

The information in this section is designed to offer a simplistic explanation/clarification of terms/concepts related to issue and listing of Municipal Debt Securities. Any such explanation/clarification that is provided herein should not be regarded as an interpretation of law nor be treated as a binding opinion/guidance from SEBI. For full particulars of laws, please refer to actual text of the Acts/Regulations/Circulars appearing under the Legal Framework Section on the SEBI website.

Indicative Due Diligence Questionnaire and Requisition Checklist of Documents

The below questionnaire and checklist is based on the disclosure requirements as per the SEBI Municipal Debt Regulations and is indicative in nature. The extent of disclosures and the requirements of documents may be more exhaustive based on the facts of the respective case and judgement of the Merchant Banker/ Legal Counsel

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
1	ELIGIBILITY CRITERIA		
1.1	Confirmation that the Issuer is eligible to raise funds under its constitution document.	<p>Please provide the constitution document of the Issuer/ statute applicable to the Issuer and the relevant provision under which the Issuer is eligible to raise funds.</p> <p>Please also provide the gazetted copy of the notification establishing the Municipal Corporation.</p>	

¹ Suggested list of documents provided in this column, wherever possible. Please delete the same and provide a list of documents actually provided at the time of sharing of the checklist response.

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
1.2	<p>Confirmation that the accounts of Issuer are prepared in accordance with any of the following:</p> <ul style="list-style-type: none"> i. National Municipal Accounts Manual or; ii. Municipal Accounts Manual as adopted by the respective State Governments; or iii. Accounting standards/policies, applicable to issuers, as specified in their constitution document. iv. Accounting standards/policies, applicable to issuers, as specified in their constitution document. 	<p>Please provide the audited financial statements as certified by an Independent Chartered Accountant (who is peer reviewed) (“CA”) and confirmed by the auditor of the Issuer (“Auditor”), the Chief Finance and Accounts Officer (“CFAO”), the Additional Municipal Commissioner and the Municipal Commissioner.</p> <p>Please provide details of any audit conducted by the office of the Local Fund Audit Department under the respective state Audit Act.</p> <p>Please confirm which of the accounts manual is applicable to the Issuer.</p> <p>Please also upload a copy of the local audit carried out on the Issuer.</p>	
1.3	<p>Please confirm that the Issuer has not defaulted in repayment of debt securities or loans obtained from banks or financial institutions, during the preceding 365 days.</p>	<p>Please provide back-ups/ supportings confirming for all payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past 1 year and no default/s and/or delay in.</p> <p>Please also provide a certificate in this regard from the Bond Issue Committee of the Issuer, Statutory Auditor and the Municipal Commissioner in this regard.</p>	

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
1.4	<p>Please confirm that no order or direction of restraint, prohibition or debarment by SEBI is in force against the Issuer or its promoters or its directors from accessing the securities market.</p> <p>[Note: In case of viz. non-corporate Issuers, the eligibility conditions shall apply on the members of the Bond Issue Committee, which shall comprise of senior executive officers of the Issuer and headed by the Municipal Commissioner or an officer of equivalent rank.]</p>	<p>Please provide PAN details of relevant parties for external diligence/ search and the relevant diligence documents including a certificate in this regard from the members of the Bond Issue Committee of the Issuer, the Auditor and the Municipal Commissioner in this regard, with respect to the Issuer</p>	
1.5	<p>Please confirm that the Issuer or its promoter, group company or director(s) thereof are not named in the list of the wilful defaulters.</p> <p>[Note: In case of non-corporate Issuers, the eligibility conditions shall apply on the members of the Bond Issue Committee, which shall comprise of senior executive officers of the Issuer and headed by the Municipal Commissioner or an officer of equivalent rank.]</p>	<p>Please provide the relevant diligence documents including a certificate in this regard from the members of the Bond Issue Committee of the Issuer, the Auditor and the Municipal Commissioner in this regard, with respect to the Issuer</p>	
1.6	<p>Please confirm that none of the promoter or director(s) of the Issuer has been declared as a fugitive economic offender(s)</p> <p>[Note: In case of non-corporate Issuers, the eligibility conditions shall apply on the members of the Bond Issue Committee, which shall comprise of senior executive officers of the Issuer and headed by the Municipal Commissioner or an officer of equivalent rank.]</p>	<p>Please provide the relevant diligence documents in this regard including a certificate from the members of the Bond Issue Committee of the Issuer, the Auditor and the Municipal Commissioner in this regard, with respect to the Issuer</p>	
1.7	<p>The Issuer shall make an application to one or more recognized stock exchange for listing of such securities therein.</p>	<p>Application to be made to the stock exchange and in-principal approval to be obtained.</p>	

Preliminary Due Diligence Checklist

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1.8	The Issuer shall obtain credit rating from at least one credit rating agency registered with SEBI, which shall be disclosed in the offer document or placement memorandum, as applicable.	Please provide the credit rating(s) and rating rationale provided by credit rating agency. Please note that the credit rating letter should not be older than 1 month from the issue opening date.	
1.9	The Issuer shall enter into an arrangement with a depository registered with the Board for dematerialisation of the municipal debt securities that are proposed to be issued, in accordance with the Depositories Act, 1996, rules and regulations made thereunder.	Please provide the agreement with the depository.	
1.10	The Issuer shall appoint a debenture trustee registered with the Board in accordance with the provisions of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.	Please provide the debenture trustee consent letter issued by the debenture trustee. Debenture Trustee to be onboarded for in parallel diligence exercise on security in accordance with the various SEBI circulars in this regard.	
2	GENERAL INFORMATION		
2.1	Name and address of the head office and other offices of the Issuer	Please provide these details along with back-up documentation for addresses registered.	
2.2	Registered and corporate office of the Issuer (if applicable)	Please provide details of change, if any, in the name or registered office of the Issuer along with relevant back up resolutions and statutory filings, if any, in this regard.	
2.3	Details of Mayor/ Deputy Mayor including date of appointment, etc.	Please provide the notification and other back-up documents for appointment of the Mayor/ Deputy Mayor.	
2.4	Details of Commissioner/ Deputy Commissioner including date of appointment, etc.	Please provide the notification and other back-up documents for the Appointment of the commissioner/ Deputy commissioner	

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response										
2.5	<p>Details of the members of the Committee approving the project/ various Standing Committees relating to Taxation/ Finance/Accounts/ Audit/ Infrastructure</p> <table border="1"> <thead> <tr> <th>S.no</th> <th>Name and Designation</th> <th>Date of Appointment/Resignation</th> <th>Member of Committee since (in case of resignation)</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>[●]</td> <td>[●]</td> <td>[●]</td> <td>[●]</td> </tr> </tbody> </table>	S.no	Name and Designation	Date of Appointment/Resignation	Member of Committee since (in case of resignation)	Remarks	1.	[●]	[●]	[●]	[●]	Please provide a list setting out each of the committees of the Issuer and the relevant resolution of the Executive Committee setting-up such committees and appointing the members. Please also provide any other back-up document in this regard.	
S.no	Name and Designation	Date of Appointment/Resignation	Member of Committee since (in case of resignation)	Remarks									
1.	[●]	[●]	[●]	[●]									
2.6	Name, designation, address and DIN of each member of the board of directors of the issuer if the Issuer is a company.-	Provide relevant backups if applicable											
2.7	Name, address, telephone number and email address of the compliance officer of the issuer	Please provide the relevant details in this regard and the minutes/ notification of appointment of the compliance officer and a certificate from the Auditor confirming the appointment of the compliance officer and the details of the compliance officer.											
2.8	Complete Details of the Official In-charge of dealing with investor grievances related to the Municipal Bonds, his/her address, phone number, email ID, etc.	Please provide the minutes/ notification of appointment of the official In-charge of dealing with investor grievances and a certificate from the Auditor confirming the appointment of the official in-charge and the details of the official in-charge.											
2.9	Chief Accounts and Finance Officer or equivalent of the Issuer	Please provide the minutes/ notification of appointment of the CFAO and a certificate from the Auditor confirming the appointment of the CFAO and the details of the CFAO.											
2.10	Arrangers, if any, of the instrument	Please provide the agreement into with the Arrangers to the issue.											
2.11	Debenture trustee of the issue	Please provide of the consent letter and offer letter of the Debenture Trustee to the issue.											
2.12	Registrar to an issue	Please provide of the consent letter and the agreement entered into with the registrar and transfer agent to the issue.											
2.13	Credit Rating Agency (-ies) of the issue	Please provide of the rating letters issued by the credit rating agencies along with the rating rationale.											

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
2.14	Auditors of the Issuer	Please provide the minutes of the Executive Committee/Bond Issue Committee where the auditor has been appointed and the documents, if any, entered into with the auditor.	
2.15	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); along with URL of SEBI website listing out the details of self-certified syndicate banks, registrar to the issue and depository participants, etc., if applicable.	Please provide the documents, if any, entered into with the lead manager(s), registrars to the issue, bankers to the issue, brokers to the issue and syndicate member(s); along with URL of SEBI website listing out the details of self-certified syndicate banks, registrar to the issue and depository participants.	
2.16	Names, addresses, telephone numbers and e-mail addresses of the Company Secretary, legal advisor, underwriters and bankers to the Issuer.	Please provide the documents, if any, entered into with the Company Secretary, legal advisor, underwriters and bankers to the Issuer and the details of each of these persons.	
2.17	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.	Please provide a copy of the debenture trustee consent letter.	
2.18	Investor grievances redressal mechanisms	Please provide the mechanism adopted by the Issuer for redressal of investor grievances and other back-up documents in this regard.	
3	ABOUT THE ISSUER AND CAPITAL STRUCTURE OF THE ISSUER		
3.1	The constitution document of the Issuer	Please provide the notification for the constitution of the Issuer.	
3.2	Details of capital structure of Issuer, if applicable. Note: Details to be given if the Issuer have availed equity share capital. Further details regarding Debt capital and Unsecured borrowing to be given. Capital Structure relating to project for which funds are proposed to be mobilised shall	Details along with relevant backup supporting for any securities allotted	

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
	be given in offer document/placement memorandum		
3.3	Details of the management structure of the issuer	Please provide details of the complete management structure with back-up documents for appointment of management.	
3.4	Shareholding pattern of the issuer along with top 10 shareholders of the issuer, if applicable	Relevant Benpos if available else certificates from the Issuer	
3.5	Resolution authorizing the borrowing and list of authorized signatories	Please provide a copy of the minutes where the issue was authorised.	
3.6	Details of necessary Resolution(s) for the allotment of municipal debt securities	Please provide the resolution of the Executive Committee and the Bond Committee.	
3.7	Memorandum and Articles of Association in case the issuer is a body corporate incorporated under Companies Act, 2013, if applicable.	-	
3.8	Details of any Reorganization or Reconstruction of management in the last 1 year of the Issuer.	Please provide a certificate in this regard from the Bond issue committee of the Issuer, and the Municipal Commissioner.	
3.9	Details of all the project undertaken or proposed in terms of cost and means of financing.	<p>Please provide back-ups for all projects being undertaken by the Issuer, the back-ups for all details with respect to the proposed project for which the funds are being raised including the project report certified and approved by relevant authority and the grants received for proposed project.</p> <p>Detailed Project Report by competent technical consultant / Project consultant.</p> <p>Please provide a certificate from the CFAO and the Auditor certifying that the Issuer is in compliance with Regulation 18B of the SEBI ILDSM Regulations.</p>	
3.10	Capital structure relating to projects for which funds are proposed to be mobilized.	To be confirmed from the Detailed project Report.	

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
		Please provide a certificate in this regard from the Bond Issue Committee of the Issuer, the Municipal Commissioner, the Auditor, technical consultant and the CFAO.	
3.11	Capital grant for the proposed project and the amount received in this regard.	Please provide details of grants sanctioned, relevant notifications/ letters from the State Government and a certificate in this regard from the Bond Issue Committee of the Issuer, the Municipal Commissioner, the Auditor and the CFAO.	
3.12	Details of State Finance Commission Grant on annual basis.	Please provide a certificate in this regard from the Bond Issue Committee of the Issuer, the Municipal Commissioner, the Auditor and the CFAO. Please also specify where the grant is reflected in the latest financial statements of the Issuer and confirm that no further grants have been received.	
4	OBJECTS OF THE ISSUE		
4.1	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.	Please provide the project report certified and approved by relevant authority/ technical consultant. Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond Issue Committee of the Issuer, the relevant standing committee, the Auditor, the Municipal Commissioner and the CFAO setting out the details of the relevant project(s).	
4.2	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.	Please incorporate this in the certifications under Sr. No. 4.1 above, if applicable.	
4.3	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.	Please incorporate this in the certifications under Sr. No. 4.1 above, if applicable.	

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
		Please provide appropriate back-up documents explaining the phased manner of implementation of the projects including the cost of each phase and details of the phases, if any, which have already been implemented.	
4.4	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.	Please incorporate this in the certifications under Sr. No. 4.1 above, if applicable. Please provide appropriate back-up documents explaining the investment plan.	
4.5	Schedule of implementation of the project.	Please incorporate this in the certifications under Sr. No. 4.1 above, if applicable. Please provide appropriate back-up documents explaining the schedule of implementation of the project.	
4.6	Benchmarks for commencement and completion of the project including milestone dates for all components of the project.	Please incorporate this in the certifications under Sr. No. 4.1 above, if applicable. Please provide appropriate back-up documents explaining the benchmarks for commencement and completion of the project including milestone dates for all components of the project	
4.7	Details and status of the regulatory approval (if required)	Please incorporate this in the certifications under Sr. No. 4.1 above, if applicable. Issuer and Project Engineer/ Architect should provide a certificate setting out the details of the regulatory approvals required for the projects, copies of the applications made and approvals received and the status of the approvals which are still pending to be shared.	
4.8	Objects eligible for Green Bonds	Additional certifications from experts confirming the eligibility of the project for Green Bonds	

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
		Various additional certifications and confirmation to meet the disclosures and post-listing compliance requirements	
4.9	<p>Expenses of the Issue:</p> <p>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):</p> <p>(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).</p>	Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Auditor, the Municipal Commissioner, the Auditor and the CFAO. Please also provide the bills/ invoices for the expenses incurred.	
5	TAX BENEFITS		
5.1	Any special tax benefits (under direct and indirect tax laws) for the issuer and its investors	Please provide details of any such tax benefits and a certificate in this regard from the Auditor. Note: The certificate should have UDIN mentioned	
6	ISSUE SPECIFIC INFORMATION		
6.1	Issue/instrument specific regulations - relevant details (Relevant Act, RBI guidelines, etc.).		
6.2	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	Please provide the credit rating letter and the rating rationale.	
6.3	Credit Enhancement Mechanisms if any, with complete details, if any	Provide details and backups if applicable	1.
6.4	Please provide details of any collaborations entered in to by the Company for technical or financial purposes.	Please provide the relevant documents in this regard.	

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Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
6.5	Names of all the recognised stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange.	<i>Disclosures to be included in the Offer Document/Placement Memorandum</i>	
6.6	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	<i>Disclosures to be included in the Offer Document/Placement Memorandum, if applicable</i>	
6.7	Penal interest payable by the Municipal Corporation in case of delay in listing of debt securities from the Deemed Date of Allotment.	<i>Disclosures to be included in the Offer Document/Placement Memorandum, if applicable</i>	
6.8	Debenture Redemption Reserve/such other reserve creation - relevant regulations and applicability	<i>Disclosures to be included in the Offer Document/Placement Memorandum, if applicable</i>	
6.9	Details of the Application process	As per the certified Term sheet duly approved by the Committee.	
6.10	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.	Relevant tie-ups/ arrangements/ agreements with the Consortium Members/ Lead Brokers/ Public Issue Bankers/ Sponsor Bankers/ stock exchanges for application Process.	
6.11	'Terms of payments' and procedure and time schedule for allotment and issue certificates/demat credit.		
6.12	How to apply, availability of application forms and letter of offer and mode of payment.		
6.13	Procedure and time schedule for allotment and issue of municipal debt securities		
6.14	Change in terms and conditions of municipal debt securities issued in past 5 years (i.e. change in coupon, maturity, call/put option etc.)	Relevant documentary support for any changes and certifications in this regard	
6.15	Details of escrow payment mechanism for the repayment of the interest/principal	Relevant Escrow Agreement confirming the escrow payment mechanism	
7	FINANCIAL INFORMATION		
7.1	Following details as per the financial statements for past 3 years in tabular format: (i) Abridged Balance Sheet, Income and Expenditure and Receipts and Payments Accounts for the last three years with major heads. Link to the web page where the entire financials of the Issuer can be accessed. (ii) Copy of budget documents for last 3 (Three) years containing actual financial performance and/ or revised estimates along with the details of related party transactions. (iii) Financial Parameters in the format specified in Annexure I hereto.	Auditors report along with the Abridged Financial statements for inclusion in the <i>Offer Document/Placement Memorandum</i> Please provide the audited financial statements, the budget documents, the Income and Expenditure and Receipts and Payments Accounts and a certificate from the Auditor. Please also provide the link where the financial statements can be accessed along with screenshots of the webpage. With respect to the financial parameters, please provide a	

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		certificate from the auditor of the Issuer confirming the details provided.																																											
7.2	Details of top 5 revenue sources for last 3 (Three) years in the following format <table border="1" data-bbox="392 508 1295 691" style="margin-left: 40px;"> <thead> <tr> <th rowspan="3" style="text-align: left;">Revenue Receipt Type</th> <th colspan="3">Financial Year</th> </tr> <tr> <th>FY XX-XX</th> <th>FY XX-XX</th> <th>FY XX-XX</th> </tr> <tr> <th>Actual</th> <th>Actual</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> </tr> </tbody> </table>	Revenue Receipt Type	Financial Year			FY XX-XX	FY XX-XX	FY XX-XX	Actual	Actual	Actual	[•]	[•]	[•]	[•]	Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond Issue Committee of the Issuer, the Auditor, the Municipal Commissioner, Auditor and the CFAO.																													
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7.3	Details of Property tax collection in the following format: <table border="1" data-bbox="306 768 1287 1029" style="margin-left: 40px;"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="3">Demand Raised</th> <th colspan="3">Collection</th> <th rowspan="2">Overall Collection Ratio</th> <th rowspan="2">Current Collection Ratio</th> </tr> <tr> <th>Arrears</th> <th>Current</th> <th>Total</th> <th>Current</th> <th>Arrears</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>FY</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>FY</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> </tr> <tr> <td>FY</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> </tr> </tbody> </table>	Particulars	Demand Raised			Collection			Overall Collection Ratio	Current Collection Ratio	Arrears	Current	Total	Current	Arrears	Total	FY	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	FY	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	FY	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]	Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond Issue Committee of the Issuer, the Auditor, the Municipal Commissioner, Auditor and the CFAO.	
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7.4	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 the Central Government and authorities concerned.	Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond Issue Committee of the Issuer, the Municipal Commissioner and the CFAO. Back-up documents for cost recovery on water supply & Solid Waste Management (SWM), property tax, double entry accounting and others, as specified by the Central Government and authorities concerned. Please also confirm whether there are any new reforms required to be undertaken by municipalities.																																											

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7.5	<p>Details of borrowings of the Issuer, as on the latest quarter end.</p> <p>Issuers shall disclose details of all borrowings along with outstanding amount of borrowings during the three years for which the audited financial information is being included in the Offer Document/ Placement Memorandum.</p> <p>Further, revenue grant received and spent during the last three years along with separate disclosures of refundable grants shall also be disclosed in the Offer Document / Placement Memorandum.</p>	<p>Please provide back-up documents (including copies of all agreements and documents executed (such as sanction letters, term loan agreements, deeds of hypothecation, debenture trust deeds etc.)) for outstanding borrowings taken, including back-ups for subsisting credit facilities availed, such as term loans, working capital loans, bank guarantees etc. along with amounts outstanding in each as last quarter ending.</p> <p>Please provide a certificate in this regard from the Bond issue committee of the Issuer, the Municipal Commissioner, Auditor and the CFAO.</p>																			
7.6	<p>Details of Secured Loan Facilities in the following format</p> <table border="1" data-bbox="279 834 1266 1019"> <thead> <tr> <th>Lender's Name</th> <th>Type of Facility</th> <th>Amount Sanctioned</th> <th>Principal Amount Outstanding</th> <th>Repayment Date/ Schedule</th> <th>Security</th> </tr> </thead> <tbody> <tr> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> <td>[•]</td> </tr> </tbody> </table>	Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/ Schedule	Security	[•]	[•]	[•]	[•]	[•]	[•]	<p>Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Municipal Commissioner, Auditor and the CFAO.</p>							
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Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date/ Schedule																	
[•]	[•]	[•]	[•]	[•]																	
7.8	<p>Details of NCD/ Bonds in the following format</p> <table border="1" data-bbox="279 1279 1266 1388"> <thead> <tr> <th>Debenture/ Bond</th> <th>Tenor / Perio</th> <th>Coupon</th> <th>Amount</th> <th>Date of Allotm</th> <th>Redemption Date/</th> <th>Credit Rati</th> <th>Secured/ Unsecu</th> <th>Security</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Debenture/ Bond	Tenor / Perio	Coupon	Amount	Date of Allotm	Redemption Date/	Credit Rati	Secured/ Unsecu	Security										<p>Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Municipal Commissioner, Auditor and the CFAO.</p>	
Debenture/ Bond	Tenor / Perio	Coupon	Amount	Date of Allotm	Redemption Date/	Credit Rati	Secured/ Unsecu	Security													

Sl. No.	Question										Documents to be provided as backup ¹	Issuer Response						
	Series	d of Maturity			ent	Schedul e	ng	red										
7.9	List of the top 10 (Ten) Debenture Holders (as on [●]) in the following format: <table border="1" data-bbox="282 511 860 592"> <thead> <tr> <th data-bbox="282 511 381 544">Sr.No.</th> <th data-bbox="389 511 739 544">Name of Debenture Holders</th> <th data-bbox="747 511 860 544">Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="282 548 381 581">[●]</td> <td data-bbox="389 548 739 581">[●]</td> <td data-bbox="747 548 860 581">[●]</td> </tr> </tbody> </table> Please note that the top ten holders' (in value terms, on cumulative basis for all outstanding debenture issues) details should be provided.										Sr.No.	Name of Debenture Holders	Amount	[●]	[●]	[●]	Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Municipal Commissioner, Auditor and the CFAO.	
Sr.No.	Name of Debenture Holders	Amount																
[●]	[●]	[●]																
7.10	Details of Commercial Paper: The total Face Value of Commercial Papers Outstanding as on the latest quarter end to be provided and its break up in following table: - <table border="1" data-bbox="282 808 1266 883"> <thead> <tr> <th data-bbox="282 808 774 841">Maturity Date</th> <th data-bbox="782 808 1266 841">Amount Outstanding</th> </tr> </thead> <tbody> <tr> <td data-bbox="282 846 774 878">[●]</td> <td data-bbox="782 846 1266 878">[●]</td> </tr> </tbody> </table>										Maturity Date	Amount Outstanding	[●]	[●]	Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Municipal Commissioner, Auditor and the CFAO.			
Maturity Date	Amount Outstanding																	
[●]	[●]																	
7.11	Details of Rest of Borrowings:										Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Municipal Commissioner, Auditor and the CFAO.							
7.12	Details of any outstanding borrowings taken/ debt securities issued for consideration other than cash, whether in whole or part, at a premium or discount, or in pursuance of an option										Please provide back-ups for any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option. Please also provide a certificate in this regard from the Bond issue committee of the Issuer, the Municipal Commissioner, Auditor and the CFAO.							

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
7.13	Sufficient revenue generation and resources for timely servicing and redemption	<p>Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Auditor, the Municipal Commissioner, Auditor and the CFAO.</p> <p>Please provide details of how the Issuer has sufficient revenue generation for timely servicing and redemption of the NCDs.</p>	
7.14	Estimated Scenarios of Asset Liability Mis-matches, efforts intended to resolve the same	Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Auditor, the Municipal Commissioner, CA and the CFAO.	
8	LEGAL AND OTHER INFORMATION		
8.1	<p>Pending Litigations involving the issuer/ its directors/ promoters/ subsidiaries: All criminal proceedings;</p> <ul style="list-style-type: none"> (i) All actions by regulatory and statutory authorities; (ii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the Issuer during the previous five financial years including outstanding action; (iii) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; (iv) Other pending litigation - As per the policy of materiality defined by the Bond Issue Committee of the Issuer and disclosed in the offer document/placement memorandum. <p>Note: For non-corporate Issuers, the disclosure of pending litigations under clause (a) of para 9 of Schedule I of Municipal Regulations may be limited to pending litigations involving the Issuer only after taking into account litigations which may have a material adverse impact on the Issuer or the projects to be funded from the proceeds of the issue of municipal bonds. The thresholds so determined shall be disclosed in the Offer Document/ Placement Memorandum.</p>	With respect to each of the types of proceedings/ actions referred in column 2 please provide the relevant details and all documents (including pleadings) for each of the Issuer, the members of the Bond issue committee	

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
	The Merchant Banker, Issuer and the Bond Issue Committee (wherever applicable), may determine the materiality thresholds		
8.2	<p>Outstanding dues to creditors</p> <p>(i) Based on the policy on materiality defined by the Bond Issue Committee of the Issuer, details of creditors which include the consolidated number of creditors and the aggregate amount involved</p> <p>(ii) Consolidated information on outstanding dues to micro, small and medium enterprises, separately giving details of number of cases and amount involved;</p> <p>(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 thereto.</p> <p>Note: The Merchant Banker, Issuer and Bond Issue Committee may determine the materiality threshold for disclosure of outstanding dues of creditors under clause (b) of para 9 of Schedule I of Municipal Regulations and identification of material contract under clause (e) of para 9 of Schedule I of Municipal Regulations be determined for non-corporate Municipalities who do not have a Board of Directors</p>	Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Auditor, the Municipal Commissioner, CA and the CFAO and a resolution by the Bond issue committee setting the materiality threshold.	
8.3	If any of the abovementioned 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	Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Municipal Commissioner, the Auditor and the CFAO.	
8.4	Material developments since the date of the last balance sheet shall be incorporated separately in the offer document or placement memorandum	Please provide the relevant back-up documents in this regard including a certificate in this regard and a certificate stating that there are no other material developments from the Bond issue committee of the Issuer, the Municipal Commissioner, the Auditor and the CFAO.	
8.5	Statement containing particulars of dates of, and parties to all material contracts and	Please provide the relevant back-up documents in this regard	

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
	agreements: Provided that a recognized stock exchange may call for such further particulars or documents as it deems appropriate	including a certificate in this regard from the Bond issue committee of the Issuer, the Municipal Commissioner, the Auditor and the CFAO.	
8.6	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.	Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Municipal Commissioner, the Auditor and the CFAO.	
8.7	Details of non-payment of statutory dues, if any	Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Municipal Commissioner, the Auditor and the CFAO.	
8.8	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.	Please provide the relevant back-up documents in this regard including a certificate in this regard from the Bond issue committee of the Issuer, the Municipal Commissioner, the Auditor and the CFAO.	
9	GOVERNMENT APPROVALS		
9.1	Investment approvals, letter of intent or industrial license from Government of India, Reserve Bank of India etc., as applicable and declaration of the Central Government, Reserve Bank of India or any regulatory about the non-responsibility for financial soundness or correctness of the statements.	Please provide details of any such approvals/ license and provide the relevant back-up documents in this regard including a certificate setting out the relevant approvals from the Bond issue committee of the Issuer and the Municipal Commissioner.	
9.2	All government and other approvals which are material and necessary for carrying on the business and operations of the issuer and material subsidiaries.	Please provide the relevant back-up documents in this regard including a certificate setting out the relevant approvals from the Bond issue committee of the Issuer and the Municipal Commissioner.	
10	UNDERTAKING BY THE ISSUER		

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
	The following undertakings will be given by the Issuer	Undertaking from the Mayor/ Municipal Commissioner/ Bond Issue Committee member as authorised on behalf of the Issuer	
10.1	that it shall submit the documents disclosed in the offer document or placement memorandum to the Debenture Trustee in electronic form (soft copy)		
10.2	that the complaints received in respect of the issue shall be attended to by the issuer expeditiously and satisfactorily.		
10.3	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.		
10.4	Declaration signed by the Mayor and Commissioner of the concerned Municipal Body 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.		
10.5	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.		
10.6	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.		
10.7	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		
11	DOCUMENTS TO BE SUBMITTED		
11.1	Copy of the resolution authorizing the borrowing and list of authorized signatories.	Please provide certified resolution	
11.2	Copy of the Trust deed.	Please provide executed copy of the Debenture Trust Deed prior to listing.	
11.3	Documents that have been executed or shall be executed in relation to the issue	Certified copy of all material contracts and documents to be shared.	

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
11.4	No Objection Certificates from any existing lenders, if required	Applications made and copies of No obtained	
11.5	Resolutions constituting the Bond Issue Committee, approving the appointment of intermediaries, approving the terms sheet, various agreements, Issue schedule, pricing, allotment etc.	Certified True copies of all relevant resolutions with respect to the Issue	
12	RISK FACTORS		
	Risk factors shall be printed in a clear readable font (of minimum point ten size).	<p>Please provide details of all risk factors along with quantified risk wherever possible, <i>inter alia</i> covering the following aspects:</p> <ol style="list-style-type: none"> 1. Business of the Issuer 2. Financial performance 3. Negative cash flows 4. Credit risk 5. Project risk 6. Decentralization, if any 7. Inconsistent Revenue Collections 8. All Outstanding Litigations - related to Issuer and members of the Bond Issue Committee 9. Any outcome of any inspections 10. Critical show cause notices/ disputes 11. Auditor observations 12. Material Adverse Effects 13. Future growth prospects 14. Use of proceeds of the funds raised through the Issue 15. Property related 16. Insurance related 17. Any material development/ change having implications on financial. /credit quality 18. Debt servicing track record and capability 19. Details of any material labour disputes, arbitrations etc. and details of any labour unions. 	

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
		Please provide a certificate from the Bond Issue Committee of the Issuer that no risk factors other than those set out in the information memorandum are envisaged by the Issuer.	
12.1	Risk factors shall be classified as those which are specific to the project and internal to the issuer and those which are external and beyond the control of the issuer.	Write-ups and relevant backups	
12.2	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.		
12.3	Each risk factor shall appear in the following manner: (i) The risk as envisaged by the issuer. (ii) Proposals, if any, to address the risk		
12.4	Comprehensive Disclosure regarding the Risk Factors, including project risks, operational risks, credit risks, liquidity risks, etc.		
12.5	Management perception of risk factors specific to the project.		
12.6	Such other details necessary for the investors to make a well informed decision making regarding their investment in the proposed issue.		
13	TERMS OF THE ISSUE		
13.1	Security Name	Certified Terms sheet.	
13.2	Issuer	Relevant documentation for the security Cover	
13.3	Type of Instrument		
13.4	Nature of Instrument		
13.5	Seniority		
13.6	Mode of Issue		
13.7	Eligible Investors		
13.8	Listing (including name of stock market where it will be listed and timeline of listing)		

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
13.9	Rating of the Instrument		
13.10	Issue Size		
13.11	Option to retain oversubscription		
13.12	Objects of the Issue		
13.13	Details of the utilization of the Proceeds		
13.14	Coupon Rate		
13.15	Taxable/ Tax free		
13.16	Step Up/ Step Down Coupon Rate		
13.17	Coupon Payment Frequency		
13.18	Coupon Payment Dates		
13.19	Coupon Type		
13.20	Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)		
13.21	Day Count Basis		
13.22	Interest on Application Money		
13.23	Default Interest Rate		
13.24	Tenor		
13.25	Redemption Date		
13.26	Redemption Amount		
13.27	Redemption Premium/Discount		
13.28	Issue Price		
13.29	Discount at which security is issued and the effective yield as a result of such discount		
13.30	Put Option Date		
13.31	Put Option Price		
13.32	Call Option Date		
13.33	Call Option Price		
13.34	Put Notification Time		
13.35	Call Notification Time		
13.36	Face Value		

Preliminary Due Diligence Checklist

Sl. No.	Question	Documents to be provided as backup ¹	Issuer Response
13.37	Minimum Application for Municipal Debt Securities or multiples thereof		
13.38	Issue Timing 1. Issue Opening Date 2. Issue Closing Date 3. Pay-in Date Deemed Date of Allotment		
13.39	Issuance mode of the Instrument		
13.40	Trading mode of the Instrument		
13.41	Settlement mode of the Instrument		
13.42	Depository(ies)		
13.43	Business Day Convention		
13.44	Record Date		
13.45	Security		
13.46	Transaction Documents		
13.47	Conditions Precedent to Disbursement		
13.48	Conditions Subsequent to Disbursement		
13.49	Events of Default		
13.50	Provisions related to Cross Default Clause		
13.51	Role and Responsibilities of Debenture Trustee		
13.52	Governing Law and Jurisdiction		

**ANNEXURE I
FINANCIAL PARAMETERS**

Key Financial Figures	Financial Year		
	FY	FY	FY
Revenue Income	[•]	[•]	[•]
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	[•]	[•]	[•]

Preliminary Due Diligence Checklist

Key Financial Figures	Financial Year		
	FY	FY	FY
Ratio of Debt Service/ Total Revenue	[•]	[•]	[•]