



CIRCULAR

SEBI/HO/CFD/CMD1/CIR/P/2019/140

November 21, 2019

To
All Listed entities
All Recognised Stock Exchanges

Madam / Sir,

Sub: Disclosures by listed entities of defaults on payment of interest/ repayment of principal amount on loans from banks / financial institutions and unlisted debt securities

1. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") currently require disclosure of material events / information by listed entities to stock exchanges. Specific disclosures are required under the SEBI LODR Regulations in certain matters such as delay / default in payment of interest / principal on debt securities such as Non-Convertible Debt (NCDs), Non-Convertible Redeemable Preference Shares (NCRPS) etc. It has been observed that similar disclosures are generally not made by listed entities with respect to loans from banks and financial institutions.
2. Corporates in India are even today primarily reliant on loans from the banking sector. Many banks and financial institutions are presently under considerable stress on account of large loans to the corporate sector turning into stressed assets / Non-performing Assets (NPAs). Some companies have also been taken up for initiation of insolvency and bankruptcy proceedings.
3. In order to address this critical gap in the availability of information to investors, listed entities shall comply with the requirements of this circular.

A. Applicability:

- i. The circular shall be applicable to all listed entities which have listed any of the following: specified securities (*equity and convertible securities*), NCDs and NCRPS.
- ii. The disclosures shall be made to the stock exchanges when the entity has defaulted in payment of interest / instalment obligations on loans, including revolving facilities like cash credit, from banks / financial institutions and unlisted debt securities.
- iii. 'Default' for the purpose of this circular shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable (*pre-agreed payment date*).
Provided that for revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than 30 days.



B. Timing of disclosures:

- i. To begin with, listed entities shall make disclosure of any default on loans, including revolving facilities like cash credit, from banks / financial institutions which continues beyond 30 days. Such disclosure shall be made promptly, but not later than 24 hours from the 30th day of such default.
- ii. In case of unlisted debt securities i.e. NCDs and NCRPS, the disclosure shall be made promptly but not later than 24 hours from the occurrence of the default. This is in line with the existing disclosure requirements specified for listed debt instruments. Disclosures shall be made in the format(s) specified in Paras 3 (C1) and (C2) below.

C. Disclosure formats:

C1. The following details shall be disclosed by listed entities for each instance of default, as specified in Para 3 (B) above:

a. For loans including revolving facilities like cash credit from banks / financial institutions:

| Sr. No | Type of disclosure | Details |
|--------|--|---------|
| 1. | Name of the Listed entity | |
| 2. | Date of making the disclosure | |
| 3. | Nature of obligation | |
| 4. | Name of the Lender(s) | |
| 5. | Date of default | |
| 6. | Current default amount (<i>break-up of principal and interest</i> in INR crore) | |
| 7. | Details of the obligation (total principal amount in INR crore, tenure, interest rate, secured / unsecured etc.) | |
| 8. | Total amount of outstanding borrowings from Banks / financial institutions (in INR crore) | |
| 9. | Total financial indebtedness of the listed entity including short-term and long-term debt (in INR crore) | |

b. For unlisted debt securities i.e. NCDs and NCRPS:

| Sr. No | Type of disclosure | Details |
|--------|--|---------|
| 1. | Name of the Listed entity | |
| 2. | Date of making the disclosure | |
| 3. | Type of instrument with ISIN | |
| 4. | Number of investors in the security as on date of default | |
| 5. | Date of default | |
| 6. | Current default amount (<i>break-up of principal and interest</i> in INR crore) | |
| 7. | Details of the obligation (amount issued, tenure, coupon, secured/unsecured, redemption date etc.) | |
| 8. | Total amount issued through debt securities (in INR crore) | |
| 9. | Total financial indebtedness of the listed entity including short-term and long-term debt (in INR crore) | |



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C2. Disclosures specified in the table below shall be made by listed entities, if on the last date of any quarter:

- Any loan including revolving facilities like cash credit from banks / financial institutions where the default continues beyond 30 days or
- There is any outstanding debt security under default.

| S. no. | Particulars | in INR crore |
|-----------|--|--------------|
| 1. | Loans / revolving facilities like cash credit from banks / financial institutions | |
| A. | Total amount outstanding as on date | |
| B. | Of the total amount outstanding, amount of default as on date | |
| 2. | Unlisted debt securities i.e. NCDs and NCRPS | |
| A. | Total amount outstanding as on date | |
| B. | Of the total amount outstanding, amount of default as on date | |
| 3. | Total financial indebtedness of the listed entity including short-term and long-term debt | |

The above disclosure shall be made within 7 days from the end of each quarter.

- As far as disclosures pertaining to default of listed NCDs / listed NCRPS / listed Commercial paper are concerned, the same would continue to be made as per the present provisions of the SEBI Regulations and Circulars issued thereunder.
- Disclosures as applicable in terms of this circular, including quarterly disclosure, shall be made beginning January 01, 2020 in the format specified in Paras 3 (C1) and 3 (C2) above.
- SEBI circular no. CIR/CFD/CMD/93/2017 dated August 4, 2017 is rescinded.
- This circular is issued under Section 11(1) of the SEBI Act, 1992 and Regulation 101 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- This circular is available on the SEBI website at www.sebi.gov.in under the category - "Legal→Circulars".

Pradeep Ramakrishnan

General Manager

Compliance & Monitoring Division-1

Corporation Finance Department

Tel No.022-2644 9246

Email - pradeepr@sebi.gov.in