

Deputy General Manager
Investment Management Department
Division of Funds - I

SEBI/IMD/DOF-1/BOND/Cir-5/2009
November 26, 2009

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

Dear Sirs,

Sub: Simplified Debt Listing Agreement for Debt Securities - Amendments

1. SEBI vide circular No.SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 put in place the Simplified Listing Agreement for Debt Securities. Pursuant to suggestions from various market participants received subsequently, it has been decided to amend the said Listing Agreement as given in the **Annexure**.
2. The amendments are briefly summarized as under:
 - (a). *100% Asset Cover*: To align the Listing Agreement with the provisions of the Companies Act, 1956, the amended Listing Agreement requires issuers to maintain 100% asset cover sufficient to discharge the principal amount at all times for the debt securities issued. Further, to provide more information to investors, the periodic disclosures to the stock exchange shall now require disclosure of the extent and nature of security created and maintained.
 - (b). *Submission of certificate on maintenance of security*: As against half-yearly certifications on security cover in respect of listed secured debt securities, the amended Listing Agreement provides for submission of such certificates regarding maintenance of 100% asset cover, and the time limit of submission in respect of the last half year has been aligned with the option provided for submission of annual audited results at a later date. In addition to Banks and NBFCs being exempt from submitting such certificates, issuers of Government guaranteed bonds shall also be exempt.
 - (c). *Statement on Use of Issue Proceeds*: In order to enhance the quality of disclosures made to investors, issuers shall be required to furnish a statement of deviations in use of issue proceeds, if any, to the stock exchange on a half yearly basis. Also, the same is required to be published in the newspapers simultaneously with the half-yearly financial results.

- (d). *Deposit of 1% of issue proceeds*: So as to ensure that the interest of investors investing in public issues of debt securities is protected, the issuer shall be required to deposit an amount calculated at 1% of the amount of debt securities offered for subscription to the public. It is refundable or forfeitable in the manner stated in the Rules, Bye-laws and Regulations of the Exchange.
- (e). *Submission/ publication of Financial Statements*: The time-lines for disclosure of financial statements have been aligned with the proposed changes to the Equity Listing Agreement. Accordingly, issuers would now have to publish/ furnish to the Exchange, either audited half yearly financial statements or unaudited half yearly financial statements subject to a limited review within 45 days from the end of the half year. In case of the last half year, issuers may opt to submit their annual audited results in lieu of the unaudited financial results for the period, within 60 days from the end of the financial year.
3. Since Part-A of the Listing Agreement for debt is applicable for debt issuers with already listed equity, it is clarified that the covenants in the Equity Listing Agreement that require submission of a draft offer document to SEBI for observations or obtaining of an acknowledgement card are not applicable in case of an issue of debt securities which is made in terms of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008.
4. The amendments made to the simplified listing agreement for debt securities vide this circular shall be applicable with immediate effect.
5. All other terms of the circular No.SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 remain unchanged.
6. The Stock Exchanges are directed to:
- (a). Give effect to the abovementioned policies and make amendments to the Simplified Listing Agreement for debt securities as set out at **Annexure**.
 - (b). Make consequential amendments, if any to the bye- laws and other rules and regulations for the implementation of the above decision.
 - (c). Bring this to the notice of all issuers listed with the exchange.
 - (d). Disseminate the same on their websites for easy access to investors.

7. This circular is issued in exercise of powers conferred by sub-section (1) of section 11 and 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.
8. This circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Corp Debt Market”.

Yours faithfully,

Maninder Cheema

PART-A

1. For clause 1, the following clause shall be substituted, namely:-

“1 The Issuer agrees that in addition to the covenants in this part of this agreement executed between the Issuer and the Exchange, the issuer shall be bound by the covenants provided in the equity Listing Agreement

***Provided** that covenants in the Equity Listing Agreement, which are not applicable to issue of debt securities in terms of the SEBI (Issue of Listing of Debt Securities) Regulations 2008, shall not be applicable in respect of this Listing Agreement.*

***Provided further** that the issuer who has submitted any information to the Exchange in compliance with the disclosure requirements under the equity Listing Agreement, need not re-submit any such information under this Listing Agreement without prejudice to any power conferred on the Exchange or SEBI or any other authority under any law to seek any such information from the issuer.”*

2. In clause 2, for sub-clause (d), the following sub-clause shall be substituted, namely:-

“(d) a half-yearly certificate regarding maintenance of 100% asset cover in respect of listed debt securities, by either a practicing company secretary or a practicing chartered accountant, along with the half yearly financial results.

***Provided** that submission of such half yearly certificates is not applicable in cases where an issuer is a Bank or NBFC registered with RBI or where bonds are secured by a Government guarantee.”*

3. For clause 5, the following clause shall be substituted, namely:-

“5 In respect of its listed debt securities, the Issuer agrees that it shall maintain 100% asset cover sufficient to discharge the principal amount at all times for the debt securities issued and shall disclose to the exchange on half-yearly basis and in their annual financial statements the extent and nature of security created and maintained.”

4. For clause 6, the following clause shall be substituted, namely:-

“6 The Issuer agrees to send to the Exchange for dissemination, along with the half yearly financial results, a half- yearly communication, counter signed by trustees, containing inter-alia the following information:

(a) credit rating;

(b) asset cover available;

(c) debt-equity ratio;

(d) previous due date for the payment of interest/principal and whether the same has been paid or not; and

(e) next due date for the payment of interest/principal.

PART-B

5. In clause 13, for sub-clause (d), the following sub-clause shall be substituted, namely:-

“(d) a half-yearly certificate regarding maintenance of 100% asset cover in respect of listed debt securities, by either a practicing company secretary or a practicing chartered accountant, along with the half yearly financial results.

***Provided** that submission of such half yearly certificates is not applicable in cases where an issuer is a Bank or NBFC registered with RBI or where bonds are secured by a Government guarantee.”*

6. In clause 16, for sub-clause (a), the following sub-clause shall be substituted, namely:-

“(a) In respect of its listed debt securities, the Issuer agrees that it shall maintain 100% asset cover sufficient to discharge the principal amount at all times for the debt securities issued and shall disclose to the exchange on half-yearly basis and in their annual financial statements, the extent and nature of security created and maintained.”

7. Sub-clause (b) to clause 16 shall be omitted.

8. After clause 19, the following clause 19A shall be inserted, namely:-

“19A Statement of deviations in use of issue proceeds-

(a) The company agrees to furnish to the stock exchange on a half yearly basis, a statement indicating material deviations, if any, in the use of proceeds of issue of debt securities from the objects stated in the offer document.

(b) The information mentioned in sub-clause (a) shall be furnished to the stock exchange along with the half-yearly financial results furnished under clause 29 to the stock exchange and shall also be published in the newspapers simultaneously with the half-yearly financial results.”

9. After clause 21, the following clause 21A shall be inserted, namely:-

“21A The issuer agrees that it shall be a condition precedent for issuance of new debt securities that it shall deposit before the opening of subscription list and keep deposited with the Exchange (in cases where the debt securities are offered for subscription whether through an offer document or otherwise) an amount calculated at the rate of 1% (one per cent) of the amount of debt securities offered for subscription to the public, as the case may be for ensuring compliance by the company, 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.

Provided that 50% (fifty per cent) of the above mentioned security deposit should be paid to the Exchange in cash. The balance amount can be provided for by way of a bank guarantee.

Provided further that the amount to be paid in cash is limited to Rs.3crores.”

10. For sub-clause 27 (b), the following sub-clause shall be substituted, namely:-

“(b) A half-yearly communication, counter signed by debenture trustee, along with the half yearly financial results, containing, inter alia, following information:

- (i) credit rating;*
- (ii) asset cover available;*
- (iii) debt-equity ratio;*
- (iv) previous due date for the payment of interest/ principal and whether the same has been paid or not; and*
- (v) next due date for the payment of interest/ principal.*

11. For sub-clause 29.A.(a) the following sub-clause shall be substituted, namely:-

*“(a) The Issuer agrees to furnish un-audited or audited financial results on a half-yearly basis preferably in the format as per **Annexure I to III** within 45 days from the end of the half year to the Exchange. Un-audited financial results shall be accompanied by limited review report prepared by the statutory auditors of the company (or in case of public sector undertakings, by any practicing Chartered Accountant) on the lines of the format given in **Annexure IV or V**, as applicable.*

The explanations to the extant sub-clause (a) shall remain unchanged.

12. For sub-clause 29.B the following sub-clause shall be substituted, namely:-

“B. Results for the last half year

(a) The issuer agrees that if it intimates in advance to the Stock Exchange/s that it would publish/ furnish to the Exchanges its annual audited results within 60 days from the end of the financial year, un-audited financial results for the last half year accompanied by limited review report by the auditors need not be published/ furnished to Exchanges. The audited results for the year shall be published/ furnished to the Exchanges in the same format as is applicable for half-yearly financial results.

(b) The issuer agrees that if it opts to submit un-audited financial results for the last half year accompanied by limited review report by the auditors, it shall also submit audited financial results for the entire financial year, as soon as they are approved by the Board of Directors.
