

COMMERCIAL PAPER (CP)

OPERATIONAL GUIDELINES EFFECTIVE FROM 30TH JUNE 2001

(Few changes have been made to the old document, in consultation with RBI, after the same had been put on the web on June 29, 2001. Therefore, if you have downloaded anytime before July 5,2001 you are requested to download this again.)

RBI had assigned FIMMDA, the task of prescribing operational guidelines for smooth functioning of the CP Market in line with the international best practices.

As per the Monetary and Credit Policy for the year 2001-2002 issued on April 19,2001 Banks, FIs, PDs, and SDs are required to make fresh investments in CPs in “Dematerialised” (Dmat) mode only from June 30,2001.

Accordingly, FIMMDA’s Working Group on Primary Markets had deliberated on this and issued a report (“the report”). Based on the Report, draft guidelines were placed on the web for suggestions from corporates, members, market players.

These final guidelines are based on the Report, draft guidelines and the suggestions received from the corporates, members, market players besides detailed discussions on legal and related issues with Reserve Bank of India, NSDL and others.

Some of the issuers who wish to issue CPs may find it difficult to go ahead with the issue of CPs in Dmat till they have in place agreements with NSDL /CDSL and have appointed a registrar having connection with NSDL /CSDL (“the Registrar”)

Commercial paper can be now issued as:

1. A stand-alone facility
2. Against working capital entitlements
3. A stand alone facility with a standby assistance / credit backstop facility from Bank / FI.

Owing to CP, now, being a stand alone product coupled with the complexity of legal frame work and in order to protect the interest of various market players / participants for ensuring smooth flow of the transactions in the CP market, the Issuing and Paying Agency (“IPA”) has been made to play a prominent role and hence made more accountable.

In order to keep the investment portfolio of CP of an IPA different from that of CPs held as IPA, it shall maintain separate and exclusive "Allotment" as well as "Redemption" accounts like a pool account and act as an agent.

For this purpose an IPA is required to open two DP accounts namely "**IPA's name - CP ALLOTMENT ACCOUNT**" & "**IPA's name - CP REDEMPTION ACCOUNT**" with any NSDL or CSDL DP.

During the discussions with RBI, while finalizing guidelines on CP, it was stressed that an IPA should perform a greater/major role in this market especially when CPs are now a stand alone product and have to be held in Dmat mode by wholesale investors like Banks /FIs /PDs and SDs etc.

Only scheduled Banks can act as an IPA. This is to ensure that the guidelines prescribed are diligently followed by issuers and object of investor protection is not diluted in any manner.

Efforts have been made in these guidelines to protect the interest of investors to a major extent, while giving additional comfort to trade the most liquid Money Market instrument across the country in the Dmat mode.

The CP, universally, is an unsecured short-term debt paper. Considering different stamp duty structure applicable for primary market debt instruments (depending on state/ place of issue) and the fact that the stamp duty for Usance Promissory Note ("UPN") of short maturity (up to one year) is lowest among all unsecured debt products, it is preferred to be retained as UPN. Further, stamping of UPN is under the purview of the Central Act and thus not a State subject.

Efforts have been made by RBI and FIMMDA to combine advantages of a Negotiable Instrument and, investor protection on one hand and that of the broader spectrum to issuers on the other hand in the process.

Based on the market experience of the CP - as a dmat product, the operational guidelines will be reviewed by FIMMDA in consultation with RBI from time to time.

S.L.Chhatre
Chief Executive Officer.

Encl: Annexure I to VII

Index of Annexure:

- I. Format of UPN for CP in physical form
- II. Return to be submitted by the issuer through IPA to RBI
- III. IPA Certificate (for Dmat CPs)
- IV. IPA Agreement
- V. Format /specimen of Jumbo UPN to be issued for Dmat CP and retained with IPA
- VI. Letter of offer by CP issuer
- VII. Format of Deal confirmation

Commercial paper (CP)

(Consolidated guidelines issued by Reserve Bank of India (RBI) and operational/documentation procedure prescribed by FIMMDA in line with RBI's notification No. IECD/1/08.15.01/2000-01 dated: October 10, 2000.)

Eligibility Criteria and related Operational matters:

Who can issue?

A. Corporate:

1. Tangible net worth of the issuer as per the latest audited Balance Sheet shall not be less than Rs.4.00 crores.
2. Issuer has been sanctioned working capital limit by Bank/s, All India Financial Institutions (AIFIs).
3. The borrowal account of the Issuer should be classified as a Standard Asset by the financing bank/ AIFI.
4. Should have a valid credit rating for the issue of short -term unsecured paper/CP form CRISIL, ICRA, CARE, FITCH or such other Credit Rating Agency (CRA) as may be specified by RBI from time to time. The minimum credit rating shall be P₂ of CRISIL or equivalent.
5. The rating should be current and not due for renewal at the time and during the currency of issue of Commercial paper.
6. Borrowing under the CP cannot exceed maximum amount rated for issue of the CP by CRA or the amount authorized under the resolution of the Board of Directors of the Company - whichever is lower.
7. Scheduled Banks/FIs can provide Credit Enhancement by way of stand by assistance/ credit backstop facility to the CP issue subject to the approval of the respective Board of the Bank/ AIFI.

B. Primary Dealer and Satellite Dealer:

1. PD/SD should have a valid credit rating for the issue of short -term unsecured paper/CP from CRISIL, ICRA, CARE, FITCH or such other Credit Rating Agency as may be specified by RBI from time to time. The minimum credit rating shall be P₂ of CRISIL or equivalent.
2. The rating should be current and not due for renewal at the time and during the currency of CP.
3. Borrowing under the CP cannot exceed maximum amount rated for issue of the CP by CRA or the amount authorized under the resolution of the Board of Directors of the Company(PD/SD) whichever is lower.
4. Scheduled Banks/FIs can provide Credit Enhancement by way of stand by assistance/ credit backstop facility to the CP issue subject to the approval of the respective Board of the Bank/FI.

C. All India Financial Institution(AIFI):

1. Only AIFI that have been permitted to raise short term resources under Umbrella limit fixed by RBI can issue CP not exceeding the umbrella limit fixed by RBI.
2. Should have a valid credit rating for the issue of short - term unsecured paper/CP from CRISIL, ICRA, CARE, FITCH or such other Credit Rating Agency as may be specified by Reserve Bank of India from time to time. The minimum credit rating shall be P₂ of CRISIL or equivalent.
3. The rating should be current and not due for renewal at the time and during the currency of Commercial paper (CP).

In all the above cases, any other eligibility criteria prescribed by RBI from time to time will also be applicable.

Who can act as IPA?

Any scheduled bank can act as an IPA.

IPA should have Demat accounts such as 'CP allotment', 'CP redemption'.

Without exclusive Demat accounts for 'CP allotment' and 'CP redemption', smooth transfer of CP from IPA to investors and vice versa would not be possible.

General Guidelines:

1. CP will be issued at a discount to face value.
2. No CP issue can be underwritten.
3. The CP can be issued for a period not less than 15 days and not exceeding one year from the date of issue
4. Minimum denomination/marketable lot for CP, whether in physical or demat form will be Rs. 5 lac, and in multiples of Rs.5 lacs thereof.
5. The amounts sought to be raised under the CP should be within the limits approved by Board of directors of the issuer and also within the ceiling stipulated by Credit Rating (whichever is lower).
6. CPs, so issued, shall mature within the validity period of the Credit rating.
7. CPs can be held by individual/s, Banks, corporate bodies, Non- Resident Indians, FIs and FIIs **etc.** However, investment by FIIs would be within the limits set for their investments by Securities and Exchange Board of India.
8. All the CPs must be issued by way of private placements only.
9. The issuer shall appoint an IPA and enter into an IPA Agreement as set out in Annexure IV.

Brief Process of issue of Commercial Paper in Demat:

Eligible institution/corporate will approach IPA for its entire CP programme or a specific tranche of the CP.

It would enter into with IPA, an agreement (Annexure IV). Agreement would be stamped in accordance with the state stamp duty applicable to the agreement as applicable in the state of execution.

Issuer should have an arrangement with Depository for its CP issuance (Currently NSDL is allotting ISINs for CPs). Depository requires an agreement to be executed with it along with its registrar DP. The Issuer is required to comply with the formalities of the Depository.

Once this arrangement is in place, the Issuer can get ISIN created by submitting the "letter of intent" in the format prescribed by the NSDL. Time taken for creation of ISIN number is normally 1-2 working days. The ISIN number can be same for the specific tranche or the whole CP programme. All securities held in specific ISIN number will have same maturity date and other characteristic features, irrespective of the fact when the security (CP) is created / issued. Importantly, ISIN should be in place and activated before a CP programme starts.

The ISIN is created based on the maturity date of the CP. As per the RBI's requirement, the CP programme / tranche issued must be completed within a period of two weeks from the date of commencement of the issue. The ISIN number should be made known to the IPA for control purposes through Issuer/ Registrar.

For issue of CP in Demat mode, IPA should have **CP Allotment Account** where in all demat credits would flow in from the Registrar for onward transfer to the respective investor/s account. The IPA needs to have a separate **CP Redemption account** also where in securities would flow in from the holder of the Demat CP, a day before the maturity date. IPA should have an exclusive **CP Account** (a separate current account) for each such Issuer for crediting the funds received from the investors on issue of the Demat CP. From this account, the funds will be transferred to the Issuers normal account.

Since several series of CPs of an issuer may simultaneously be open in the market, to keep track of funds received etc it will be in order to maintain a separate current account called as "**CP Account--(Company)**".

The placement of CP can be in physical form or dematerialized form depending on the permitted class of investors and their requirement. As far as an issue of CP in the physical form is concerned, the old procedure will be continued. The difference being, IPA certificate (Sch.III) prescribed by RBI vide IECD Cir Dt: 10.10.2000, will replace all other papers hitherto being obtained, except CP proper.

Where the deal is settled for delivery in Demat mode, the issuer will submit full details of the deal to the IPA such as:

1. Value Date of deal
2. Name and address of the counter party
3. Contact persons name, telephone, fax numbers etc
4. Details of the DP account of investor/buyer such as client name, client ID, DP No.: DP ID etc.
5. FV of CP to be delivered and consideration to be received (Mode of Payment, Place of payment etc).
6. Letter from the investor stating the depository details of the investor and that it had given instruction to its DP to receive the credit to its Demat account on value date.
7. Consolidated list of CPs to be issued for different value date.

A day before the actual issue of the CP, issuer will approach the IPA and submit original rating letter issued by CRA for appropriate notings on it about the amount of CP issued and date of issue due date and return the same.

It will also submit a single promissory note for total FV of the CPs (Jumbo Promissory Note as set out in Annexure v) to be issued (Ref to ISIN may be given), duly stamped and executed. The stamping of the UPN would be as per the Indian Stamp Act. The current stamp duty structure as applicable for different class of investors is given at the end for ready reference. It would be advisable to make separate set of Jumbo Promissory notes if the investors fall in two different categories (for the purpose of the stamp duty)

IPA, after verification of the consolidated UPN can prepare IPA certificate to be issued to individual investors, to be sent to them on value date, as per the Annexure III.

Upon the instructions of the issuer the registrar will credit the Demat CPs to the IPA's CP Allotment account. In no case registrar is authorized to issue CPs for the credit of investor's account directly. It has to necessarily pass through the "IPA's CP allotment Account only."

NSDL should not accept instructions on its system for the direct credit of CPs by the registrar/s to investor/s account, in the primary market and to place a suitable mechanism to ensure this.

NSDL accounts the CP in terms of units. Rs.5 lacs of MV (FV) is equal to One unit.

On value date, upon the receipt of the stated consideration by way of banker's cheque/ pay order etc, the IPA will pass on delivery instructions to its DP to transfer the securities (giving the reference to ISIN No) to investors account as per Issuers consolidated letter.

The IPA will hold consolidated UPN by making suitable remarks on it, which reads as follows.

"Issuer has created electronic security against the UPN with NSDL bearing ISIN No:--- for the credit of investors account with DPs stated in issuers letter dated --- and not available for trade in the secondary market."

The CP in UPN form will not be cancelled when the security in demat is created. However, the UPN with notings stated above on the face of it, will be kept with IPA and would thus not be available to the market for trading.

At the time of dematerialization, it is advisable to pay Re 1/- per promissory note issued in terms of Jumbo Promissory note and it would be like a split of the Jumbo promissory note (for which stamp duty has been adequately paid at the first instance). The process of dematerialization is clearly spelt in the Depositories Act and as such not stated here.

Secondary market transactions would take place in the manner they are taking place in case of other debt instruments and would be without recourse to the transferor.

Process of Redemption:

The holders of Demated CPs upon maturity will be required to approach their respective DPs and have to give transfer / delivery instructions to DP to transfer the demat security represented by specific ISIN No be transferred to the CP redemption account of the IPA as available on the IPA certificate (annexure -III). The transfer should be done before **3.00 p.m** on one working day before the maturity date so as to get sufficient time for the IPA to process the papers and arrange to effect the payment on the due date of the CP. The holder should also communicate to the IPA with a copy of the delivery instruction it had given to its DP and intimate the place at which the payment is requested, if it were to be different from the place of IPA. IPA is obliged to pay at a place where CP would have been payable, had it been in the physical form, without any charge. If payment is requested at any other place, the charges mutually agreed upon would be payable by the holder.

Upon the receipt by the IPA of the credit of CPs (the Demat CPs) in "CP Redemption Account" on or before maturity date, IPA on maturity date, would arrange to pay to holder/transferor by way of Banker's cheque/high value cheque, etc. as the case may be, the FV of the security, subject to the availability of funds in, the CP Account of the Issuer. After the payment of the CP to the transferor/holder of the CP, IPA would direct the Registrar to extinguish the securities quoting the ISIN.

DP-Registrar must not extinguish the redeemed securities at the instance of the issuer.

IPA has been made the nodal point to protect the interest of the investors. In case of inadequacy of funds in 'CP Account' of issuer, to redeem all the CPs due on that day, the payment should be made to the holder/s on first come first served basis.

In Demat mode the sequence of credit flowed in CP Redemption Account can be known. Both physical CPs and dmat CP shall be given equal treatment.

In case of default, the IPA will intimate the investors. The Security will continue to lie in the CP – Redemption Account of the IPA. The investors will have two options namely:

- (1) Getting the security transferred back to its DP account from IPAs CP redemption account by requesting IPA accordingly.
- (2) Rematerialization (Remat) with assistance of the issuer/registrar as per the provisions of the Depositories Act,1996.

FIMMDA recommends rematerialization, as this would give certain advantages. The rematerialized document would be in the shape of the Negotiable Instrument based on which summary suit can be contemplated against the issuer company by holder of CP.

Holiday Convention:

The CP, being UPN, provisions of Negotiable Instrument Act (Sec 25) would be applicable to it. Where the maturity date of the CP falls on a holiday declared under Negotiable Instrument Act such instrument would be payable on the immediate preceding working day. The place of payment for the purpose of interpretation of Sec25 would be the place of IPA i.e. where the CP is payable.

Market Conventions:

The CP is quoted in terms of yield, which is calculated based on actual number of days / 365 days. All market conventions referred to herein would mean FIMMDA's market conventions. Applicable legal provisions have to be followed. The price of the CP for Primary/Secondary market transactions is worked out on the basis of agreed/contracted yield for every Rs.100/- of the FV in Rupees up to the fourth decimal place. The resultant rate is taken as basis for working the resultant consideration for the contracted FV of the CP.

Format of Credit Back Stop Facility:

FIMMDA does not specify any specific format for credit backstop facility that can be provided by Bank/FI to the CP issue. The wording would depend upon the specific case. Depending on the market requirement FIMMDA would, in future, devise a standard format to be used by the market.

The Backstop agreement can cover specific issue or the entire commercial paper programme of the issuing corporate, PD/SD, etc. as the case may be. The backstop should be in the form of an unconditional guarantee and should be available to the IPA to facilitate redemption of the CP/CP programme of the issuer.

The backstop facility letter should state that it is issued within the prudential norms as applicable to issuer Bank/FI and has been subject to the specific approval of the Board of the said Bank/FI.

The credit backstop facility cannot be assigned by IPA in favour of the third party nor can be used for purposes other than specified in the said guarantee/commitment letter.

Functions of IPA:

The IPA will

- Maintain an exclusive funding account for amount subscribed and amount redeemed with reference to each issue. (Where IPA is maintaining a common account for several CP issues of the Issuer, the IPA should ensure that there is appropriate reference to specific issue of CP for amount subscribed and redeemed, so that issue-wise information can be immediately traced and ascertained at any point of time)
- Hold custody of original of Credit support document if it is in the form of -Standby assistance/Backstop facility with relevant declarations and confirm that original documents are in order.
- Hold custody of Certified Copies of
 - Credit Rating certificate
 - Letter of Offer of CP, as updated from time to time
 - Board Resolution authorizing issue of the CP
 - Obtain a declaration from the Issuer that the amount proposed to be raised is within the ceiling mentioned by the credit rating agency or as approved by the Board whichever is lower, further stating the amount of CP issued and subscribed so far on strength of the credit rating under reference.
- Before parting with the original CRA Certificate make necessary noting on the original CRA letter indicating amount of CP's issued by the Corporate/FI/PD/SD against the said CRA letter with value date, FV, ISIN No of the CP and maturity date etc to avoid chances of misuse of CRA letter.
- Obtain one time confirmation from the Issuer that they are eligible to issue CP as per the norms fixed by RBI, in terms of:
- (i) Net worth (ii) working capital facilities sanctioned by banks / financial institutions and (iii) classification of their liabilities with the financing banks and institutions as Standard Assets etc.

- Obtain confirmation before every issue of CPs that eligibility in terms of i),ii) and iii) above continues
- Authenticate the CP document, if issued in physical form, on the strength of the Issuer's Board Resolution and authorised signatures on the Bank's record, and
- Report the issue to RBI in the prescribed format Annexure II, submitted by the Issuer within 3 days of the completion of the issue.
- The IPA will issue a letter (IPA Certificate) to all the subscribers of the CP in primary market in the format given in the Sch-III as per RBI Circular dated 10.10.2000 for physical CPs and in format as given in Annexure III (enclosed) for CP in Dmat.

The issuer

The Issuer will issue a Letter of Offer, either for a specific issue or for a series of issues, containing disclosure of information and brief particulars of the issue (Annex VI). In case the Letter of Offer is common to all issues, the master document should be updated for each issue. The Issuer will make the Letter of Offer available to the investors (who are approached for private placement of CP), on request.

The Issuer may fix a discount rate for issue of CP, or invite bids from prospective investors. The CP may also be issued at a negotiated price. There may be a single investor or multiple investors.

The Issuer will make available to the IPA requisite documents, at least one day prior to the value date of the first deal under the same series.

CP in physical form:

On the value date, the IPA will exchange with the investors, CP and IPA Certificate (Annexure III) as prescribed in RBI Cir Dt 10.10.2000 against banker's cheque(s) etc tendered by them. The exchange should take place early on the value date, in such a way that the cheques are presented for first clearing of the day, and CP is also available with the investor for trading on the same day.

It should be understood that as a market practice, the IPA accepts banker's cheques/payorder at the risk of the Issuer; however, if the Issuer desires clear funds before issue of CP, it should be so negotiated between the Issuer and investor(s).

CP in d-mat form:

The Issuer will follow the procedure prescribed by NSDL.

The following procedure may be followed for issue of CP in Demat form:

As soon as the CP is subscribed (by negotiation or by book building process), the Issuer exchanges Deal Confirmation Note (Annexure VII) with the investors.

The Issuer (through DP Registrar) gets the ISIN created with NSDL/CDSL and credits the CP into DP account of IPA, which account may be designated as 'CP Allotment A/C' after receiving appropriate instructions from IPA.

The Issuer provides a list of allottees (investors) to the IPA, with particulars of their DP accounts, as contained in the Deal Confirmation Notes as also the jumbo CP.

The IPA, as soon as the banker's cheques etc are received from investors, transfers the CP to respective Demat accounts. Funds are deposited in the Issuer's account with IPA. The IPA also delivers the IPA letter to the investors on the same day.

As a market practice, the distribution of CP against receipt of banker's cheques should be completed in the early part of the day. However, if the Issuer wishes to have clear funds before transfer of CP, the arrangement needs to be specifically worked out by the Issuer and investor(s), whereby the allotment is completed by day-end on the value date.

The Issuer provides option to the investors to receive the CP in d-mat form. However, CPs have to be necessarily held in Demat form for investment by Banks, FIs, PDs and SDs).

The Issuer should submit relevant documents to the IPA, before issue of CP, whether it is issued in Demat form or in physical form.

Redemption of CP in d-mat form would take place as under:

One working day before the maturity date, all investors transfer their Dmat CPs to the credit of Demat account of IPA designated as the "CP Redemption Account", along with written instructions to the IPA for the payment of CP. Subject to availability of funds in the Issuer's account, the IPA settles the CP as per instructions of the holders, on the first come first serve basis, and advises registrar for cancellation of Demat CP as a debit corporate action.

If CP is in physical form, the CP would be presented by the holders, to the IPA on or before the maturity date, for payment on maturity date, along with payment instructions, and IPA settles the CP subject to availability of funds in the Issuer's account, on the first come first serve basis, and would arrange to deliver redeemed CP to issuer with proper notings on the CP.

Where CP is in d-mat form the CP is to be transferred to “CP Redemption Account of the IPA, as stated above, and such a transfer would constitute a valid presentation. Additionally, the investor should also advise the IPA “payment instructions” on or before the maturity date.

Maturity date for CP is final date of payment and no days of grace are allowed.

On maturity date, the Issuer should make clear funds available in the funding account, which is maintained with the IPA exclusively for the purpose of issue and redemption of CPs. The Issuer, while providing funds, may demarcate funds for redemption of specific issue(s), with relevant reference number.

The Issuer will be wholly responsible to make clear funds available to the IPA for settlement of CP on the maturity date.

Unless otherwise instructed, the IPA would settle the CP by issue of banker's cheque on due date, available for first clearing of the day.

If funds are not available in the Issuer's account on due date, the IPA would promptly advise the default to the holders of CP.

The holders would have recourse to the Issuer and stand-by credit provider (through IPA if any), on the strength of default advice received from IPA.

Secondary market transactions in CP may take place as under:

Banks, FIs, PDs & SDs are required to make fresh investments in CP only in the dematerialised (Demat) form, from June 30,2001.

In case of CP in d-mat form, Deal Confirmation Note (also referred to as Contract Note) would specifically mention that no recourse is available against previous holders.

Terms stated in the Deal Confirmation Note (Annex VII) are binding on both parties, i.e. seller and buyer.

In case of secondary market, purchase of CP in physical form by eligible entity, the buyer of CP is entitled to receive the following from seller:

1. Certified copy of letter of offer (before settlement).
2. Certified copy of IPA certificate.
3. Certified copy of the backstop facility letter.

4. Duly endorsed original CPs in favour of buyer.

The holder of a CP is entitled to receive original / certified copies of IPA letter and Letter of Offer before settlement.

Unless otherwise mutually agreed by the buyer and seller of CP, trade settlement will take place on T+1 day basis; however, the settlement period will be subject to the ceiling of T+ 5, days whenever the trade is done, on a recognized stock exchange.

The seller of CP must have the CP in his possession in case of physicals or to the credit of his DP account in case of Demat, on contract date. Forward sale contracts / value date contracts are not allowed as per the current guidelines of RBI.

Credit Rating Agency: (CRA)

As stipulated by RBI, credit rating should have a validity period. The same should also mention a ceiling amount and when the rating would be due for review. This period is very crucial, as CP cannot be issued falling due after the validity period of Rating.

FIMMDA suggests to CRAs that:

The rating should be unconditional and not contingent upon a future event, such as signing of a document or guarantee /backstop facility to be issued FI/Bank.

The CRA should take into account that the issue of CP is no longer linked to undrawn working capital limits and any standby support/credit backstop, needs to be formally documented, if the rating is based on such factor.

Dispute Resolution Mechanism (DRM)- Conciliation and Arbitration mechanism is being attended to separately by FIMMDA's Working Group on Legal Issues. The members of FIMMDA have approved DRM. Final draft of Conciliation and Arbitration mechanism is expected to be ready shortly.

NOTE: Stamp Duty on CP

The stamp duty payable by the issuer on CP is based on the period for which the CP/UPN is issued.

There is certain concession in stamp duty applicable under Art.13 of Indian stamp Act, 1899 available to certain class of investors (Commercial and Co-op Banks and specified FIs like IFCI, IDBI, SFCs) as per Central Govt. Notification dt: 16.05.1976.

Where an eligible class of investor is the 1st subscriber, then the applicable stamp duty structure is given below.

If the CP is issued for a period upto 3 months Rs.0.50 per Rs.1000/- or each part thereof of (Maturity Value)

(Three months could have 89/90/91/92 days as the case may be). The stamp duty should be calculated based on months. While consideration, based on yield, is worked out based on the actual number of days.

e.g. CP is placed for 3 months say on	01.02.2001	15.06.2001
Corresponding due date:	01.05.2001	15.09.2001
No of days	89	92
<u>In both cases (above) stamp duty for 3 months is payable.</u>		

- a) If the CP is for above 3 months up to 6 months: Rs. 1.00 per Rs.1000/- or each part there of (Maturity Value)
- b) If the CP is for above 6 months up to 9 months: Rs. 1.50 per Rs.1000/- or each part there of (Maturity Value)
- c) If the CP is for above 9 months up to 12 months: Rs. 2.00 per Rs.1000/- or each part there of (Maturity Value)

Notification S.O.199 (E)-16-F No. 471/17/76-cus.VII dot:16.5.1976

In other class of investors stamp duty applicable would be Rs. 1.25, Rs.2.50, Rs.3.75, and Rs.5.00 per Rs. 1000/-(MV) for respective slabs stated above.

ANNEXURE - I

STAMP DUTY AS APPLICABLE UNDER INDIAN STAMP ACT
(CENTRAL ACT)

Sr No:

(NAME OF ISSUING COMPANY/INSTITUTION)

Issued at _____ Date of issue : _____

(PLACE)

Date of Maturity: _____ without days of grace

(If such date happens to fall on a holiday, payment shall be made on the immediate preceding working day)

For value received _____ hereby

(NAME OF THE ISSUING COMPANY/INSTITUTION)

promises to pay _____ or their order on the

(NAME OF INVESTOR)

maturity date as specified above the sum of Rs. _____ (in words) upon presentation and

surrender of this Commercial Paper _____

(NAME OF ISSUING AND PAYING AGENT)

For and on behalf of _____

NAME OF THE ISSUING COMPANY/INSTITUTION

AUTHORIZED SIGNATORY

AUTHORIZED SIGNATORY

SIGNATORY

Page ---2-----

All endorsements upon this Commercial Paper must be clean and distinct. Each endorsement should be written within the space allotted

1. Pay to _____ or order the amount within
named

(Name of transferee)

For & on behalf of _____
(Name of transferor)

2. Pay to _____ or order the amount within
named

(Name of transferee)

For & on behalf of _____
(Name of transferor)

3. Pay to _____ or order the amount within
named

(Name of transferee)

For & on behalf of _____
(Name of transferor)

4. Pay to _____ or order the amount within
named

(Name of transferee)

For & on behalf of _____
(Name of transferor)

5. Pay to _____ or order the amount within
named

(Name of transferee)

For & on behalf of _____
(Name of transferor)

6. Pay to _____ or order the amount within
named

(Name of transferee)

ANNEXURE - II

Proforma of information to be submitted by the
Issuer for issue of Commercial Paper
To be submitted to the Reserve Bank of India (RBI)
(Through the Issuing And Paying Agent - IPA.

To
The Chief General Manager
Industrial and Export Credit Department
Reserve Bank of India (RBI)
Central Office
Mumbai - 400 001

Through : (Name Of IPA and Address)

Dear Sir,

Issue of Commercial Paper

In terms of the Guidelines for issuance of Commercial paper issued by the Reserve Bank of India (RBI) dated October 10,2000 we have issued Commercial Paper (CP) as per details furnished hereunder :

- i) Name of issuer :
- ii) Registered Office and Address :
- iii) Business Activity :
- iv) Name/s of Stock Exchange/s
with whom shares of the issuer
are listed (if applicable) :
- v) Tangible net worth as per latest
audited balance sheet (copy encls) :
- vi) Total Working Capital Limit :

vii) Outstanding Bank Borrowings :

viii) (a) Details of Commercial Paper

Issued (Face Value)	: Date	Date	Amount rate
		Of Issue	Of Maturity
		i)	
		ii)	

b) Amount of CP outstanding (Face value):
Including the present issue

ix) Rating(s) obtained from the Credit Rating Information Services of India Ltd. (CRISIL) Or any other agency approved by the Reserve Bank of India (RBI) (A copy of the rating Certificate should be enclosed)	i) ii) iii)
--	-------------------

X) Whether standby facility has been provided in respect of CP issue ?

Xi) if yes,

the amount of the standby facility provided by (Name of bank / FI)	Rs. Crore
---	--------------------------------

Date:

Place:

For and on behalf of

(name of issuer Company / Institution)

ANNEXURE -III

IPA Certificate

IPA BANK'S NAME & ADDRESS

Date: _____

THE INVESTORS IN COMMERCIAL
PAPER (CP)

REF NO : ISIN CODE :

MV of CP: Rs. Units _____

Maturity Date of CP: _____

(1 unit = Rs.5.00 lacs)

IPA's CP Redemption A/C Details	IPA's CP Allotment A/C Details
DP Name	DP Name
DP ID	DP ID
Client Name	Client Name
Client ID	Client ID

We hereby confirm that (company) _____, the Issuers have appointed us as the Issuing and Paying Agent (IPA) for the CP under reference.

We further confirm that we have verified original of

1. Board Resolution of the Issuers authorizing the issue of CP
2. Credit rating letter of dt _____ rating the CP as _____ upto issue amount of Rs. _____ Crores valid till issued by _____ (Rating Agency name)
3. Offer letter of dated _____.

And hold

- 1 Original of duly stamped Commercial Paper.
 - 2 Original of Unconditional Credit back stop letter issued by Bank/ FI for an amount covering this issue represented by ISIN number (above), (wherever applicable) and We have obtained from the issuers.
- Confirmation that they have complied with Reserve Bank of India (RBI) requirements in respect of minimum net worth and working capital facilities, that their borrowings from Banks/FIs are classified as standard assets, and further that the amount raised by means of CP including old outstanding is within the ceiling stated in the relevant letter of credit rating and powers delegated by board of issuer company, whichever is lower.

SIGNATURTE OF AUTHORISED OFFICIAL

To be stamped as an agreement in accordance with the provisions of the applicable Stamp Act.

ANNEXURE -IV

ISSUING AND PAYING AGENCY AGREEMENT

This Agreement is made at _____ this the _____ day of _____ 2001, between _____ Limited, a statutory body established under _____ Act /company within the meaning of the Companies Act, 1956, and having its Registered Office at _____ [and a "Government Company" within the meaning of the Companies Act, 1956] (hereinafter called the "Issuer" or the "Company", which expression shall be interchangeably used and unless it be repugnant to the subject or context thereof, include its successors and assigns) of ONE PART.

AND

[_____ Bank, a body corporate, constituted by and under the Banking Companies (Acquisition and Transfer of Undertakings) Act, [1970/1980] and having its Head Office at _____ /_____ Bank, a Statutory Corporation constituted by and under the _____ and having one of its Local Head Offices at _____ /_____ Bank, a Banking Company within the meaning of the Banking Regulation Act, 1949 and a company within the meaning of the Companies Act, 1956 and having its registered office at _____ /_____ Bank incorporated under the laws of ----- and a Banking Company within the meaning of the Banking Regulation Act, 1949 and having principal place of business in India at ----- (IPA Address)] (hereinafter called "the IPA" (which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the OTHER PART.

WHEREAS :

A. The Issuer is eligible to issue Commercial Paper (hereinafter called "CP") in accordance with the guidelines issued by the Reserve Bank of India ("RBI") vide the Notification NoIECD/1/08.15.01/2000-01 dated October 10, 2000 and the amendments thereto as may be made and in force from time to time (the "RBI Guidelines") and also the guidelines and the market practice conventions issued

by the Fixed Income Money Market and Derivatives Association of India (“FIMMDA”) (“the FIMMDA Guidelines”)(The RBI Guidelines and the FIMMDA Guidelines together the Guidelines).

- B. The Issuer being desirous of issuing CP, has approached the IPA as required under ‘the Guidelines’ for Private Placements of the CPs to the permitted Class of Investors in accordance with the Guidelines.
- C. Pursuant thereto and for other ancillary matters connected with the issue and repayment of the CPs, the Issuer has approached the IPA to act as the Issuing and Paying Agent of the Issuer with a view to ensuring compliance with the Guidelines for each issuance of CPs made by the Issuer and also for facilitating the collection of monies from the Investors on each such issuance of CPs and similarly the return of monies to the Investors on redemption of CPs.
- D. *‘The IPA’ being satisfied that the Company has complied with the necessary pre-requisites for private placements of the CPs, has agreed to act as the Issuing and Paying Agent of the Issuer and accordingly help in such Private Placements for the consideration and on the terms and conditions as stated hereafter.*

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In this Agreement and in it’s the Annexures and Schedules referred to, each of the following words and expressions shall, unless the context otherwise requires, have the meanings stated below:

“Authorised Signatory”

One or more person authorised by the board of directors of the Issuer to issue any instructions on behalf of the Issuer and whose specimen signatures shall have been forwarded in advance to the IPA and certified by the Managing Director or any whole time director of the Issuer;

“All-India Financial Institutions (FIs)” / “AIFIs”

Means those financial institutions which have been permitted specifically by the Reserve Bank of India to raise resources by way of Term Money, Term Deposits and Certificates of Deposit, CP,CD and ICD, if eligible, within a pre-specified umbrella limit;

<u>“BIFR”</u>	Means the "Board of Industrial and Financial Reconstruction" as constituted under the Sick Industrial Companies Act, 1985;
<u>“Class of Investors”</u>	Means one or more Permitted Investor/s who by the nature of their business, constitute a distinct class including Scheduled Banks, Foreign Institutional Investors, etc.
<u>“Clear Business Day”</u>	Means any day (except Sunday) on which the banks are functional and is not a declared Bank holiday under the NI Act:
<u>“Commercial Paper” / “CP”</u>	Means an unsecured money market instrument issued in the form of an usance promissory note and in accordance with the Guidelines;
<u>“Companies Act”</u>	Indian Companies Act, 1956;
<u>“Credit Rating Agency” / “CRA”</u>	Means Credit Rating Information Services of India Ltd (CRISIL), the Investment Information and Credit Rating Agency of India Ltd (ICRA), Credit Analysis and Research Ltd (CARE), the FITCH Rating India Pvt. Ltd or such other credit rating agencies as may be specified by the Reserve Bank of India from time to time, for the purpose of giving credit ratings to issuance of Commercial Paper;
<u>“Credit Rating”</u>	Means the rating issued by a Credit Rating Agency, which is a minimum credit rating of P2 of CRISIL or such equivalent rating by any other Credit

Rating Agency, for issue of Commercial Paper and containing the validity period of such rating;

“Credit Support Documents” Means a document of guarantee or a stand-by Letter of Credit or any back stop facility given by a Scheduled Bank or an All India Financial Institution;

“Credit Support” Means credit enhancement given by way of a Credit Support Document for the purpose of guarantying the redemption of CPs by making funds available for the same;

“Deal Confirmation Note” Means the acknowledgment note exchanged between the Issuer and any investor or between 2 investors or between buyer and seller containing the terms on which the CP is to be issued or sold and the other details of the transaction and details required to settle the transaction;

“Depository Participant” Means a depository participant registered with a Depository and having connectivity with the Depository;

“Depository”	Means a depository registered with SEBI under the provisions of the SEBI (Depositories and Participants) Regulations 1996;
“Foreign Institutional Investors”	Means any entity registered as a foreign institutional investor with SEBI under the provision of SEBI (Foreign Institutional Investor) Regulations 1995;
“ISIN”	Means the International Securities Identification Number issued as a unique identification number to each Commercial Paper which is dematerialized;
<u>“Letter of Offer”</u>	Means the offer document issued by the Issuer for the issue of CPs, containing information and particulars of the Issuer and such other information as required by the Guidelines;
<u>“NI Act”</u>	The Negotiable Instruments Act, 1881;
“Permitted Investors”	Means any person eligible to invest in or hold CPs under the RBI Guidelines;
<u>“Primary Dealer”</u>	Means a financial institution which holds a valid letter of authorisation as Primary Dealer issued by the Reserve Bank, in terms of the “Guidelines for Primary Dealers in Government Securities Market” dated March, 29, 1995, as amended from time to time;
“Promissory Note”	Means promissory note as defined under of the NI Act;
<u>“RBI”</u>	Means Reserve Bank of India;
<u>“Satellite Dealer”</u>	Means a financial institution which

holds a valid letter of authorisation as a Satellite Dealer issued by the Reserve Bank, in terms of the "Guidelines for Satellite Dealers in Government Securities Market" dated December 31, 1996, as amended from time to time;

"Scheduled Bank"

Means a bank included in the Second Schedule to the Reserve Bank of India Act, 1934;

"Standard Asset"

Means the borrowal account of a issuer classified as a standard asset by a Scheduled Bank / AIFI which has granted banking facility to such person;

"Tangible Net Worth"

Means the paid-up capital plus free reserves (including balances in the share premium account, capital and debentures redemption reserves and any other reserve not being created for repayment of any future liability or for depreciation in assets or for bad debts or reserve created by revaluation of assets) as per the latest audited balance sheet of the Company, as reduced by the amount of accumulated balance of loss, balance of deferred revenue expenditure, as also other intangible assets;

"Working Capital Limit"

Means the aggregate limits, including those by way of purchase/discount of bills sanctioned by one or more Scheduled Bank / AIFI for meeting the working capital requirements;

In addition to the terms defined in this Clause, certain other terms are defined elsewhere in this Agreement and whenever such terms are used in this Agreement they shall have their respective defined meanings, unless the context expressly or by necessary implication otherwise requires. Words and expressions used but not

defined herein and defined in the Reserve Bank of India Act, 1934 (2 of 1934) shall have the same meaning as assigned to them in that Act.

1. The Issuer hereby appoints the IPA to act as the Issuing and Paying Agent of the Issuer in respect of the CPs proposed to be issued by the Issuer and IPA agrees to act as the Issuing and Paying Agent of the Issuer as per the Guidelines and subject to compliance of the procedure as hereinafter mentioned.
2. The Issuer, being duly authorized by its Board of Directors and being eligible under the Guidelines, hereby agrees that any issue of CPs shall be only to the Permitted Investors and within the limits so approved by the Board of Directors or the limit specified in the Credit Rating, whichever is lower and such that the CPs shall mature within the validity period of the Credit Rating.
3. The Company shall not make any offers to the public for subscribing to the CPs including in the form and manner as referred to in the Section 67 of the Companies Act.
4. **BANK & DEPOSITORY ACCOUNT**
 - i. The Issuer shall open a separate bank account with the IPA before any CP is issued, for the purpose of receiving from and paying to the Investors the monies in respect of the CPs (the **"CP Account"**). The CP Account shall be solely used for transactions relating to payments received from and made to Investors in respect of any CP to be issued or redeemed by the Issuer.
 - ii. The IPA shall maintain the CP Account in such manner and for that purpose maintain such records so that the movement of funds in respect of each issuance can be identified, tracked and traced separately. If deemed necessary, the IPA shall maintain separate sub-accounts under the CP Account for ensuring the above.
 - iii. The IPA shall open two separate Dmat accounts with a Depository Participant, 1) **"CP Allotment Account"** into which the Issuer shall credit the CPs and from which the CPs shall be distributed to the Investors by the IPA upon the receipt of consideration and 2) **"CP Redemption Account"** into which the D-mat CP shall be transferred by the Investors for the purpose of redemption. After redemption, the securities from this account would be extinguished by the Registrar on advice of IPA.
5. The Issuer agrees that any issue of CP shall be made subject to the following conditions:

- i. The Issuer, before the issuance, shall confirm to IPA that eligibility norms prescribed under the Guidelines, from time to time, including those relating to:
 - a) Net Worth;
 - b) Sanction of Working capital facilities to the Issuer by Scheduled Banks/ AIFIs;
 - c) Classifications of Issuers liabilities by the Scheduled Banks and AIFIs as a Standard Asset;
 - d) that the amount sought to be raised, is along with the amounts which shall be outstanding at the time of the issue are within the limits approved by the Board of Directors of the Issuer and also within the ceiling stipulated by Credit Rating, whichever is lower;

However, in case a redemption of any existing CPs and issuance of new CPs is to be made simultaneously or on the same day, then the amount sought to be redeemed and the corresponding amount sought to be issued shall not be double counted and counted only once for the purpose of ascertaining the limits under sub-clause (i)(d) above;
 - e) that the CPs so issued shall mature within the validity period of the Credit Rating;
 - f) Funds being raised are within the umbrella limit (in case of AIFIs) permitted by Reserve Bank of India.
- ii. The Issuer shall issue a Letter of Offer for a series of issues, containing minimum disclosure of information and brief particulars of the issue as set out in Annexure VI. Such a letter of offer shall be updated for each fresh issue/tranche. The Issuer shall immediately make the updated Letter of Offer available to the IPA and the Permitted Investors, on request.
- iii. Every issue of CP, including renewal shall be deemed as a fresh issue.
- iv. The CPs shall be issued for a maturity period of not less than 15 (fifteen only) days and not more than one year from the value date thereof and shall comply with the following
 - If the CPs are to be issued in parts on different dates, then each CP issued as part of the same issue shall have the same maturity date;

- CPs issued on the same day with the same tenor and with similar terms shall be identified as one issue and have one ISIN number;
 - CPs bearing same ISIN shall have identical maturity date;
 - The amounts to be raised under a specific issuance/ ISIN shall be raised within a period of two weeks from the date on which the Issuer opens the issue for subscription. Provided that if the CPs under the same issuance/ ISIN, is to be issued in parts on different dates then the period of 2(two) weeks shall still be computed from the date from each such issue is first opened for subscription;
 - If CPs are being issued with Credit Support (including any credit backstop facility) from a Scheduled Bank or a AIFI, then the Issuer shall ensure that a distinctive ISIN code is given to CPs having such Credit Support facility.
- v. The CPs shall be issued in denomination of Rs, 5,00,000 (Rupees Five Lacs Only) or in multiples thereof.

6. ISSUE PROCEDURE

1. The CP, if issued in the physical form:
 - a) Shall be in the form of an Usance Promissory Note and in the form provided for in Annexure I, negotiable by endorsement and delivery;
 - b) The CP will be issued on such quality of paper, of such size, layout, type and colour as may be prescribed by the RBI and/or FIMMDA in that behalf from time to time;
 - c) Unless otherwise agreed between the Issuer and the Investor, the distribution of CP by the IPA, shall be effected on the IPA receiving a pay order or a Bankers Cheque issued by a bank participating in the Local Clearing House and the same shall be completed on or before 11.00 AM of that day;
2. If the CP being issued is to be held in dematerialized form, then
 - a) The IPA bank will maintain separate Dmat accounts with Depository concerned and as stated in Clause 5 (iii) above;
 - b) The Issuer will comply with and complete all Depository formalities including entering into tripartite agreement, appointment of registrar, etc.;
 - c) The Issuer shall also send to IPA the list of the allottees, value date of issuance, net amount to be received from each Investor, place of receipt of money, contact

details of each Investor, ISIN of security, maturity date of security along with particulars of each Investor's DP Account as contained in the Deal Confirmation Note. The foregoing shall be communicated in writing and such letter shall be signed by an Authorized Signatory;

- d) The Issuer will first issue the CPs in physical form by issuing a jumbo usance promissory note in favour of all the investors jointly and deliver the same to the IPA. IPA will give instructions to the registrar for creation of security in terms of the jumbo promissory note;
 - e) The Issuer shall ensure that the registrar credits the security so created to the CP Allotment Account, so as to enable the IPA in turn, upon receipt of stated consideration or as provided for in sub-clause f) below, to transfer the same to the Investors; and
 - f) Unless otherwise agreed between the Issuer and the Investor, the distribution of CP by the IPA shall be effected on the IPA receiving a pay order or a Banker's Cheque issued by a bank participating in the Local Clearing House and the same shall be completed on or before 11.00 AM of that day. IPA shall ensure credit of CP to the respective Dmat accounts of investor through CP Allotment Account. The consideration received shall be credited to the CP Account (Current Account) of the Issuer.
7. The IPA shall simultaneously, with the issuance of the CPs to the Investors, arrange to send to the Investors, the IPA Certificate. If the CPs are issued in the physical form, then IPA Certificate shall comply with the provisions of Schedule III of the RBI Guidelines. If the CPs are issued in the form of a jumbo promissory note and then D-matted, then IPA Certificate shall comply with the provisions of Annexure III of the FIMMDA Guidelines. The IPA Certificate shall, inter alia, confirm to the Investors that:
- a) IPA has verified board resolution of the Issuer authorising the issue of CPs;
 - b) IPA has verified the original letter issued by the Credit Rating Agency containing the Credit Rating;
 - c) That IPA is holding the original jumbo promissory note against which electronic entry favoring the investor/s has been authorized by the Issuer and the IPA through the registrar/Depository;
 - d) Existence of arrangement (IPA) between the Issuer and itself including that this IPA Agreement continues to be valid and binding;

- e) noting of the current tranche of CP has been made on the original Credit Rating.
8. The CPs shall be issued at a discount to the face value. Such discount rate shall be negotiated between the Issuer and the Investor and stated in the Deal Confirmation Note or determined on the basis of the bids received by the Issuer from the Investors.
9. The CPs shall be stamped at the expense and cost of the Issuer in accordance with the provisions of the Indian Stamp Act, 1899. The Issuer shall ensure that a distinctive ISIN code is given to the CP having Credit Support including any backstop facility and that the Credit Support would be available to IPA for redemption of CPs under the said ISIN. The Issuer shall, submit unconditional Credit Support Documents in respect of each such issue.
10. In case of CPs being issued with Credit Support facility, then the Issuer shall ensure that:
- o the same is an unconditional Credit Support undertaking of a Scheduled Bank or a AIFI;
 - o such Credit Support facility can also be invoked and be available to the IPA independently of the Issuer for redemption of the CPs; and
 - o the same is submitted to the IPA in respect of each such issue and before the CPs in respect of such an issue are issued.
- 11.
- a) The Issuer authorises the IPA to write the below mentioned legend on the face of the jumbo usance promissory note so delivered by the Issuer to the IPA :
- “The Issuer has created electronic security against this Usance Promissory Note with NSDL bearing ISIN No:--- for the credit of Investors account with DPs stated in Issuers letter dated --- and is accordingly not available for trade in the secondary market .”
- b) Accordingly, the Issuer undertakes that in the event of request for rematerialisation, in full or part, the Issuer will issue a fresh promissory note in accordance with the prescribed procedure. The Issuer, therefore, expressly authorises the IPA to note on the jumbo promissory note that a promissory note as requested under the rematerialisation request has been issued and to state the amount of and person to whom such promissory note(s) has been issued.

12. If the CPs are sought to be issued to any Non-resident including any Non-Resident Indians, then the same shall be done in accordance with the applicable regulations. If the CPs are sought to be issued to Foreign Institutional Investors, then the same shall be issued within the limits set for their investments by Securities and Exchange Board of India.
13. The Issuer undertakes to arrange without fail to make clear payment of the maturity amount to the holder of the CPs on the date of its maturity, (without any days of grace) and if such date happens to be a holiday, to make arrangements for payment thereof on the immediate preceding working day. For this purpose, the Issuer shall remit the necessary funds into the CP Account. The holiday convention as well as provisions of section 25 of NI Act would be with reference to the place of payment by the IPA of such CP.
14. The Issuer hereby agrees with the IPA that, in case of inadequacy of funds in the CP Account on any given day, to redeem all the CPs due on that day, then the payment shall be made to the holder/s on first come first served basis and shall treat both physical CPs and CPs held through a Depository on a equal footing. However, no payment shall be made to any holder of CPs if the same has not been submitted or lodged for redemption in the manner prescribed.
15. **FEES**
- i. In consideration of the IPA agreeing to act as an Issuing and Paying Agent for all issues of CPs that the Issuer may make while this Agreement is in force, the Company agrees to pay to the IPA simultaneously with each such issuance:
- a) A fee at the rate of _____ % of the total amount of the FV of CP issued subject to a maximum of Rs.____ (Rupees _____ only); and
- b) All such reasonable out of pocket and other expenses the IPA may have incurred for such issuance of CPs.
- ii. The Issuer shall, over and above the fees and amounts mentioned in i) above, shall also pay to the IPA a sum of Rs----- as annual commitment fees and all such reasonable out of pocket and other expenses that the IPA may have incurred under this Agreement including those incurred in defending any action brought as a result of this Agreement.

iii. Issuer undertakes to reimburse IPA in consideration of the transaction/custody fee paid by it to a Depository Participant and/or the Depository for securities held/transferred in CP Allotment Account / CP Redemption Account.

16. The Company makes the following representations on the basis of which the IPA has agreed to act as an Issuing and Paying Agent:

- a. That the Issuer is duly incorporated and organized, validly existing and in good standing;
- b. The Issuer has full power and authority to execute and deliver this Agreement having been duly authorized by the Board of Directors of the Company by their Resolution passed at a Meeting held on _____ 2000-2001 which Resolution is in full force, valid and binding and has not been rescinded, modified or altered in any manner whatsoever;
- c. The power of the Authorized Signatories under the said resolution to borrow under CP is limited to Rs. _____ Crores and that the shareholders' consent under Section 293(1)(d) of the Companies Act, if applicable, has been obtained and continues to remain valid;
- d. That the Company has obtained a Credit Rating not lower than P2 from a Credit Rating Agency recognised and approved under the said Guidelines and registered with the Securities and Exchange Board of India and that the said Rating is current and not fallen due for review and the same is unconditional;
- e. That the borrowal account of the company is classified as Standard Asset with all financing Scheduled Bank / AIFI;
- f. The Balance Sheet of the Company for the year ended ----- submitted to IPA is the latest audited balance sheet of the Issuer;
- g. That the Tangible Net Worth of the Company is not less than Rs.4,00,00,000 (Rupees Four Crores Only) as per the latest audited Balance Sheet of the Company, which has been made available to the IPA;
- h. That the Company agrees and confirms that it will be the sole responsibility of the Company to discharge the CPs after issue according to their tenor and that they constitute a duly valid and binding obligation on the Company; and
- i. That the Company has complied with the procedural formalities as laid down in the Guidelines and has obtained all approvals as are necessary thereunder

and is eligible for the exemptions as specified in the Guidelines, copies of which are delivered to the IPA and the Company confirms that all such approvals including corporate and statutory approvals and exemptions as are applicable to the issue of CP by the Company are current, valid and effective for such issue and its private placement.

17. The Company agrees that the following representations shall be deemed to have been made by the Company 48 hours prior to the value date and it is on the basis of this, the IPA has agreed to act as an Issuing and Paying Agent for each such issue of CPs:
- a. The representation contained in Clause 17) above shall be deemed to have been reproduced here;
 - b. That the amount sought to be raised by this issue together with the amount raised under previous issues of CPs which are still outstanding shall not on the date on which the CPs are issued under this issue exceed the limits fixed by the:
 - Board and the issuer Company; and
 - Credit Rating Agency at the time of issuing the Rating.
 - c. That the Company satisfies the requirements for issuing CPs and shall ensure compliance with the procedural formalities as laid down in the Guidelines.

18. COVENANTS BY THE COMPANY

- a. This Agreement is limited and restricted to the issue of CP by the Company in accordance with the Guidelines;
- b. That the Company shall not extend the tenure of any CPs on their maturity, unless the same is effected by way of a fresh issuance of CPs;
- c. The Company agrees to furnish copies of its quarterly Financial Statements copies of its Annual Balance Sheet and Profit and Loss Account together with the Abridged versions thereof as required under law and further to respond fully and promptly to all reasonable requests for information concerning the Company and its operations made from time to time by the IPA, under this Agreement and shall not use it in any manner to make profit for itself;
- d. The Issuer agrees to indemnify and keep the IPA indemnified and kept harmless from and against all liabilities, claims, damages, costs and expenses (including legal fees and expenses) relating to or arising out of or based upon any untrue

statement or misrepresentation made by the Company on the basis of which the IPA was induced to act in the matter of issue of CPs by the Company and/or any action or omission under this Agreement so long as they are not caused by the gross negligence or willful misconduct of the IPA and its Officers and employees.

- e. The Issuer undertakes to inform the IPA of any changes made to the Credit Rating or of any other credit rating being issued or the Issuer or any of its obligations being put under rating watch. Such information and all the requisite details shall be conveyed to the IPA in writing and within 48 hours of the Issuer being made or becoming aware of the same.

19. CONDITIONS PRECEDENT

- a. At or promptly following the execution of this Agreement and as a condition precedent to any obligations of the IPA hereunder, the Company shall furnish to the IPA the following Documents in form and substance satisfactory to the IPA:
- A certified copy of the Memorandum and Articles of Association of the Company;
 - A certified copy of the Resolutions passed by the Board of Directors of the Company for the execution of this Agreement and for entering into other documents ancillary to and incidental to the above; and
 - An Opinion of the Company's Legal Counsel about the constitution of the Company and the various compliances made by the Company for being eligible to issue of CPs as per the said Guidelines.
- b. 48 hours before the value date in respect of each issue of CPs and as a condition precedent to any obligations of the IPA hereunder, the Company shall furnish to the IPA the following documents in form and substance satisfactory to the IPA:
- Confirmation that there have been no amendments to the Memorandum and Articles of Association of the Company since the last certified copy of the same was submitted to the Company and if there are any such amendments, then a certified copy of the amended Memorandum and Articles of Association of the Company shall be submitted;
 - Confirmation that the Credit Rating continues to be valid and has not been withdrawn; and
 - Confirmation that the sum of the amount proposed to be raised along with the amounts borrowed will not exceed, on the day the CPs are issued, the

limit specified in respect of short term borrowings in the Credit Rating / board resolution whichever is lower.

- 20.** The IPA shall hold in its custody, the originals of the following documents on behalf of the Investors:
- a. Credit Support Documents in original, if applicable;
 - b. Credit Rating letter (certified copy) and the original will be returned with suitable notings on face of Credit Rating letter with full particulars of issue etc.;
 - c. Certified Copy of Board Resolutions passed by the Board of Directors for execution of this Agreement and for entering into other documents ancillary to and incidental to the above;
 - d. Letter of Offer as amended from time to time;
 - e. Certified copy of the Memorandum and the Articles of Association of the Company.
- 21.** Upon receipt from time to time, of written instructions from any one of the Authorised Signatories making specific reference to this Agreement, IPA will take the following action:
- a. Complete the issuance of CPs in accordance with such instructions as to amount, rate, date of issue and maturity date;
 - b. Countersign for the purpose of authenticating such CPs by one of the authorized representatives or designated officers designated by IPA for such purpose; and
 - c. Delivery of such CPs as provided for in this Agreement unless instructed otherwise by the Issuer.

Provided that the IPA may refuse to issue CPs in the physical form to any Bank, Financial Institution, PD or SD unless such Scheduled Bank, Financial Institution, PD or SD, as the case may be confirms in writing to the IPA that it desires the CPs to be issued in a physical form.

Provided further that if an Authorized Signatory specifies that the CP issuance is to be made in the dematerialized form, then such instructions must be in accordance with the normal book entry commercial paper program procedures of the Depository.

22. DELIVERY OF CP

- a. The Issuer confirms that in the event IPA is instructed to deliver the CP against payment, the delivery and receipt of payment may not necessarily be completed simultaneously and, IPA is hereby authorized to follow the prevailing custom, which is to deliver a CP to or for the account of the Investor; to receive a receipt for the delivery; and at a later time, but on the same day, after delivery has been verified, to receive payment in same day funds on the issue date, from the purchaser or his agent. Therefore, once IPA has delivered a CP, the Issuer shall bear the risk if the investor fails to remit payment for the CP or return the CP to IPA. Furthermore, IPA is not obligated to credit the Issuer's account the same day if payment for a CP is not received the same day.
- b. If the CP is issued in dematerialized form, the electronic delivery and receipt of payment may not necessarily be completed simultaneously and, IPA is hereby authorized to follow the prevailing custom.

23. REPORT TO RBI

After the CPs are issued, the issuer shall ensure that it informs and files through the IPA with the Reserve Bank of India within three (3) days from the date of completion of the issue the necessary report as per the Guidelines and ensure that it contain the details specified in Annexure II.

24. REDEMPTION

The IPA shall be nodal point for the redemption of the CP on the maturity date. The Issuer shall make available sufficient funds for the redemption of CP. If the CP is in dematerialized form, then redemption shall take place as under:

- a. The Investors/holder shall credit the CP to the 'CP Redemption Account' of the IPA one working day before the maturity date and also give written instructions to IPA for payment of the redemption proceeds of the CP to the holder;
- b. The IPA settles the CP, subject to the availability of funds in the CP Account, as per the instructions of the Investors. The CP shall be extinguished by the DP /registrar on maturity date upon receipt of instruction for extinction through IPA. The Registrar/NSDL shall not complete the debit corporate actions in respect of such ISIN without written instructions from the IPA.

25. PAYMENT ON MATURITY

- a. IPA agrees to effect payment on the Issuer's behalf of each CP presented on maturity date at the counters to of IPA, duly discharged (in case of physical), as done currently, or deposited into the CP Redemption Account, of IPA one working day before the maturity of the CP. Payment will be made by IPA by debiting the 'CP account' maintained with IPA for the maturity value of such CPs. IPA would cancel each such CP so paid, in case of physical CPs with appropriate notations of payment and in case of CPs submitted through Depository channel write to DP / registrar to extinguish such CPs;
- b. When any CP which has matured for payment as per the date of maturity (without days of grace) as mentioned in the CP, is presented by the holder thereof to the IPA in the manner provided for in this Agreement, the IPA shall not be bound to pay the amount due under the CP to the holder thereof, unless sufficient funds are made available by the Issuer in the CP Account or arrangements are made by the Issuer separately from its own resources or with a Credit Support provider for making payment on the date of maturity of the CP, of which due notice shall be given by the Issuer to the IPA two (2) Clear Business Days prior to the due date of maturity of the CPs;
- c. If such payment is arranged by the Issuer separately through its own resources, the CP Account of the Issuer should be credited with the maturity value of the CP sufficiently in advance of the due date of maturity so as to enable the IPA to honour the CP when presented by the holder thereof on the date of maturity (without days of grace).
- d. If the payment is arranged by way of Credit Support, then the Issuer shall so ensure and arrange with the Scheduled Bank/ AIFI providing the Credit Support that the CP Account is credited with the maturity value of the CP sufficiently in advance of the date of maturity of the CP so as to enable the IPA to honour the CP when presented by the holder thereof on the date of maturity (without days of grace).
- e. In any event, if the date of maturity falls on a Holiday, then arrangements should be so made by the Issuer as to enable the IPA to make payment of the Maturity Value of the CP on the immediate preceding Working Day.

26. DEFAULT NOTIFICATION

The IPA shall, in case of default in payment by the Issuer, notify promptly such default to the Investors. The IPA, not being in the position of a Trustee, is not required to seek recovery from the issuer or initiate any action against the Issuer or on behalf of the investors.

27. CANCELLATION OF CP (PHYSICAL)

After payment is made on the CP to the holder thereof and if the CP is held in the physical form, the IPA shall cancel the CP presented for payment with suitable remark under its signature as “redeemed on” on face of the CP and return the cancelled CP to the Issuer.

28. INSTRUCTIONS

The Issuer understands that all instructions, whether by E-mail or in writing (including facsimile), are to be directed to IPA-----/Bank Department.

29. Instructions given or delivered by or in writing must be received completely by the IPA by --- a.m. / p.m., if the CPs are to be delivered and credit received the same day. In the event a discrepancy exists between the Facsimile/Email and written instructions, or in the absence of receiving written instructions, telephonic instructions as understood by IPA, will be deemed the controlling and proper instructions unless contrary notice is received by the -----Bank/ Department of IPA prior to the taking of any action.

30. ISSUER’S AUTHORISED SIGNATORIES

The Issuer shall get the CPs/Jumbo CPs as the case may be, duly stamped and executed and forward them to the IPA together with papers stated in this IPA agreement. At the first issue, the Issuer shall submit incumbency certificate listing the names of the Issuer’s Authorised Signatories together with specimens of their signatures. Until IPA receives a subsequent incumbency certificate from the Issuer, IPA shall be entitled to rely on the last such certificate delivered to it for purposes of determining the Issuer’s Authorised Signatories. IPA shall not have any responsibilities to the Issuer to determine by whom or by what means the facsimile signature may have been affixed on the Certificated Notes, or to determine whether any facsimile or manual signature is genuine, if such facsimile or manual signature resembles the specimen signatures filed with IPA by a duly Authorised Signatories. Any instruction bearing the manual or facsimile signature of an Authorised Signatories and duly attested in a certificate of incumbency by the Company Secretary on the date such signature is affixed shall bind the Issuer, notwithstanding that such individual shall have died or shall have otherwise ceased to hold office on the date when the IPA acts upon such instructions.

31. INSTRUCTIONS AND INFORMATION

Each instruction given by the Issuer to the IPA shall constitute a representation and warranty to the IPA by the Issuer that the issuance and delivery of the CPs have been duly and validly authorized by the Issuer and that the CPs when completed and delivered will constitute a legal, valid and binding obligation of the Issuer and that the Appointment of the IPA to act for the Issuer has been duly authorized by all necessary corporate action of the Issuer.

32. RECORD AND REGISTER

The IPA shall maintain complete Records and a Register containing full particulars of the CPs issued by the Issuer, ISIN wise the date / dates of issue of the CPs, the names of the Investor(s), the place of issue, the total amount for which they are issued, the denominations in which they are issued, (in case of physicals) the maturity value of the CPs, the place where payment is to be made on maturity, the particulars of Credit Support, the date of maturity of the CPs the name of the holder who presents the CPs for payment and the particulars of payment made on the CPs to the holder, whether by the Issuer through its own resources or by any Credit Support provider, the fees, costs and expenses being shown separately, the date/s when the CPs are cancelled and the date/s when they are returned to the Issuer in case of physicals. Upon the reasonable request in writing of the Issuer, the IPA shall promptly provide to the Issuer with information about the aforesaid particulars.

33. Any notices to be given to the Issuer may be made or given by leaving the same at or posting the same by Registered Post in an envelope addressed to the Issuer and at its Registered Office and any Notice to be given to the IPA may be made or given by leaving the same or posting the same by Registered Post in an envelope addressed to the IPA and at the concerned Office of the IPA and every such Notice shall be deemed to be served, as the case may be, at the place at which it is left or at the time at which it would have been delivered in the ordinary course of post at such Registered Office of the Issuer or such concerned Office of the IPA.

34. MODIFICATIONS

This Agreement shall not be altered, modified, amended, supplemented or terminated in any manner whatsoever except by a written instrument signed by both the Parties hereto.

35. ASSIGNMENT

This Agreement is not assignable by either party without the consent of the other Party.

36. TERMINATION

- a. The agreement shall be valid up to _____ **(Date)**
- b. Before any further issuance of CP is issued by the Issuer, this Agreement is terminable at the volition of either Party by two (2) Clear Business days written notice. Such termination shall not be effective in respect of any outstanding CPs.
- c. In the event of the Issuer having committed breach of any procedure contained herein or in the event any of the Representations made by the Issuer is detected subsequent to the Issue of CP to be untrue, false or misleading, then the IPA shall take such remedial steps as may be deemed necessary at that time in order to protect the interest of the holders and the IPA may terminate this agreement but such termination shall not be effective in respect of any outstanding CPs.

37. DISPUTE RESOLUTION

[To be negotiated between the Parties]

38. JURISDICTION

[To be negotiated between the Parties]

IN WITNESS WHEREOF the Common Seal of the Issuer has been hereunto affixed and the Issuing and Paying Agent has caused these presents to be executed by its Authorised Official the day month and year first hereinabove written.

The Common Seal of _____)
 within named _____ Limited)
 pursuant to the authority _____)
 granted by the Resolution of the Board of _____)
 Directors passed _____)
 on the _____ day of _____)
 2001, hereunto affixed in the _____)
 presence of Shri _____)
 and Shri _____)
 Directors of the Company / and _____)
 Shri _____)
 Secretary of the Company / the _____)
 Authorised Official by the Board _____)

In that behalf who have signed)
These presents in token thereof)

SIGNED, SEALED AND DELIVERED)
BY THE WITHINNAMED _____)
_____ BANK, THE ISSUING)
AND PAYING AGENT BY MR. _____)
_____, BEING THE)
PERSON AUTHORISED IN THAT)
BEHALF.)
DATED THE _____ DAY OF _____ 2001)
_____ LIMITED.

ANNEXURE- V

=====

Specimen Copy

=====

Sr No:

XYZ LTD

STAMP DUTY
APPLICABLE UNDER
INDIAN STAMP ACT,1899

(NAME OF ISSUING COMPANY/INSTITUTION)

Issued at Mumbai
(PLACE)

Date of issue : 01.07.2001

Date of Maturity : 01.01.2002 without days of grace

(If such date happens to fall on a holiday, payment shall be made on the immediate preceding working day)

For value received xyz Ltd hereby

(NAME OF THE ISSUING COMPANY/INSTITUTION)

*

promises to pay (Andhra Bank, ICICI Bank Ltd & IDBI Bank Ltd) or their order

(NAME OF INVESTOR)

UPON maturity date as specified above the sum of Rs. 10,00,000,000/-

(Rupees One Hundred Crores only) upon presentation and surrender of the Commercial Paper at ABC Bank Mumbai

Note the below mentioned wording should appear within the marked block
"Issuer has created electronic security against the UPN with NSDL
(depository) bearing ISIN Number for the credit of investors account with
DPs stated in Issuers letter dated ... and this document is not available for
trade in secondary market"

(NAME OF ISSUING AND paying agent)

For and on behalf of xyz LTD.

NAME OF THE ISSUING COMPANY/INSTITUTION

AUTHORIZED SIGNATORY

Andhra Bank - 10.00 cr

ICICI Bank - 80.00 cr.

IDBI Bank - 10.00 cr

*Total Rs. 100.00 crs **

For xyz Ltd. (AUTHORIZED SIGNATORY)

* In above case stamp duty on FV Rs.100.00 Crs applicable for 6 months CP would be required to be affixed

ANNEXURE- VI

ISSUE OF COMMERCIAL PAPER (C P) : LETTER OF OFFER

PART I

PROPOSED DATE OF ISSUE : TENOR : DUE DATE* :
 ISSUE REFERENCE : ISIN CODE :
 ISSUE SIZE (Maturity Value) :
 CREDIT RATING : ISSUED BY :
 • DATE OF RATING :
 • VALIDITY :
 • FOR AMOUNT :
 • CONDITIONS (if any) :
 CREDIT SUPPORT (if any) :
 • DESCRIPTION OF INSTRUMENT :
 • AMOUNT :
 • ISSUED BY :
 • IN FAVOUR OF : ISSUER OF CP / HOLDERS OF CP
 • CONDITIONS IF ANY :
 ISSUING AND PAYING AGENT : (name and address)
 MARKET CONVENTIONS : FIMMDA CONVENTIONS
 SUPPORTING BOARD RESOLUTION : Dt.
 TOTAL CP OUTSTANDING (as on date) :

*** Issuer's liability under the CP will continue beyond due date, in case the CP is not redeemed on due date, even if the CP is in d-mat .**

NAME AND ADDRESS OF ISSUER :
 LINE OF BUSINESS :
 CHIEF EXECUTIVE :
 (MANAGING. DIRECTOR / PRESIDENT..)
 GROUP AFFILIATION (if any) :
 FINANCIAL SUMMERY : LAST q.e./h.y.e. LAST y.e. PREVIOUS y.e.
 • 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) :

AUTHORISED SIGNATORY OF THE ISSUER

DATE

*ORIGINAL / AUTHENTICATED COPY OF ANY DOCUMENT RELATED TO ABOVE INFORMATION
WILL BE MADE AVAILABLE TO THE INVESTORS ON REQUEST*

ANNEXURE-VII

DEAL CONFIRMATION / CONTRACT NOTE

DATE OF CONTRACT :

CP (MATURITY VALUE) : RS. DUE DATE * :
PRICE : RS. DISC. RATE : % p a

ISSUE REFERENCE : ISIN CODE :

CREDIT RATING : ISSUED BY:

- DATE OF RATING :
- VALIDITY :
- FOR AMOUNT :
- CONDITIONS (if any) :
- CREDIT SUPPORT (if any) :
- DESCRIPTION OF INSTRUMENT :
- AMOUNT :
- ISSUED BY :
- IN FAVOUR OF : ISSUER OF CP / HOLDERS OF CP
- CONDITIONS IF ANY :

ISSUING AND PAYING AGENT : (name and address)

*** Issuer's liability under the CP will continue beyond due date, in case the CP is not redeemed on due date, even if the CP is in d-mat .**

SELLER OF CP :

PURCHASER OF CP :

SETTLEMENT INSTRUCTIONS

➤ VALUE DATE

➤ FUNDS -PLEASE CREDIT TO (ACCOUNT DETAILS) /
ISSUE PAY ORDER FVG. FOR AMOUNT RS.

➤ CP -PLEASE DELIVER TO (DP ACCOUNT DETAILS)

MARKET CONVENTIONS : FIMMDA CONVENTIONS

THE DEAL IS DONE BY

(ON BEHALF OF SELLER)

MR./MS.

(ON BEHALF OF PURCHASER)

MR./MS.

ON (TRADE DATE)

AT (TIME)

OVER PHONE / IN PERSON

NO RECOURSE IS AVAILABLE TO THE PURCHASER OF CP AGAINST PREVIOUS HOLDERS OF THE CP.

THIS CONTRACT NOTE IS EXECUTED BY

(ON BEHALF OF SELLER OF CP)

(ON BEHALF OF PURCHASER OF CP)

NOTE: ISSUER IS THE SELLER OF CP IN CASE OF PRIMARY MARKET DEAL.