

SEBI/CFD/DIL/LA/1/2007/20/03
March 20, 2007

**The Managing Director / Executive Director / Administrator
of All Stock Exchanges**

Dear Sirs,

Sub.: Amendments to the Listing Agreement for Debentures

- I. SEBI vide Circular No. SEBI/CFD/DIL/CIR-39/2004/11/01 dated November 1, 2004 had introduced a Model Listing Agreement to be entered into by companies desirous of listing their debentures. The circular was applicable for listing of all debentures irrespective of the mode of issuance i.e. whether issued on private placement basis or through public/rights issue.
- II. It has been decided to rationalize the provisions of continuous disclosures made by issuers who have listed their debt securities and not their equity shares; and to introduce submission of unaudited financial results with a limited review. It has been decided to modify clauses 3.3 and 2.14 (1) of the extant Model Listing Agreement for debentures as follows:
 - i. Clause 3.3 applicable for debentures issued on private placement basis shall be amended to provide for submission of unaudited half-yearly results subject to a limited review (instead of half-yearly audited results). The results shall be submitted to the exchange within one month from the end of the half-year and a copy of the limited review report shall be submitted within two months from the end of the half yearly period.
 - ii. Clause 2.14.A.(1) applicable for debentures issued on public/ rights issue basis shall be amended to provide for submission of unaudited quarterly results subject to a limited review (instead of unaudited quarterly results without limited review). The results shall be submitted to the exchange within one month from the end of the quarter and a copy of the limited review report shall be submitted within two months from the end of the quarter.
 - iii. The limited review shall be done by the statutory auditors of the company (or in case of public sector undertakings, by any practicing Chartered Accountant) and report of the limited review shall be prepared on the lines of the format now being included in the Model Listing Agreement.

III. Applicability

The revised Clauses of the Listing Agreement for Debentures shall come into force for all filings made to stock exchanges on or after April 1, 2007.

IV. Direction to Stock Exchanges

1. All Stock Exchanges are advised to do the following before the date of this circular coming into force, i.e., by April 1, 2007:
 - a. Give effect to the abovementioned policies and appropriately amend the Listing Agreement for debentures in line with the amendments specified in **Annexure I**.
 - b. Make consequential changes, if any, in other clauses of the Listing Agreement for Debentures.
2. All Stock Exchanges are further advised to do the following:
 - a. Monitor compliance with the submission of financial results, based on quarterly/ half-yearly returns submitted by companies.
 - b. Communicate to SEBI, status of implementation of the requirements of this circular in the next Monthly Development Report.

V. This circular is issued in exercise of powers conferred by sub-section (1) of Section 11, read with sub-section (2) of Section 11A, of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. The provisions of SEBI circular No. SEBI/CFD/DIL/CIR-39/2004/11/01 dated November 1, 2004 regarding the Model Listing Agreement for Debentures to the extent inconsistent with the provisions of the instant circular shall stand superseded with effect from April 1, 2007.

VI. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

Parag Basu

Encls: Annexure I: Amendments to the Listing Agreement for Debentures

Amendments to the Model Listing Agreement for debentures

- i. For clause 3.3, the following clause shall be substituted:

3.3 *“The issuer agrees to furnish unaudited financial results on a half-yearly basis preferably in the format given in clause 2.14 of part 2 of this agreement within one month from the end of the half-year to the stock exchange and publish the same in the manner prescribed in clause 2.14.A.(5). The financial results shall be prepared as per the accounting standards laid down by ICAI or as applicable to the issuer under relevant statutes. The same shall be subjected to limited review by the statutory auditors of the company (or in case of public sector undertakings, by any practicing Chartered Accountant) and a copy of the limited review report prepared on the lines of the format given in clause 2.14 shall be furnished to the stock exchange within two months from the end of the half-year.”*

- ii. In clause 2.14,

- (a) in Section A for item (1), the following items shall be substituted, namely:

“(1) The issuer agrees to furnish unaudited financial results on a quarterly basis in the pro -forma given in Section B within one month from the end of quarter (quarter means 3 months only) to the Stock Exchange.

(1A) The same shall be subjected to limited review by the statutory auditors of the company (or in case of public sector undertakings, by any practicing Chartered Accountant) and a copy of the limited review report prepared on the lines of the format given in Section BB shall be furnished to the stock exchange within two months from the end of the quarter.”

- (a) after Section B, the following section shall be inserted, namely:

“BB. Formats of limited review reports

The limited review report mentioned in item (1A) of Section A shall be furnished in the following formats:

(I) Format for the limited review report for companies other than banks:

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

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 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

(II) Format for the limited review report for Banks:

We have reviewed the accompanying statement of unaudited financial results of ____ (Name of the Company) for the period ended _____. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors.

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.

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 recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 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."