

STANDARD OPERATING PROCEDURE (SOP)

Private Placement of Non-Convertible Debentures (NCDs)

Created Date – 3rd February 2025
Last modified Date – 3rd February 2025

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Vaibhav Vyapaar Private Limited

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1. Purpose of the SOP

This Standard Operating Procedure (SOP) establishes a uniform, well-controlled, and compliant framework for issuance and management of Non-Convertible Debentures (NCDs) through private placement. The SOP ensures regulatory compliance, operational clarity, investor protection, and consistency across multiple NCD issuances.

2. Scope

This SOP applies to all private placement issuances of NCDs undertaken by the Company, from initiation of the issue till final redemption, including secured and unsecured debentures, unless specifically excluded by the Board.

3. Regulatory Framework

- Companies Act, 2013
- Companies (Prospectus and Allotment of Securities) Rules, 2014
- Companies (Share Capital and Debentures) Rules, 2014
- SEBI (Debenture Trustees) Regulations, 1993 (as applicable)
- Applicable RBI / NBFC guidelines

4. Roles and Responsibilities

Board of Directors: Approval of issue terms, intermediaries, allotment, and governance.

Company Secretary / Compliance Function: End-to-end execution, documentation, statutory filings, and compliance.

Finance Team: Fund management, refunds, interest service, redemption, accounting, and tax compliance.

Debenture Trustee: Monitoring security, covenants, and protection of investor interests.

5. Detailed SOP – Process Flow

5.1 Issue Approval and Structuring

- Convene a Board Meeting to approve:
 - Private placement of NCDs
 - Issue size, tenure, interest rate, repayment structure, security and lock-in period
 - Authorization to officers for execution and filings
- Prepare PAS-4 (Private Placement Offer Letter / Term Sheet) strictly as per the Board-approved terms.

5.2 Appointment of Debenture Trustee

Appointment of a debenture trustee is mandatory for secured NCDs and acts as a key investor protection mechanism.

- Identify a SEBI-registered debenture trustee for the specific issue
- Inform the proposed trustee about the issue structure
- Obtain fee quotation and commercial terms
- Pass Board Resolution approving appointment and fees
- Execute pricing letter and Debenture Trustee Appointment Agreement on applicable stamp paper

5.3 Private Placement Offer and Invitation

- Circulate PAS-4, Application Form, and issue timeline to identified persons only
- Ensure total number of investors does not exceed 200
- Open subscription window strictly as approved by the Board

5.4 Receipt of Application Money and Documentation

- Accept application money only through banking channels
- Collect signed Application Form, KYC documents, PAN
- Perform KYC and AML checks for each investor prior to allotment
- Collect Form 15G / 15H (if applicable)
- Obtain cancelled cheque for interest and redemption payments
- Validate all documents for completeness and eligibility

5.5 Subscription Thresholds and Refunds

- Minimum 70% subscription of issue size required for allotment
- If threshold not met, issue to be cancelled
- Refund entire application money within 7 days from closure
- Excess application money to be refunded (Allotment on FIFO basis)

5.6 Allotment and Statutory Filings

- Convene Board Meeting to approve allotment of NCDs
- File PAS-3 (Return of Allotment) within prescribed timeline
- Utilize funds only after PAS-3 filing
- Inform Debenture Trustee about allotment
- Issue Investor Certificate / Debenture Certificate to investors post-allotment

5.7 Security Creation and Charge Filings (For Secured NCDs)

- Execute Deed of Hypothecation within 60 days of allotment
- File CHG-9 within 30 days of execution of Deed of Hypothecation
- Execute Debenture Trust Deed within 90 days of allotment

5.8 Post-Issue Servicing

- Pay interest strictly as per issue terms
- Deduct and deposit applicable TDS within statutory timelines
- Issue Form 16A to investors within prescribed timelines
- Maintain ongoing communication with the Debenture Trustee

5.9 Redemption and Charge Satisfaction

- Identify upcoming maturities at least 90 days in advance
- Plan and earmark liquidity for redemption at least 90 days prior to maturity
- Place redemption amount and funding plan for Board approval
- Redeem debentures on maturity as per approved terms
- Transfer redemption proceeds to investors' designated bank accounts
- File charge satisfaction with ROC within 30 days of redemption, as applicable

5.10 Investor Records and Transfers

- Maintain updated register of debenture holders
- Impose lock-in period as approved by the Board; no redemption or transfer permitted during lock-in
- Permit redemption / transfer only after completion of lock-in, subject to issue terms
- Process changes in investor details prospectively after verification
- Track transfers considering the applicable record date for interest and benefits

5.11 Investor Grievance Redressal

- Provide a dedicated email ID / contact point for debenture holder grievances
- Acknowledge complaints within 5 working days (TAT)
- Maintain a complaint register with nature, status, and resolution timeline
- Place periodic summary of investor complaints before the Board

5.12 Compliance Calendar and Audit

- Maintain a series-wise compliance calendar, covering:
 - Pre-allotment compliances
 - Post-allotment compliances
 - Recurring compliances (interest, TDS, reporting)
- Conduct periodic internal audit / compliance review of NCD management
- Place audit observations before the Board / Audit Committee

Approved by the Board of Directors

Vaibhav Vyapaar Private Limited

Itha Venkata Raghava Gowrinath

Director

Vaibhav Vyapaar Private Limited

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