

Schedule IB of SEBI (ILMDS) Regulations

(Applicable in case of Special Purpose Vehicle, which is set up for the purpose of raising funds for a person for performing one or more functions entrusted under Article 243W of the Constitution of India)

DISCLOSURES IN THE OFFER DOCUMENT AND PLACEMENT MEMORANDUM

All disclosures specified under this schedule shall be made in the draft offer document or the preliminary placement memorandum or offer document or placement memorandum, as applicable.

1. Instructions:

- (a) All information shall be relevant and updated. The source and basis of all statements and claims shall be disclosed.
- (b) All blank spaces in the draft offer document/ preliminary placement memorandum shall be filled up with appropriate data before registering the offer document /placement memorandum, as applicable, with the Registrar of Companies or filing the same with the recognised stock exchanges.
- (c) Plain English shall be used to enable easy understanding of the contents. Technical terms, if any, used in explaining the business of the issuer shall be clarified in simple terms.
- (d) Wherever it is mentioned that details are given elsewhere in the document, the same shall be adequately cross-referenced by indicating the paragraph heading and page number.
- (e) There shall be no forward-looking statements that cannot be substantiated.
- (f) Consistency shall be ensured in the style of disclosures. If the first person is used, the same may be used throughout. All sentences that contain a combination of first and third persons may be avoided.
- (g) For presentation currency, only one standard financial unit shall be used.

2. Applicability:

An issuer making a public issue or private placement of municipal debt securities that are intended to be listed shall make the disclosures as specified in this Schedule.

3. General information:

- (a) Name and address of the head office and other offices of the issuer
- (b) Registered and corporate office of the issuer, if applicable
- (c) Details of Mayor / Deputy Mayor including date of appointment, etc.
- (d) Details of Commissioner/ Deputy Commissioner including date of appointment, etc.
- (e) Details of the members of the Committee and Bond issue Committee approving the project/ various Standing Committees relating to Taxation / Finance /Accounts/ Audit/ Infrastructure in Issue/ project of the Issuer the following format:-

| Name and Designation | Date of Appointment or Resignation | Member of the Committee since (in case of resignation) | Remarks |
|----------------------|------------------------------------|--|---------|
| | | | |

- (f) Name, designation, address and DIN of each member of the board of directors of the issuer if the issuer is a company.
- (g) Name, address, telephone number and email address of the compliance officer of the issuer
- (h) Complete Details of the Official In-charge of dealing with investor Grievances related to the Municipal debt securities, his/her address, phone number, email ID, etc.
- (i) Chief Accounts and Finance Officer or equivalent of the Issuer
- (j) Arrangers, if any, of the instrument
- (k) Debenture trustee of the issue
- (l) Registrar to an issue
- (m) Credit Rating Agency (-ies) of the issue and
- (n) Auditors of the Issuer
- (o) Names, addresses, telephone numbers, contact person, website addresses and e-mail addresses of the lead manager(s), registrars to the issue, bankers to the issue, brokers to the issue and syndicate member(s); alongwith URL of SEBI website listing out the details of self-certified syndicate banks, registrar to the issue and depository participants, etc., if applicable.
- (p) Names, addresses, telephone numbers and e-mail addresses of the Company Secretary, legal advisor, underwriters and bankers to the issuer.
- (q) Names of the debenture trustee(s) shall be mentioned with a statement to the effect that the debenture trustee(s) has given his consent to the Issuer for his appointment. This also needs to be mentioned in all subsequent communications sent to the holders of debt securities.
- (r) Investor grievances redressal mechanisms

4. About the issuer and Capital structure of the issuer:

- (a) The constitution document
- (b) Details of the capital structure of the issuer, if applicable.
- (c) Details of the management structure of the issuer.
- (d) Shareholding pattern of the issuer along with top 10 shareholders of the issuer, if applicable.
- (e) Resolution authorizing the borrowing of the Issuer and each constituent Municipality and the Issuer along with the ~~and~~ list of authorized signatories of the Issuer.
- (f) Details of necessary Resolution(s) for the allotment of municipal debt securities
- (g) Memorandum and Articles of Association in case the issuer is a body corporate incorporated under Companies Act, 2013, if applicable
- (h) Details of any Reorganization or Reconstruction of management in the last 1 year of the issuer.

- ~~(i) Details of all the project undertaken or proposed in terms of cost and means of financing~~
- (j) Capital structure relating to projects for which funds are proposed to be mobilized
- (k) Capital grant for the proposed project and the amount received in this regard
- (l) Details of State Finance Commission Grant on annual basis

5. Objects of the issue:

- (a) The proceeds of the proposed issue shall be clearly earmarked for a defined project or a set of projects along with the location of the project and plant and machinery, technology, process, etc.;
- (b) Where the issuer proposes to undertake more than one activity or project, such as diversification, modernization, or expansion, etc., the total project cost activity-wise or project wise, as the case may be.
- (c) Where the issuer is implementing the project in a phased manner, the cost of each phase, including the phase, if any, which has already been implemented, shall be separately given.
- (d) An investment plan for the project components as well as phases thereof as well as financing thereof as approved by the local authority or the agency as the case may be
- (e) Schedule of implementation of the project
- (f) Benchmarks for commencement and completion of the project including milestone dates for all components of the project
- (g) Details and status of the regulatory approval (if required)

(h) Expenses of the Issue:

Expenses of the issue along with a break up for each item of expense, including details of the fees payable to/for separately as under (in terms of amount, as a percentage of total issue expenses and as a percentage of total issue size):

- (a) Lead manager(s) fees including underwriting commission
- (b) Brokerage, selling commission and upload fees
- (c) Registrars to the issue
- (d) Legal Advisors
- (e) Advertising and marketing expenses
- (f) Regulators including stock exchanges
- (g) Printing and distribution of issue stationary
- (h) Others, if any (to be specified).

6. Tax Benefits:

Any special tax benefits (under direct and indirect tax laws) for the issuer and its investors

7. Issue specific Information:

- (a) Issue/instrument specific regulations - relevant details (Relevant Act, RBI guidelines, etc.).

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- (b) The detailed rating rationale (s) adopted (not older than one year on the date of opening of the issue)/ credit rating letter issued (not older than one month on the date of opening of the issue) by the rating agencies shall be disclosed. Names of all the credit rating agencies from which credit rating including unaccepted rating has been obtained.
- (c) Credit Enhancement Mechanisms if any, with complete details, if any.
- (d) Names of all the recognised stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange.
- (e) Additional interest to be paid, above the Coupon Rate, in case of default in payment of Interest and/or principal redemption on the due dates
- (f) Penal interest payable by the issuer in case of delay in listing of debt securities from the deemed date of allotment
- (g) Debenture Redemption Reserve and such other reserve creation - relevant regulations as applicable.
- (h) Application process
- (i) Procedure for deciding and adjusting payment dates (in response to days when payment cannot be made due to any reason such as sudden bank holiday.
- (j) 'Terms of payments' and procedure and time schedule for allotment and issue certificates/demat credit
- (k) How to apply, availability of application forms and letter of offer and mode of payment.
- (l) Change in terms and conditions of municipal debt securities issued in past 5 years (i.e. change in coupon, maturity, call/put option etc.)
- (m) Procedure and time schedule for allotment and issue of municipal debt securities.
- (n) Details of escrow payment mechanism for the repayment of the interest/principal.

8. Financial Information

I. Following details as per the financial statements for past 3 years in tabular format:

- (a) Abridged Balance Sheet, Income and Expenditure and Receipts and Payments Accounts of the Issuer for the last three financial years with major heads.
Provided Issuers who are desirous of issuing debt securities on private placement basis and who are in existence for less than three years may disclose financial statements mentioned above for such period of existence.
- (b) Link and Quick Response(QR) code to the web page of the Issuer where the Abridged Balance Sheet, Income and Expenditure and Receipts and Payments Accounts of the constituent Municipalities and Issuer can be accessed should be given.
- (c) ~~Copy of~~ Link and Quick Response (QR) code to the web page of the Issuer where budget documents for the previous three years containing actual financial performance and/or revised estimates along with the details of related party transactions of the constituent Municipalities can be accessed should be given.
- (d) Financial Parameters of the constituent Municipalities and the Issuer of the last (three) years, separately:

| Key Financial Figures | FY | FY | FY |
|------------------------------|-----------|-----------|-----------|
| Revenue income | | | |

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| | | | |
|--|--|--|--|
| Revenue expenditure (Excl. Interest) | | | |
| Operating revenue Surplus | | | |
| Interest expense | | | |
| Principal repayment (outside sinking Fund) | | | |
| Contribution to Sinking fund | | | |
| Revenue surplus | | | |
| Capital income | | | |
| Capital expense | | | |
| Capital surplus | | | |
| Overall surplus | | | |
| Deposits and Advances (net) | | | |
| Initial Cash / Bank balance | | | |
| Change in Cash / Bank balance | | | |
| Final Cash / Bank balance | | | |
| Loan repayment from sinking fund | | | |
| Initial Sinking fund balance | | | |
| Change in sinking fund | | | |
| Final sinking fund balance | | | |
| Total debt | | | |
| Ratio of Total Expenditure /Total Revenue | | | |
| Cash surplus / total revenue | | | |
| Ratio of Debt Service / Total Revenue | | | |

Provided Issuers who are desirous of issuing debt securities on private placement basis and who are in existence for less than three years may disclose financial statements mentioned above for such period of existence.

II. Details of top five revenue sources for the previous three years of the constituent Municipalities:

| Revenue Receipt type | Actual | Actual | Actual |
|----------------------|--------|--------|--------|
| | FY | FY | FY |
| XYZ 1 | | | |
| XYZ 2 | | | |
| XYZ 3 | | | |
| XYZ 4 | | | |
| XYZ 5 | | | |

III. Details of property tax collection of the constituent Municipalities:

| Particulars | Demand Raised | | | Collections | | | Overall Collecti on ratio | Current Collectio n ratio |
|-------------|---------------|---------|-------|-------------|---------|-------|---------------------------|---------------------------|
| | Arrear s | Current | Total | Curren t | Arre ar | Total | | |
| FY | | | | | | | | |
| FY | | | | | | | | |
| FY | | | | | | | | |

IV. Status of reforms with respect to e-governance, cost recovery on water supply, Solid Waste Management (SWM), property tax, double entry accounting and others, as specified by Central Government and authorities concerned

V. Borrowings of the Issuer and constituent Municipalities

- a. Details of borrowings, as on the latest quarter end:-
 b. Details of Secured Loan Facilities:-

| Lender's Name | Type of Facility | Amt Sanctioned | Principal Amt outstanding | Repayment Date / Schedule | Security |
|---------------|------------------|----------------|---------------------------|---------------------------|----------|
| | | | | | |

- c. Details of Unsecured Loan Facilities:-

| Lender's Name | Type of Facility | Amt Sanctioned | Principal Amt outstanding | Repayment Date / Schedule |
|---------------|------------------|----------------|---------------------------|---------------------------|
| | | | | |

- d. Details of NCDs/Bonds: -

| Debenture/ Bond Series | Tenor/ Period of Maturity | Coupon | Amount | Date of Allotment | Redemption Date/ Schedule | Credit Rating | Secured/ Unsecured | Security |
|---------------------------|------------------------------------|--------|--------|-------------------|------------------------------|---------------|-----------------------|----------|
| | | | | | | | | |

- e. List of the Top ten Debenture Holders (as on)

| Sr. No. | Name of Debenture Holders | Amount |
|---------|---------------------------|--------|
| | | |

Note: Top ten holders' (in value terms, on cumulative basis for all outstanding debentures issues) details should be provided.

- f. Details of Commercial Paper:- The total Face Value of Commercial Papers Outstanding as on the latest quarter end to be provided and its breakup in following table:-

| Maturity Date | Amount Outstanding |
|---------------|--------------------|
| | |

- g. Details of Rest of Borrowings
 h. Details of any outstanding borrowings and debt securities issued for consideration other than cash, whether in whole or part, at a premium or discount, or in pursuance of an option;

VI. Sufficient revenue generation and resources for timely servicing and redemption

VII. Estimated Scenarios of Asset Liability Mis-matches, efforts intended to resolve the same.

9. Legal and Other Information:

a. Pending litigations and material developments:

Pending Litigations involving the issuer/ its directors/ promoters/ subsidiaries/ constituent Municipalities:

- (i) All criminal proceedings;
- (ii) All actions by regulatory and statutory authorities;
- (iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters during the previous five financial years including outstanding action;
- (iv) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount;
- (v) Other pending litigation - As per the policy of materiality defined by the Board of Directors of the Issuer and disclosed in the offer document/placement memorandum.

b. Outstanding dues to creditors:

- (i) Based on the policy on materiality defined by the Board of Directors of the Issuer, details of creditors which include the consolidated number of creditors and the aggregate amount involved of the Issuer and constituent Municipalities shall be disclosed, on the website of the Issuer with a web link and Quick Response(QR) code thereto;
- (ii) Consolidated information on outstanding dues to micro, small and medium enterprises, separately giving details of number of cases and amount involved shall be disclosed, on the website of the Issuer with a web link and Quick Response(QR) code thereto;
- (iii) Complete details about outstanding dues to material creditors along with the name and amount involved for each such material creditor shall be disclosed, on the website of the company with a web link and Quick Response(QR) code thereto.

c. If any of the above mentioned litigation, material developments or dues to creditors etc., arise after the filing the draft offer document/ preliminary placement memorandum, the facts shall be appropriately incorporated in the offer document/placement memorandum. In case there are no such cases, a distinct negative statement is required to be made in this regard in the offer document/ placement memorandum.

d. Material developments since the date of the last balance sheet shall be incorporated separately in the offer document or placement memorandum.

e. Statement containing particulars of dates of, and parties to all material contracts and agreements:

Provided that a recognized stock exchange may call for such further particulars or documents as it deems appropriate

f. Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer, resulting in material liabilities, restructuring event etc) at the time of the issue which may affect the issue or the investor's decision to invest/ continue to

invest in the municipal debt securities.

- g. Details of non-payment of statutory dues of the Issuer and constituent Municipalities, if any.
- h. Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial instrument issued by the Issuer, in the past 3 years.

10. Government approvals:

- a. Investment approvals, letter of intent or industrial license from Gol, RBI, etc., as applicable and declaration of the Central Government, Reserve Bank of India or any regulatory authority about the non-responsibility for financial soundness or correctness of the statements;
- b. All Government and other approvals which are material and necessary for carrying on the business and operations of the issuer and material subsidiaries.

11. Undertaking by the issuer:

The following undertaking by the issuer shall be given:

- (a) that it shall submit the documents disclosed in the offer document or placement memorandum to the Debenture Trustee in electronic form (soft copy)
- (b) that the complaints received in respect of the issue shall be attended to by the issuer expeditiously and satisfactorily;
- (c) that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within the period specified by the Board;
- (d) Declaration signed by the Mayor and Commissioner of the constituent Municipalities stating that the offer document/placement memorandum contains true, fair and adequate information to enable investors to make a well informed decision regarding their investment in the proposed issue.
- (e) Declaration signed by the Director(s) of the Issuer, if it is a body corporate to which the Companies Act, 2013 applies, stating that offer document/placement memorandum contains true, fair and adequate information to enable investors to make a well informed decision making regarding their investment in the proposed issue.
- (f) a statement to be given by the Board of the Issuer or Standing Committee thereof that all monies received out of the issue shall be transferred to a separate bank account.
- (g) the details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested

12. Documents to be submitted

- (a) Copy of the resolution authorizing the borrowing and list of authorized signatories.
- (b) Copy of the Trust deed.
- (c) Documents that have been executed or shall be executed in relation to the issue

13. Risk factors:

- (a) Risk factors shall be printed in a clear readable font (of minimum point ten size).
- (b) Risk factors shall be classified as those which are specific to the project and internal to the issuer and constituent Municipalities and those which are external and beyond the control of the issuer

and constituent Municipalities.

- (c) Risk factors shall be determined on the basis of their materiality. In doing so, the following shall be considered:
- i. Some risks may not be material individually but may be material when considered collectively.
 - ii. Some risks may have an impact which is qualitative though not quantitative.
 - iii. Some risks may not be material at present but may have a material impact in the future.
- (d) Each risk factor shall appear in the following manner:
- i. The risk as envisaged by the issuer and constituent Municipalities.
 - ii. Proposals, if any, to address the risk.
- (e) Comprehensive Disclosure regarding the Risk Factors, including project risks, operational risks, credit risks, liquidity risks, etc.
- (f) Management perception of risk factors specific to the project.

Chapter V – Denomination of issuance and trading of Non-convertible Securities

[See [Regulation 50\(4\)](#) and [Clause 3.2\(f\)](#) of Schedule I SEBI NCS Regulations, 2021]

1. Issuance of non-convertible securities:

1.1. The face value of each debt security or non-convertible redeemable preference share issued on private placement basis shall be Rs. One lakh **except as provided in Clause 1.3 below.**⁵

Provided that with respect to a shelf placement memorandum which is valid as on January 1, 2023, the issuer thereof shall have the option while raising funds through tranche placement memorandum, to keep the face value at Rs. Ten lakhs or Rs. One Lakh as he may deem fit. Necessary addendum shall be issued by such issuer to the shelf placement memorandum.

1.2. The face value of each security mentioned under [Chapter V](#) of SEBI NCS Regulations, 2021 and [Chapter XIII](#) of this Master circular shall be Rs. One crore.

1.3.⁶The Issuer may issue debt security or non-convertible redeemable preference share on private placement basis at a face value of Rs. Ten Thousand,

i) Subject to the following conditions:

a) The issuer shall appoint at least one Merchant Banker.

Provided that the role, responsibilities and obligations of the Merchant Banker(s) shall be same as they would be in case of public issue of debt security or non-convertible redeemable preference share.

b) Such debt security or non-convertible redeemable preference share shall be interest/ dividend bearing security paying coupon/ dividend at regular intervals with a fixed maturity without any structured obligations.

ii) The following credit enhancements shall be permitted in the aforesaid securities:

a) Guaranteed bonds;

b) Partially guaranteed bonds;

c) Standby Letter of credit (SBLC) backed securities;

d) Debt backed by pledge of shares or other assets;

e) Guaranteed Pooled bond issuance (PBI), not through a trust;

⁵Substituted with the Issuance of Circular dated July 03, 2024. Prior to its substitution, clause 1.1 read as under:

"The face value of each debt security or non-convertible redeemable preference share Issued on private placement basis shall be Rs. One lakh"

⁶ The provision came into effect from July 03, 2024



- f) Obligor/ Co-obligor structures or cross default guarantee structures; and
 - g) Debt backed by Payment Waterfall /Escrow, or DSRA etc., but with Full Guarantee or DSRA Replenishment Guarantee from a third party.
- iii) In respect of the credit enhancements specified above, Credit Rating Agencies (CRAs) shall verify the documentation related to the specified support considerations to ensure the following:
- a) The support is unconditional, irrevocable, and legally enforceable till all the obligations of the security has been paid to the investors.
 - b) The support provider has a lower probability of default on a continuous basis, compared with the issuer, till the time such instruments are outstanding.
- iv) With respect to a shelf placement memorandum or General Information Document (GID) which is valid as on the 'effective date of the circular', the issuer may raise funds through tranche placement memorandum or Key Information Document at a face value at Rs. Ten Thousand provided at least one Merchant Banker is appointed to carry out due diligence in respect of such issuances. Necessary addendum shall be issued by such issuer to the shelf placement memorandum or General Information Document, as applicable.⁷

2. Trading of non-convertible securities:

2.1 [deleted]

2.2 [deleted]

2.3 Trading lot of listed debt security issued on private placement basis, non-convertible redeemable preference share issued on private placement basis, listed security mentioned under [Chapter V](#) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and [Chapter XIII](#) of the Master circular dated May 22, 2024, traded on a Stock Exchange or OTC basis shall always be equal to face value.⁸

3. This chapter is not applicable for debt securities and non-convertible redeemable preference shares issued on a public issue basis.

⁷ Inserted with the Issuance of Circular dated July 03, 2024

⁸ Revised provisions are applicable from July 03, 2024. Prior to deletion of clause 2.1, clause 2.2 and substitution of clause 2.3 the same read as under:

2.1. The face value of a listed debt security or non-convertible redeemable preference share Issued on private placement basis traded on a stock exchange or OTC basis shall be Rs. One lakh¹¹.

2.2. The face value of a listed security mentioned under Chapter V of SEBI NCS Regulations, 2021 and Chapter 13 of this operational circular traded on a stock exchange or OTC basis shall be Rs. One crore.

2.3. The trading lot shall always be equal to face value.