



CIR/IMD/DF1/ 60 /2017

June 19, 2017

To

All Issuers

All Recognized Stock Exchanges

All Depositories

All Registered Merchant Bankers

Dear Sir / Madam,

Sub: Continuous disclosures and compliances by issuers under SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015

1. Regulation 23 of the SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 (SEBI ILDM Regulations) prescribe disclosures to be made by issuers making public issues of debt securities or seeking listing of debt securities issued on private placement basis to the Stock Exchange(s). The said disclosures, inter-alia, include disclosures for financial as well as non-financial information.
2. Accordingly it has been decided to specify as under:

2.1. Disclosure of financial information:

While disclosing its financial information to the Stock Exchanges, an issuer of debt securities under SEBI ILDM Regulations shall comply with the following:

2.1.1. Frequency and time period for disclosures:

- (a) The issuer shall prepare and submit un-audited financial results on a half yearly basis to the stock exchange and debenture trustee, wherever applicable, as soon as the same is available but not later than three months from the end of the half year.
- (b) The issuer shall prepare and submit the annual audited financial results with the stock exchange and debenture trustee, wherever applicable, as soon as the same is available but not later than six months from the end of the financial year. The audited financial results shall be accompanied by the annual report of the issuer.



2.1.2. Comparative information:

- (a) The annual financial information shall contain comparative information for the immediately preceding financial year.
- (b) The comparative information would consist of corresponding amounts (comparative figures) for all the items shown in the key financial statements (as specified in Paragraph 2.1.3 below), including notes.

2.1.3. Key Financial statements:

The key financial statements shall include the following:

- (a) Balance Sheet;
- (b) Income and Expenditure Statement;
- (c) Statement of Cash flows (a summary of an enterprise's cash flow over a given period of time);
- (d) Receipts and Payments Account (detailed as per the account heads);
- (e) Notes to Accounts; and
- (f) Financial Performance Indicators.

2.1.4. Annual report:

The annual report shall include the following:

- (a) Key Financial statements;
- (b) Report of the Auditor;
- (c) Municipal commissioner's Report on the Annual Financial Statements and the qualifications and comments made in the Report of the Auditor; and
- (d) Standing Committee's Action Taken Report on the qualifications and comments made in the Report of the Auditor and the Report of the Municipal commissioner.



2.1.5. Approval and authentication of financial information:

Before submission of the financial information to the Stock Exchanges, the financial information shall be taken on record by Standing Committee or General Body or Board of Directors or Board of Trustee, as applicable or equivalent.

2.1.6. Audit of Financial Information:

The annual financial information shall be audited, by the auditor appointed by the issuer as per the SEBI ILDM Regulations.

2.2. Other Continuous Disclosures to Stock Exchange(s) and Other Compliances:

2.2.1. Listing Agreement:

- (a) An issuer shall enter into a simplified listing agreement, with all the Stock Exchanges where it proposes to list debts securities in line with the format as specified under the SEBI *Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 on 'Format of uniform Listing Agreement'*.
- (b) However, with respect to the compliance with the listing conditions, an issuer shall follow the SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 and circulars issued therein.

2.2.2. Intimation to/ Approval from Stock Exchange(s):

(a) Intention to raise funds:

The issuer shall intimate the stock exchange(s), its intention to raise funds through debt securities or it proposes to list either through a public issue or on private placement basis, prior to issuance of such securities:

Provided that the above intimation may be given prior to the meeting of the Standing Committee/General Body wherein the proposal to raise funds through new debt securities shall be considered.

(b) Disclosure of Material and Price sensitive information:

The issuer shall first disclose to stock exchange(s) of all events or information having bearing on the performance/operation of the listed entity, material or price sensitive information or any action that shall affect payment of interest or redemption of debt



securities issued under SEBI ILDM Regulations as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information. The disclosures shall be made as per the format specified in **Annexure I**.

(c) Timely payment of interests or principal obligations or both:

The issuer shall submit a certificate to the stock exchange within five working days of the interest or principal or both becoming due that it has made timely payment of interests or principal obligations or both in respect of the debt securities issued under SEBI ILDM Regulations.

(d) Approval from the stock exchange(s) for any material modification:

The issuer shall not make material modification such as the structure of the debt security in terms of coupon, redemption, or otherwise, without prior approval of the stock exchange(s) where the debt securities issued under SEBI ILDM Regulations are listed, to :

Provided that an application for approval from the stock exchange(s) shall be made only after approval of the designated committee/competent authorities and with the approval of the consent of requisite majority of holders of that class of securities.

(e) Record Date:

The issuer shall fix a record date for purposes of payment of interest to the holder of debts securities and payment of redemption or repayment amount or for such other purposes as specified by the stock exchange. The issuer shall also give notice in advance of at least seven working days (excluding the date of intimation and the record date) to the recognized stock exchange(s) of the record date or of as many days as the stock exchange(s) may agree to or require specifying the purpose of the record date.

2.3. Other conditions:

2.3.1. Documents and information to holders of debt securities:

The listed entity shall send the following documents and information to holders of debt securities issued under SEBI ILDM Regulations:

- (a) Soft copies of full annual reports to all the holders of the debt securities who have registered their email address(es) for the purpose;



- (b) Hard copies of full annual reports to those holders of debt securities, who request for the same.

2.3.2. Credit Rating:

Every credit rating, wherever required to be obtained by an issuer as per Regulation 5(2)(c) and 15(1)(g) of the SEBI ILDM Regulations, shall be reviewed at least once a year, by the registered credit rating agency.

2.3.3. Grievance Redressal Mechanism:

- (a) An issuer of debt securities under SEBI ILDM Regulations shall ensure that adequate steps are taken for expeditious redressal of investor complaints.
- (b) An issuer of debt securities under SEBI ILDM Regulations shall ensure that it is registered on the SCORES platform or such other electronic platform or system of the Board as shall be mandated from time to time, in order to handle investor complaints electronically in the manner specified by the Board.
- (c) An issuer of debt securities under SEBI ILDM Regulations shall file with the recognized stock exchange(s), where its securities are listed, on half yearly basis, within thirty working days from the end of each half year a statement giving the following details:
- Number of investor complaints pending at the beginning of the half year
 - Number of investor complaints received during the half year
 - Number of investor complaints disposed of during the half year
 - Number of investor complaints pending at the end of the half year
- (d) The standing Committee or General Body or Board of Directors or Board of Trustee, as applicable shall review the aforementioned statement, before submission of the same to the Stock Exchange(s), and shall ensure that all investor complaints are redressed by the issuer in timely manner.
- (e) Periodic disclosures to be made on half yearly basis in terms of para 2 of Schedule V of SEBI ILDM Regulations shall be submitted within 30 working days from the end of the half year.

2.4. Appointment of compliance officer:

An issuer shall appoint a compliance officer who shall be responsible for:



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- i. ensuring conformity with the regulatory provisions applicable to the issuer in letter and spirit.
 - ii. co-ordination with and reporting to the Board, recognized stock exchange(s) and depositories with respect to compliance with rules, regulations and other directives of these authorities in manner as specified from time to time.
 - iii. ensuring that the correct procedures have been followed that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the issuer under these regulations.
 - iv. monitoring email of grievance redressal division as designated by the issuer for the purpose of registering complaints by investors.
3. The issuer who has listed its debt securities under the SEBI ILDM regulations shall forward to the stock exchange any other information in the manner and format as specified by the Board from time to time.
 4. The provisions of this circular shall be applicable with immediate effect for the debt securities issued in accordance with SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015.
 5. This Circular is issued in exercise of powers conferred under Section 11(1) of Securities and Exchange Board of India Act, 1992 read with Regulation 29 of SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015.
 6. This Circular is available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and under the drop down “Circulars”.

Yours faithfully,

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Annexure I

The issuer shall inform to the stock exchange(s) in terms of provisions of Para 2.2.2 (b) of this circular of all information which shall have bearing on performance/operation of the listed entity or is price sensitive or shall affect payment of interest or of debt securities issued under SEBI ILDM Regulations or redemption of debt securities including:

(1) expected default in timely payment of interests/ or redemption or repayment amount or both in respect of the debt securities issued under SEBI ILDM Regulations and also default in creation of security for debentures as soon as the same becomes apparent;

(2) any attachment or prohibitory orders restraining the listed entity from transferring debt securities issued under SEBI ILDM Regulations from the account of the registered holders along-with the particulars of the numbers of securities so affected , the names of the registered holders and their demat account details;

(3) any action which shall result in the redemption, cancellation, retirement in whole or in part of any debt securities issued under SEBI ILDM Regulations;

(4) any action that shall affect adversely payment of interest on debt securities issued under SEBI ILDM Regulations including default by issuer to pay interest or redemption amount and failure to create a charge on the assets;

(5) any change in the form or nature of any of its debt securities issued under SEBI ILDM Regulations that are listed on the stock exchange(s) or in the rights or privileges of the holders thereof and make an application for listing of the securities as changed, if the stock exchange(s) so require;

(6) any changes in the general character or nature of business / activities, disruption of operation due to natural calamity, and commencement of commercial production / commercial operations;

(7) any events such as strikes and lock outs which have a bearing on the interest payment/ dividend payment / principal repayment capacity;

(8) details of any letter or comments made by debenture trustees, wherever applicable 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, listed entity and /or the assets along with its comments thereon, if any;

(9) delay/ default in payment of interest or / principal amount /redemption for a period of more than three months from the due date;

(10) failure to create charge on the assets within the stipulated time period;



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(11) any instance(s) of default/delay in timely repayment of interests or principal obligations or both in respect of the debt securities including, any proposal for rescheduling or postponement of the repayment programmes of the dues/debts of the listed entity with any investor(s)/lender(s).

Explanation.- For this purpose, the term default means where interest and/ or principal amount has remained overdue for a period of more than ninety days.

(12) any major change in composition of its Standing Committee or General Body or Board of Directors or Board of Trustee, as applicable., which may amount to change in control as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(13) any revision in the rating;

(14) the following approvals by Standing Committee or General Body or Board of Directors or Board of Trustee, as applicable. in their meeting:-

(a) the decision to pass any interest payment;

(b) short particulars of any increase of capital whether by issue of bonus securities through capitalization, or by way of right securities to be offered to the debenture holders, or in any other way;

(15) all the information, report, notices, call letters, circulars, proceedings, etc concerning debt securities issued under SEBI ILDM Regulations;

(16) any other change that shall affect the rights and obligations of the holders debt securities issued under SEBI ILDM Regulations, any other information not in the public domain necessary to enable the holders of the listed securities to clarify its position and to avoid the creation of a false market in such listed securities or any other information having bearing on the operation/performance of the listed entity as well as price sensitive information.
