

DISCLOSURE AGREEMENT FOR ISSUANCE OF NCDs OF MATURITY UP TO ONE YEAR

All issuers must issue an offer document with terms of issue, authorised by Board Resolution not older than 6 months from the date of issue. The offer document should specifically mention the Board Resolution authorising the issue and designations of the officials who are authorised to issue the offer document. The offer document may be printed or typed "For Private Circulation Only". The 'Offer Document' should be signed by the authorised signatory. The offer document should contain the following minimum information:

I. General Information

1. Name and address of registered office of the company.

2. Full names (expanded initials), addresses of Directors and the names of companies where they are Directors:

3. Declaration of important dates & reference :

a) Date of opening of the issue:

b) Date of closing of the issue:

c) Date of earliest closing of the issue:

d) Issue Reference

4. Name and addresses of auditors and Lead Managers/ Arrangers:

5. Name & address of the debenture trustee:

6. Consent letter from the debenture trustee:

7. Rating from any Rating Agency and / or copy of the rationale of latest rating:

II. Particulars of the issue:

1. Objective:

2. Project cost and means of financing (including contribution of promoters) in case of new projects:
3. Redemption amount, period of maturity, yield on redemption:
4. A summary term sheet which shall include brief information pertaining to NCD as follows:
a) Proposed date of issue
b) Issue Size
c) For consideration other than cash, whether in whole or part
d) At a premium or discount
i) If issued at a discount, then the discount at which the offer is made.
ii) Effective price for the investor as a result of such discount.
e) Minimum Subscription of NCD and in multiples of __ NCD's thereafter
f) Tenor __ Months from the Deemed Date of Allotment
g) Coupon Rate / Coupon Date __% p.a. (payable __) on __
h) Redemption Date
i) Put / Call option
j) Whether NCD is secured or unsecured
k) Issuance Physical / Demat mode
l) Trading Demat mode only
m) Depository _____
n) Settlement By way of (payment procedure)
o) Pay-in date _____
p) Deemed date of allotment _____
q) Interest Rate payable on application money till the date of allotment
III. Other required information:
1. A brief summary of the business/activities of the issuer and its line of business:
2. A brief history of the issuer since its incorporation giving details of its activities including any reorganization, reconstruction or amalgamation, changes in its capital structure, (authorized, issued and subscribed) and borrowings, if any:
3. If it is a secured issue, it should mention description of security, type of security, type of charge, trustees, private charge-holders, if any, and likely date of creation of security, minimum security cover, revaluation, if any:

4. If the security is collateralised by a guarantee, a copy of the guarantee or the principal terms of the guarantee are to be included in the offer document.
5. Details of other borrowings including any other issue of debt securities in past
6. Summary of last audited Balance Sheet and Profit & Loss Account with qualifications by auditors, if any (See Annex I)
7. Interim Accounts, if any.
8. Any conditions relating to tax exemption, capital adequacy etc. to be brought out fully in the documents.
9. The following details in case of companies undertaking major expansion or new projects :- (copy of project appraisal may be made available on request)
(a) Cost of the project, with sources and uses of funds
(b) Date of commencement with projected cash flows
(c) Date of financial closure (details of commitments by other institutions to be provided)
(d) Profile of the project (technology, market etc)
(e) Risk factors
10. Total NCDs of maturity upto one year outstanding
11 a. Whether outstanding NCDs have been serviced promptly and interest paid on due dates on term loans & debt securities
11 b. If answer is no, give details of overdue payments
IV. Investors should insist upon the following conditionalities for issues under private placements:
All the issuers, in particular private sector corporate, should be willing to execute a subscription agreement in case of all secured debt issues, pending the execution of Trust Deed and charge documents. A standardised subscription agreement may be used by the Investors, inter-alia, with the following important provisions:
a) The Debenture Certificate shall be issued within the period prescribed in the Companies Act, 1956 or any other law as in force at the time of issuance.

b) In case of delay in complying with the above, the company will refund the amount of subscription with agreed rate of interest, or, will pay penal interest of 2% over the coupon rate till the above conditions are complied with, at the option of the Investors.
c) Pending creation of security, during the period of 3 months, the principal Directors of the company should agree to indemnify the Investors for any loss that may be suffered by the Investors on account of the subscription to their debt issue. (This condition will not apply to PSUs).
d) It will be the company's responsibility to obtain consent of the prior charge-holders for creation of security within the stipulated period. Individual Investors may insist upon execution of subscription agreement or a suitable letter to comply with the terms of offer such as appointment of trustee, creation of security etc. on the above lines.
e) Rating: The extant regulations of SEBI in regard to rating of all debt instruments in public offers would be made applicable to private placement also.
f) Security / documentation: To ensure that the documentation is completed and security is created in time, in case of delay in execution of Trust Deed and charge documents, the company will refund the subscription with agreed rate of interest or will pay penal interest of 2% over the coupon rate.

Annex I

FINANCIAL SUMMARY	<i>LAST q.e/h.y.e</i>	<i>LAST y.e.</i>	<i>PREVIOUS y.e</i>
• EQUITY			
• NET WORTH			
• INVESTMENT IN SUBSIDIARIES / AFFILIATES			
• TOTAL DEBT OUTSTANDING			
- SHORT TERM (<1 YEAR)			
- OTHER DEBT			
• GROSS INCOME			
• OPERATING PROFIT (PBITD)			
• GROSS PROFIT (PBTD)			
• NET PROFIT (POST TAX)			
AUDIT QUALIFICATIONS (if any)			