall disclose the turnover and income etc. from such new activities separately in the financial results for a period of three years from the date of change in name.
- (4) The financial results shall be prepared on the basis of accrual accounting policy and uniform accounting practices for all the periods.
- (5) The unaudited results should be based on the same set of accounting policies as those followed in the previous year. In case, there are changes in the accounting policies, the results of previous year will be recast as per the present accounting policies, to make it comparable with current year results.
- (6) The issuer agrees that where it has not yet commenced its commercial production, it will make additional quarterly disclosures as prescribed under Schedule VI of the companies Act 1956, regarding the balance of unutilised

monies raised by issue and the form in which such unutilised funds have been invested by the issuer.

- (7) The unaudited results should not substantially differ from the audited results of the Issuer. If the sum total of the First, Second, Third and Fourth quarterly unaudited results in respect of any item given in the same pro-forma varies by 20 per cent when compared with the audited results for the full year the Issuer shall explain the reasons to the Stock Exchanges.

#### D. Segment Reporting

Where the issuer has reportable segments, it shall furnish segment wise revenue, results and capital employed along with the quarterly un-audited financial results as per the format given below.

#### Format for Reporting of Segment wise Revenue, Results and Capital Employed (Rs in Lakhs)

	3 Months ended	Corresponding 3 months in the previous year	Year to date figures For current Period	Year to date Figures For the Previous Year	Previous Accounting Year
	(1)	(2)	(3)	(4)	(5)
<b>1. Segment Revenue</b> (net sale/income from each segment should be disclosed under this head) a) Segment – A b) Segment – B c) Segment - C d) Others					
<b>Total</b>					
<b>Less: Inter Segment Revenue</b>					
<b>Net sales/Income From Operations</b>					
<b>2. Segment Results</b> (Profit)(+)/ Loss(-) before tax and interest from Each segment)* a) Segment – A					

b) Segment – B c) Segment - C d) Others					
<b>Total</b> Less : i) Interest** ii) Other Un-allocable Expenditure net off Un-allocable income  <b>Total Profit Before Tax</b>					
* Profit/loss before tax and after interest in case of segments having operations which are primarily of financial nature.					
** Other than the interest pertaining to the segments having operations which are primarily of financial nature.					
<b>3. Capital Employed</b> (Segment assets –Segment Liabilities) a) Segment – A b) Segment – B c) Segment - C d) Others					
<b>Total</b>					

Note :

- Reportable segment, Segment Revenue, Segment Results, Segment assets and Segment liabilities shall have the same meaning as defined in the Accounting Standards on Segment Reporting (AS-17) issued by ICAI.
- The above information shall be furnished for each of the reportable primary segments as identified in accordance with AS-17, issued by ICAI.

#### E. Half yearly results

(1) In addition to the unaudited results, the Issuer shall prepare the half yearly results in the same pro-forma and the same shall be approved by the Board of Directors/Council of issuer and subjected to a “Limited Review” by the Auditors of the Issuer and a copy of the Review Report shall be submitted to the Stock Exchanges within 2 months after the close of the half year. For the purpose of this Review half year shall be construed as consisting of the first two quarters of the Issuer’s Financial Year. If the sum total of First and Second quarterly un-audited results in respect of any item given in the same pro-forma format varies by 20% or more from the respective half yearly results as determined after the “Limited

Review” by the Auditors, the Issuer shall send a statement (approved by the Board of Directors/Council of issuer ) explaining the reasons to the Stock Exchanges along with Review Report. The Review Report shall be in the following format:

“We have reviewed the accompanying statement of unaudited financial results of ..... (Name of the Issuer) for the period ended ..... This statement is the responsibility of the Issuer’s Management and has been approved by the Board of Directors/Council of issuer.

“A review of interim financial information consists principally of applying analytical procedures for financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

“Based on our review conducted as above, nothing has come to our notice that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 2.14 of the Debenture Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.”

The Review Report for Banks shall be in the following format :

"We have reviewed the accompanying statement of unaudited financial results of \_\_\_\_ (Name of the Issuer) for the period ended \_\_\_\_\_. This statement is the responsibility of the Issuer’s Management and has been approved by the Board of Directors/Council of issuer.

“A review of interim financial information consists principally of applying analytical procedures for financial data and making inquires of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

“In the conduct of our Review we have relied on the review reports in respect of non-performing assets received from concurrent auditors of \_\_\_\_\_ branches, inspection teams of the bank of \_\_\_\_\_ branches and other firms of auditors of \_\_\_\_\_ branches specifically appointed for this purpose. These review reports cover \_\_\_\_\_ percent of the advances portfolio of the bank. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank.

“Based on our review conducted as above, nothing has come to our notice that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 2.14 of the Listing Agreement including the manner in which it is to be disclosed or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.”

(2) The Issuer shall have an option to publish audited half yearly financial results within two months instead of publishing un-audited results within one month followed by a Limited Review within two months.

#### **F. Results for the last quarter**

In respect of results for the last quarter of the financial year, if the Issuer intimates in advance to the Stock Exchange/s that it will publish audited results within a period of 3 months from the end of the last quarter of the financial year, in such a case unaudited results for the last quarter need not be published / given to the Stock Exchanges. The audited results for the year shall be published/given to the Stock Exchanges in the same format as is applicable for publishing of quarterly financial results.

The companies which opt to publish audited results for the entire year within 3 months instead of publishing un-audited results for the last quarter within 30 days shall be required to publish annual audited results in the format specified below. In case of banks and companies furnishing results in alternative format for manufacturing and trading/service companies (which follow functional (secondary) classification of expenditure) the columns 1, 2, 3, 4 & 5 as mentioned in the format of unaudited results therefor shall be adopted and the rows shall remain as required in the respective format.

#### **Format for publication of Annual audited results (Companies opting to give audited results instead of unaudited fourth quarter results) (Rs in lacs)**

Particulars	(1)	(2)	(3)	(4)	(5)
	Figures for the 9 months	Figures for the last quarter	Figures for the corresponding quarter of the previous year	Audited figures for the current year	Audited figures for the previous year
1. Net Sales/Income from Operations					
2. Other Income					
3. Total Expenditure a. Increase/decrease in stock in trade b. consumption of raw materials c. Staff cost d. Other expenditure (Any item exceeding 10% of the total expenditure to be shown separately)					
4. Interest					
5. Depreciation					
6. Profit (+)/Loss(-) before tax (1+2-3-4-5)					
7. Provision for taxation					





8. Net Profit (+)/Loss (-) (6-7)				
9. Paid-up equity share capital (face value of the share shall be indicated)				
10. Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year to be given in column (5)				
11. Basic and diluted EPS for the period, for the year to date and for the previous year (not to be annualized) 12. (Applicable for half yearly financial results) aggregate of non promoting shareholding <ul style="list-style-type: none"> <li>• no. of shares</li> <li>• percentage of shareholding</li> </ul>				

**Notes:** All the notes applicable to the format of un-audited quarterly financial results shall also be applicable to this format.

### G. Relaxation

The issuer agrees that in case it is unable to provide the statements/reports as stated in A through F above to the satisfaction of the stock exchange, it shall publish in a form approved by Stock Exchange such periodical interim statements of its working and earning as required by Stock Exchange, SEBI, or any statutory body or local authority or any body or authority acting under the authority or direction of the Central Government.

### H. Qualifications in Audit Reports:

- i) If there is /are any qualification(s) by the Auditors in respect of Audited Accounts of any time period, then the issuer shall disclose the same alongwith the impact of such audit qualification(s) on the profit or loss while publishing the accounts for the said period.
- ii) While publishing unaudited quarterly results, the issuer shall disclose how the qualification(s), if any, by the Auditors in respect of the Audited Accounts of the previous accounting years has/ have been addressed in the unaudited quarterly results and if the same is not addressed then the impact that the qualification(s) would have had on the profit or loss in the unaudited quarterly results shall be disclosed.
- iii) The issuer while furnishing the audited or unaudited financial results to the Exchange, shall also explain in the published audited/unaudited financial results about the reasons for the qualification(s) referred under (i) and (ii) above, why the issuer had failed to publish accounts without such audit qualification(s) and when the issuer will remove the qualification(s) and publish accounts without such qualification(s).

**Comment:** Qualifications in audit reports to be redrafted as per the latest amendment in equity listing agreement

2.15 The Issuer agrees that it shall be a condition precedent for issuance of new securities, that it shall deposit before the opening of subscription list and keep deposited with the designated stock exchange (in cases where the securities are offered for subscription whether through the Issue of a prospectus, letter of offer or otherwise) an amount calculated at 1% of the amount of securities offered for subscription to the public and/or to the holders of existing securities of the Issuer, as the case may be, for ensuring compliance by the Issuer, within the prescribed or stipulated period, of all prevailing requirements of law and all prevailing listing requirements and conditions as mentioned in, and refundable or forfeitable in the manner stated in the Rules, Bye-laws and Regulations of the exchange for the time being in force.

50% of the security deposit, subject to a maximum of Rs. 3 crores should be paid to the exchange in cash. The balance amount can be provided for by way of a bank guarantee. The security deposit shall be released by exchange after the issuer

obtains No Objection Certificate from SEBI in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the Bye-laws of the Exchange.

2.16

- a) The issuer agrees that it will furnish on a quarterly basis a statement to the exchange indicating the variations between projected utilisation of funds and/ or projected profitability statement made by it in its offer document or object/s stated in the explanatory statement to the notice for the general meeting for considering preferential issue of securities and the actual utilisation of funds and/ or actual profitability.
- b) The statement referred to in clause a shall be given for each of the years for which projections are provided in the offer document /object/s stated in the explanatory statement to the notice for considering preferential issue of securities as shall be published in newspapers simultaneously with the unaudited/audited financial results.
- c) If there are material variations between the projections in the offer document or the explanatory statement as the case may be, and the actual utilisation/ profitability, the issuer shall furnish an explanation therefor in the advertisement and shall also provide the same in the Directors' Report.

2.17 The issuer agrees that –

- (a) as far as possible allotment of securities offered to the public shall be made within the time period specified in the relevant guidelines of SEBI.
- (b) Credit to demat account will be given within two working days from the date of allotment
- (c) it shall pay interest @ 15% per annum if the allotment has not been made and or refund orders have not been dispatched to the investors within the time period specified in the guidelines and disclosed in the offer document.

2.18 The issuer agrees to comply with the following provisions:

(For the purpose of this clause, the term board of directors is generic and shall be construed to cover the governing body / council of issuer, wherever applicable)

## **I. Board of Directors**

### **(A) Composition of Board**

- (i) The Board of directors of the company shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the board of directors comprising of non-executive directors.
- (ii) Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise of independent directors and in case he is an executive director, at least half of the Board should comprise of independent directors.
- (iii) For the purpose of the sub-clause (ii), the expression 'independent director' shall mean a non-executive director of the company who:

- a. apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;
- b. is not related to promoters or persons occupying management positions at the board level or at one level below the board;
- c. has not been an executive of the company in the immediately preceding three financial years;
- d. is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:
  - i) the statutory audit firm or the internal audit firm that is associated with the company, and
  - ii) the legal firm(s) and consulting firm(s) that have a material association with the company.
- e. is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director; and
- f. is not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares.

**Explanation**

For the purposes of the sub-clause (iii):

- a. Associate shall mean a company which is an "associate" as defined in Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.
  - b. "Senior management" shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.
  - c. "Relative" shall mean "relative" as defined in section 2(41) and section 6 read with Schedule IA of the Companies Act, 1956.
- (iv) Nominee directors appointed by an institution which has invested in or lent to the company shall be deemed to be independent directors.

**Explanation:**

"Institution" for this purpose means a public financial institution as defined in Section 4A of the Companies Act, 1956 or a "corresponding new bank" as defined in section 2(d) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 or the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 [both Acts]."

**(B) Non executive directors' compensation and disclosures**

All fees/compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of shareholders in general meeting. The shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, including independent directors, in any financial year and in aggregate.

### **(C) Other provisions as to Board and Committees**

- (i) The board shall meet at least four times a year, with a maximum time gap of three months between any two meetings. The minimum information to be made available to the board is given in **Annexure– I A**.
- (ii) A director shall not be a member in more than 10 committees or act as Chairman of more than five committees across all companies in which he is a director. Furthermore it should be a mandatory annual requirement for every director to inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.

#### **Explanation:**

1. For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 25 of the Companies Act shall be excluded.
  2. For the purpose of reckoning the limit under this sub-clause, Chairmanship/ membership of the Audit Committee and the Shareholders' Grievance Committee alone shall be considered.
- (iii) The Board shall periodically review compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances.

### **(D) Code of Conduct**

- (i) The Board shall lay down a code of conduct for all Board members and senior management of the company. The code of conduct shall be posted on the website of the company.
- (ii) All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.

**Explanation:** For this purpose, the term “senior management” shall mean personnel of the company who are members of its core management team excluding Board of Directors.. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

## **II Audit Committee**

### **(A) Qualified and Independent Audit Committee**

A qualified and independent audit committee shall be set up, giving the terms of reference subject to the following:

- (i) The audit committee shall have minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors.
- (ii) All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

**Explanation 1:** The term “financially literate” means the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.

**Explanation 2:** A member will be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

- (iii) The Chairman of the Audit Committee shall be an independent director;
- (iv) The Chairman of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries;
- (v) The audit committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee;
- (vi) The Company Secretary shall act as the secretary to the committee.

#### **(B) Meeting of Audit Committee**

The audit committee should meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there should be a minimum of two independent members present.

#### **(C) Powers of Audit Committee**

The audit committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **(D) Role of Audit Committee**

The role of the audit committee shall include the following:

1. Oversight of the company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
  6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  8. Discussion with internal auditors any significant findings and follow up there on.
  9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
  13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**Explanation (i):** The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

**Explanation (ii):** If the company has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

#### **(E) Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

### **III. Subsidiary Companies**

- i. At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non listed Indian subsidiary company.
- ii. The Audit Committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- iii. The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company. The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

**Explanation 1:** The term “material non-listed Indian subsidiary” shall mean an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

**Explanation 2:** The term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

**Explanation 3:** Where a listed holding company has a listed subsidiary which is itself a holding company, the above provisions shall apply to the listed subsidiary insofar as its subsidiaries are concerned.

### **IV. Disclosures**

#### **(A) Basis of related party transactions**

- (i) A statement in summary form of transactions with related parties in the ordinary course of business shall be placed periodically before the audit committee.
- (ii) Details of material individual transactions with related parties which are not in the normal course of business shall be placed before the audit committee.
- (iii) Details of material individual transactions with related parties or others, which are not on an arm's length basis should be placed before the audit committee, together with Management's justification for the same..

#### **(B) Disclosure of Accounting Treatment**

Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction in the Corporate Governance Report.



**(C) Board Disclosures – Risk management**

The company shall lay down procedures to inform Board members about the risk assessment and minimization procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

**(D) Proceeds from public issues, rights issues, preferential issues etc.**

When money is raised through an issue (public issues, rights issues, preferential issues etc.), it shall disclose to the Audit Committee, the uses / applications of funds by major category (capital expenditure, sales and marketing, working capital, etc), on a quarterly basis as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and place it before the audit committee. Such disclosure shall be made only till such time that the full money raised through the issue has been fully spent. This statement shall be certified by the statutory auditors of the company. The audit committee shall make appropriate recommendations to the Board to take up steps in this matter.

**(E) Remuneration of Directors**

- (i) All pecuniary relationship or transactions of the non-executive directors vis -à-vis the company shall be disclosed in the Annual Report.
- (ii) Further the following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the Annual Report:
  - (a) All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.
  - (b) Details of fixed component and performance linked incentives, along with the performance criteria.
  - (c) Service contracts, notice period, severance fees.
  - (d) Stock option details, if any – and whether issued at a discount as well as the period over which accrued and over which exercisable.
- (iii) The company shall publish its criteria of making payments to non -executive directors in its annual report. Alternatively, this may be put up on the company’s website and reference drawn thereto in the annual report.
- (iv) The company shall disclose the number of shares and convertible instruments held by non-executive directors in the annual report.
- (v) Non-executive directors shall be required to disclose their shareholding (both own or held by / for other persons on a beneficial basis) in the listed company in which they are proposed to be appointed as directors, prior to their appointment. These details should be disclosed in the notice to the general meeting called for appointment of such director

**(F) Management**

- (i) As part of the directors' report or as an addition thereto, a Management Discussion and Analysis report should form part of the Annual Report to the shareholders. This Management Discussion & Analysis should include discussion on the following matters within the limits set by the company's competitive position:
- i. Industry structure and developments.
  - ii. Opportunities and Threats.
  - iii. Segment-wise or product-wise performance.
  - iv. Outlook
  - v. Risks and concerns.
  - vi. Internal control systems and their adequacy.
  - vii. Discussion on financial performance with respect to operational performance.
  - viii. Material developments in Human Resources / Industrial Relations front, including number of people employed.
- (ii) Senior management shall make disclosures to the board relating to all material financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the company at large (for e.g. dealing in company shares, commercial dealings with bodies, which have shareholding of management and their relatives etc.)

**Explanation:** For this purpose, the term "senior management" shall mean personnel of the company who are members of its core management team excluding the Board of Directors). This would also include all members of management one level below the executive directors including all functional heads.

**(G) Shareholders**

- (i) In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with the following information:
- (a) A brief resume of the director;
  - (b) Nature of his expertise in specific functional areas;
  - (c) Names of companies in which the person also holds the directorship and the membership of Committees of the Board; and
  - (d) Shareholding of non-executive directors as stated in Clause 2.18 (IV) (E) (v) above
- (ii) Quarterly results and presentations made by the company to analysts shall be put on company's web-site, or shall be sent in such a form so as to enable the stock exchange on which the company is listed to put it on its own web-site.
- (iii) A board committee under the chairmanship of a non-executive director shall be formed to specifically look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. This Committee shall be designated as 'Shareholders/Investors Grievance Committee'.

- (iv) To expedite the process of share transfers, the Board of the company shall delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents. The delegated authority shall attend to share transfer formalities at least once in a fortnight.

#### **V. CEO/CFO certification**

The CEO, i.e. the Managing Director or Manager appointed in terms of the Companies Act, 1956 and the CFO i.e. the whole-time Finance Director or any other person heading the finance function discharging that function shall certify to the Board that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit committee
- (i) significant changes in internal control during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system

#### **VI. Report on Corporate Governance**

- (i) There shall be a separate section on Corporate Governance in the Annual Reports of company, with a detailed compliance report on Corporate Governance. Non-compliance of any mandatory requirement of this clause with reasons thereof and the extent to which the non-mandatory requirements have been adopted should be specifically highlighted. The suggested list of items to be included in this report is given in **Annexure- I C** and list of non-mandatory requirements is given in **Annexure – I D**.
- (ii) The companies shall submit a quarterly compliance report to the stock exchanges within 15 days from the close of quarter as per the format given in **Annexure I B**. The report shall be signed either by the Compliance Officer or the Chief Executive Officer of the company

## **VII. Compliance**

- (1) The company shall obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in this clause and annex the certificate with the directors' report, which is sent annually to all the shareholders of the company. The same certificate shall also be sent to the Stock Exchanges along with the annual report filed by the company.
- (2) The non-mandatory requirements given in **Annexure – I D** may be implemented as per the discretion of the company. However, the disclosures of the compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on corporate governance of the Annual Report.

### **Annexure I A**

#### **Information to be placed before Board of Directors**

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

### **Annexure I B**

#### **Format of Quarterly Compliance Report on Corporate Governance**

**Name of the Company:**

**Quarter ending on:**

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
<b>I. Board of Directors</b>	2.18 I		
(A)Composition of Board	2.18(IA)		
(B)Non-executive Directors' compensation & disclosures	2.18 (IB)		
(C)Other provisions as to Board and Committees	2.18 (IC)		
(D)Code of Conduct	2.18 (ID)		
<b>II. Audit Committee</b>	2.18 (II)		
(A)Qualified & Independent Audit Committee	2.18 (IIA)		
(B)Meeting of Audit Committee	2.18 (IIB)		
(C)Powers of Audit Committee	2.18 (IIC)		
(D)Role of Audit Committee	2.18 II(D)		
(E)Review of Information by Audit Committee	2.18 (IIE)		
	2.18 (III)		
<b>III. Subsidiary Companies</b>			
	2.18 (IV)		
<b>IV. Disclosures</b>			
(A)Basis of related party transactions	2.18 (IV A)		
(B)Board Disclosures	2.18 (IV B)		
(C)Proceeds from public issues, rights issues, preferential issues etc.	2.18 (IV C)		
(D)Remuneration of Directors	2.18 (IV D)		
(E)Management	2.18 (IV E)		
(F)Shareholders	2.18 (IV F)		
	2.18 (V)		
<b>V.CEO/CFO Certification</b>			
	2.18 (VI)		
<b>VI. Report on Corporate Governance</b>			
	2.18 (VII)		
<b>VII. Compliance</b>			

**Note:**

- 1) The details under each head shall be provided to incorporate all the information required as per the provisions of the Clause 2.18 of the Listing Agreement.
- 2) In the column No.3, compliance or non-compliance may be indicated by Yes/No/N.A.. For example, if the Board has been composed in accordance with the Clause 2.18 I of the Listing Agreement, "Yes" may be indicated. Similarly, in case the company has no related party transactions, the words "N.A." may be indicated against 2.18 (IV A).
- 3) In the remarks column, reasons for non-compliance may be indicated, for example, in case of requirement related to circulation of information to the shareholders, which would be done only in the AGM/EGM, it might be indicated in the "Remarks" column as – "will be complied with at the AGM". Similarly, in respect of matters which can be complied with only where the situation arises, for example, "Report on Corporate Governance" is to

be a part of Annual Report only, the words "will be complied in the next Annual Report" may be indicated.

## Annexure I C

### **Suggested List of Items to Be Included In the Report on Corporate Governance in the Annual Report of Companies**

1. A brief statement on company's philosophy on code of governance.
2. Board of Directors :
  - i. Composition and category of directors, for example, promoter, executive, non-executive, independent non-executive, nominee director, which institution represented as lender or as equity investor.
  - ii. Attendance of each director at the Board meetings and the last AGM.
  - iii. Number of other Boards or Board Committees in which he/she is a member or Chairperson
  - iv. Number of Board meetings held, dates on which held.
3. Audit Committee:
  - i. Brief description of terms of reference
  - ii. Composition, name of members and Chairperson
  - iii. Meetings and attendance during the year
4. Remuneration Committee:
  - i. Brief description of terms of reference
  - ii. Composition, name of members and Chairperson
  - iii. Attendance during the year
  - iv. Remuneration policy
  - v. Details of remuneration to all the directors, as per format in main report.
5. Shareholders Committee:
  - i. Name of non-executive director heading the committee
  - ii. Name and designation of compliance officer
  - iii. Number of shareholders' complaints received so far
  - iv. Number not solved to the satisfaction of shareholders
  - v. Number of pending complaints
6. General Body meetings :
  - i. Location and time, where last three AGMs held.
  - ii. Whether any special resolutions passed in the previous 3 AGMs
  - iii. Whether any special resolution passed last year through postal ballot – details of voting pattern
  - iv. Person who conducted the postal ballot exercise
  - v. Whether any special resolution is proposed to be conducted through postal ballot
  - vi. Procedure for postal ballot

7. Disclosures :

- i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large.
- ii. Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- iii. Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee.
- iv. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause

8. Means of communication

- i. Quarterly results
- ii. Newspapers wherein results normally published
- iii. Any website, where displayed
- iv. Whether it also displays official news releases; and
- v. The presentations made to institutional investors or to the analysts.

9. General Shareholder information:

- i. AGM : Date, time and venue
- ii. Financial year
- iii. Date of Book closure
- iv. Dividend Payment Date
- v. Listing on Stock Exchanges
- vi. Stock Code
- vii. Market Price Data : High., Low during each month in last financial year
- viii. Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.
- ix. Registrar and Transfer Agents
- x. Share Transfer System
- xi. Distribution of shareholding
- xii. Dematerialization of shares and liquidity
- xiii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity
- xiv. Plant Locations
- xv. Address for correspondence

**Annexure I D**

**Non-Mandatory Requirements**

**(1) The Board**

A non-executive Chairman may be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties.



Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the Board of a company.

**(2) Remuneration Committee**

- i. The board may set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.
- ii. To avoid conflicts of interest, the remuneration committee, which would determine the remuneration packages of the executive directors may comprise of at least three directors, all of whom should be non-executive directors, the Chairman of committee being an independent director.
- iii. All the members of the remuneration committee could be present at the meeting.
- iv. The Chairman of the remuneration committee could be present at the Annual General Meeting, to answer the shareholder queries. However, it would be up to the Chairman to decide who should answer the queries.

**(3) Shareholder Rights**

A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.

**(4) Audit qualifications**

Company may move towards a regime of unqualified financial statements.

**(5) Training of Board Members**

A company may train its Board members in the business model of the company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them.

**(6) Mechanism for evaluating non-executive Board Members**

The performance evaluation of non-executive directors could be done by a peer group comprising the entire Board of Directors, excluding the director being evaluated; and Peer Group evaluation could be the mechanism to determine whether to extend / continue the terms of appointment of non-executive directors.

**(7) Whistle Blower Policy**

The company may establish a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit committee in exceptional cases. Once established, the existence of the mechanism may be appropriately communicated within the organization

**VI. Report on Corporate Governance**

- (i) There shall be a separate section on Corporate Governance in the Annual Reports of company, with a detailed compliance report on Corporate Governance. Non-compliance of any mandatory requirement of this clause with reasons thereof and the extent to which the non-mandatory requirements have been adopted should be specifically highlighted. The suggested list of items to be included in this report is

given in **Annexure- I C** and list of non-mandatory requirements is given in **Annexure – I D**.

- (ii) The companies shall submit a quarterly compliance report to the stock exchanges within 15 days from the close of quarter as per the format given in **Annexure I B**. The report shall be signed either by the Compliance Officer or the Chief Executive Officer of the company

## **VII. Compliance**

- (1) The company shall obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in this clause and annex the certificate with the directors' report, which is sent annually to all the shareholders of the company. The same certificate shall also be sent to the Stock Exchanges along with the annual report filed by the company.
- (2) The non-mandatory requirements given in **Annexure – I D** may be implemented as per the discretion of the company. However, the disclosures of the compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on corporate governance of the Annual Report.

2.19

- 1) The issuer agrees that, as and when mandated by SEBI, it shall file the information, statements and reports etc on the Electronic Data Information Filing and Retrieval (EDIFAR), in such a manner and format and within such time as may be specified by SEBI.

Provided that the requirement of this clause shall be in addition to and not in derogation from the requirement of other clauses of this listing agreement, which may require filing of any statement, reports and information in the physical or other form with the exchange.

- 2) The issuer agrees that the compliance officer and the issuer shall ensure the correctness and authenticity of the information filed in the EDIFAR and it is in conformity with applicable laws and terms of the filing agreement.
- 3) The issuer undertakes that while filing the information in the EDIFAR it shall make the following disclaimer:  
'The information furnished above is certified by [issuer's name] to be true, fair and accurate (except in respect of errors in or omissions from documents filed electronically that result solely from electronic transmission errors beyond our control and in respect of which we take corrective action as soon as it is reasonably practicable after becoming aware of the error or the omission). SEBI, the Stock Exchanges do not take any responsibility for the accuracy, validity, consistency and integrity of the data entered and updated by it.'

The name of the compliance officer with his designation and the issuer's name shall be displayed immediately below the disclaimer.

**3.0 Clauses which would be applicable if the debentures are issued on private placement basis.**

3.1 The Issuer agrees unless the exchange otherwise agrees and the parties concerned desire, to credit the demat account in such units of trading as may be specified by the exchange subject to the same being in compliance with the instructions, if any issued by SEBI in this regard

3.2 The issuer agrees:

- That credit to demat account will be given within two working days from the date of allotment
- To pay interest as disclosed in the offer document and the application form

3.3 The issuer shall prepare its financial statements as per the accounting standards laid down by ICAI or as applicable to the issuer under relevant statutes; and publish its half yearly audited results preferably in the format mandated in clause 2.14 of part 2 of this agreement. The issuer further agrees to file the same with the exchange.

3.4 The Issuer agrees to send the following to its debenture holders

(a) Notice of all meetings of the relevant debenture holders specifically stating that the provisions for appointment of proxy as mentioned in section 176 of the Companies Act, 1956 shall be applicable for such meeting.

(b) A half-yearly communication, counter signed by debenture trustees containing inter-alia following information

- i) Credit rating,
- ii) Asset cover available,
- iii) Status of security
- iv) Debt-Equity ratio
- v) Previous due date for the payment of interest/principal and whether the same has been paid or not
- vi) Next due date for the payment of interest/principal and whether the same would be paid or not

In addition to that, the aforesaid information of this sub-clause shall be made available to public through any one of the following ways:

- i) Hosting in the website of the issuer, if it has any
- ii) Filing in SEBI EDIFAR, as and when mandated by SEBI

3.5 The issuer notes that Corporate Governance requirements specified in clause 2.18 of this agreement are recommendatory and may be implemented as per discretion of the issuer. It agrees to disclose adoption of the same, if any, in the Annual Report or such other document.

**Schedule – I**

**SCHEDULE OF ISSUER'S DEBENTURES PROPOSED TO BE LISTED**

Kind of Security:

Number Issued:

Nominal value (face value) of Security (Rs.):

Total Nominal Value (face value) of Security (Rs.):

Total Paid -Up Value(Rs.):

Distinctive Numbers, if applicable:

Interest due date(s):

Date(s) of Redemption:

Any other details felt necessary by the Stock Exchange.