

RBI/2010-11/333

IDMD.PCD.25 /14.03.03/ 2010-11

December 27, 2010

All Market Participants

Dear Sirs,

Issuance of Non-Convertible Debentures (NCDs)

A reference is invited to the Issuance of Non-Convertible Debentures (Reserve Bank) (Amendment) Directions, 2010 dated December 06, 2010 issued vide [circular IDMD.PCD.24/14.03.03/ 2010-11](#) of same date covering the regulation of NCDs of maturity up to one year.

2. In this regard, it is clarified that where the issuer is:

- a. maintaining banking facilities with multiple banks/FIs, the issuer may, in compliance with section 3 (iii) of the said Directions, obtain a certificate from any one of its banks on the quality of the asset and also give an undertaking that its accounts maintained with the other banks/FIs are classified as Standard Assets by the banks/FIs. Accordingly, the auditor verifying the eligibility conditions set forth in the Directions (in terms of section 8.2 of the Directions) must also ensure that such an undertaking is available on record; and
- b. raising funds through issuance of NCDs in multiple tranches based on a single valid rating for the consolidated amount, each tranche need not be separately certified by the auditor (in compliance with section 8.2 of the NCD Directions). However, where the issuer obtains a separate/fresh rating for an issuance, such issuance must be backed by an auditor's certificate confirming the issuer's compliance with the eligibility criteria for issuance.

Yours faithfully,

(K K Vohra)
Chief General Manager