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**SECURITIES AND EXCHANGE BOARD OF INDIA**
**NOTIFICATION**
**Mumbai, 26th August, 2009**

# SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

**No. LAD-NRO/GN/2009-10/15/174471**. In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations, namely:-

## CHAPTER I
## PRELIMINARY

**Short title and commencement.**
**1.** (1) These regulations may be called the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
(2) They shall come into force on the date of their publication in the Official Gazette.

**Definitions.**
**2.** (1) In these regulations, unless the context otherwise requires:
(a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);
(b) "advertisement" includes notices, brochures, pamphlets, show cards, catalogues, hoardings, placards, posters, insertions in newspaper, cover pages of offer documents, pictures and films in any print media or electronic media, radio, television programme;
(c) "anchor investor" means a qualified institutional buyer [1][who makes] an application for a value of ten crore rupees or more in a public issue made through the book building process in accordance with these regulations;
(d) "Application Supported by Blocked Amount (ASBA)" means an application for subscribing to a public issue or rights issue, along with an authorisation to Self Certified Syndicate Bank to block the application money in a bank account;
(e) "Board" means the Securities and Exchange Board of India established under section 3 of the Act;
(f) "book building" means a process undertaken to elicit demand and to assess the price for determination of the quantum or value of specified securities or Indian Depository Receipts, as the case may be, in accordance with these regulations;
(g) "book runner" means a merchant banker appointed by the issuer to undertake the book building process;

[1] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

(h) "composite issue" means an issue of specified securities by a listed issuer on public-cum-rights basis, wherein the allotment in both public issue and rights issue is proposed to be made simultaneously;

(i) "control" shall have the same meaning as assigned to it under clause (c) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997;

(j) "convertible debt instrument" means an instrument which creates or acknowledges indebtedness and is convertible into equity shares of the issuer at a later date at or without the option of the holder of the instrument, whether constituting a charge on the assets of the issuer or not;

(k) [2]["convertible security" means a security which is convertible into or exchangeable with equity shares of the issuer at a later date, with or without the option of the holder of the security and includes convertible debt instrument and convertible preference shares;]

(l) "designated stock exchange" means a recognised stock exchange in which securities of an issuer are listed or proposed to be listed and which is chosen by the issuer as a designated stock exchange for the purpose of a particular issue of specified securities under these regulations:

Provided that where one or more of such stock exchanges have nationwide trading terminals, the issuer shall choose one of them as the designated stock exchange:

Provided further that subject to the provisions of this clause, the issuer may choose a different recognised stock exchange as a designated stock exchange for any subsequent issue of specified securities under these regulations;

(m) [3][(m) "employee" means a permanent and full-time employee, working in India or abroad, of the issuer or of the holding company or subsidiary company or of that material associate(s) of the issuer whose financial statements are consolidated with the issuer's financial statements as per Accounting Standard 21, or a director of the issuer, whether whole time or part time and does not include promoters and an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of that person or of the spouse);]

(n) "further public offer" means an offer of specified securities by a listed issuer to the public for subscription and includes an offer for sale of specified securities to the public by any existing holders of such securities in a listed issuer;

(o) "green shoe option" means an option of allotting equity shares in excess of the equity shares offered in the public issue as a post-listing price stabilizing mechanism;

(p) "initial public offer" means an offer of specified securities by an unlisted issuer to the public for subscription and includes an offer for sale of specified securities to the public by any existing holders of such securities in an unlisted issuer;

(q) "issue size" includes offer through offer document and promoters' contribution;

(r) "issuer" means any person making an offer of specified securities;

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[2] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 11.12.2009. Prior to its substitution, clause (k) read as under :
'(*k*) "convertible security" means a security which is convertible into or exchangeable with equity shares of the issuer at a later date with or without the option of the holder of the security and includes convertible debt instrument;'

[3] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010. Prior to its substitution, clause (m) read as under:
"(*m*) "employee" means a permanent and full-time employee of the issuer, working in India or abroad or a director of the issuer, whether whole time or part time and does not include promoters and an immediate relative of the promoter (*i.e.*, any spouse of that person, or any parent, brother, sister or child of the person or of the spouse);"

(s) “key management personnel” means the officers vested with executive powers and the officers at the level immediately below the board of directors of the issuer and includes any other person whom the issuer may declare as a key management personnel;

(t) “listed issuer” means an issuer whose equity shares are listed in a recognised stock exchange;

(u) “net offer to public” means an offer of specified securities to the public but does not include reservations;

(v) “net worth” means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account;

(w) “non institutional investor” means an investor other than a retail individual investor and qualified institutional buyer;

(x) “offer document” means a red herring prospectus, prospectus or shelf prospectus and information memorandum in terms of section 60A of the Companies Act, 1956 in case of a public issue and letter of offer in case of a rights issue;

(y) "offer through offer document” means net offer to public and reservations;

(z) “preferential issue” means an issue of specified securities by a listed issuer to any select person or group of persons on a private placement basis and does not include an offer of specified securities made through a public issue, rights issue, bonus issue, employee stock option scheme, employee stock purchase scheme or qualified institutions placement or an issue of sweat equity shares or depository receipts issued in a country outside India or foreign securities;

(za) “promoter” includes:

(i) the person or persons who are in control of the issuer;

(ii) the person or persons who are instrumental in the formulation of a plan or programme pursuant to which specified securities are offered to public;

(iii) the person or persons named in the offer document as promoters:

Provided that a director or officer of the issuer or a person, if acting as such merely in his professional capacity, shall not be deemed as a promoter:

Provided further that a financial institution, scheduled bank, foreign institutional investor and mutual fund shall not be deemed to be a promoter merely by virtue of the fact that ten per cent. or more of the equity share capital of the issuer is held by such person;

Provided further that such financial institution, scheduled bank and foreign institutional investor shall be treated as promoter for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them;

(zb) “promoter group” includes:

(i) the promoter;

(ii) an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of the person or of the spouse); and

(iii) in case promoter is a body corporate:

(A) a subsidiary or holding company of such body corporate;

(B) any body corporate in which the promoter holds ten per cent. or more of the equity share capital or which holds ten per cent. or more of the equity share capital of the promoter;

(C) any body corporate in which a group of individuals or companies or combinations thereof which hold twenty per cent. or more of the equity share

capital in that body corporate also holds twenty per cent. or more of the equity share capital of the issuer; and

(iv) in case the promoter is an individual:

(A) any body corporate in which ten per cent. or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member;

(B) any body corporate in which a body corporate as provided in (A) above holds ten per cent. or more, of the equity share capital;

(C) any Hindu Undivided Family or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten per cent. of the total; and

(v) all persons whose shareholding is aggregated for the purpose of disclosing in the prospectus under the heading "shareholding of the promoter group":

Provided that a financial institution, scheduled bank, foreign institutional investor and mutual fund shall not be deemed to be promoter group merely by virtue of the fact that ten per cent. or more of the equity share capital of the issuer is held by such person:

Provided further that such financial institution, scheduled bank and foreign institutional investor shall be treated as promoter group for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them;

(zc) "public issue" means an initial public offer or further public offer;

(zd) "qualified institutional buyer" means:

(i) a mutual fund, venture capital fund and foreign venture capital investor registered with the Board;

(ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board;

(iii) a public financial institution as defined in section 4A of the Companies Act, 1956;

(iv) a scheduled commercial bank;

(v) a multilateral and bilateral development financial institution;

(vi) a state industrial development corporation;

(vii) an insurance company registered with the Insurance Regulatory and Development Authority;

(viii) a provident fund with minimum corpus of twenty five crore rupees;

(ix) a pension fund with minimum corpus of twenty five crore rupees;

(x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;

[4][(xi) insurance funds set up and managed by army, navy or air force of the Union of India;]

[5][(xii) insurance funds set up and managed by the Department of Posts, India;]

(ze) "retail individual investor" means an investor who applies or bids for specified securities for a value of not more than [6][two lakhs] rupees;

(zf) "retail individual shareholder" means a shareholder of a listed issuer, who:

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[4] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 11.12.2009.

[5] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

[6] Substituted for "one lakh", *ibid*.

(i) [7][***]

(ii) applies or bids for specified securities for a value of not more than [8][two lakhs] rupees;

(zg) "rights issue" means an offer of specified securities by a listed issuer to the shareholders of the issuer as on the record date fixed for the said purpose;

(zh) "Schedule" means schedule annexed to these regulations;

(zi) "Self Certified Syndicate Bank" means a banker to an issue registered with the Board, which offers the facility of Application Supported by Blocked Amount;

(zj) "specified securities" means equity shares and convertible securities;

(zk) "stabilising agent" means a merchant banker who is responsible for stabilising the price of equity shares under a green shoe option, in terms of these regulations;

(zl) "syndicate member" means an intermediary registered with the Board and who is permitted to carry on the activity as an underwriter;

(zm) "unlisted issuer" means an issuer which is not a listed issuer.

(2) All other words and expressions used but not defined in these regulations, but defined in the Act or the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

**Applicability of the regulations.**

**3.** Unless otherwise provided, these regulations shall apply to the following:

(a) a public issue;

(b) a rights issue, where the aggregate value of specified securities offered is fifty lakh rupees or more;

(c) a preferential issue;

(d) an issue of bonus shares by a listed issuer;

(e) a qualified institutions placement by a listed issuer;

(f) an issue of Indian Depository Receipts.

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[7] Omitted, by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010. Prior to its omission, sub-clause (i) as amended by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010, read as under :

"(*i*) as on the date fixed for the purpose of determining shareholders eligible for reservation in terms of regulation 42 of these regulations, is holding equity shares which, on the basis of the closing price of the equity shares on the recognized stock exchange in which highest trading volume in respect of the equity shares of the issuer was recorded as on the previous day, are worth up to one lakh rupees; and"

[8] Substituted for "one lakh", *ibid*.

## CHAPTER II
## COMMON CONDITIONS FOR PUBLIC ISSUES AND RIGHTS ISSUES

**General conditions.**

**4.** (1) Any issuer offering specified securities through a public issue or rights issue shall satisfy the conditions of this Chapter at the time of filing draft offer document with the Board (unless stated otherwise in this Chapter) and at the time of registering or filing the final offer document with the Registrar of Companies or designated stock exchange, as the case may be.

(2) No issuer shall make a public issue or rights issue of specified securities:

(a) if the issuer, any of its promoters, promoter group or directors or persons in control of the issuer are debarred from accessing the capital market by the Board;

(b) if any of the promoters, directors or persons in control of the issuer was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the Board;

(c) if the issuer of convertible debt instruments is in the list of wilful defaulters published by the Reserve Bank of India or it is in default of payment of interest or repayment of principal amount in respect of debt instruments issued by it to the public, if any, for a period of more than six months;

(d) unless it has made an application to one or more recognised stock exchanges for listing of specified securities on such stock exchanges and has chosen one of them as the designated stock exchange:

Provided that in case of an initial public offer, the issuer shall make an application for listing of the specified securities in at least one recognised stock exchange having nationwide trading terminals;

(e) unless it has entered into an agreement with a depository for dematerialisation of specified securities already issued or proposed to be issued;

(f) unless all existing partly paid-up equity shares of the issuer have either been fully paid up or forfeited;

(g) unless firm arrangements of finance through verifiable means towards seventy five per cent. of the stated means of finance, excluding the amount to be raised through the proposed public issue or rights issue or through existing identifiable internal accruals, have been made.

**Appointment of merchant banker and other intermediaries.**

**5.** (1**)** The issuer shall appoint one or more merchant bankers, at least one of whom shall be a lead merchant banker and shall also appoint other intermediaries, in consultation with the lead merchant banker, to carry out the obligations relating to the issue.

(2) The issuer shall, in consultation with the lead merchant banker, appoint only those intermediaries which are registered with the Board.

(3) Where the issue is managed by more than one merchant banker, the rights, obligations and responsibilities, relating *inter alia* to disclosures, allotment, refund and underwriting obligations, if any, of each merchant banker shall be predetermined and disclosed in the offer document as specified in **Schedule I**.

(4) The lead merchant banker shall, only after independently assessing the capability of other intermediaries to carry out their obligations, advise the issuer on their appointment.

(5) The issuer shall enter into an agreement with the lead merchant banker in the format specified in **Schedule II** and with other intermediaries as required under the respective regulations applicable to the intermediary concerned:

Provided that such agreements may include such other clauses as the issuer and the intermediary may deem fit without diminishing or limiting in any way the liabilities and obligations of the merchant bankers, other intermediaries and the issuer under the Act, the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder or any statutory modification or statutory enactment thereof:

Provided further that in case of ASBA process, the issuer shall take cognisance of the deemed agreement of the issuer with Self Certified Syndicate Banks.

(6) An issuer shall, in case of an issue made through the book building process, appoint syndicate members and in the case of any other issue, appoint bankers to issue, at all mandatory collection centres as specified in **Schedule III** and such other collection centres as it may deem fit.

(7) The issuer shall appoint a registrar which has connectivity with all the depositories:

Provided that if issuer itself is a registrar to an issue registered with the Board, then another registrar to an issue shall be appointed as registrar to the issue:

Provided further that the lead merchant banker shall not act as a registrar to the issue in which it is also handling the post issue responsibilities.

**Explanation:** For the purpose of this regulation, in case of a book built issue, the lead merchant banker appointed by the issuer shall act as the lead book runner.

**Filing of offer document.**

**6.** (1) No issuer shall make,

(a) a public issue; or

(b) a rights issue, where the aggregate value of the specified securities offered is fifty lakh rupees or more,

unless a draft offer document, along with fees as specified in **Schedule IV**, has been filed with the Board through the lead merchant banker, at least thirty days prior to registering the prospectus, red herring prospectus or shelf prospectus with the Registrar of Companies or filing the letter of offer with the designated stock exchange, as the case may be.

(2) The Board may specify changes or issue observations, if any, on the draft offer document within thirty days from the later of the following dates:

(a) the date of receipt of the draft offer document under sub-regulation (1); or

(b) the date of receipt of satisfactory reply from the lead merchant bankers, where the Board has sought any clarification or additional information from them; or

(c) the date of receipt of clarification or information from any regulator or agency, where the Board has sought any clarification or information from such regulator or agency; or

(d) the date of receipt of a copy of in-principle approval letter issued by the recognised stock exchanges.

(3) If the Board specifies changes or issues observations on the draft offer document, the issuer and lead merchant banker shall carry out such changes in the draft offer document and comply with the observations issued by the Board before registering the prospectus, red-herring prospectus or shelf prospectus, as the case may be, with the Registrar of Companies or filing the letter of offer with the designated stock exchange.

(4) The issuer shall, simultaneously while registering the prospectus, red herring prospectus or shelf prospectus with the Registrar of Companies or filing the letter of offer with the designated stock exchange or before the opening of the issue, file a copy thereof with the Board through the lead merchant banker.

(5) The lead merchant banker shall, while filing the offer document with the Board in terms of sub-regulation (1) and sub-regulation (4), file a copy of such document with the recognised stock exchanges where the specified securities are proposed to be listed.

(6) The offer document filed with the Board under this regulation shall also be furnished to the Board in a soft copy in the manner specified in **Schedule V**.

**In-principle approval from recognised stock exchanges.**

**7.** The issuer shall obtain in-principle approval from recognised stock exchanges as follows:

(a) in case of an initial public offer, from all the recognised stock exchanges in which the issuer proposes to get its specified securities listed; and

(b) in case of a further public offer and rights issue:

(i) where the specified securities are listed only on recognised stock exchanges having nationwide trading terminals, from all such stock exchanges;

(ii) where the specified securities are not listed on any recognised stock exchange having nationwide trading terminals, from all the stock exchanges in which the specified securities of the issuer are proposed to be listed;

(iii) where the specified securities are listed on recognised stock exchanges having nationwide trading terminals as well as on the recognised stock exchanges not having nationwide trading terminals, from all recognised stock exchanges having nationwide trading terminals.

**Documents to be submitted before opening of the issue.**

**8.** (1) The lead merchant bankers shall submit the following to the Board along with the draft offer document**:**

(a) a copy of the agreement entered into between the issuer and the lead merchant bankers;

(b) a copy of inter-se allocation of responsibilities of each merchant banker, in case the issue is managed by more than one merchant banker;

(c) a due diligence certificate as per **Form A of Schedule VI;**

(d) in case of an issue of convertible debt instruments, a due diligence certificate from the debenture trustee as per **Form B of Schedule VI;**

[9][(e) a certificate confirming compliance of the conditions specified in **Part C of Schedule VIII.**]

(2) The lead merchant bankers shall submit the following documents to the Board after issuance of observations by the Board or after expiry of the period stipulated in sub-regulation (2) of regulation 6 if the Board has not issued observations:

(a) a statement certifying that all changes, suggestions and observations made by the Board have been incorporated in the offer document;

(b) a due diligence certificate as per **Form C of Schedule VI**, at the time of registering the prospectus with the Registrar of Companies;

(c) a copy of the resolution passed by the board of directors of the issuer for allotting specified securities to promoters towards amount received against promoters' contribution, before opening of the issue;

(d) a certificate from a Chartered Accountant, before opening of the issue, certifying that promoters' contribution has been received in accordance with these regulations, accompanying therewith the names and addresses of the promoters who have contributed

[9] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 23.09.2011. Prior to its substitution, clause (e) as amended by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010 and SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010, read as under:

"(e) a certificate in the format specified in **Part C of Schedule VII**, confirming compliance of the conditions mentioned therein."

to the promoters' contribution and the amount paid by each of them towards such contribution;

(e) a due diligence certificate as per **Form D of Schedule VI**, immediately before the opening of the issue, certifying that necessary corrective action, if any, has been taken;

(f) a due diligence certificate as per **Form E of Schedule VI**, after the issue has opened but before it closes for subscription.

(3) The issuer shall, at the time of filing draft offer document with the recognised stock exchange where the specified securities are proposed to be listed, submit the Permanent Account Number, bank account number and passport number of its promoters to such stock exchange.

**Draft offer document to be made public.**

**9.** (1) The draft offer document filed with the Board shall be made public, for comments, if any, for a period of at least twenty one days from the date of such filing, by hosting it on the websites of the Board, recognised stock exchanges where specified securities are proposed to be listed and merchant bankers associated with the issue.

(2) The lead merchant bankers shall, after expiry of the period stipulated in sub-regulation (1), file with the Board a statement giving information of the comments received by them or the issuer on the draft offer document during that period and the consequential changes, if any, to be made in the draft offer document.

[10][(3) The issuer either on the date of filing the draft offer document with the Board or on the next day shall make a public announcement in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the registered office of the issuer is situated, disclosing to the public the fact of filing of draft offer document with the Board and inviting the public to give their comments to the Board in respect of disclosures made in the draft offer document.]

**Fast Track Issue.**

**10.** (1) Nothing contained in sub-regulations (1), (2) and (3) of regulation 6 and regulations 7 and 8 shall apply to a public issue or rights issue if the issuer satisfies the following conditions:

(a) the equity shares of the issuer have been listed on any recognised stock exchange having nationwide trading terminals for a period of at least three years immediately preceding the reference date;

(b) the average market capitalisation of public shareholding of the issuer is at least [11][five thousand crore rupees];

(c) the annualised trading turnover of the equity shares of the issuer during six calendar months immediately preceding the month of the reference date has been at least two per cent. of the weighted average number of equity shares listed during such six months' period:

[12][Provided that for issuers, whose public shareholding is less than fifteen per cent. of its issued equity capital, the annualised trading turnover of its equity shares has been at

[10] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

[11] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, for the words "ten thousand crore rupees" w.e.f. 11.12.2009.

[12] Inserted, *ibid.*

least two per cent. of the weighted average number of equity shares available as free float during such six months' period;]

(d) the issuer has redressed at least ninety five per cent. of the complaints received from the investors till the end of the quarter immediately preceding the month of the reference date;

(e) the issuer has been in compliance with the equity listing agreement for a period of at least three years immediately preceding the reference date:

[13][Provided that if the issuer has not complied with the provision of the equity listing agreement relating to composition of board of directors, for any quarter during the last three years immediately preceding the reference date, but is compliant with such provisions at the time of filing of offer document with the Registrar of Companies or designated stock exchange, as the case may be, and adequate disclosures are made in the offer document about such non-compliances during the three years immediately preceding the reference date, it shall be deemed as compliance with the condition;]

(f) the impact of auditors' qualifications, if any, on the audited accounts of the issuer in respect of those financial years for which such accounts are disclosed in the offer document does not exceed five per cent. of the net profit or loss after tax of the issuer for the respective years;

(g) no show-cause notices have been issued or prosecution proceedings initiated [14][by the Board] or pending against the issuer or its promoters or whole time directors as on the reference date;

(h) the entire shareholding of the promoter group of the issuer is held in dematerialised form on the reference date.

(2) The issuer shall file the offer document with the Board and the recognised stock exchanges in accordance with sub-regulations (4), (5) and (6) of regulation 6 and shall pay fees to the Board as specified in **Schedule IV**.

(3) The lead merchant bankers shall submit to the Board, the following documents along with the offer document:

(a) a due diligence certificate as per **Form A of Schedule VI** including additional confirmations as specified in **Form F of Schedule VI;**

(b) in case of a fast track issue of convertible debt instruments, a due diligence certificate from the debenture trustee as per **Form B of Schedule VI.**

**Explanation:** For the purposes of this regulation:

(I) "reference date" means:

(a) in case of a public issue by a listed issuer, the date of registering the red herring prospectus (in case of a book built issue) or prospectus (in case of a fixed price issue) with the Registrar of Companies; and

(b) in case of a rights issue by a listed issuer, the date of filing the letter of offer with the designated stock exchange.

(II) "average market capitalisation of public shareholding" means the sum of daily market capitalisation of public shareholding for a period of one year up to the end of the quarter preceding the month in which the proposed issue was approved by the shareholders or the board of the issuer, as the case may be, divided by the number of trading days.

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[13] Inserted by SEBI (Issue of Capital and Disclosure Requirements) Amendment) Regulations, 2009, w.e.f. 11.12.2009.

[14] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

(III) "public shareholding" shall have the same meaning as assigned to it in the equity listing agreement.

**Opening of an issue.**

**11.** (1) Subject to the compliance with sub-section (4) of section 60 of the Companies Act, 1956, a public issue or rights issue may be opened:

(a) within twelve months from the date of issuance of the observations by the Board under regulation 6; or

(b) within three months of expiry of the period stipulated in sub-regulation (2) of regulation 6, if the Board has not issued observations:

Provided that in case of a fast track issue, the issue shall open within the period stipulated in sub-section (4) of section 60 of the Companies Act, 1956.

(2) In case of shelf prospectus, the first issue may be opened within three months of issuance of observations by the Board.

(3) The issuer shall, before registering the red herring prospectus (in case of a book built issue) or prospectus (in case of a fixed price issue) with the Registrar of Companies or filing the letter of offer with the designated stock exchange, as the case may be, file with the Board through the lead merchant bankers, an updated offer document highlighting all changes made in the offer document.

(4) Notwithstanding anything contained in this regulation, if there are changes in the offer document in relation to the matters specified in **Schedule VII**, the updated offer document or new draft offer document, as the case may be, shall be filed with the Board along with fees specified in **Schedule IV**.

**Dispatch of issue material.**

**12.** The lead merchant bankers shall dispatch the offer document and other issue material including forms for ASBA to the designated stock exchange, syndicate members, underwriters, bankers to the issue, investors' associations and Self Certified Syndicate Banks in advance.

**Underwriting.**

**13.** (1) Where the issuer making a public issue (other than through the book building process) or rights issue, desires to have the issue underwritten, it shall appoint the underwriters in accordance with Securities and Exchange Board of India (Underwriters) Regulations, 1993.

(2) Where the issuer makes a public issue through the book building process, such issue shall be underwritten by book runners or syndicate members:

[15][Provided that atleast fifty per cent. of the net offer to the public proposed to be compulsorily allotted to qualified institutional buyers for the purpose of compliance of the eligibility conditions specified in sub-regulation (2) of regulation 26 and regulation 27, cannot be underwritten.]

(3) The issuer shall enter into underwriting agreement with the book runner, who in turn shall enter into underwriting agreement with syndicate members, indicating therein the number of specified securities which they shall subscribe to at the predetermined price in the event of under-subscription in the issue.

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[15] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 23.09.2011. Prior to its substitution, proviso as amended by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010., read as under:

"Provided that fifty per cent. sixty per cent, if public issue is made with at least ten per cent. public offer under clause (b) of sub-rule (2) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 of the net offer to public proposed to be compulsorily allotted to qualified institutional buyers for the purpose of compliance of the eligibility conditions specified in sub-regulation (2) of regulation 26 and regulation 27 cannot be underwritten."

(4) If syndicate members fail to fulfil their underwriting obligations, the lead book runner shall fulfil the underwriting obligations.
(5) The book runners and syndicate members shall not subscribe to the issue in any manner except for fulfilling their underwriting obligations.
(6) A copy of the syndicate agreement shall be filed with the Board before the opening of bids.
(7) In case of every underwritten issue, the lead merchant banker or the lead book runner shall undertake minimum underwriting obligations as specified in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.
(8) Where hundred per cent. of the offer through offer document is underwritten, the underwriting obligations shall be for the entire hundred per cent. of the offer through offer document and shall not be restricted upto the minimum subscription level.

**Minimum subscription.**
**14.** (1) The minimum subscription to be received in an issue shall not be less than ninety per cent. of the offer through offer document.
(2) In the event of non-receipt of minimum subscription referred to in sub-regulation (1), all application moneys received shall be refunded to the applicants forthwith, but not later than:
(a) fifteen days of the closure of the issue, in case of a non-underwritten issue; and
(b) seventy days of the closure of the issue, in the case of an underwritten issue where minimum subscription including devolvement obligations paid by the underwriters is not received within sixty days of the closure of the issue.
(3) The offer document shall contain adequate disclosures regarding minimum subscription as specified in **Part A of Schedule VIII**.
(4) Nothing contained in this regulation shall apply to:
(a) offer for sale of specified securities;
(b) public issue by infrastructure companies if the disclosures regarding the alternate source of funding of the objects of the issue have been made in the offer document.
**Explanation:** For the purpose of clause (b) of sub-regulation (4), the term "infrastructure company" means, an enterprise wholly engaged in the business of (i) developing or (ii) operating and maintaining or (iii) developing, operating and maintaining any infrastructure facility.

**Oversubscription.**
**15.** No allotment shall be made by the issuer in excess of the specified securities offered through the offer document:
Provided that in case of oversubscription, an allotment of not more than ten per cent. of the net offer to public may be made for the purpose of making allotment in minimum lots.

**Monitoring agency.**
**16.** (1) If the issue size exceeds five hundred crore rupees, the issuer shall make arrangements for the use of proceeds of the issue to be monitored by a public financial institution or by one of the scheduled commercial banks named in the offer document as bankers of the issuer:
Provided that nothing contained in this clause shall apply to an offer for sale or an issue of specified securities made by a bank or public financial institution [16][or an insurance company].
(2) The monitoring agency shall submit its report to the issuer in the format specified in **Schedule IX** on a half yearly basis, till the proceeds of the issue have been fully utilised.

[16] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

**Manner of calls.**

**17.** If the issuer proposes to receive subscription monies in calls, it shall ensure that the outstanding subscription money is called within twelve months from the date of allotment in the issue and if any applicant fails to pay the call money within the said twelve months, the equity shares on which there are calls in arrear along with the subscription money already paid on such shares shall be forfeited:

Provided that it shall not be necessary to call the outstanding subscription money within twelve months, if the issuer has appointed a monitoring agency in terms of regulation 16.

**Allotment, refund and payment of interest.**

**18.** (1) The issuer and merchant bankers shall ensure that specified securities are allotted and/or application moneys are refunded within fifteen days from the date of closure of the issue.

(2) Where specified securities are not allotted and/or application moneys are not refunded within the period stipulated in sub-regulation (1), the issuer shall undertake to pay interest at such rate and within such time as disclosed in the offer document.

**Restriction on further capital issues.**

**19.** No issuer shall make any further issue of specified securities in any manner whether by way of public issue, rights issue, preferential issue, qualified institutions placement, issue of bonus shares or otherwise:

(a) in case of a fast track issue, during the period between the date of registering the red herring prospectus (in case of a book built issue) or prospectus (in case of a fixed price issue) with the Registrar of Companies or filing the letter of offer with the designated stock exchange and the listing of the specified securities offered through the offer document or refund of application moneys; or

(b) in case of other issues, during the period between the date of filing the draft offer document with the Board and the listing of the specified securities offered through the offer document or refund of application moneys;

unless full disclosures regarding the total number of specified securities and amount proposed to be raised from such further issue are made in such draft offer document or offer document, as the case may be.

**Additional requirements for issue of convertible debt instruments.**

**20.** (1) In addition to other requirements laid down in these regulations, an issuer making a public issue or rights issue of convertible debt instruments shall comply with the following conditions:

(a) it has obtained credit rating from one or more credit rating agencies;

(b) it has appointed one or more debenture trustees in accordance with the provisions of section 117B of the Companies Act, 1956 and Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

(c) it has created debenture redemption reserve in accordance with the provisions of section 117C of the Companies Act, 1956;

(d) if the issuer proposes to create a charge or security on its assets in respect of secured convertible debt instruments, it shall ensure that:

(i) such assets are sufficient to discharge the principal amount at all times;

(ii) such assets are free from any encumbrance;

(iii) where security is already created on such assets in favour of financial institutions or banks or the issue of convertible debt instruments is proposed to be secured by creation of security on a leasehold land, the consent of such financial institution,

bank or lessor for a second or pari passu charge has been obtained and submitted to the debenture trustee before the opening of the issue;

(iv) the security/asset cover shall be arrived at after reduction of the liabilities having a first/prior charge, in case the convertible debt instruments are secured by a second or subsequent charge.

(2) The issuer shall redeem the convertible debt instruments in terms of the offer document.

**Roll over of non convertible portion of partly convertible debt instruments.**

**21**. (1) The non-convertible portion of partly convertible debt instruments issued by a listed issuer, the value of which exceeds fifty lakh rupees, may be rolled over without change in the interest rate, subject to compliance with the provisions of section 121 of the Companies Act, 1956 and the following conditions:

(a) seventy five per cent. of the holders of the convertible debt instruments of the issuer have, through a resolution, approved the rollover through postal ballot;

(b) the issuer has, along with the notice for passing the resolution, sent to all holders of the convertible debt instruments, an auditors' certificate on the cash flow of the issuer and with comments on the liquidity position of the issuer;

(c) the issuer has undertaken to redeem the non-convertible portion of the partly convertible debt instruments of all the holders of the convertible debt instruments who have not agreed to the resolution;

(d) credit rating has been obtained from at least one credit rating agency registered with the Board within a period of six months prior to the due date of redemption and has been communicated to the holders of the convertible debt instruments, before the roll over;

(2) The creation of fresh security and execution of fresh trust deed shall not be mandatory if the existing trust deed or the security documents provide for continuance of the security till redemption of secured convertible debt instruments;

Provided that whether the issuer is required to create fresh security and to execute fresh trust deed or not shall be decided by the debenture trustee.

**Conversion of optionally convertible debt instruments into equity share capital.**

**22.** (1) An issuer shall not convert its optionally convertible debt instruments into equity shares unless the holders of such convertible debt instruments have sent their positive consent to the issuer and non-receipt of reply to any notice sent by the issuer for this purpose shall not be construed as consent for conversion of any convertible debt instruments.

(2) Where the value of the convertible portion of any convertible debt instruments issued by a listed issuer exceeds fifty lakh rupees and the issuer has not determined the conversion price of such convertible debt instruments at the time of making the issue, the holders of such convertible debt instruments shall be given the option of not converting the convertible portion into equity shares:

Provided that where the upper limit on the price of such convertible debt instruments and justification thereon is determined and disclosed to the investors at the time of making the issue, it shall not be necessary to give such option to the holders of the convertible debt instruments for converting the convertible portion into equity share capital within the said upper limit.

(3) Where an option is to be given to the holders of the convertible debt instruments in terms of sub-regulation (2) and if one or more of such holders do not exercise the option to convert the instruments into equity share capital at a price determined in the general meeting of the

shareholders, the issuer shall redeem that part of the instruments within one month from the last date by which option is to be exercised, at a price which shall not be less than its face value.
(4) The provision of sub-regulation (3) shall not apply if such redemption is in terms of the disclosures made in the offer document.

**Issue of convertible debt instruments for financing.**
**23.** No issuer shall issue convertible debt instruments for financing replenishment of funds or for providing loan to or for acquiring shares of any person who is part of the same group or who is under the same management:
Provided that an issuer may issue fully convertible debt instruments for these purposes if the period of conversion of such debt instruments is less than eighteen months from the date of issue of such debt instruments.
**Explanation:** For the purpose of this regulation:
(I) Two persons shall be deemed to be "part of the same group" if they belong to the group within the meaning of clause (ef) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) or if they own "inter connected undertakings within the meaning of clause (g) of section 2 of the said Act;
(II) The expression "under the same management" shall have the same meaning as assigned to it in sub-section (1B) of section 370 of the Companies Act, 1956 (1 of 1956).

**Alteration of rights of holders of specified securities.**
**24.** No issuer shall alter the terms (including the terms of issue) of specified securities which may adversely affect the interests of the holders of that specified securities, except with the consent in writing of the holders of not less than three-fourths of the specified securities of that class or with the sanction of a special resolution passed at a meeting of the holders of the specified securities of that class.

## CHAPTER III
## PROVISIONS AS TO PUBLIC ISSUE

### PART I - ELIGIBILITY REQUIREMENTS

**Reference date.**

**25.** Unless otherwise provided in this Chapter, an issuer making a public issue shall satisfy the conditions of this Chapter as on the date of filing draft offer document with the Board and also as on the date of registering the offer document with the Registrar of Companies.

**Conditions for initial public offer.**

**26.** (1) An issuer may make an initial public offer, if:

(a) it has net tangible assets of at least three crore rupees in each of the preceding three full years (of twelve months each), of which not more than fifty per cent. are held in monetary assets:

Provided that if more than fifty per cent. of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilise such excess monetary assets in its business or project;

[17][Provided further that the limit of fifty per cent. on monetary assets shall not be applicable in case the public offer is made entirely through an offer for sale.]

(b) [18][it has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, on both stand-alone as well as consolidated basis for at least three out of the immediately preceding five years;]

Provided that extraordinary items shall not be considered for calculating distributable profits;

[19][Provided further that an issuer who had subsidiary/ subsidiaries for a period lesser than five years, shall have net profits on a consolidated basis in atleast one year for which consolidated accounts are prepared.]

(c) it has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each);

(d) the aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year;

(e) if it has changed its name within the last one year, at least fifty per cent. of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name.

(2) An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if:

(a) (i) the issue is made through the book building process and the issuer undertakes to allot at least fifty per cent. of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers ;

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[17] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 23.09.2011.

[18] Substituted, *ibid*. Prior to its substitution, clause (b) read as under:
"(b) it has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three out of the immediately preceding five years:"

[19] Inserted, *ibid*.

or

(ii) at least fifteen per cent. of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than ten per cent. shall come from the appraisers and the issuer undertakes to allot at least ten per cent. of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers;

(b) (i) the minimum post-issue face value capital of the issuer is ten crore rupees;

or

(ii) the issuer undertakes to provide market-making for at least two years from the date of listing of the specified securities, subject to the following:

(A) the market makers offer buy and sell quotes for a minimum depth of three hundred specified securities and ensure that the bid-ask spread for their quotes does not, at any time, exceed ten per cent.;

(B) the inventory of the market makers, as on the date of allotment of the specified securities, shall be at least five per cent. of the proposed issue.

(3) An issuer may make an initial public offer of convertible debt instruments without making a prior public issue of its equity shares and listing thereof.

(4) An issuer shall not make an allotment pursuant to a public issue if the number of prospective allottees is less than one thousand.

[20][(5) No issuer shall make an initial public offer if there are any outstanding convertible securities or any other right which would entitle any person with any option to receive equity shares:]

Provided that the provisions of this sub-regulation shall not apply to:

(a) a public issue made during the currency of convertible debt instruments which were issued through an earlier initial public offer, if the conversion price of such convertible debt instruments was determined and disclosed in the prospectus of the earlier issue of convertible debt instruments;

(b) outstanding options granted to employees pursuant to an employee stock option scheme framed in accordance with the relevant Guidance Note or Accounting Standards, if any, issued by the Institute of Chartered Accountants of India in this regard.

[21][(c) fully paid-up outstanding convertible securities which are required to be converted on or before the date of filing of the red herring prospectus (in case of book-built issues) or the prospectus (in case of fixed price issues), as the case may be.]

(5) Subject to provisions of the Companies Act, 1956 and these regulations, equity shares may be offered for sale to public if such equity shares have been held by the sellers for a period of at least one year prior to the filing of draft offer document with the Board in accordance with sub-regulation (1) of regulation 6:

Provided that in case equity shares received on conversion or exchange of fully paid-up compulsorily convertible securities including depository receipts are being offered for sale, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of one year period referred in this sub-regulation:

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[20] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010. Prior to its substitution, sub-regulation (5) as amended by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010, read as under :

"(5) No issuer shall make an initial public offer if as on the date of registering the prospectus with the Registrar of Companies there are any outstanding convertible securities or any other right which would entitle any person any option to receive equity shares after the initial public offer:"

[21] Inserted, *ibid*.

Provided further that the requirement of holding equity shares for a period of one year shall not apply:

(a) in case of an offer for sale of specified securities of a government company or statutory authority or corporation or any special purpose vehicle set up and controlled by any one or more of them, which is engaged in infrastructure sector;

(b) if the specified securities offered for sale were acquired pursuant to any scheme approved by a High Court under sections 391-394 of the Companies Act, 1956, in lieu of business and invested capital which had been in existence for a period of more than one year prior to such approval.

(6) No issuer shall make an initial public offer, unless as on the date of registering prospectus or red herring prospectus with the Registrar of Companies, the issuer has obtained grading for the initial public offer from at least one credit rating agency registered with the Board**.**

**Explanation:** For the purposes of this regulation:

(I) "net tangible assets" mean the sum of all net assets of the issuer, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India;

(II) "project" means the object for which monies are proposed to be raised to cover the objects of the issue;

(III) In case of an issuer which had been a partnership firm, the track record of distributable profits of the partnership firm shall be considered only if the financial statements of the partnership business for the period during which the issuer was a partnership firm, conform to and are revised in the format prescribed for companies under the Companies Act, 1956 and also comply with the following:

  (a) adequate disclosures are made in the financial statements as required to be made by the issuer as per Schedule VI of the Companies Act, 1956;

  (b) the financial statements are duly certified by a Chartered Accountant stating that:

    (i) the accounts and the disclosures made are in accordance with the provisions of Schedule VI of the Companies Act, 1956;

    (ii) the accounting standards of the Institute of Chartered Accountants of India have been followed;

    (iii) the financial statements present a true and fair view of the firm's accounts;

(IV) In case of an issuer formed out of a division of an existing company, the track record of distributable profits of the division spun-off shall be considered only if the requirements regarding financial statements as provided for partnership firms in Explanation III are complied with;

(V) "bid-ask spread" means the difference between quotations for sale and purchase;

(VI) The term "infrastructure sector" includes the facilities or services as specified in **Schedule X.**

**Conditions for further public offer.**

**27.** An issuer may make a further public offer if it satisfies the conditions specified in clauses (d) and (e) of sub-regulation (1) of regulation 26 and if it does not satisfy those conditions, it may make a further public offer if it satisfies the conditions specified in sub-regulation (2) of regulation 26.

## PART II - PRICING IN PUBLIC ISSUE

**Pricing.**

**28.** (1) An issuer may determine the price of specified securities in consultation with the lead merchant banker or through the book building process.

(2) An issuer may determine the coupon rate and conversion price of convertible debt instruments in consultation with the lead merchant banker or through the book building process.

(3) The issuer shall undertake the book building process in a manner specified in **Schedule XI**.

**Differential pricing.**

**29.** An issuer may offer specified securities at different prices, subject to the following:

(a) retail individual investors or retail individual shareholders [22][or employees [23][***] entitled for reservation made under regulation 42 making an application for specified securities of value not more than one lakh rupees,] may be offered specified securities at a price lower than the price at which net offer is made to other categories of applicants:

Provided that such difference shall not be more than ten per cent. of the price at which specified securities are offered to other categories of applicants;

(b) in case of a book built issue, the price of the specified securities offered to an anchor investor shall not be lower than the price offered to other applicants;

(c) in case of a composite issue, the price of the specified securities offered in the public issue may be different from the price offered in rights issue and justification for such price difference shall be given in the offer document.

[24][(d) In case the issuer opts for the alternate method of book building in terms of Part D of Schedule XI, the issuer may offer specified securities to its employees at a price lower than the floor price:

Provided that the difference between the floor price and the price at which specified securities are offered to employees shall not be more than ten per cent. of the floor price.]

**Price and price band.**

**30.** (1) The issuer may mention a price or price band in the draft prospectus (in case of a fixed price issue) and floor price or price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before registering the prospectus with the Registrar of Companies:

Provided that the prospectus registered with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.

(2) If the floor price or price band is not mentioned in the red herring prospectus, the issuer shall announce the floor price or price band at least two working days before the opening of the bid (in case of an initial public offer) and at least one working day before the opening of the bid (in case of a further public offer), in all the newspapers in which the pre issue advertisement was released.

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[22] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 11.12.2009.

[23] The words "of the issuer" omitted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

[24] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2010, w.e.f. 08.01.2010.

(3) The announcement referred to in sub-regulation (2) shall contain relevant financial ratios computed for both upper and lower end of the price band and also a statement drawing attention of the investors to the section titled "basis of issue price" in the prospectus.
(4) The cap on the price band shall be less than or equal to one hundred and twenty per cent. of the floor price.
(5) The floor price or the final price shall not be less than the face value of the specified securities.
**Explanation:** For the purposes of sub-regulation (4), the "cap on the price band" includes cap on the coupon rate in case of convertible debt instruments.

**Face value of equity shares.**
**31.** (1) Subject to the provisions of the Companies Act, 1956, the Act and these regulations, an issuer making an initial public offer may determine the face value of the equity shares in the following manner:

(a) if the issue price per equity share is five hundred rupees or more, the issuer shall have the option to determine the face value at less than ten rupees per equity share:
Provided that the face value shall not be less than one rupee per equity share;

(b) if the issue price per equity share is less than five hundred rupees, the face value of the equity shares shall be ten rupees per equity share:
Provided that nothing contained in this sub-regulation shall apply to initial public offer made by any government company, statutory authority or corporation or any special purpose vehicle set up by any of them, which is engaged in infrastructure sector.

(2) The disclosure about the face value of equity shares (including the statement about the issue price being "X" times of the face value) shall be made in the advertisements, offer documents and application forms in identical font size as that of issue price or price band.
**Explanation**: For the purposes of this regulation, the term "infrastructure sector" includes the facilities or services as specified in **Schedule X.**

## PART III - PROMOTERS' CONTRIBUTION

**Minimum promoters' contribution.**

**32.** (1) The promoters of the issuer shall contribute in the public issue as follows:

(a) in case of an initial public offer, not less than twenty per cent. of the post issue capital;

(b) in case of a further public offer, either to the extent of twenty per cent. of the proposed issue size or to the extent of twenty per cent. of the post-issue capital;

(c) in case of a composite issue, either to the extent of twenty per cent. of the proposed issue size or to the extent of twenty per cent. of the post-issue capital excluding the rights issue component.

(2) In case of a public issue or composite issue of convertible securities, minimum promoters' contribution shall be as follows:

(a) the promoters shall contribute twenty per cent. as stipulated in clauses (a), (b) or (c) of sub-regulation (1), as the case may be, either by way of equity shares or by way of subscription to the convertible securities:

Provided that if the price of the equity shares allotted pursuant to conversion is not pre-determined and not disclosed in the offer document, the promoters shall contribute only by way of subscription to the convertible securities being issued in the public issue and shall undertake in writing to subscribe to the equity shares pursuant to conversion of such securities.

(b) in case of any issue of convertible securities which are convertible or exchangeable on different dates and if the promoters' contribution is by way of equity shares (conversion price being pre-determined), such contribution shall not be at a price lower than the weighted average price of the equity share capital arising out of conversion of such securities.

(c) subject to the provisions of clause (a) and (b) above, in case of an initial public offer of convertible debt instruments without a prior public issue of equity shares, the promoters shall bring in a contribution of at least twenty per cent. of the project cost in the form of equity shares, subject to contributing at least twenty per cent. of the issue size from their own funds in the form of equity shares:

Provided that if the project is to be implemented in stages, the promoters' contribution shall be with respect to total equity participation till the respective stage vis-à-vis the debt raised or proposed to be raised through the public issue.

(3) In case of a further public offer or composite issue where the promoters contribute more than the stipulated minimum promoters' contribution, the allotment with respect to excess contribution shall be made at a price determined in terms of the provisions of regulation 76 or the issue price, whichever is higher.

(4) The promoters shall satisfy the requirements of this regulation at least one day prior to the date of opening of the issue and the amount of promoters' contribution shall be kept in an escrow account with a scheduled commercial bank and shall be released to the issuer along with the release of the issue proceeds:

Provided that where the promoters' contribution has already been brought in and utilised, the issuer shall give the cash flow statement disclosing the use of such funds in the offer document;

Provided further that where the minimum promoters' contribution is more than one hundred crore rupees, the promoters shall bring in at least one hundred crore rupees before the date of opening of the issue and the remaining amount may be brought on pro-rata basis before the calls are made to public.

**Explanation**: For the purpose of this regulation:

(I) Promoters' contribution shall be computed on the basis of the post-issue expanded capital:
   (a) assuming full proposed conversion of convertible securities into equity shares;
   (b) assuming exercise of all vested options, where any employee stock options are outstanding at the time of initial public offer in terms of proviso (b) to sub-regulation (5) of regulation 26.

(II) For computation of "weighted average price":
   (a) "weights" means the number of equity shares arising out of conversion of such specified securities into equity shares at various stages;
   (b) "price" means the price of equity shares on conversion arrived at after taking into account predetermined conversion price at various stages.

**Securities ineligible for minimum promoters' contribution.**

**33.** (1) For the computation of minimum promoters' contribution, the following specified securities shall not be eligible:

(a) specified securities acquired during the preceding three years, if they are:
   (i) acquired for consideration other than cash and revaluation of assets or capitalisation of intangible assets is involved in such transaction; or
   (ii) resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against equity shares which are ineligible for minimum promoters' contribution;

(b) specified securities acquired by promoters during the preceding one year at a price lower than the price at which specified securities are being offered to public in the initial public offer:

   Provided that nothing contained in this clause shall apply:
   (i) if promoters pay to the issuer, the difference between the price at which specified securities are offered in the initial public offer and the price at which the specified securities had been acquired;
   (ii) if such specified securities are acquired in terms of the scheme under sections 391-394 of the Companies Act, 1956, as approved by a High Court, by promoters in lieu of business and invested capital that had been in existence for a period of more than one year prior to such approval;
   (iii) to an initial public offer by a government company, statutory authority or corporation or any special purpose vehicle set up by any of them, which is engaged in infrastructure sector;

(c) specified securities allotted to promoters during the preceding one year at a price less than the issue price, against funds brought in by them during that period, in case of an issuer formed by conversion of one or more partnership firms, where the partners of the erstwhile partnership firms are the promoters of the issuer and there is no change in the management:

   Provided that specified securities, allotted to promoters against capital existing in such firms for a period of more than one year on a continuous basis, shall be eligible;

(d) specified securities pledged with any creditor.

(2) Specified securities referred to in clauses (a) and (c) of sub-regulation (1) shall be eligible for the computation of promoters' contribution, if such securities are acquired pursuant to a scheme which has been approved under sections 391-394 of the Companies Act, 1956.

**Explanation**: For the purposes of clause (b) of sub-regulation (1), the term "infrastructure sector" includes the facilities or services as specified in **Schedule X.**

**Requirement of minimum promoters' contribution not applicable in certain cases.**

**34.** The requirements of minimum promoters' contribution shall not apply in case of:

(a) an issuer which does not have any identifiable promoter;

(b) a further public offer, where the equity shares [25][of the issuer] [26][***] are not infrequently traded in a recognised stock exchange for a period of at least three years and the issuer has a track record of dividend payment for at least immediately preceding three years:

Provided that where promoters propose to subscribe to the specified securities offered to the extent greater than higher of the two options available in clause (b) of sub-regulation (1) of regulation 32, the subscription in excess of such percentage shall be made at a price determined in terms of the provisions of regulation 76 or the issue price, whichever is higher.

(c) rights issues.

**Explanation:** For the purpose of clause (b), the words "infrequently traded" have the same meaning as assigned to them in Explanation to sub-regulation (5) of regulation 20 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and the reference date for the purpose of computing the annualised trading turnover referred to in the said Explanation shall be the date of filing the draft offer document with the Board and in case of a fast track issue, the date of filing the offer document with the Registrar of Companies before opening of the issue.

[25] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

[26] Words "of the same class which are proposed to be allotted pursuant to conversion or exchange of convertible securities offered through the offer or are proposed to be allotted in the offer have been listed and" omitted, *ibid.*

## PART IV - RESTRICTION ON TRANSFERABILITY (LOCK-IN) OF PROMOTERS' CONTRIBUTION, ETC.

**Date of commencement of lock in and inscription of non-transferability.**

**35.** (1) Save as otherwise provided in this Chapter, specified securities held by promoters and persons other than promoters shall not be transferable (hereinafter referred to as "lock-in') from the date of allotment of the specified securities in the proposed public issue for the period stipulated in this Chapter .

(2) The certificate of specified securities which are subject to lock-in shall contain the inscription "non transferable" and the lock-in period and in case such specified securities are dematerialised, the issuer shall ensure that lock-in is recorded by the depository.

(3) Where the specified securities which are subject to lock-in are partly paid-up and the amount called-up on such specified securities is less than the amount called-up on the specified securities issued to the public, the "lock-in" shall end only on the expiry of three years after such specified securities have become pari-passu with the specified securities issued to the public.

**Lock-in of specified securities held by promoters.**

**36.** In a public issue, the specified securities held by promoters shall be locked-in for the period stipulated hereunder:

(a) minimum promoters' contribution shall be locked-in for a period of three years from the date of commencement of commercial production or date of allotment in the public issue, whichever is later;

(b) promoters' holding in excess of minimum promoters' contribution shall be locked-in for a period of one year:

Provided that excess promoters' contribution as provided in proviso to clause (b) of regulation 34 shall not be subject to lock-in.

**Explanation:** For the purposes of this clause, the expression "date of commencement of commercial production" means the last date of the month in which commercial production in a manufacturing company is expected to commence as stated in the offer document.

**Lock-in of specified securities held by persons other than promoters.**

**37.** In case of an initial public offer, the entire pre-issue capital held by persons other than promoters shall be locked-in for a period of one year:

Provided that nothing contained in this regulation shall apply to:

(a) equity shares allotted to employees under an employee stock option or employee stock purchase scheme of the issuer prior to the initial public offer, if the issuer has made full disclosures with respect to such options or scheme in accordance with **Part A of Schedule VIII**;

(b) equity shares held by a venture capital fund or a foreign venture capital investor for a period of at least one year prior to the date of filing the draft prospectus with the Board:

**Explanation**: For the purpose of clause (b), in case such equity shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of one year period and convertible securities shall be deemed to be fully paid-up, if the entire consideration payable thereon has been paid and no further consideration is payable at the time of their conversion.

**Lock-in of specified securities lent to stabilising agent under green shoe option.**

**38.** The lock-in provisions of this Chapter shall not apply with respect to the specified securities lent to stabilising agent for the purpose of green shoe option, during the period starting from the date of lending of such specified securities and ending on the date on which they are returned to the lender in terms of sub-regulation (5) or (6) of regulation 45:

Provided that the specified securities shall be locked-in for the remaining period from the date on which they are returned to the lender.

**Pledge of locked-in specified securities.**

**39.** Specified securities held by promoters and locked-in may be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution, subject to the following:

(a) if the specified securities are locked-in in terms of clause (a) of regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of specified securities is one of the terms of sanction of the loan;

(b) if the specified securities are locked-in in terms of clause (b) of regulation 36 and the pledge of specified securities is one of the terms of sanction of the loan.

**Transferability of locked-in specified securities.**

**40.** Subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, the specified securities held by promoters and locked-in as per regulation 36 may be transferred to another promoter or any person of the promoter group or a new promoter or a person in control of the issuer and the specified securities held by persons other than promoters and locked-in as per regulation 37 may be transferred to any other person holding the specified securities which are locked-in along with the securities proposed to be transferred:

Provided that lock-in on such specified securities shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated in these regulations has expired.

## PART V - MINIMUM OFFER TO PUBLIC, RESERVATIONS, ETC.

**Minimum offer to public.**

**41.** (1) Subject to the provisions of sub-clause (b) of clause (2) of rule 19 of Securities Contracts (Regulations) Rules, 1957, the net offer to public:

(a) in case of an initial public offer, shall be at least ten per cent. or twenty five per cent. of the post-issue capital, as the case may be; and

(b) in case of a further public offer, shall be at least ten per cent. or twenty five per cent. of the issue size, as the case may be.

(2) Nothing contained in sub- regulation (1) shall apply if the issuer is:

(a) a government company or statutory authority or corporation or any special purpose vehicle set up and controlled by any one or more of them, which is engaged in infrastructure sector;

(b) an infrastructure company fulfilling the following conditions:

(i) its project has been appraised by one or more public financial institutions;

(ii) not less than fifty per cent. of the project cost is financed by one or more such institutions, jointly or severally, by way of loan or subscription to equity shares or a combination of both, irrespective of whether they appraise the project or not.

**Explanation:** For the purpose of this regulation:

(I) The term "infrastructure company" means, an enterprise wholly engaged in the business of (i) developing or (ii) operating and maintaining or (iii) developing, operating and maintaining any infrastructure facility;

(II) The term "infrastructure sector" includes the facilities or services as specified in **Schedule X**.

**Reservation on competitive basis.**

**42.** (1) In case of an issue made through the book building process, the issuer may make reservation on competitive basis out of the issue size excluding promoters' contribution and net offer to public in favour of the following categories of persons:

(a) [27][employees; and in case of a new issuer, persons who are in the permanent and full time employment of the promoting companies excluding the promoters and an immediate relative of the promoter of such companies;]

(b) shareholders (other than promoters) of:

(i) listed promoting companies, in case of a new issuer; and

(ii) listed group companies, in case of an existing issuer:

Provided that if the promoting companies are designated financial institutions or state and central financial institutions, the shareholders of such promoting companies shall not be eligible for the reservation on competitive basis;

(c) persons who, as on the date of filing the draft offer document with the Board, are associated with the issuer as depositors, bondholders or subscribers to services of the issuer making an initial public offer:

Provided that the issuer shall not make the reservation to the issue management team, syndicate members, their promoters, directors and employees and for the group or associate companies of the issue management team and syndicate members and their promoters, directors and employees;

[27] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010. Prior to substitution, clause (a) read as under:
"(a) employees of the issuer including employees of the promoting companies in case of a new issuer;"

(2) In case of an issue made other than through the book building process, the issuer may make reservation on competitive basis out of the issue size excluding promoters' contribution and net offer to public in favour of the following categories of persons:

(a) [28][employees; and in case of a new issuer, persons who are in the permanent and full time employment of the promoting companies excluding the promoters and an immediate relative of the promoter of such companies;]

(b) shareholders (other than promoters) of:

(i) listed promoting companies, in the case of a new issuer; and

(ii) listed group companies, in the case of an existing issuer:

Provided that if the promoting companies are designated financial institutions or state and central financial institutions, the shareholders of such promoting companies shall not be eligible for the reservation on competitive basis.

(3) In case of a further public offer (not being a composite issue), the issuer may make reservation on competitive basis out of the issue size excluding promoters' contribution and net offer to public in favour of retail individual shareholders of the issuer.

(4) The reservation on competitive basis shall be subject to following conditions:

(a) the aggregate of reservations for employees shall not exceed [29][five per cent. of the post issue capital of the issuer];

(b) reservation for shareholders shall not exceed ten per cent. of the issue size;

(c) reservation for persons who as on the date of filing the draft offer document with the Board, have business association as depositors, bondholders and subscribers to services with the issuer making an initial public offer shall not exceed five per cent. of the issue size;

(d) no further application for subscription in the net offer to public category shall be entertained from any person (except an employee and retail individual shareholder) in favour of whom reservation on competitive basis is made;

(e) any unsubscribed portion in any reserved category may be added to any other reserved category and the unsubscribed portion, if any, after such inter-se adjustments among the reserved categories shall be added to the net offer to the public category;

(f) in case of under-subscription in the net offer to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the net public offer category;

(g) [30][value of allotment to any employee in pursuance of reservation made under sub-regulations (1) or (2), as the case may be, shall not exceed [31][two lakhs] rupees.]

(5) In the case of reserved categories, a single applicant in the reserved category may make an application for a number of specified securities which exceeds the reservation.

**Explanation:** For the purposes of this regulation:

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[28] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010. Prior to substitution, clause (a) read as under:
"(a) employees of the issuer including employees of the promoting companies in case of a new issuer;"

[29] Substituted for the words "ten per cent. of the issue size" by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009 w.e.f. 11.12.2009.

[30] Inserted, *ibid.*

[31] Substituted for "one lakh" by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

(I) The term "reservation on competitive basis" means reservation wherein specified securities are allotted in proportion of the number of specified securities applied for in respect of a particular reserved category to the number of specified securities reserved for that category;

(II) The term "new issuer" means an issuer which has not completed twelve months of commercial operation and its audited operative results are not available.

**Allocation in net offer to public.**

**43.** (1) No person shall make an application in the net offer to public category for that number of specified securities which exceeds the number of specified securities offered to public.

(2) In an issue made through the book building process, the allocation in the net offer to public category shall be made as follows:

(a) not less than thirty five per cent. to retail individual investors;

(b) not less than fifteen per cent. to non-institutional investors;

(c) not more than fifty per cent. to qualified institutional buyers, five per cent. of which shall be allocated to mutual funds:

Provided that in case of an issue made in terms of sub-clause (i) of clause (a) of sub-regulation (2) of regulation 26, at least fifty per cent. of the net offer to public shall be allotted to qualified institutional buyers:

[32][***]

Provided further that in addition to five per cent. allocation available in terms of clause (c), mutual funds shall be eligible for allocation under the balance available for qualified institutional buyers.

(3) In an issue made through the book building process, the issuer may allocate upto thirty per cent. of the portion available for allocation to qualified institutional buyers to an anchor investor in accordance with the conditions specified in this regard in Schedule XI.

(4) In an issue made other than through the book building process, allocation in the net offer to public category shall be made as follows:

(a) minimum fifty per cent. to retail individual investors; and

(b) remaining to:

(i) individual applicants other than retail individual investors; and

(ii) other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;

(c) the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in the other category.

**Explanation**: For the purpose of sub-regulation (4), if the retail individual investor category is entitled to more than fifty per cent. on proportionate basis, the retail individual investors shall be allocated that higher percentage.

**Safety-net arrangement.**

**44.** An issuer may provide for a safety-net arrangement for the specified securities offered in any public issue in consultation with the merchant banker after ascertaining the financial capacity of the person offering the safety-net arrangement, subject to disclosures specified in this regard in **Part A of Schedule VIII**:

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[32] Omitted, *ibid.* Prior to its omission, proviso read as under :

"Provided further that where the issuer is required to allocate sixty per cent of the net offer to public to qualified institutional buyers in terms of the provisions of sub-clause (*b*) of clause (*2*) of rule 19 of Securities Contracts (Regulation) Rules, 1957, allocation to retail individual investors and non-institutional investors shall be thirty per cent and ten per cent respectively:"

Provided that any such arrangement shall provide for an offer to purchase up to a maximum of one thousand specified securities per original resident retail individual allottee at the issue price within a period of six months from the last date of despatch of security certificates or credit of demat account.
**Explanation:** For the purpose of this regulation, the term "safety net arrangement" means an arrangement provided by the issuer under which a person offers to purchase specified securities from the original resident retail individual allottees at the issue price.

**Price stabilisation through green shoe option.**

**45.** (1) An issuer making a public issue of specified securities may provide green shoe option for stabilising the post listing price of its specified securities, subject to the following:

(a) the issuer has been authorized, by a resolution passed in the general meeting of shareholders approving the public issue, to allot specified securities to the stabilising agent, if required, on the expiry of the stabilisation period;

(b) the issuer has appointed a merchant banker or book runner, as the case may be, from amongst the merchant bankers appointed by the issuer as a stabilising agent, who shall be responsible for the price stabilisation process;

(c) prior to filing the draft offer document with the Board, the issuer and the stabilising agent have entered into an agreement, stating all the terms and conditions relating to the green shoe option including fees charged and expenses to be incurred by the stabilising agent for discharging his responsibilities;

(d) prior to filing the offer document with the Board, the stabilising agent has entered into an agreement with the promoters or pre-issue shareholders or both for borrowing specified securities from them in accordance with clause (g) of this sub-regulation, specifying therein the maximum number of specified securities that may be borrowed for the purpose of allotment or allocation of specified securities in excess of the issue size (hereinafter referred to as the "over- allotment"), which shall not be in excess of fifteen per cent. of the issue size;

(e) subject to clause (d), the lead merchant banker or lead book runner, in consultation with the stabilising agent, shall determine the amount of specified securities to be over-allotted in the public issue;

(f) the draft and final offer documents shall contain all material disclosures about the green shoe option specified in this regard in **Part A of Schedule VIII**;

(g) in case of an initial public offer pre-issue shareholders and promoters and in case of a further public offer pre-issue shareholders holding more than five per cent. specified securities and promoters, may lend specified securities to the extent of the proposed over-allotment;

(h) the specified securities borrowed shall be in dematerialised form and allocation of these securities shall be made pro-rata to all successful applicants.

(2) For the purpose of stabilisation of post-listing price of the specified securities, the stabilising agent shall determine the relevant aspects including the timing of buying such securities, quantity to be bought and the price at which such securities are to be bought from the market.

(3) The stabilisation process shall be available for a period not exceeding thirty days from the date on which trading permission is given by the recognised stock exchanges in respect of the specified securities allotted in the public issue.

(4) The stabilising agent shall open a special account, distinct from the issue account, with a bank for crediting the monies received from the applicants against the over-allotment and a special account with a depository participant for crediting specified securities to be bought from the market during the stabilisation period out of the monies credited in the special bank account.

(5) The specified securities bought from the market and credited in the special account with the depository participant shall be returned to the promoters or pre-issue shareholders immediately, in any case not later than two working days after the end of the stabilization period.
(6) On expiry of the stabilisation period, if the stabilising agent has not been able to buy specified securities from the market to the extent of such securities over-allotted, the issuer shall allot specified securities at issue price in dematerialised form to the extent of the shortfall to the special account with the depository participant, within five days of the closure of the stabilisation period and such specified securities shall be returned to the promoters or pre-issue shareholders by the stabilising agent in lieu of the specified securities borrowed from them and the account with the depository participant shall be closed thereafter.
(7) The issuer shall make a listing application in respect of the further specified securities allotted under sub-regulation (6), to all the recognised stock exchanges where the specified securities allotted in the public issue are listed and the provisions of Chapter VII shall not be applicable to such allotment.
(8) The stabilising agent shall remit the monies with respect to the specified securities allotted under sub-regulation (6) to the issuer from the special bank account.
(9) Any monies left in the special bank account after remittance of monies to the issuer under sub-regulation (8) and deduction of expenses incurred by the stabilising agent for the stabilisation process shall be transferred to the Investor Protection and Education Fund established by the Board and the special bank account shall be closed soon thereafter.
(10) The stabilising agent shall submit a report to the stock exchange on a daily basis during the stabilisation period and a final report to the Board in the format specified in **Schedule XII**.
(11) The stabilising agent shall maintain a register for a period of at least three years from the date of the end of the stabilisation period and such register shall contain the following particulars:

(a) The names of the promoters or pre-issue shareholders from whom the specified securities were borrowed and the number of specified securities borrowed from each of them;
(b) The price, date and time in respect of each transaction effected in the course of the stabilisation process; and
(c) The details of allotment made by the issuer on expiry of the stabilisation process.

**Period of subscription.**

**46.** (1) [33][Except as otherwise provided in these regulations] a public issue shall be kept open for at least three working days but not more than ten working days including the days for which the issue is kept open in case of revision in price band.
(2) In case the price band in a public issue made through the book building process is revised, the bidding (issue) period disclosed in the red herring prospectus shall be extended for a minimum period of three working days:
Provided that the total bidding period shall not exceed ten working days.

**Pre-issue advertisement for public issue.**

**47.** (1) Subject to the provisions of section 66 of the Companies Act, 1956, the issuer shall, after registering the red herring prospectus (in case of a book built issue) or prospectus (in case of fixed price issue) with the Registrar of Companies, make a pre-issue advertisement in one English national daily newspaper with wide circulation, Hindi national daily newspaper with wide

[33] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

circulation and one regional language newspaper with wide circulation at the place where the registered office of the issuer is situated.
(2) The pre-issue advertisement shall be in the format and shall contain the disclosures specified in **Part A of Schedule XIII**.

**Issue opening and issue closing advertisement for public issue.**
**48**. An issuer may issue advertisements for issue opening and issue closing advertisements, which shall be in the formats specified in **Parts B and C of Schedule XIII.**

**Minimum application value.**
**49.** (1) The issuer shall stipulate in the offer document, the minimum application size in terms of number of specified securities which shall fall within the range of minimum application value of five thousand rupees to seven thousand rupees.
(2) The issuer shall invite applications in multiples of the minimum application value, an illustration whereof is given in **Schedule XIV**.
(3) The minimum sum payable on application shall not be less than twenty five per cent. of the issue price:
Provided that in case of an offer for sale, the issue price payable for each specified security shall be brought in at the time of application.
**Explanation**: For the purpose of this regulation, "minimum application value" shall be with reference to the issue price of the specified securities and not with reference to the amount payable on application.

**Allotment procedure and basis of allotment**.
**50.** (1) The allotment of specified securities to applicants other than anchor investors shall be on proportionate basis within the specified investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed by the issuer:
[34][Provided that value of specified securities allotted to any person in pursuance of reservation made under clause (a) of sub-regulation (1) or clause (a) of sub-regulation (2) of regulation 42, shall not exceed [35][two lakhs] rupees.]
(2) The executive director or managing director of the designated stock exchange along with the post issue lead merchant bankers and registrars to the issue shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the allotment procedure as specified in **Schedule XV**.

**Utilisation of subscription money.**
**51.** The post-issue lead merchant banker shall ensure that moneys received in respect of the issue are released to the issuer in compliance with the provisions of section 73 of the Companies Act, 1956.

[34] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 11.12.2009.

[35] Substituted for "one lakh" by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

## CHAPTER IV
## RIGHTS ISSUE

**Record Date.**

**52.** (1) A listed issuer making a rights issue shall announce a record date for the purpose of determining the shareholders eligible to apply for specified securities in the proposed rights issue.

(2) The issuer shall not withdraw rights issue after announcement of the record date.

(3) If the issuer withdraws the rights issue after announcing the record date, it shall not make an application for listing of any of its specified securities on any recognised stock exchange for a period of twelve months from the record date announced under sub-regulation (1):

Provided that the issuer may seek listing of its equity shares allotted pursuant to conversion or exchange of convertible securities issued prior to the announcement of the record date, on the recognised stock exchange where its securities are listed.

**Restriction on rights issue.**

**53.** (1) No issuer shall make a rights issue of equity shares if it has outstanding fully or partly convertible debt instruments at the time of making rights issue, unless it has made reservation of equity shares of the same class in favour of the holders of such outstanding convertible debt instruments in proportion to the convertible part thereof.

(2) The equity shares reserved for the holders of fully or partially convertible debt instruments shall be issued at the time of conversion of such convertible debt instruments on the same terms on which the equity shares offered in the rights issue were issued.

**Letter of offer, abridged letter of offer, pricing and period of subscription.**

**54.** (1) The abridged letter of offer, along with application form, shall be dispatched through registered post or speed post to all the existing shareholders at least three days before the date of opening of the issue:

Provided that the letter of offer shall be given by the issuer or lead merchant banker to any existing shareholder who has made a request in this regard.

(2) The shareholders who have not received the application form may apply in writing on a plain paper, along with the requisite application money.

(3) The shareholders making application otherwise than on the application form shall not renounce their rights and shall not utilise the application form for any purpose including renunciation even if it is received subsequently.

(4) Where any shareholder makes an application on application form as well as on plain paper, the application is liable to be rejected.

(5) The issue price shall be decided before determining the record date which shall be determined in consultation with the designated stock exchange.

(6) A rights issue shall be open for subscription for a minimum period of fifteen days and for a maximum period of thirty days.

[36][(7) The issuer shall give only one payment option out of the following to all the investors—

(a) part payment on application with balance money to be paid in calls; or

(b) full payment on application:

Provided that where the issuer has given the part payment option to investors, such issuer shall obtain the necessary regulatory approvals to facilitate the same.]

[36] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

**Pre-Issue Advertisement for rights issue.**

**55.** (1) The issuer shall issue an advertisement for rights issue disclosing the following:

(a) the date of completion of despatch of abridged letter of offer and the application form;

(b) the centres other than registered office of the issuer where the shareholders or the persons entitled to receive the rights entitlements may obtain duplicate copies of the application forms in case they do not receive the application form within a reasonable time after opening of the rights issue;

(c) a statement that if the shareholders entitled to receive the rights entitlements have neither received the original application forms nor they are in a position to obtain the duplicate forms, they may make application in writing on a plain paper to subscribe to the rights issue;

(d) a format to enable the shareholders entitled to apply against their rights entitlements, to make the application on a plain paper specifying therein necessary particulars such as name, address, ratio of rights issue, issue price, number of equity shares held, ledger folio numbers, depository participant ID, client ID, number of equity shares entitled and applied for, additional shares if any, amount to be paid along with application, and particulars of cheque, etc. to be drawn in favour of the issuer's account;

(e) a statement that the applications can be directly sent by the shareholders entitled to apply against rights entitlements through registered post together with the application moneys to the issuer's designated official at the address given in the advertisement;

(f) a statement to the effect that if the shareholder makes an application on plain paper and also on application form both his applications shall be liable to be rejected at the option of the issuer.

(2) The advertisement shall be made in at least one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language daily newspaper with wide circulation at the place where registered office of the issuer is situated, at least three days before the date of opening of the issue.

**[37][Reservation for employees alongwith rights issue.**

**55A.** Subject to other applicable provision of these regulations the issuer may make reservation for [38][***] employees alongwith rights issue subject to the condition that value of allotment to any employee shall not exceed [39][two lakhs] rupees.]

**Utilisation of funds raised in rights issue.**

**56.** The issuer shall utilise funds collected in rights issues after the finalisation of the basis of allotment.

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[37] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 11.12.2009.

[38] The word "its" omitted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

[39] Substituted for "one lakh" by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

## CHAPTER V
## MANNER OF DISCLOSURES IN THE OFFER DOCUMENTS

**Manner of disclosures in the offer document.**

**57.** (1) The offer document shall contain all material disclosures which are true and adequate so as to enable the applicants to take an informed investment decision.

(2) Without prejudice to the generality of sub-regulation (1):

(a) the red-herring prospectus, shelf prospectus and prospectus shall contain:

(i) the disclosures specified in Schedule II of the Companies Act, 1956; and

(ii) the disclosures specified in **Part A of Schedule VIII**, subject to the provisions of **Parts B and C** thereof.

(b) the letter of offer shall contain disclosures as specified in **Part E of Schedule VIII**.

**Abridged prospectus, abridged letter of offer and ASBA.**

**58.** (1) The abridged prospectus shall contain the disclosures of the memorandum prescribed under sub-section (3) of section 56 of the Companies Act, 1956 and additional disclosures as specified in **Part D of Schedule VIII**.

(2) The abridged letter of offer shall contain the disclosures as specified in **Part F of Schedule VIII.**

(3) The abridged prospectus and abridged letter of offer shall not contain any matter extraneous to the contents of the offer document.

(4) Every application form including ASBA form distributed by the issuer or any other person in relation to an issue shall be accompanied by a copy of the abridged prospectus or abridged letter of offer, as the case may be.

[40][(5) In all public issues and rights issues, where not more than one payment option is given, the issuer shall provide the facility of ASBA in accordance with the procedure and eligibility criteria specified by the Board.]

[41][Provided that in case of qualified institutional buyers and non-institutional investors the issuer shall accept bids using ASBA facility only.]

[42][(6) ***]

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[40] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2010, w.e.f. 01.01.2010. Prior to its substitution, sub-regulation (5) read as under:

"(5) The issuer shall provide the facility of ASBA in all book built public issues and rights issues, where not more than one payment option is given to the retail individual investors, in accordance with the procedure specified by the Board."

[41] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2011, w.e.f. 29.04.2011

[42] Omitted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2010, w.e.f. 01.01.2010. Prior to its omission, sub-regulation (6) read as under:

"(6) An application through ASBA form may be made:

(a) in a public issue, by an applicant who:

(i) is a resident retail individual investor;

(ii) is bidding at cut-off, with single option as to the number of shares bid for;

(iii) is applying through blocking of funds in a bank account with the self certified syndicate banks;

(iv) has agreed not to revise his bid;

(v) is not bidding under any of the reserved categories;

(b) in a rights issue, by an applicant who:

(i) holds the shares of the issuer in dematerialised form as on the record date and has applied for entitlements and/or additional equity shares in dematerialised form;

(ii) has not renounced his entitlements in full or in part;

(iii) is not a renouncee;

(iv) who is applying through blocking of funds in a bank account with the Self Certified Syndicate Bank."

## CHAPTER VI
## GENERAL OBLIGATIONS OF ISSUER AND INTERMEDIARIES WITH RESPECT TO PUBLIC ISSUE AND RIGHTS ISSUE

**Prohibition on payment of incentives.**

**59.** No person connected with the issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any person for making an application for allotment of specified securities:

Provided that nothing contained in this regulation shall apply to fees or commission for services rendered in relation to the issue.

**Explanation:** For the purpose of this regulation, the expression "person connected with the issue" includes a person connected with the distribution of the issue.

**Public communications, publicity materials, advertisements and research reports.**

**60.** (1) Any public communication including advertisement and publicity material issued by the issuer or research report made by the issuer or any intermediary concerned with the issue or their associates shall contain only factual information and shall not contain projections, estimates, conjectures, etc. or any matter extraneous to the contents of the offer document.

(2) All public communications and publicity material issued or published in any media during the period commencing from the date of the meeting of the board of directors of the issuer in which the public issue or rights issue is approved till the date of filing draft offer document with the Board shall be consistent with its past practices:

Provided that where such public communication or publicity material is not consistent with the past practices of the issuer, it shall be prominently displayed or announced in such public communication or publicity material that the issuer is proposing to make a public or rights issue of specified securities in the near future and is in the process of filing a draft offer document with the Board.

(3) All public communications and publicity material issued or published in any media during the period commencing from the date of filing draft offer document with the Board till the date of allotment of securities offered in the issue, shall prominently disclose that:

(a) the issuer is proposing to make a public issue or rights issue of the specified securities and has filed a draft offer document with the Board or has filed the red herring prospectus or prospectus with the Registrar of Companies or the letter of offer with the designated stock exchange, as the case may be.

(b) the draft offer document, red herring prospectus or final offer document, as the case may be, is available on the website of the Board, lead merchant bankers or lead book runners.

(4) The issuer shall make prompt, true and fair disclosure of all material developments which take place during the following period mentioned in this sub-regulation, relating to its business and securities and also relating to the business and securities of its subsidiaries, group companies, etc., which may have a material effect on the issuer, by issuing public notices in all the newspapers in which the issuer had issued pre-issue advertisement under regulation 47 or regulation 55, as the case may be:

(a) in case of public issue, between the date of registering final prospectus or the red herring prospectus, as the case may be, with the Registrar of Companies, and the date of allotment of specified securities;

(b) in case of a rights issue, between the date of filing the letter of offer with the designated stock exchange and the date of allotment of the specified securities.

(5) The issuer shall not, directly or indirectly, release, during any conference or at any other time, any material or information which is not contained in the offer document.

(6) In respect of all public communications, issue advertisements and publicity materials, the issuer shall obtain approval from the lead merchant bankers responsible for marketing the issue and shall also make copies of all issue related materials available with the lead merchant bankers at least till the allotment is completed.

(7) Any advertisement or research report issued or caused to be issued by an issuer, any intermediary concerned with the issue or their associates shall comply with the following:

(a) it shall be truthful, fair and shall not be manipulative or deceptive or distorted and it shall not contain any statement, promise or forecast which is untrue or misleading;

(b) if it reproduces or purports to reproduce any information contained in an offer document, it shall reproduce such information in full and disclose all relevant facts and not be restricted to select extracts relating to that information;

(c) it shall be set forth in a clear, concise and understandable language;

(d) it shall not include any issue slogans or brand names for the issue except the normal commercial name of the issuer or commercial brand names of its products already in use;

(e) if it presents any financial data, data for the past three years shall also be included alongwith particulars relating to sales, gross profit, net profit, share capital, reserves, earnings per share, dividends and the book values;

(f) no advertisement shall use extensive technical, legal terminology or complex language and excessive details which may distract the investor;

(g) no issue advertisement shall contain statements which promise or guarantee rapid increase in profits;

(h) no issue advertisement shall display models, celebrities, fictional characters, landmarks or caricatures or the likes;

(i) no issue advertisement shall appear in the form of crawlers (the advertisements which run simultaneously with the programme in a narrow strip at the bottom of the television screen) on television;

(j) in any issue advertisement on television screen, the risk factors shall not be scrolled on the television screen and the advertisement shall advise the viewers to refer to the red herring prospectus or other offer document for details;

(k) no issue advertisement shall contain slogans, expletives or non-factual and unsubstantiated titles;

(l) if an advertisement or research report contains highlights, it shall also contain risk factors with equal importance in all respects including print size of not less than point seven size;

(m) an issue advertisement displayed on a billboard shall not contain information other than that specified in Parts A, B and C of Schedule XIII, as applicable;

(n) an issue advertisement which contains highlights or information other than the details contained in the format as specified in Parts A and B of Schedule XIII shall contain risk factors.

(8) No advertisement shall be issued giving any impression that the issue has been fully subscribed or oversubscribed during the period the issue is open for subscription.

(9) An announcement regarding closure of issue shall be made only after the lead merchant banker(s) is satisfied that at least ninety per cent. of the offer through offer document has been subscribed and a certificate has been obtained to that effect from the registrar to the issue:

Provided that such announcement shall not be made before the date on which the issue is to be closed.

(10) No advertisement or distribution material with respect to the issue shall contain any offer of incentives, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise.

(11) No product advertisement shall contain any reference, directly or indirectly, to the performance of the issuer during the period commencing from the date of the resolution of the board of directors of the issuer approving the public issue or rights issue till the date of allotment of specified securities offered in such issue.
(12) A research report may be prepared only on the basis of information, disclosed to the public by the issuer by updating the offer document or otherwise.
(13) No selective or additional information or information which is extraneous to the information disclosed to the public through the offer document or otherwise, shall be given by the issuer or any member of the issue management team or syndicate to any particular section of the investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centres.
[43][(14) The merchant bankers shall submit a compliance certificate in the format specified in Part D of Schedule XIII, for the period between the date of filing the draft offer document with the Board and the date of closure of the issue, in respect of news reports appearing in any of the following media:
(a) newspapers mentioned in sub-regulation (3) of regulation 9;
(b) major business magazines;
(c) print and electronic media controlled by a media group where the media group has a private treaty/shareholders' agreement with the issuer or promoters of the issuer.]

**Explanation:** For the purpose of this regulation:

(I) "public communication or publicity material" includes corporate, product and issue advertisements of the issuer, interviews by its promoters, directors, duly authorized employees or representatives of the issuer, documentaries about the issuer or its promoters, periodical reports and press releases.

(II) An issue advertisement shall be considered to be misleading, if it contains:
   (a) Statements made about the performance or activities of the issuer without necessary explanatory or qualifying statements, which may give an exaggerated picture of such performance or activities.
   (b) An inaccurate portrayal of past performance or its portrayal in a manner which implies that past gains or income will be repeated in the future.

**Copies of offer documents to be available to public.**

**61.** (1) The issuer and lead merchant bankers shall ensure that the contents of offer documents hosted on the websites as required in these regulations are the same as that of their printed versions as filed with the Registrar of Companies, Board and the stock exchanges.
(2) The lead merchant bankers and the recognised stock exchange shall provide copies of the draft offer document and final offer document to the public as and when requested.
(3) The lead merchant bankers or the recognised stock exchange may charge a reasonable sum for providing the copy of the offer document.

**Redressal of investor grievances.**

**62.** The post-issue lead merchant bankers shall actively associate himself with post-issue activities such as allotment, refund, despatch and giving instructions to syndicate members, Self Certified

[43] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

Syndicate Banks and other intermediaries and shall regularly monitor redressal of investor grievances arising therefrom.

**Appointment of Compliance Officer.**

**63.** The issuer shall appoint a compliance officer who shall be responsible for monitoring the compliance of the securities laws and for redressal of investors' grievances.

**Explanation:** For the purpose of this regulation, the term "securities laws" means the Companies Act, 1956, the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder and the regulations, general or special orders, guidelines or circulars made or issued by the Board.

**Due diligence.**

**64.** (1) The lead merchant bankers shall exercise due diligence and satisfy himself about all the aspects of the issue including the veracity and adequacy of disclosure in the offer documents.

(2) The lead merchant bankers shall call upon the issuer, its promoters or directors or in case of an offer for sale, the selling shareholders, to fulfil their obligations as disclosed by them in the offer document and as required in terms of these Regulations.

(3) The post-issue merchant banker shall continue to be responsible for post-issue activities till the subscribers have received the securities certificates, credit to their demat account or refund of application moneys and the listing agreement is entered into by the issuer with the stock exchange and listing/ trading permission is obtained.

(4) The responsibility of the lead merchant banker shall continue even after the completion of issue process.

**Post- issue reports.**

**65.** (1) The lead merchant banker shall submit post-issue reports to the Board in accordance with sub-regulation (2).

(2) The post-issue reports shall be submitted as follows:

(a) initial post issue report as specified in **Parts A and B of Schedule XVI,** within three days of closure of the issue

(b) final post issue report as specified in **Parts C and D of Schedule XVI,** within fifteen days of the date of finalisation of basis of allotment or within fifteen days of refund of money in case of failure of issue.

(3) The lead merchant banker shall submit a due diligence certificate as per the format specified in **Form G of Schedule VI**, along with the final post issue report.

**Post-issue Advertisements.**

**66.** (1) The post-issue merchant banker shall ensure that advertisement giving details relating to oversubscription, basis of allotment, number, value and percentage of all applications including ASBA, number, value and percentage of successful allottees for all applications including ASBA, date of completion of despatch of refund orders or instructions to Self Certified Syndicate Banks by the Registrar, date of despatch of certificates and date of filing of listing application, **etc.** is released within ten days from the date of completion of the various activities in at least one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language daily newspaper with wide circulation at the place where registered office of the issuer is situated.

(2) The post-issue merchant banker shall ensure that issuer, advisors, brokers or any other entity connected with the issue do not publish any advertisement stating that issue has been

oversubscribed or indicating investors' response to the issue, during the period when the public issue is still open for subscription by the public.

**Co-ordination with Intermediaries.**

**67.** (1) The post-issue merchant banker shall maintain close co-ordination with the registrars to the issue and arrange to depute its officers to the offices of various intermediaries at regular intervals after the closure of the issue to monitor the flow of applications from collecting bank branches and/or Self Certified Syndicate Banks, processing of the applications including application form for ASBA and other matters till the basis of allotment is finalised, despatch of security certificates and refund orders are completed and securities are listed.

(2) Any act of omission or commission on the part of any of the intermediaries noticed during such visits shall be duly reported to the Board.

(3) In case there is a devolvement on underwriters, the merchant banker shall ensure that the notice for devolvement containing the obligation of the underwriters is issued within a period of ten days from the date of closure of the issue.

(4) In case of undersubscribed issues, the merchant banker shall furnish information in respect of underwriters who have failed to meet their underwriting devolvement to the Board in the format specified in **Schedule XVII**.

(5) The post-issue merchant banker shall confirm to the bankers to the issue by way of copies of listing and trading approvals that all formalities in connection with the issue have been completed and that the banker is free to release the money to the issuer or release the money for refund in case of failure of the issue**.**

**Audited financial statements in the offer document.**

**68.** The merchant banker shall ensure that the information contained in the offer document and the particulars as per audited financial statements in the offer document are not more than six months old from the issue opening date.

**Other responsibilities.**

**69.** (1) The post-issue merchant banker shall ensure that the despatch of refund orders, allotment letters and share certificates is done by way of registered post or certificate of posting, as may be applicable.

(2) The post-issue merchant banker shall ensure payment of interest to the applicants for delayed dispatch of allotment letters, refund orders, etc. as per the disclosure made in the offer document.

(3) In case of absence of definite information about subscription figures, the issue shall be kept open for the required number of days to avoid any dispute, at a later date, by the underwriters in respect of their liability.

(4) The issuer shall ensure that transactions in securities by the promoter and promoter group during the period between the date of registering the offer document with the Registrar of Companies or filing the letter of offer with the designated stock exchange, as the case may be and the date of closure of the issue shall be reported to the recognised stock exchanges where the specified securities of the issuer are listed, within twenty four hours of the transactions.

## CHAPTER VII
## PREFERENTIAL ISSUE

**Chapter VII not to apply in certain cases.**

**70.** (1) The provisions of this Chapter shall not apply where the preferential issue of equity shares is made:

(a) pursuant to conversion of loan or option attached to convertible debt instruments in terms of sub-sections (3) and (4) of sections 81 of the Companies Act, 1956;

(b) pursuant to a scheme approved by a High Court under section 391 to 394 of the Companies Act, 1956;

(c) in terms of the rehabilitation scheme approved by the Board of Industrial and Financial Reconstruction under the Sick Industrial Companies (Special Provisions) Act, 1985:

[44][Provided that the lock-in provisions of this Chapter shall apply to preferential issue of equity shares mentioned in clause (c).]

(2) The provisions of this Chapter relating to pricing and lock-in shall not apply to equity shares allotted to any financial institution within the meaning of sub-clauses (ia) and (ii) of clause (h) of section 2 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 (51 of 1993).

(3) The provisions of regulation 73 and regulation 76 shall not apply to a preferential issue of equity shares and compulsorily convertible debt instruments, whether fully or partly, where the Board has granted relaxation to the issuer in terms of regulation 29A of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, if adequate disclosures about the plan and process proposed to be followed for identifying the allottees are given in the explanatory statement to notice for the general meeting of shareholders.

**Relevant date.**

**71.** For the purpose of this Chapter, "relevant date" means:

(a) in case of preferential issue of equity shares, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue:

Provided that in case of preferential issue of equity shares pursuant to a scheme approved under the Corporate Debt Restructuring framework of Reserve Bank of India, the date of approval of the Corporate Debt Restructuring Package shall be the relevant date.

(b) in case of preferential issue of convertible securities, either the relevant date referred to in clause (a) of this regulation or a date thirty days prior to the date on which the holders of the convertible securities become entitled to apply for the equity shares.

**Conditions for preferential issue.**

**72.** (1) A listed issuer may make a preferential issue of specified securities, if:

(a) a special resolution has been passed by its shareholders;

(b) all the equity shares, if any, held by the proposed allottees in the issuer are in dematerialised form;

(c) the issuer is in compliance with the conditions for continuous listing of equity shares as specified in the listing agreement with the recognised stock exchange where the equity shares of the issuer are listed;

(d) the issuer has obtained the Permanent Account Number of the proposed allottees.

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[44] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010. Prior to its substitution, proviso read as under:
"Provided that the lock-in provisions of this Chapter shall apply to such preferential issue of equity shares."

(2) The issuer shall not make preferential issue of specified securities to any person who has sold any equity shares of the issuer during the six months preceding the relevant date:

Provided that in respect of the preferential issue of equity shares and compulsorily convertible debt instruments, whether fully or partly, the Board may grant relaxation from the requirements of this sub-regulation, if the Board has granted relaxation in terms of regulation 29A of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 to such preferential allotment.

[45][Explanation.—Where any person belonging to promoter(s) or the promoter group has sold his equity shares in the issuer during the six months preceding the relevant date, the promoter(s) and promoter group shall be ineligible for allotment of specified securities on preferential basis.

(3) Where any person belonging to promoter(s) or the promoter group has previously subscribed to warrants of an issuer but failed to exercise the warrants, the promoter(s) and promoter group shall be ineligible for issue of specified securities of such issuer on preferential basis for a period of one year from:

(a) the date of expiry of the tenure of the warrants due to non-exercise of the option to convert; or

(b) the date of cancellation of the warrants, as the case may be.]

**Disclosures.**

**73.** (1) The issuer shall, in addition to the disclosures required under section 173 of the Companies Act, 1956 or any other applicable law, disclose the following in the explanatory statement to the notice for the general meeting proposed for passing special resolution:

(a) the objects of the preferential issue;

(b) the proposal of the promoters, directors or key management personnel of the issuer to subscribe to the offer;

(c) the shareholding pattern of the issuer before and after the preferential issue;

(d) the time within which the preferential issue shall be completed;

(e) the identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue;

(f) an undertaking that the issuer shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so;

(g) an undertaking that if the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked- in till the time such amount is paid by the allottees.

(2) The issuer shall place a copy of the certificate of its statutory auditor before the general meeting of the shareholders, considering the proposed preferential issue, certifying that the issue is being made in accordance with the requirements of these regulations.

(3) Where specified securities are issued on a preferential basis to promoters, their relatives, associates and related entities for consideration other than cash, the valuation of the assets in consideration for which the equity shares are issued shall be done by an independent qualified valuer, which shall be submitted to the recognised stock exchanges where the equity shares of the issuer are listed:

[45] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

Provided that if the recognised stock exchange is not satisfied with the appropriateness of the valuation, it may get the valuation done by any other valuer and for this purpose it may obtain any information, as deemed necessary, from the issuer.

(4) The special resolution shall specify the relevant date on the basis of which price of the equity shares to be allotted on conversion or exchange of convertible securities shall be calculated.

**Explanation**: For the purpose of sub-regulation (3), the term 'valuer' has the same meaning as is assigned to it under clause (r) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Sweat Equity) Regulations, 2002.

**Allotment pursuant to special resolution.**

**74.** (1) Allotment pursuant to the special resolution shall be completed within a period of fifteen days from the date of passing of such resolution:

Provided that where any application for exemption from the applicability of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or any approval or permission by any regulatory authority or the Central Government for allotment is pending, the period of fifteen days shall be counted from the date of order on such application or the date of approval or permission, as the case may be:

Provided further that where the Board has granted relaxation to the issuer in terms of regulation 29A of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the preferential issue of equity shares and compulsorily convertible debt instruments, whether fully or partly, shall be made by it within such time as may be specified by the Board in its order granting the relaxation:

Provided further that requirement of allotment within fifteen days shall not apply to allotment of specified securities on preferential basis pursuant to a scheme of corporate debt restructuring as per the corporate debt restructuring framework specified by the Reserve Bank of India.

(2) If the allotment of specified securities is not completed within fifteen days from the date of special resolution, a fresh special resolution shall be passed and the relevant date for determining the price of specified securities under this Chapter will be taken with reference to the date of latter special resolution.

**Tenure of convertible securities.**

**75.** The tenure of the convertible securities of the issuer shall not exceed eighteen months from the date of their allotment.

**Pricing of equity shares.**

**76.** (1) If the equity shares of the issuer have been listed on a recognised stock exchange for a period of six months or more as on the relevant date, the equity shares shall be allotted at a price not less than higher of the following:

(a) The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognised stock exchange during the six months preceding the relevant date; or

(b) The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

(2) If the equity shares of the issuer have been listed on a recognised stock exchange for a period of less than six months as on the relevant date, the equity shares shall be allotted at a price not less than the higher of the following:

(a) the price at which equity shares were issued by the issuer in its initial public offer or the value per share arrived at in a scheme of arrangement under sections 391 to 394 of the Companies

Act, 1956, pursuant to which the equity shares of the issuer were listed, as the case may be; or

(b) the average of the weekly high and low of the closing prices of the related equity shares quoted on the recognised stock exchange during the period shares have been listed preceding the relevant date; or

(c) the average of the weekly high and low of the closing prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

(3) Where the price of the equity shares is determined in terms of sub-regulation (2), such price shall be recomputed by the issuer on completion of six months from the date of listing on a recognised stock exchange with reference to the average of the weekly high and low of the closing prices of the related equity shares quoted on the recognised stock exchange during these six months and if such recomputed price is higher than the price paid on allotment, the difference shall be paid by the allottees to the issuer.

(4) Any preferential issue of specified securities, to qualified institutional buyers not exceeding five in number, shall be made at a price not less than the average of the weekly high and low of the closing prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

**Explanation**: For the purpose of this regulation, 'stock exchange' means any of the recognised stock exchanges in which the equity shares are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding six months prior to the relevant date.

**Payment of consideration.**

**77.** (1) Full consideration of specified securities other than warrants issued under this Chapter shall be paid by the allottees at the time of allotment of such specified securities:

Provided that in case of a preferential issue of specified securities pursuant to a scheme of corporate debt restructuring as per the corporate debt restructuring framework specified by the Reserve Bank of India, the allottee may pay the consideration in terms of such scheme.

(2) An amount equivalent to at least twenty five per cent. of the consideration determined in terms of regulation 76 shall be paid against each warrant on the date of allotment of warrants.

(3) The balance seventy five per cent. of the consideration shall be paid at the time of allotment of equity shares pursuant to exercise of option against each such warrant by the warrant holder.

(4) In case the warrant holder does not exercise the option to take equity shares against any of the warrants held by him, the consideration paid in respect of such warrant in terms of sub-regulation (2) shall be forfeited by the issuer.

**Lock-in of specified securities.**

**78.** (1) The specified securities allotted on preferential basis to promoter or promoter group and the equity shares allotted pursuant to exercise of options attached to warrants issued on preferential basis to promoter or promoter group, shall be locked-in for a period of three years from the date of allotment of the specified securities or equity shares allotted pursuant to exercise of the option attached to warrant, as the case may be:

Provided that not more than twenty per cent. of the total capital of the issuer shall be locked-in for three years from the date of allotment:

Provided further that equity shares allotted in excess of the twenty per cent. shall be locked-in for one year from the date of their allotment pursuant to exercise of options or otherwise, as the case may be.

(2) The specified securities allotted on preferential basis to persons other than promoter and promoter group and the equity shares allotted pursuant to exercise of options attached to warrants issued on

preferential basis to such persons shall be locked in for a period of one year from the date of their allotment.

(3) The lock-in of equity shares allotted pursuant to conversion of convertible securities other than warrants, issued on preferential basis shall be reduced to the extent the convertible securities have already been locked-in.

(4) The equity shares issued on preferential basis pursuant to a scheme of corporate debt restructuring as per the Corporate Debt Restructuring framework specified by the Reserve Bank of India shall be locked-in for a period of one year from the date of allotment:

Provided that partly paid up equity shares, if any, shall be locked-in from the date of allotment and the lock-in shall end on the expiry of one year from the date when such equity shares become fully paid up.

(5) If the amount payable by the allottee, in case of re-calculation of price under sub-regulation (3) of regulation 76 is not paid till the expiry of lock-in period, the equity shares shall continue to be locked in till such amount is paid by the allottee.

(6) The entire pre-preferential allotment shareholding of the allottees, if any, shall be locked-in from the relevant date upto a period of six months from the date of preferential allotment.

**Explanation:** For the purpose of this regulation:

(I) The expression "total capital of the issuer" means:

- (a) equity share capital issued by way of public issue or rights issue including equity shares issued pursuant to conversion of specified securities which are convertible; and
- (b) specified securities issued on a preferential basis to promoter or promoter group.

(II) (a) For the computation of twenty per cent. of the total capital of the issuer, the amount of minimum promoters' contribution held and locked-in, in the past in terms of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 or these regulations shall be taken into account.

(b) The minimum promoters' contribution shall not again be put under fresh lock-in, even though it is considered for computing the requirement of twenty per cent. of the total capital of the issuer, in case the said minimum promoters' contribution is free of lock-in at the time of the preferential issue.

**Transferability of locked-in specified securities and warrants issued on preferential basis.**

**79.** Subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, specified securities held by promoters and locked-in in terms of sub-regulation (1) of regulation 78 may be transferred among promoters or promoter group or to a new promoter or persons in control of the issuer:

Provided that lock-in on such specified securities shall continue for the remaining period with the transferee.

## CHAPTER VIII
## QUALIFIED INSTITUTIONS PLACEMENT

**Applicability.**

**80.** The provisions of this Chapter shall apply to a qualified institutions placement made by a listed issuer.

**Definitions.**

**81.** For the purpose of this Chapter:

(a) "eligible securities" include equity shares, non-convertible debt instruments along with warrants and convertible securities other than warrants;

(b) "qualified institutions placement" means allotment of eligible securities by a listed issuer to qualified institutional buyers on private placement basis in terms of these regulations;

(c) "relevant date" means:

(i) in case of allotment of equity shares, the date of the meeting in which the board of directors of the issuer or the committee of directors duly authorised by the board of directors of the issuer decides to open the proposed issue;

(ii) in case of allotment of eligible convertible securities, either the date of the meeting in which the board of directors of the issuer or the committee of directors duly authorised by the board of directors of the issuer decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares.

**Conditions for qualified institutions placement.**

**82.** A listed issuer may make qualified institutions placement if it satisfies the following conditions:

(a) a special resolution approving the qualified institutions placement has been passed by its shareholders;

(b) the equity shares of the same class, which are proposed to be allotted through qualified institutions placement or pursuant to conversion or exchange of eligible securities offered through qualified institutions placement, have been listed on a recognised stock exchange having nation wide trading terminal for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the special resolution:

Provided that where an issuer, being a transferee company in a scheme of merger, de-merger, amalgamation or arrangement sanctioned by a High Court under sections 391 to 394 of the Companies Act, 1956, makes qualified institutions placement, the period for which the equity shares of the same class of the transferor company were listed on a stock exchange having nation wide trading terminals shall also be considered for the purpose of computation of the period of one year.

[46][(c) it is in compliance with the requirement of minimum public shareholding specified in the Securities Contracts (Regulation) Rules, 1957;]

(d) In the special resolution, it shall be, among other relevant matters, specified that the allotment is proposed to be made through qualified institutions placement and the relevant date referred to in sub-clause (ii) of clause (c) of regulation 81 shall also be specified.

[46] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 23.09.2011.

**Explanation**: For the purpose of clause (b), "equity shares of the same class" shall have the same meaning as assigned to them in Explanation to sub-rule (4) of rule 19 of the Securities Contracts (Regulation) Rules, 1957.

**Appointment of merchant banker.**

**83.** (1) A qualified institutions placement shall be managed by merchant banker(s) registered with the Board who shall exercise due diligence.

(2) The merchant banker shall, while seeking in-principle approval for listing of the eligible securities issued under qualified institutions placement, furnish to each stock exchange on which the same class of equity shares of the issuer are listed, a due diligence certificate stating that the eligible securities are being issued under qualified institutions placement and that the issuer complies with requirements of this Chapter.

**Placement Document:**

**84.** (1) The qualified institutions placement shall be made on the basis of a placement document which shall contain all material information, including those specified in **Schedule XVIII**.

(2) The placement document shall be serially numbered and copies shall be circulated only to select investors.

(3) The issuer shall, while seeking in-principle approval from the recognised stock exchange, furnish a copy of the placement document, a certificate confirming compliance with the provisions of this Chapter along with any other documents required by the stock exchange.

(4) The placement document shall also be placed on the website of the concerned stock exchange and of the issuer with a disclaimer to the effect that it is in connection with a qualified institutions placement and that no offer is being made to the public or to any other category of investors.

(5) A copy of the placement document shall be filed with the Board for its record within thirty days of the allotment of eligible securities.

**Pricing.**

**85.** (1) The qualified institutions placement shall be made at a price not less than the average of the weekly high and low of the closing prices of the equity shares of the same class quoted on the stock exchange during the two weeks preceding the relevant date.

(2) Where eligible securities are convertible into or exchangeable with equity shares of the issuer, the issuer shall determine the price of such equity shares allotted pursuant to such conversion or exchange taking the relevant date as decided and disclosed by it while passing the special resolution.

(3) The issuer shall not allot partly paid up eligible securities:

Provided that in case of allotment of non convertible debt instruments along with warrants, the allottees may pay the full consideration or part thereof payable with respect to warrants, at the time of allotment of such warrants:

Provided further that on allotment of equity shares on exercise of options attached to warrants, such equity shares shall be fully paid up.

(4) The prices determined for qualified institutions placement shall be subject to appropriate adjustments if the issuer:

(a) makes an issue of equity shares by way of capitalization of profits or reserves, other than by way of a dividend on shares;
(b) makes a rights issue of equity shares;
(c) consolidates its outstanding equity shares into a smaller number of shares;
(d) divides its outstanding equity shares including by way of stock split;
(e) re-classifies any of its equity shares into other securities of the issuer;

(f) is involved in such other similar events or circumstances, which in the opinion of the concerned stock exchange, requires adjustments.

**Explanation:** For the purpose of sub-regulation (1), the term "stock exchange" means any of the recognised stock exchanges in which the equity shares of the same class of the issuer are listed and in which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the relevant date.

**Restrictions on allotment.**

**86.** (1) Allotment under the qualified institutions placement shall be made subject to the following conditions:

(a) Minimum of ten per cent. of eligible securities shall be allotted to mutual funds:

Provided that if the mutual funds do not subscribe to said minimum percentage or any part thereof, such minimum portion or part thereof may be allotted to other qualified institutional buyers;

(b) No allotment shall be made, either directly or indirectly, to any qualified institutional buyer who is a promoter or any person related to promoters of the issuer:

Provided that a qualified institutional buyer who does not hold any shares in the issuer and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to promoters.

(2) In a qualified institutions placement of non-convertible debt instrument along with warrants, an investor can subscribe to the combined offering of non- convertible debt instruments with warrants or to the individual securities, that is, either non- convertible debt instruments or warrants.

(3) The applicants in qualified institutions placement shall not withdraw their bids after the closure of the issue.

**Explanation:** For the purpose of clause (b) of sub-regulation (1), a qualified institutional buyer who has any of the following rights shall be deemed to be a person related to the promoters of the issuer:

(a) rights under a shareholders' agreement or voting agreement entered into with promoters or persons related to the promoters;

(b) veto rights; or

(c) right to appoint any nominee director on the board of the issuer.

**Minimum number of allottees.**

**87.** (1) The minimum number of allottees for each placement of eligible securities made under qualified institutions placement shall not be less than:

(a) two, where the issue size is less than or equal to two hundred and fifty crore rupees;

(b) five, where the issue size is greater than two hundred and fifty crore rupees:

Provided that no single allottee shall be allotted more than fifty per cent. of the issue size.

(2) The qualified institutional buyers belonging to the same group or who are under same control shall be deemed to be a single allottee.

**Explanation**: For the purpose of sub-regulation (2), the expression "qualified institutional buyers belonging to the same group" shall have the same meaning as derived from sub-section (11) of section 372 of the Companies Act, 1956;

**Validity of the special resolution.**

**88.** (1) Allotment pursuant to the special resolution referred to in clause (a) of regulation 82 shall be completed within a period of twelve months from the date of passing of the resolution.

(2) The issuer shall not make subsequent qualified institutions placement until expiry of six months from the date of the prior qualified institutions placement made pursuant to one or more special resolutions.

**Restrictions on amount raised.**

**89.** The aggregate of the proposed qualified institutions placement and all previous qualified institutions placements made by the issuer in the same financial year shall not exceed five times the net worth of the issuer as per the audited balance sheet of the previous financial year.

**Tenure.**

**90.** The tenure of the convertible or exchangeable eligible securities issued through qualified institutions placement shall not exceed sixty months from the date of allotment.

**Transferability of eligible securities.**

**91.** The eligible securities allotted under qualified institutions placement shall not be sold by the allottee for a period of one year from the date of allotment, except on a recognised stock exchange.

## CHAPTER IX
## BONUS ISSUE

**Conditions for bonus issue.**

**92.** Subject to the provisions of the Companies Act, 1956 or any other applicable law for the time being in force, a listed issuer may issue bonus shares to its members if:

(a) it is authorised by its articles of association for issue of bonus shares, capitalisation of reserves, etc.:

Provided that if there is no such provision in the articles of association, the issuer shall pass a resolution at its general body meeting making provisions in the articles of associations for capitalisation of reserve;

(b) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it;

(c) it has sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of the employees such as contribution to provident fund, gratuity and bonus;

(d) the partly paid shares, if any outstanding on the date of allotment, are made fully paid up

**Restriction on bonus issue.**

**93.** (1) No issuer shall make a bonus issue of equity shares if it has outstanding fully or partly convertible debt instruments at the time of making the bonus issue, unless it has made reservation of equity shares of the same class in favour of the holders of such outstanding convertible debt instruments in proportion to the convertible part thereof.

(2) The equity shares reserved for the holders of fully or partly convertible debt instruments shall be issued at the time of conversion of such convertible debt instruments on the same terms or same proportion on which the bonus shares were issued.

**Bonus shares only against reserves, etc. if capitalised in cash.**

**94.** (1) The bonus issue shall be made out of free reserves built out of the genuine profits or securities premium collected in cash only and reserves created by revaluation of fixed assets shall not be capitalised for the purpose of issuing bonus shares.

(2) Without prejudice to the provisions of sub-regulation (1), the bonus share shall not be issued in lieu of dividend.

**Completion of bonus issue.**

**95.** (1) An issuer, announcing a bonus issue after the approval of its board of directors and not requiring shareholders' approval for capitalisation of profits or reserves for making the bonus issue, shall implement the bonus issue within fifteen days from the date of approval of the issue by its board of directors:

Provided that where the issuer is required to seek shareholders' approval for capitalisation of profits or reserves for making the bonus issue, the bonus issue shall be implemented within two months from the date of the meeting of its board of directors wherein the decision to announce the bonus issue was taken subject to shareholders' approval.

(2) Once the decision to make a bonus issue is announced, the issue can not be withdrawn.

## CHAPTER X
## ISSUE OF INDIAN DEPOSITORY RECEIPTS

**Applicability.**

**96.** (1) The provisions of this Chapter shall apply to an issue of Indian Depository Receipts (hereinafter referred to as "IDR") made in terms of section 605A of the Companies Act, 1956 and Companies (Issue of Indian Depository Receipts) Rules, 2004.

(2) All provisions of these regulations shall be applicable in case of issue of IDR, except the disclosure requirements with respect to public issue and rights issue of specified securities as provided in these regulations and the following:

(a) clauses (a), (b), (c) and (f) of sub-regulation (2) of regulation 4;
(b) sub-regulations (1), (2) and (3) of regulation 6,
(c) clauses (c),(d) and (e) of sub-regulation (1) of regulation 8;
(d) sub-regulations (2) and (3) of regulation 8;
(e) regulations 10,16,17,19, 20,21,22,23,24,26,27,31,41, 42,[47][***] 45,47, 49 and 68;
(f) sub-regulation (2) of regulation 11;
(g) sub-regulation (2) of regulation 28;
(h) clauses (b) and (c) of regulation 29;
(i) Parts III and IV of Chapter III;
[48][(ia) regulation 43, except sub-regulation (3) thereof;]
(j) Chapter IV;
(k) sub-regulation (3) of regulation 65;
(l) Chapters VII, VIII and IX.

(3) Further, the applicability of regulation 60 shall be as follows:

(a) the applicability of sub-regulations (1) and (7) and Explanation II shall be restricted to any issue advertisements made in India or any research report circulated in India, pertaining to the IDR issue of the issuing company;
(b) the applicability of sub-regulations (2) and (3) shall be restricted to any public communications and publicity material issued or published in any media in India;
(c) the applicability of sub-regulations (5) and (6) shall be restricted to any material or information released in India and any issue advertisements and publicity materials issued or published in any media in India;
(d) the applicability of sub-regulation (13) shall be restricted to any product advertisement of an issuing company issued or published in any media in India;
(e) all other provisions of regulation 60 shall be applicable.

**Eligibility.**

**97.** An issuing company making an issue of IDR shall also satisfy the following:

(a) the issuing company is listed in its home country;
(b) the issuing company is not prohibited to issue securities by any regulatory body;
(c) the issuing company has track record of compliance with securities market regulations in its home country.

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[47] Figure and mark "43," omitted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 11.12.2009.

[48] Inserted, *ibid.*

**Explanation:** For the purpose of this regulation, the term "home country" means the country where the issuing company is incorporated and listed.

**Conditions for issue of IDR.**

**98.** An issue of IDR shall be subject to the following conditions:

(a) issue size shall not be less than fifty crore rupees;

(b) procedure to be followed by each class of applicant for applying shall be mentioned in the prospectus;

(c) minimum application amount shall be twenty thousand rupees;

(d) at least fifty per cent. of the IDR issued shall be allotted to qualified institutional buyers on proportionate basis as per illustration given in **Part C of Schedule XI**;

(e) the balance fifty per cent. may be allocated among the categories of non-institutional investors and retail individual investors including employees at the discretion of the issuer and the manner of allocation shall be disclosed in the prospectus. Allotment to investors within a category shall be on proportionate basis:

[49][ Provided that at least thirty per cent. of the IDRs being offered in the public issue shall be available for allocation to retail individual investors and in case of under subscription in retail individual investor category, spillover to other categories to the extent of under subscription may be permitted.

Explanation: For the purpose of this regulation, "employee" shall mean a person who,-

(a) is a resident of India, and

(b) is a permanent and full-time employee or a director, whether whole time or part time, of the issuer or of the holding company or subsidiary company or of the material associate(s) of the issuer, whose financial statements are consolidated with the issuer's financial statements, working in India and does not include promoters and an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of the person or of the spouse).]

(f) At any given time, there shall be only one denomination of IDR of the issuing company.

**Minimum subscription.**

**99.** (1) For non-underwritten issues:

(a) If the issuing company does not receive the minimum subscription of ninety per cent. of the offer through offer document on the date of closure of the issue, or if the subscription level falls below ninety per cent. after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the issuing company shall forthwith refund the entire subscription amount received.

(b) If the issuing company fails to refund the entire subscription amount within fifteen days from the date of the closure of the issue, it is liable to pay the amount with interest to the subscribers at the rate of fifteen per cent. per annum for the period of delay.

(2) For underwritten issues: If the issuing company does not receive the minimum subscription of ninety per cent. of the offer through offer document including devolvement of underwriters within

[49] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010. Prior to its substitution, proviso as inserted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 11.12.2009, read as under:

"Provided that atleast thirty per cent. of the said fifty per cent. IDR issued shall be allocated to retail individual investors and in case of under-subscription in retail individual investor category, spill over to the extent of under-subscription shall be permitted to other categories."

sixty days from the date of closure of the issue, the issuing company shall forthwith refund the entire subscription amount received with interest to the subscribers at the rate of fifteen per cent. per annum for the period of delay beyond sixty days.

**Fungibility.**

**100.** The Indian depository Receipts shall not be automatically fungible into underlying equity shares of issuing company.

**Filing of draft prospectus, due diligence certificates, payment of fees and issue advertisement for IDR.**

**101.** (1) The issuing company making an issue of IDR shall enter into an agreement with a merchant banker on the lines of format of agreement specified in **Schedule II**.

(2) Where the issue is managed by more than one merchant banker, the rights, obligations and responsibilities, relating inter-alia to disclosures, allotment, refund and underwriting obligations, if any, of each merchant banker shall be predetermined and disclosed in the prospectus on the lines of format as specified in **Schedule I**.

(3) The issuing company shall file a draft prospectus with the Board through a merchant banker along with the requisite fee, as prescribed in Companies (Issue of Indian Depository Receipts) Rules, 2004.

(4) The prospectus filed with the Board under this regulation shall also be furnished to the Board in a soft copy on the lines specified in **Schedule V**.

(5) The lead merchant bankers shall:

(a) submit a due diligence certificate as per format given in **Part C of Schedule XIX** to the Board along with the draft prospectus**.**

(b) certify that all amendments, suggestions or observations made by the Board have been incorporated in the prospectus

(c) submit a fresh due diligence certificate as per format given in **Part C of Schedule XIX**, at the time of filing the prospectus with the Registrar of the Companies.

(d) furnish a certificate as per format given in **Part C of Schedule XIX**, immediately before the opening of the issue, certifying that no corrective action is required on its part.

(e) furnish a certificate as per format given in **Part C of Schedule XIX**, after the issue has opened but before it closes for subscription.

(6) The issuing company shall make arrangements for mandatory collection centres as specified in **Schedule III**.

(7) The issuing company shall issue an advertisement in one English national daily newspaper with wide circulation and one Hindi national daily newspaper with wide circulation, soon after receiving final observations, if any, on the publicly filed draft prospectus with the Board, which shall be on the lines of the format and contain the minimum disclosures as given in **Part A of Schedule XIII**.

**Display of bid data.**

**102.** The stock exchanges offering online bidding system for the book building process shall display on their website, the data pertaining to book built IDR issue, in the format specified in **Part B(II) of Schedule XI**, from the date of opening of the bids till at least three days after closure of bids.

**Disclosures in prospectus and abridged prospectus.**

**103.** (1) The prospectus shall contain all material disclosures which are true, correct and adequate so as to enable the applicants to take an informed investment decision.

(2) Without prejudice to the generality of sub-regulation (1), the prospectus shall contain:

(a) the disclosures specified in Schedule to Companies (Issue of Indian Depository Receipts) Rules, 2004; and

(b) the disclosures in the manner as specified in **Part A of Schedule XIX**.

(3) The abridged prospectus for issue of Indian Depository Receipts shall contain the disclosures as specified in **Part B of Schedule XIX**.

**Post-issue reports.**

**104.** (1) The merchant banker shall submit post-issue reports to the Board in accordance with sub-regulation (2).

(2) The post-issue reports shall be submitted as follows:

(a) initial post issue report on the lines of Parts A and B of Schedule XVI, within three days of closure of the issue;

(b) final post issue report on the lines of Parts C and D of Schedule XVI, within fifteen days of the date of finalisation of basis of allotment or within fifteen days of refund of money in case of failure of issue.

**Undersubscribed issue.**

**105.** In case of undersubscribed issue of IDR, the merchant banker shall furnish information in respect of underwriters who have failed to meet their underwriting devolvement to the Board on the lines of the format specified in **Schedule XVII**.

**Finalisation of basis of allotment.**

**106**. The executive director or managing director of the stock exchange, where the IDR are proposed to be listed, along with the post issue lead merchant bankers and registrars to the issue shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the allotment procedure as specified in **Schedule XV**.

## [50][CHAPTER XA
## RIGHTS ISSUE OF INDIAN DEPOSITORY RECEIPTS

**Applicability.**

**106A.** (1) In addition to compliance with Chapter X, a listed issuer offering IDR through a rights issue shall satisfy the conditions specified in this Chapter at the time of filing the offer document:

Provided that the provisions of the following regulations shall not be applicable in case of rights issue of IDRs:

(a) clauses (a), (b), (c), (d) and (e) of regulation 98;
(b) regulation 102; and
(c) regulation 103.

(2) Every listed issuer offering IDRs through a rights issue shall prepare the offer document in accordance with the home country requirements along with an addendum containing disclosures as specified in Part A of Schedule XXI and regulation 106F and file the same with the Board and the stock exchanges on which the IDRs of the issuer are listed.

**Eligibility.**

**106B.** No issuer shall make a rights issue of IDRs:

(a) if at the time of undertaking the rights issue, the issuer is in breach of ongoing material obligations under the IDR Listing Agreement as may be applicable to such issuer or material obligations under the deposit agreement entered into between the domestic depository and the issuer at the time of initial offering of IDRs; and
(b) unless it has made an application to all the recognised stock exchanges in India, where its IDRs are already listed, for listing of the IDRs to be issued by way of rights and has chosen one of them as the designated stock exchange.

**Renunciation by an IDR holder.**

**106C.** Unless the laws of the home jurisdiction of the issuer company otherwise provide, the rights offering shall be deemed to include a right exercisable by the person concerned to renounce the IDRs offered to the IDR holder in favour of any other person subject to applicable laws and the same shall be disclosed in the offer document.

**Depository.**

**106D.** The domestic depository shall, in accordance with the depository agreement executed with the issuer at the time of initial offering of IDRs, take such steps as are necessary to enable the IDR holders to have entitlements under the rights offering and issue additional IDRs to such IDR holders, distribute the rights to the IDR Holders/renouncees or arrange for the IDR holders/renouncees to subscribe for any additional rights which are available due to lack of take-up by other holders of underlying shares.

[50] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 23.09.2011.

**Record Date.**

**106E.** (1) A listed issuer making a rights issue of IDRs shall in accordance with provisions of the listing agreement, announce a record date for the purpose of determining the shareholders eligible to apply for IDRs in the proposed rights issue.

(2) If the issuer withdraws the rights issue after announcing the record date, it shall notify the Board about the same and shall notify the same in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language daily newspaper with wide circulation at the place where principal office of the issuer is situated in India. If the issuer withdraws the rights issue after announcing the record date, it shall not make an application for offering of IDRs on a rights basis for a period of twelve months from the said record date.

**Disclosures in the offer document and the addendum for the rights offering.**

**106F.** (1) The offer document for the rights offering shall contain disclosures as required under the home country regulations of the issuer.

(2) Apart from the disclosures as required under the home country regulations, an additional wrap (addendum to offer document) shall be attached to the offer document to be circulated in India containing information as specified in Part A of Schedule XXI and other instructions as to the procedures and process to be followed with respect to rights issue of IDRs in India.

(3) Without prejudice to the generality of sub-regulations (1) and (2), the offer document and the addendum attached with it, shall contain all material information, which are true, correct and adequate, so as to enable the applicants to take an informed investment decision.

**Filing of draft offer document and the addendum for rights offering.**

**106G.** (1)The issuer shall appoint one or more merchant bankers, one of whom shall be a lead merchant banker and shall also appoint other intermediaries, in consultation with the lead merchant banker, to carry out the obligations relating to the issue.

(2) The issuer shall, through the lead merchant banker, file the draft offer document prepared in accordance with the home country requirements along with an addendum containing disclosures as specified in Part A of Schedule XXI with the Board, as a confidential filing accompanied with fees as specified in Part A of Schedule IV.

(3) The Board may specify changes or issue observations, if any, on the draft offer document and the addendum within thirty days or from the following dates, whichever is later:

(a) the date of receipt of the draft offer document prepared in accordance with the home country requirements along with an addendum under sub-regulation (2); or
(b) the date of receipt of satisfactory reply from the lead merchant bankers, where the Board has sought any clarification or additional information from them; or
(c) the date of receipt of clarification or information from any regulator or agency, where the Board has sought any clarification or information from such regulator or agency; or
(d) the date of receipt of a copy of in-principle approval letter issued by the recognised stock exchanges.

(4) If the Board specifies changes or issues observations on the draft offer document and the addendum under sub-regulation(3), the issuer and the merchant banker shall file the revised draft offer document and the updated addendum after incorporating the changes suggested or specified by the Board.

(5) The issuer shall also submit an undertaking from the Overseas Custodian and Domestic Depository addressed to the issuer, to comply with their obligations with respect to the said rights issue under their respective agreements entered into between them, along with the offer document.

(6) The issuer shall ensure that the Compliance Officer, in charge of ensuring compliance with the obligations under this Chapter, functions from within the territorial limits of India.

**Fast track issue.**

**106H.** (1) Nothing contained in sub-regulations (1), (2), (3) and (4) of regulation 106G shall apply, if the issuer satisfies the following conditions:

(a) the issuer is in compliance in all material respects with the provisions of deposit agreement and the provisions of listing agreements (or listing conditions) applicable in all the jurisdictions wherever the issuer is listed, for a period of at least three years immediately preceding the date of filing of the offer document, and a certification to this effect is provided by the issuer;

(b) the offer document for the rights offering of the securities of the issuer has been filed and reviewed by the securities regulator in the home country of the issuer;

(c) there are no pending show-cause notices or prosecution proceedings against the issuer or its promoters, where applicable, or whole time directors on the reference date by the Board or the regulatory authorities in its home country restricting them from accessing the capital markets; and

(d) the issuer has redressed at least ninety five per cent. of the complaints received from the IDR holders before the end of the three months period immediately preceding the month of date of filing the letter of offer with the designated stock exchange.

(2) Where the conditions in sub-regulation (1) are satisfied, the issuer may opt for rights issue of IDRs by filing a copy of the offer document prepared in accordance with the home country requirements along with an addendum containing disclosures as specified in Part A of Schedule XXI with the Board for record purposes, before filing the same with the recognised stock exchanges.

**Dispatch of abridged letter of offer and application form.**

**106I.** (1) The abridged letter of offer, containing disclosures as specified in Part B of Schedule XXI, for a rights offering, along with application form, shall be dispatched through registered post or speed post to all the eligible IDR holders at least three days before the date of opening of the issue and shall be made available on the website of the issuer with appropriate access restrictions at the same time it is made available to the holders of its equity shares.

Provided that a hard copy of the offer document for a rights offering along with the addendum shall be made available at the principal office of the issuer or lead merchant banker to any existing IDR holder who has made a request in this regard.

(2) The eligible IDR holders who have not received the application form may apply in writing on a plain paper to the domestic depository, along with the requisite application money within the time frame for acceptance.

(3) The eligible IDR holders making an application otherwise than on the application form shall not renounce their rights and shall not utilise the application form for any purpose including renunciation even if it is received subsequently.

(4) Where any eligible IDR holder makes an application on an application form as well as on plain paper, such application is liable to be rejected.

(5) The issue price and the ratio shall be decided simultaneously with record date in accordance with the home country regulations.

**Period of subscription.**

**106J.** A rights issue shall be open for subscription in India for a period as applicable under the laws of its home country but in no case less than 10 days.

**Pre-Issue Advertisement for rights issue.**

**106K.** (1) The issuer shall issue an advertisement for the rights issue disclosing the following:

(a) the date of completion of despatch of the abridged letter of offer and the application form;

(b) the centres other than principal office of the issuer in India where the eligible IDR holders may obtain duplicate copies of the application forms in case they do not receive the application form within a reasonable time after opening of the rights issue;

(c) a statement that if the eligible IDR holders have neither received the original application forms nor they are in a position to obtain the duplicate forms, they may make application in writing on a plain paper to subscribe to the rights issue;

(d) a format to enable the eligible IDR holders, to make the application on a plain paper specifying therein necessary particulars such as name, address, ratio of rights issue, issue price, number of IDRs held, ledger folio numbers, depository participant ID, client ID, number of IDRs entitled and applied for, amount to be paid along with application, and particulars of cheque, etc. to be drawn in favour of the issuer's account;

(e) a statement that the applications can be directly sent by the eligible IDR holders through registered post together with the application moneys to the issuer's designated official at the address given in the advertisement;

(f) a statement to the effect that if the eligible IDR holder makes an application on plain paper and also on application form both his applications shall be liable to be rejected at the option of the issuer.

(2) The advertisement shall be made in at least one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language daily newspaper with wide circulation at the place where principal office of the issuer is situated in India at least three days before the date of opening of the issue.

**Utilisation of funds raised in rights issue.**

**106L.** (1) The issuer shall utilise funds raised in relation to the IDRs pursuant to the rights offering only upon completion of the allotment process.

## [51][52][ CHAPTER XB
## ISSUE OF SPECIFIED SECURITIES BY SMALL AND MEDIUM ENTERPRISES]

**Applicability.**

[53]**[106M.]** (1) An issuer whose post-issue face value capital does not exceed ten crore rupees shall issue its specified securities in accordance with provisions of this Chapter.

(2) An issuer, whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, may also issue specified securities in accordance with provisions of this Chapter.

(3) The provisions of these regulations, in respect of the matters not specifically dealt or excluded under this Chapter, shall mutatis mutandis apply to any issue of specified securities under this Chapter:

Provided that provisions of sub-regulations (1), (2) and (3) of regulation 6, regulation 7, regulation 8, regulation 9, regulation 10, regulation 25, regulation 26, regulation 27 and sub-regulation (1) of regulation 49 of these regulations shall not apply to an issue of specified securities made under this Chapter.

**Definitions.**

[54]**[106N.]** (1) In this Chapter, unless the context otherwise requires, -

(a) "Main Board" means a recognized stock exchange having nationwide trading terminals, other than SME exchange;

(b) "nominated investor" means a qualified institutional buyer or private equity fund, who enters into an agreement with the merchant banker to subscribe to the issue in case of under-subscription or to receive or deliver the specified securities in the market-making process;

Explanation: "private equity fund" means a fund registered with any regulatory authority or a fund established by any person registered with any regulatory authority;

(c) "SME exchange" means a trading platform of a recognised stock exchange having nationwide trading terminals permitted by the Board to list the specified securities issued in accordance with this Chapter and includes a stock exchange granted recognition for this purpose but does not include the Main Board;

(2) All other words and expression used in this Chapter but not defined under sub-regulation (1) shall derive their meaning from regulation 2 of these regulations.

**Filing of offer document and due diligence certificate.**

[55]**[106O.]** (1) The issuer making a public issue or rights issue of specified securities under this Chapter shall not file the draft offer document with the Board:

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[51] Substituted for "CHAPTER XA" by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 23.09.2011.

[52] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

[53] Substituted for "106A" by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 23.09.2011.

[54] Substituted for "106B", *ibid*.

[55] Substituted for "106C", *ibid*.

Provided that the issuer shall file a copy of the offer document with the Board through a merchant banker, simultaneously with the filing of the prospectus with the SME exchange and the Registrar of Companies or letter of offer with the SME Exchange:
Provided further that the Board shall not issue any observation on the offer document.
(2) The merchant banker shall submit a due-diligence certificate as per Form A of Schedule VI including additional confirmations as provided in Form H of Schedule VI alongwith the offer document to the Board.
(3) The offer document shall be displayed from the date of filing in terms of sub-regulation (1) on the websites of the Board, the issuer, the merchant banker and the SME exchange where the specified securities offered through the offer document are proposed to be listed.

**Underwriting by merchant bankers and underwriters.**
[56]**[106P.]** (1) The issue made under this Chapter shall be hundred per cent. underwritten.
Explanation: The underwriting under this regulation shall be for the entire hundred percent of the offer through offer document and shall not be restricted upto the minimum subscription level.
(2) The merchant banker/s shall underwrite at least fifteen per cent of the issue size on his/ their own account/s.
(3) The issuer in consultation with merchant banker may appoint underwriters in accordance with Securities and Exchange Board of India (Underwriters) Regulations, 1993 and the merchant banker may enter into an agreement with nominated investor indicating therein the number of specified securities which they agree to subscribe at issue price in case of under-subscription.
(4) If other underwriters fail to fulfill their underwriting obligations or other nominated investors fail to subscribe to unsubscribed portion, the merchant banker shall fulfill the underwriting obligations.
(5) The underwriters other than the merchant banker and the nominated investors, who have entered into an agreement for subscribing to the issue in case of under-subscription, shall not subscribe to the issue made under this Chapter in any manner except for fulfilling their obligations under their respective agreements with the merchant banker in this regard.
(6) All the underwriting and subscription arrangements made by the merchant banker shall be disclosed in the offer document.
(7) The merchant banker shall file an undertaking to the Board that the issue has been hundred per cent. underwritten along with the list of underwriters and nominated investors indicating the extent of underwriting or subscription commitment made by them, one day before the opening of issue.

**Minimum Application Value.**
[57]**[106Q.]** The issuer shall stipulate in the offer document, the minimum application size in terms of number of specified securities which shall not be less than one lakh rupees per application.

**Minimum Number of Allottees.**
[58]**[106R.]** No allotment shall be made pursuant to any initial public offer made under this Chapter, if the number of prospective allottees is less than fifty.

**Listing of specified securities.**
[59]**[106S.]** (1) Specified securities issued in accordance with this Chapter shall be listed on SME exchange.

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[56] Substituted for "106D" by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 23.09.2011.
[57] Substituted for "106E", *ibid*.
[58] Substituted for "106F", *ibid*.
[59] Substituted for "106G", *ibid*.

(2) Where any listed issuer issues specified securities in accordance with provisions of this Chapter it shall migrate the specified securities already listed on any recognized stock exchange/s to the SME exchange.

**Migration to SME exchange.**

[60]**[106T.]** A listed issuer whose post-issue face value capital is less than twenty five crore rupees may migrate its specified securities to SME exchange if its shareholders approve such migration by passing a special resolution through postal ballot to this effect and if such issuer fulfils the eligibility criteria for listing laid down by the SME exchange:

Provided that the special resolution shall be acted upon if and only if the votes cast by shareholders other than promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

**Migration to Main Board.**

[61]**[106U.]** (1) An issuer, whose specified securities are listed on a SME Exchange and whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, may migrate its specified securities to Main Board if its shareholders approve such migration by passing a special resolution through postal ballot to this effect and if such issuer fulfils the eligibility criteria for listing laid down by the Main Board:

Provided that the special resolution shall be acted upon if and only if the votes cast by shareholders other than promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

(2) Where the post issue face value capital of an issuer listed on SME exchange is likely to increase beyond twenty five crore rupees by virtue of any further issue of capital by the issuer by way of rights issue, preferential issue, bonus issue, etc. the issuer shall migrate its specified securities listed on SME exchange to Main Board and seek listing of specified securities proposed to be issued on the Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board:

Provided that no further issue of capital by the issuer shall be made unless –

(a) the shareholders of the issuer have approved the migration by passing a special resolution through postal ballot wherein the votes cast by shareholders other than promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal;

(b) the issuer has obtained in- principle approval from the Main Board for listing of its entire specified securities on it.

**Market Making.**

[62]**[106V.]** (1) The merchant banker shall ensure compulsory market making through the stock brokers of SME exchange in the manner specified by the Board for a minimum period of three years from the date of listing of specified securities issued under this Chapter on SME exchange or from the date of migration from Main Board in terms of regulation [63][106T], as the case may be.

(2) The merchant banker may enter into agreement with nominated investors for receiving or delivering the specified securities in the market making subject to the prior approval by the SME exchange where the specified securities are proposed to be listed.

(3) The issuer shall disclose the details of arrangement of market making in the offer document.

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[60] Substituted for "106H", by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 23.09.2011.

[61] Substituted for "106I", *ibid*.

[62] Substituted for "106J", *ibid*.

[63] Substituted for "106H", *ibid*.

(4) The specified securities being bought or sold in the process of market making may be transferred to or from the nominated investor with whom the merchant banker has entered into an agreement for the market making:

Provided that the inventory of the market maker, as on the date of allotment of the specified securities, shall be at least five per cent. of the specified securities proposed to be listed on SME exchange.

(5) The market maker shall buy the entire shareholding of a shareholder of the issuer in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME exchange:

Provided that market maker shall not sell in lots less than the minimum contract size allowed for trading on the SME exchange.

(6) Market maker shall not buy the shares from the promoters or persons belonging to promoter group of the issuer or any person who has acquired shares from such promoter or person belonging to promoter group, during the compulsory market making period laid down under sub-regulation (1).

(7) The promoters' holding shall not be eligible for offering to the market maker under this Chapter during the period specified in sub-regulation (1):

Provided that the promoters' holding which is not locked-in as per these regulations can be traded with prior permission of the SME exchange, in the manner specified by the Board.

(8) Subject to the agreement between the issuer and the merchant banker/s, the merchant banker/s who have the responsibility of market making may be represented on the board of the issuer.**]**

## CHAPTER XI
## MISCELLANEOUS

**Directions by the Board.**

**107.** Without prejudice to the power under sections 11, 11A, 11B, 11D, sub-section (3) of section 12, Chapter VIA and section 24 of the Act or section 621 of the Companies Act, 1956, the Board may either *suo motu* or on receipt of information or on completion or pendency of any inspection, inquiry or investigation, in the interests of investors or the securities market, issue such directions or orders as it deems fit including any or all of the following:

(a) directing the persons concerned not to access the securities market for a specified period;

(b) directing the person concerned to sell or divest the securities;

(c) any other direction which Board may deem fit and proper in the circumstances of the case:

Provided that the Board shall, either before or after issuing such direction or order, give a reasonable opportunity of being heard to the person concerned:

Provided further that if any interim direction or order is required to be issued, the Board may give post-decisional hearing to the person concerned.

**Power to remove difficulty.**

**108.** In order to remove any difficulties in the application or interpretation of these regulations, the Board may issue clarifications through guidance notes or circulars after recording reasons in writing.

**Power to relax strict enforcement of the regulations.**

**109.** The Board may, in the interest of investors or for the development of the securities market, relax the strict enforcement of any requirement of these regulations, if the Board is satisfied that:

(a) the requirement is procedural in nature; or

(b) any disclosure requirement is not relevant for a particular class of industry or issuer; or

(c) the non-compliance was caused due to factors beyond the control of the issuer.

**Amendments to other regulations.**

**110.** On and from the commencement of these regulations, the regulations mentioned in **Schedule XX** shall stand amended to the extent specified therein.

**Repeal and Savings.**

**111.** (1) On and from the commencement of these regulations, the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 shall stand rescinded.

(2) Notwithstanding such rescission:

(a) anything done or any action taken or purported to have been done or taken including observation made in respect of any draft offer document, any enquiry or investigation commenced or show cause notice issued in respect of the said Guidelines shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(b) any offer document, whether draft or otherwise, filed or application made to the Board under the said Guidelines and pending before it shall be deemed to have been filed or made under the corresponding provisions of these regulations.

## SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

### SCHEDULE I
**[See regulation 5(3) and 101(2)]**

### INTER-SE ALLOCATION OF RESPONSIBILITIES

(1) The lead merchant bankers shall make inter-se allocation of responsibilities pertaining to the activities or sub-activities to be carried out under these regulations.

(2) The lead merchant bankers shall delineate the activity-wise allocation of responsibilities and intimate the Board about the name of the lead merchant banker responsible for each set of the activities or sub-activities at the time of filing the draft offer document with the Board. This intimation must be signed by all the lead merchant bankers to the issue.

(3) Where circumstances warrant joint and several responsibility of the lead merchant bankers for any particular activity, a co-ordinator designated from among the lead merchant bankers (hereinafter referred to as the "designated lead merchant banker") shall furnish to the Board, when called for, information, report, comments, etc. on matters relating to such activity.

(4) The activities or sub-activities may be grouped on the following lines:

(a) Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.

(b) Drafting and design of the offer document and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the offer document.

(c) Selection of various agencies connected with issue, such as registrars to the issue, printers, advertising agencies, etc.

(d) Marketing of the issue, which shall cover, *inter alia*, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) centres for holding conferences of stock brokers, investors, etc., (iii) bankers to the issue, (iv) collection centres as per schedule III, (v) brokers to the issue, and (vi) underwriters and underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure and deciding upon the quantum of issue material.

(e) Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, despatch of certificates or demat credit and refunds and co-ordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self Certified Syndicate Banks, etc. Ordinarily, one lead merchant banker shall be responsible for the post-issue activities.

(5) The designated lead merchant banker shall be responsible for ensuring compliance with these regulations and other requirements and formalities specified by the Registrar of Companies, the Board and the recognised stock exchanges where specified securities being offered are proposed to be listed.

(6) Even if many of the post-issue activities are handled by other intermediaries, the designated lead merchant banker shall be responsible for ensuring that these intermediaries fulfil their

functions and enable him to discharge this responsibility through suitable agreements with the issuer.

(7) In case of under-subscription in an issue, the lead merchant banker responsible for underwriting arrangements shall be responsible for invoking underwriting obligations and ensuring that the notice for devolvement containing the obligations of the underwriters is issued in terms of these regulations.

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

**SCHEDULE II**
**[See regulations 5(5) and 101(1)]**

**FORMAT OF AGREEMENT BETWEEN LEAD MERCHANT BANKERS TO THE ISSUE AND ISSUER/ISSUING COMPANY**

This Agreement made BETWEEN..... (name of the issuer), having its registered office at ..... (registered office address of the issuer) (hereinafter referred to as "the issuer") AND ..... (name of the lead merchant bankers), having their registered office at..... with the branch office at …….

WHEREAS:

(1) The issuer is taking steps for the issue of ..... (particulars of the issue) to the public/ existing shareholders of the issuer (the said issue of specified securities hereinafter referred to as "the issue"); AND
(2) The issuer has approached the lead merchant bankers to manage the issue and the lead merchant bankers have accepted the engagement *inter-alia*, subject to the issuer entering into an agreement for the purpose being these presents;

NOW, THEREFORE, the issuer and the lead merchant bankers do hereby agree as follows:

(1) Besides the lead merchant bankers, ....., ....., and ..... would be acting as the co-managers to the issue.
(2) The issuer hereby declares that it has complied with or agrees to comply with all the statutory formalities under the Companies Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other conditions, instructions and advices issued by Securities and Exchange Board of India (hereinafter referred to as "the Board") and other relevant statutes to enable it to make the issue and in particular in respect of the following matters:
*(Give details and particulars of statutory compliances which the issuer has to fulfil before making the issue)*
Consent of the shareholders has been obtained vide ..... (details of the resolution) passed in the general meeting held on ..... (date of the meeting).
(3) The issuer undertakes and declares that any information made available to the lead merchant banker or any statement made in the offer document shall be complete in all respects and shall be true and correct and that under no circumstances it shall give or withhold any information or statement which is likely to mislead the investors.
(4) The issuer also undertakes to furnish complete audited annual reports, other relevant documents, papers, information relating to pending litigations, etc. to enable the lead merchant banker to corroborate the information and statements given in the offer document.
(5) The issuer shall, if so required, extend such facilities as may be called for by the lead merchant banker to enable them to visit the plant site, office of the issuer or such other places to ascertain for themselves the state of affairs of the issuer including the progress made in respect of the project implementation, status and other facts relevant to the issue.

(6) The issuer shall extend all necessary facilities to the lead merchant banker to interact on any matter relevant to the issue with the solicitors / legal advisors, auditors, consultants, advisors to the issue, financial institutions, banks or any other organisation and any other intermediary associated with the issue in any capacity whatsoever.

(7) The issuer shall ensure that all advertisements prepared and released by the advertising agency or otherwise in connection with the issue conform to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the instructions given by the lead merchant banker from time to time and that it shall not make any misleading or incorrect statement in any public communication or publicity material including corporate, product and issue advertisements of the issuer, interviews by its promoters, directors, duly authorized employees or representatives of the issuer, documentaries about the issuer or its promoters, periodical reports and press releases issued by the issuer or research report made by the issuer, any intermediary concerned with the issue or their associates or at any press, brokers' or investors' conferences.

(8) The issuer shall not, without the prior consent of the lead merchant banker, appoint other intermediaries (except Self Certified Syndicate Banks) or other persons associated with the issue such as advertising agencies, printers, etc. for printing the application forms, allotment advices, allotment letters, share certificates / debenture certificates, refund orders or any other instruments, circulars, or advices.

(9) The issuer shall, whenever required and wherever applicable, in consultation with the lead merchant banker, enter into an agreement with the intermediaries associated with the issue, clearly setting forth their mutual rights, responsibilities and obligations. A certified true copy of such agreements shall be furnished to the lead merchant banker.

(10) The issuer shall take such steps as are necessary to ensure completion of allotment and despatch of letters of allotment and refund orders to the applicants including non–resident Indians soon after the basis of allotment is approved by designated stock exchanges but not later than the specified time limit and in the event of failure to do so, pay interest to the applicants as provided under the Companies Act, 1956 as disclosed in the offer document.

(11) The issuer shall take steps to pay the underwriting commission and brokerage to the underwriters, stock brokers, etc. within the time specified in any agreement with such underwriters, stock brokers, etc. or within a reasonable time.

(12) The issuer undertakes to furnish such information and particulars regarding the issue as may be required by the lead merchant banker to enable them to file a report with the Board in respect of the issue.

(13) The issuer shall keep the lead merchant banker informed if it encounters any problems due to dislocation of communication system or any other material adverse circumstance which is likely to prevent or which has prevented the issuer from complying with its obligations, whether statutory or contractual, in respect of the matters pertaining to allotment, dispatch of refund orders, share certificates or debenture certificates, demat credit, etc.

(14) The issuer shall not resort to any legal proceedings in respect of any matter having a bearing on the issue except in consultation with and after receipt of advice from the lead merchant banker.

(15) The issuer shall not access the moneys raised in the issue till finalisation of the basis of allotment or completion of issue formalities.

(16) The issuer shall refund the moneys raised in the issue to the applicants, if required to do so for any reason such as failing to get listing permission or under any direction or order of the Board. The issuer shall pay requisite interest amount if so required under the laws or direction or order of the Board.

(17) (Rights of lead merchant banker vis-à-vis the issuer )---------- (give details).
(18) (Consequences of breach) --------- (give details).

**In Witness whereof the parties hereto have put their hands on this ---------- (date) day of ……(month) of …… (year).**

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

**SCHEDULE III**
**[See regulation 5(6) and 101(7)]**

**MANDATORY COLLECTION CENTRES**

(1) The minimum number of collection centres shall be as follows:
   (a) The four metropolitan centres situated at Mumbai, Delhi, Kolkata and Chennai.
   (b) All such places where the recognised stock exchanges are located in the region in which the registered office of the issuer is situated;
   (c) The region-wise collection centres are as indicated hereunder:

| Sr. No. | Name of the Recognised Stock Exchange | City |
|---|---|---|
| **(A)** | **NORTHERN REGION** | |
| (i) | Ludhiana Stock Exchange Ltd. | Ludhiana |
| (ii) | Delhi Stock Exchange Ltd. | Delhi |
| (iii) | Jaipur Stock Exchange Ltd. | Jaipur |
| (iv) | U.P. Stock Exchange Ltd. | Kanpur |
| **(B)** | **SOUTHERN REGION** | |
| (i) | Bangalore Stock Exchange Ltd. | Bangalore |
| (ii) | Cochin Stock Exchange Ltd. | Cochin |
| (iii) | Madras Stock Exchange Ltd. | Madras |
| **(C)** | **EASTERN REGION** | |
| (i) | Calcutta Stock Exchange Association Ltd. | Kolkata |
| (ii) | Gauhati Stock Exchange Ltd. | Gauhati |
| (iii) | Bhubaneswar Stock Exchange Ltd. | Bhubaneswar |
| **(D)** | **WESTERN REGION** | |
| (i) | Bombay Stock Exchange Ltd. | Mumbai |
| (ii) | National Stock Exchange of India Ltd. | Mumbai |
| (iii) | OTC Exchange of India Ltd. | Mumbai |
| (iv) | Pune Stock Exchange Ltd. | Pune |
| (v) | M P Stock Exchange Ltd. | Indore |
| (vi) | Vadodara Stock Exchange Ltd. | Vadodara |
| (vii) | Ahmedabad Stock Exchange Ltd. | Ahmedabad |

(2) In addition to the collection centres specified in para (1), all designated branches of Self Certified Syndicate Banks, as displayed on the websites of such banks and of the Board, shall be deemed to be mandatory collection centres

(3) The issuer may appoint any other collection centre/s as it may deem fit in addition to the minimum collection centre specified in this Schedule.

## SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

## SCHEDULE IV
**[See regulations 6(1), 10(2) and 11(4)]**

## FEES TO BE PAID ALONG WITH OFFER DOCUMENT

(1) There shall be charged in respect of every draft offer document, every offer document (in case of a fast track issue) and in case of updation of any draft offer document, fees at the rate as specified in Part A and Part B of this Schedule.

(2) The fees shall be paid by means of a demand draft drawn in favour of 'the Securities and Exchange Board of India' payable at the place where the draft offer document or offer document or updated draft offer document, as the case may be, is filed with the Board.

## PART A

## FEES TO BE PAID ALONG WITH DRAFT OFFER DOCUMENT OR IN CASE OF A FAST TRACK ISSUE, ALONG WITH OFFER DOCUMENT

(1) There shall be charged in respect of every draft offer document or in case of a fast track issue, every offer document filed by a lead merchant banker with the Board in terms of these regulations, a fee at the following rate:

(a) **In case of a public issue:**

| Size of the issue, including intended retention of oversubscription | Amount / Rate of fees |
|---|---|
| Less than or equal to ten crore rupees. | A flat charge of twenty five thousand rupees (Rs.25,000/-). |
| More than ten crore rupees, but less than or equal to five thousand crore rupees. | 0.025 per cent. of the issue size. |
| More than five thousand crore rupees, but less than or equal to twenty five thousand crore rupees. | One crore twenty five lakh rupees (Rs.1,25,00,000/-) plus 0.00625 per cent of the portion of the issue size in excess of five thousand crore rupees (Rs.5000,00,00,000/-). |
| More than twenty five thousand crore rupees. | A flat charge of three crore rupees (Rs.3,00,00,000/-). |

[64][**"(b) In case of a rights issue:**

[64] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010. Prior to its substitution clause (b) read as under : **(b) In case of a rights issue:**

| Size of the issue, including intended retention of oversubscription | Amount / Rate of fees |
|---|---|
| Less than or equal to ten crore rupees. | A flat charge of twenty five thousand rupees (Rs.25,000/-). |
| More than ten crores rupees and less than or equal to five hundred crore rupees. | 0.005 per cent. of the issue size. |
| More than five hundred crore rupees. | A flat charge of five lakh rupees (Rs.5,00,000/-). |

| Size of the issue, including intended retention of oversubscription | Amount / Rate of fees |
|---|---|
| Less than or equal to ten crore rupees. | A flat charge of twenty five thousand rupees (Rs.25,000/-). |
| More than ten crore rupees and less than or equal to five hundred crore rupees. | Twenty five thousand rupees (Rs. 25,000/-) plus 0.005 per cent. of the issue size in excess of ten crore rupees. |
| More than five hundred crore rupees. | A flat charge of five lakh rupees (Rs.5,00,000/-). |

]

(2) Where the issue size is not determined at the time of submission of the draft offer document or the offer document (in case of a fast track issue), the issuer shall pay fees mentioned at para (1), based on the estimated issue size.

(3) If the issue size estimated by the issuer differs from eventual issue size and thereby:–

(a) the fees paid by the issuer is found to be deficient, the balance fee shall be paid by the issuer within seven days of registering the prospectus with the Registrar of Companies or filing the letter of offer with the recognised stock exchanges, as the case may be; and

(b) if any excess fee is found to have been paid, it shall be refunded by the Board to the issuer.

## PART B

## FEES TO BE PAID ALONG WITH UPDATED OFFER DOCUMENT

Where updations or changes are made in any of the sections specified in [65][Para 2] of Schedule VII of these regulations, there shall be charged a fee of ten thousand rupees (Rs.10,000/-) for updations or changes per section, subject to total fee not exceeding one fourth (1/4th) of the filing fees paid at the time of filing the draft document with the Board or rupees fifty thousand, whichever is higher.

[65] Substituted for "Para 3" by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

## SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

## SCHEDULE V
**[See regulations 6(6) and 101(4)]**

## MANNER OF SUBMISSION OF SOFT COPY OF DRAFT OFFER DOCUMENT AND OFFER DOCUMENT TO THE BOARD

(1) The soft copies of draft and final offer document shall be submitted in PDF format in a compact disk placed in a sealed envelope.

(2) One compact disk shall contain the draft or final offer document of only one issue and in single file.

(3) While submitting the compact disk, the lead merchant banker shall, *inter alia,* certify to the Board that the information contained in the compact disk contains all text and data in a systematic order, matches exactly with the contents of the hard copy of the offer document and satisfies the requirements of this Schedule.

(4) The compact disk containing the offer document shall have a sticker duly pasted giving the following information:
   - (a) The name of the merchant banker;
   - (b) Name of the issuer;
   - (c) Type of the issue ;
   - (d) Signature of the person who has signed the due diligence certificate.

(5) The sticker on the compact disk containing final offer document shall mention all the information as stated in clause (4) and the following additional information:
   - (a) Date of registering red herring prospectus or the prospectus with the Registrar of Companies or filing the letter of offer with the designated stock exchanges
   - (b) Issue opening date.

(6) If the requirements of this Schedule are not fulfilled, the offer document would be liable to be rejected.

(7) The lead merchant bankers shall, within one day of the hosting of offer document on the website (if the next day is a holiday, on the first working day), confirm to the Board in writing that the contents of the offer document appearing on the website are in order.

(8) The following information shall also be submitted with soft copies of the offer documents:

| Sr. No. | Particulars | Comments |
|---|---|---|
| (i) | Soft copy submitted by: | |
| (ii) | Content Title: | |
| (iii) | Whether the Documents are in PDF Format? | YES/NO |
| (iv) | Whether the tabular data in the PDF format are in order? | YES/NO/N.A. |
| (v) | Whether the Sr. Numbers of paragraph/points are in order and matches with the printed copy? | YES/NO/N.A. |
| (vi) | Whether the alignments of all paragraphs are in order? | YES/NO |
| (vii) | Whether all relevant image files, if any are available in the compact disk? | YES/NO/N.A. |
| (viii) | Whether the contents of the PDF format and hard copy of the offer document have been compared and found to be in | YES/NO |

| | | |
|---|---|---|
| | order? | |
| (ix) | Whether the spacing between lines and paragraphs is uniform? | YES/NO |
| (x) | Remarks, if any | |

**Prepared by:** **Verified by:**
**Date:**

## SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

## SCHEDULE VI

## FORMATS OF DUE DILIGENCE CERTIFICATES

### FORM A

**[66][[See regulations 8(1)(c), 10(3)(a) and [67][106O(2)]]]**

### FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY MERCHANT BANKER ALONG WITH DRAFT OFFER DOCUMENT

**To,**
**Securities and Exchange Board of India**

Dear Sirs,

**Sub.: Public/Rights Issue of …… by……. (Name of the Issuer)**

We, the lead merchant banker(s) to the above mentioned forthcoming issue, state and confirm as follows:

(1) We have examined various documents including those relating to litigation like commercial disputes, patent disputes, disputes with collaborators, etc. and other material in connection with the finalisation of the draft red herring prospectus (in case of a book built issue) / draft prospectus (in case of a fixed price issue) / letter of offer (in case of a rights issue) pertaining to the said issue;

(2) On the basis of such examination and the discussions with the issuer, its directors and other officers, other agencies, and independent verification of the statements concerning the objects of the issue, price justification and the contents of the documents and other papers furnished by the issuer, WE CONFIRM that:

   (a) the draft red herring prospectus/ draft prospectus/ draft letter of offer filed with the Board is in conformity with the documents, materials and papers relevant to the issue;

   (b) all the legal requirements relating to the issue as also the regulations guidelines, instructions, etc. framed/issued by the Board, the Central Government and any other competent authority in this behalf have been duly complied with; and

   (c) the disclosures made in the draft red herring prospectus/draft prospectus/draft letter of offer are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable legal requirements.

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[66] Substituted for "**[See regulations 8(1)(c) and 10(3)(a)]**" by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

[67] Substituted for "106C(2)" by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 01.11.2011.

(3) We confirm that besides ourselves, all the intermediaries named in the draft red herring prospectus/ draft prospectus/ draft letter of offer are registered with the Board and that till date such registration is valid.

(4) We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments.

(5) We certify that written consent from promoters has been obtained for inclusion of their specified securities as part of promoters' contribution subject to lock-in and the specified securities proposed to form part of promoters' contribution subject to lock-in shall not be disposed / sold / transferred by the promoters during the period starting from the date of filing the draft red herring prospectus/draft prospectus with the Board till the date of commencement of lock-in period as stated in the draft red herring prospectus/draft prospectus.

(6) We certify that regulation 33 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, which relates to specified securities ineligible for computation of promoters contribution, has been duly complied with and appropriate disclosures as to compliance with the said regulation have been made in the draft red herring prospectus/draft prospectus.

(7) We undertake that sub-regulation (4) of regulation 32 and clause (c) and (d) of sub-regulation (2) of regulation 8 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 shall be complied with. We confirm that arrangements have been made to ensure that promoters' contribution shall be received at least one day before the opening of the issue. We undertake that auditors' certificate to this effect shall be duly submitted to the Board. We further confirm that arrangements have been made to ensure that promoters' contribution shall be kept in an escrow account with a Scheduled Commercial Bank and shall be released to the issuer along with the proceeds of the public issue.

(8) We certify that the proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried out until now are valid in terms of the object clause of its Memorandum of Association.

(9) We confirm that necessary arrangements have been made to ensure that the moneys received pursuant to the issue are kept in a separate bank account as per the provisions of sub-section (3) of section 73 of the Companies Act, 1956 and that such moneys shall be released by the said bank only after permission is obtained from all the stock exchanges mentioned in the prospectus/ letter of offer. We further confirm that the agreement entered into between the bankers to the issue and the issuer specifically contains this condition.

(10) We certify that a disclosure has been made in the draft red herring prospectus/draft prospectus/ draft letter of offer that the investors shall be given an option to get the shares in demat or physical mode.

(11) We certify that all the applicable disclosures mandated in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 have been made in addition to disclosures which, in our view, are fair and adequate to enable the investor to make a well informed decision.

(12) We certify that the following disclosures have been made in the draft red herring prospectus/ draft prospectus/ draft letter of offer:

   (a) An undertaking from the issuer that at any given time, there shall be only one denomination for the equity shares of the issuer and

   (b) An undertaking from the issuer that it shall comply with such disclosure and accounting norms specified by the Board from time to time.

(13) We undertake to comply with the regulations pertaining to advertisement in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 while making the issue.

(14) We enclose a note explaining how the process of due diligence has been exercised by us in view of the nature of current business background or the issuer, situation at which the proposed business stands, the risk factors, promoters experience, etc.

(15) We enclose a checklist confirming regulation-wise compliance with the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, containing details such as the regulation number, its text, the status of compliance, page number of the draft red herring prospectus/ draft prospectus/ draft letter of offer where the regulation has been complied with and our comments, if any.

[68][(16) We enclose statement on 'Price Information of Past Issues handled by Merchant Bankers (who are responsible for pricing this issue)', as per format specified by the Board through Circular.]

**Place:** **Merchant Banker(s) to the Issue**
**Date:** **with Official Seal(s)**

**Note:** [69][(i)] The requirements in items 5, 6 and 7 are not applicable in case of a rights issue.

[70][(ii) The requirements in clause 16 may be updated by the merchant bankers at the time of registering offer document with Registrar of Companies and should be submitted to Board. The same should also be updated in offer document.]

[68] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 01.11.2011

[69] Inserted, *ibid*.

[70] Inserted, *ibid*.

**FORM B**
**[See regulations 8(1)(d) and 10(3)(b)]**

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY DEBENTURE TRUSTEE ALONG WITH DRAFT OFFER DOCUMENT**

**To,**
**Securities and Exchange Board of India**

Dear Sirs,

**Sub.: Public/Rights Issue of ……. by …….. (Name of the Issuer)**

We, the debenture trustees to the above mentioned forthcoming issue, state as follows:

(1) We have examined the documents pertaining to the said issue.
(2) We have also examined the relevant documents pertaining to the security to be created.
(3) On the basis of such examination and of the discussions with the issuer, its directors and other officers, other agencies and of independent verification of the various relevant documents, WE CONFIRM that:
   (a) The issuer has made adequate provisions for and/or has taken steps to provide for adequate security/asset cover for the secured convertible debt instruments to be issued.
   (b) The issuer has obtained the permissions / consents necessary for creating security on the property as second charge/pari passu charge (wherever applicable)
   (c) The issuer has made all the relevant disclosures about the security/asset cover
   (d) The issuer has made all the relevant disclosures about its continued obligations towards the holders of convertible debt instruments.
   (e) All disclosures made in the draft prospectus/letter of offer with respect to the convertible debt instruments are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue.
(4) We have satisfied ourselves about the ability of the issuer to service the debt securities.

**Place:** **Debenture Trustee to the Issue**
**Date**: **with his Official Seal**

**Note:** With respect to the issue of unsecured convertible debt instruments, the debenture trustee shall not certify and confirm the requirements stated in item 2 and sub-item (a), (b) and (c) of item 3 above.

**FORM C**
**[See regulation 8(2)(b)]**

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY MERCHANT BANKER AT THE TIME OF REGISTERING OFFER DOCUMENT WITH THE REGISTRAR OF COMPANIES / FILING LETTER OF OFFER WITH THE DESIGNATED STOCK EXCHANGE**

**To,**
**Securities and Exchange Board of India**

Dear Sirs,

**Sub.: Public/Rights Issue of …….. by …… (Name of the Issuer)**

(1) This is to certify that the red herring prospectus (in case of a book built issue) / prospectus (in case of a fixed price issue) registered with the Registrar of Companies / letter of offer filed with the designated stock exchange (in case of a rights issue) on …. (date) was suitably updated under intimation to the Board and that the said red herring prospectus/prospectus or letter of offer contains all the material disclosures in respect of the issuer as on the said date.
(2) We confirm that the registrations of all the intermediaries named in the red herring prospectus/prospectus or letter of offer are valid as on date and that none of these intermediaries have been debarred from functioning by any regulatory authority.
(3) We confirm that written consent from promoters has been obtained for inclusion of their securities as part of promoters' contribution subject to lock-in.
(4) We further confirm that the securities proposed to form part of promoters' contribution and subject to lock-in, have not been disposed / sold / transferred by the promoters during the period starting from the date of filing the draft prospectus with the Board till date.
(5) We confirm that agreements have been entered into with both the depositories for dematerialisation of the securities of the issuer.
(6) We certify that as per the requirements of first proviso to sub-regulation (4) of regulation 32 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, cash flow statement has been prepared and disclosed in the red herring prospectus and/or prospectus.

**Place:** **Merchant Banker(s) to the Issue**
**Date:** **with Official Seal(s)**

**Note:** The requirements in items 3, 4 and 6 above are not applicable in case of a rights issue.

**FORM D**
**[See regulation 8(2)(e)]**

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY MERCHANT BANKER IMMEDIATELY BEFORE OPENING OF THE ISSUE**

**To,**
**Securities and Exchange Board of India**

Dear Sirs,

**Sub.: Public/Rights Issue of …….. by ……. (Name of the Issuer)**

(1) This is to certify that all the material disclosures in respect of the issuer as on the date of opening of the issue have been made through the red herring prospectus (in case of a book built issue) / prospectus (in case of a fixed price issue) registered with the Registrar of Companies / letter of offer filed with the designated stock exchange (in case of a rights issue) on ….. (date) and subsequent amendments/ advertisements (if applicable) dated …..... (Details of advertisements to be enclosed), We confirm:
   (a) that the registrations of all the intermediaries named in the red herring prospectus/prospectus /letter of offer, are valid as on date and that none of these intermediaries have been debarred from functioning by any regulatory authority as on date.
   (b) that the securities proposed to form part of promoters' contribution and subject to lock-in, have not been disposed / sold / transferred by the promoters during the period starting from the date of filing the draft prospectus with the Board till date.
   (c) that the abridged prospectus/letter of offer contains all the disclosures as specified in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

**Place:** **Merchant Banker(s) to the Issue**
**Date:** **with Official Seal(s)**

**Note:** The requirements in item [71][1(b)] above are not applicable in case of a rights issue.

[71] Substituted for "2(b)" by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

**FORM E**
**[See regulation 8(2)(f)]**

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY MERCHANT BANKER AFTER OPENING OF THE ISSUE BUT BEFORE CLOSURE OF SUBSCRIPTION**

**To,**
**Securities and Exchange Board of India**

Dear Sirs,

**Sub.: Public/Rights Issue of …… by …… (Name of the Issuer)**

(1) This is to certify that all the material disclosures in respect of the issuer as on date have been made through the red herring prospectus (in case of a book built issue) / prospectus (in case of a fixed price issue) registered with the Registrar of Companies / letter of offer filed with the recognised stock exchange (in case of a rights issue) on …… (date) and subsequent amendments/ advertisements (if applicable) dated …….. (Details of advertisements to be enclosed).

(2) We confirm that the registrations of all the intermediaries named in the red herring prospectus/prospectus/letter of offer, are valid as on date and that none of these intermediaries have been debarred from functioning by any regulatory authority as on date.

(3) We also confirm that the specified securities proposed to form part of promoters' contribution and subject to lock-in, have not been disposed / sold / transferred by the promoters during the period starting from the date of filing the draft prospectus with the Board till date.

**Place:** **Merchant Banker(s) to the Issue**
**Date:** **with Official Seal(s)**

**Note:** The requirement in item 3 above is not applicable in case of a rights issue.

**FORM F**
**[See regulation 10(3)(a)]**

**ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT FOR FAST TRACK ISSUE**

(1) We confirm that none of the intermediaries named in the red herring prospectus (in case of a book built issue) / prospectus (in case of a fixed price issue) / letter of offer (in case of a rights issue) have been debarred from functioning by any regulatory authority.

(2) We confirm that the issuer is eligible to make fast track issue in terms of regulation 10 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The fulfilment of the eligibility criteria as specified in that regulation, by the issuer, has also been disclosed in the red herring prospectus (in case of a book built issue) / prospectus (in case of a fixed price issue) / letter of offer (in case of a rights issue).

(3) We confirm that all the material disclosures in respect of the issuer have been made in the red herring prospectus (in case of a book built issue) / prospectus (in case of a fixed price issue) / letter of offer (in case of a rights issue) and certify that any material development in the issuer or relating to the issue up to the commencement of listing and trading of the specified securities offered through this issue shall be informed through public notices/ advertisements in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

(4) We confirm that the abridged prospectus / abridged letter of offer contains all the disclosures as specified in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(5) We confirm that agreements have been entered into with the depositories for dematerialisation of the specified securities of the issuer.

(6) We certify that as per the requirements of first proviso to sub-regulation (4) of regulation 32 of Securities and Exchange board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, cash flow statement has been prepared and disclosed in the red herring prospectus and / or prospectus.

**Place:** **Merchant Banker(s) to the Issue**
**Date:** **with Official Seal(s)**

**FORM G**
**[See regulation 65(3)]**

**FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY MERCHANT BANKER ALONG WITH FINAL POST ISSUE REPORT**

**To,**
**Securities and Exchange Board of India**

Dear Sirs,

**Sub.: Public issue of …… by …… (Name of Issuer)**

We, the under noted post issue lead merchant bankers to the abovementioned issue state as follows:

(1) We confirm that –
   (a) the certificates in respect of locked-in specified securities have been stamped 'not transferable' indicating the period of non-transferability;
   (b) if the specified securities offered for lock-in are in dematerialised form, non transferability details have been informed to the depositories;
   (c) details of lock-in have been provided to all the stock exchanges on which specified securities are to be listed, before the listing of the specified securities.

(2) We certify that specified securities included as minimum promoters' contribution and the specified securities in excess of minimum promoters' contribution have been locked-in in terms of regulation 36 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(3) We certify that provisions regarding lock-in of specified securities held by persons other than promoters have been duly complied with in accordance with regulation 37 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

**Place:** **Merchant Banker(s) to the Issue**
**Date:** **with Official Seal(s)**

**[72][ FORM H**
**[See regulation [73][106O(2)]]**
**ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE**

(1) We confirm that none of the intermediaries named in the red herring prospectus (in case of a book built issue) / prospectus (in case of a fixed price issue) / letter of offer (in case of a rights issue) have been debarred from functioning by any regulatory authority.

(2) We confirm that all the material disclosures in respect of the issuer have been made in the red herring prospectus (in case of a book built issue) / prospectus (in case of a fixed price issue) / letter of offer (in case of a rights issue) and certify that any material development in the issuer or relating to the issue up to the commencement of listing and trading of the specified securities offered through this issue shall be informed through public notices/ advertisements in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

(3) We confirm that the abridged prospectus / abridged letter of offer contains all the disclosures as specified in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(4) We confirm that agreements have been entered into with the depositories for dematerialisation of the specified securities of the issuer.

(5) We certify that as per the requirements of first proviso to sub-regulation (4) of regulation 32 of Securities and Exchange board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, cash flow statement has been prepared and disclosed in the red herring prospectus and / or prospectus.

(6) We confirm that underwriting and market making arrangements as per requirements of regulation [74][106P] and [75][106V] of the Securities and Exchange board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 have been made.

(7) We confirm that the issuer has redressed at least ninety five per cent. of the complaints received from the investors till the end of the quarter immediately preceding the month of the filing of the red herring prospectus / prospectus with the Registrar of Companies or letter of offer with SME exchange. (Applicable only in case of Further public offer and rights issue)

**Place:** **Merchant Banker(s) to the Issue**
**Date:** **with Official Seal(s)]**

[72] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

[73] Substituted for "106C(2)" by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 23.09.2011.

[74] Substituted for "106D", *ibid*.

[75] Substituted for "106J", *ibid*.

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

## SCHEDULE VII
**[See regulation 11(4)]**

## NATURE OF UPDATION/CHANGES IN THE OFFER DOCUMENT AND CONSEQUENT STEPS THEREIN REQUIRING FILING OF UPDATED OFFER DOCUMENT

(1) **Changes which require fresh filing of the draft offer document with the Board, along with fees:** If changes are made in the offer document with respect to the following, the issuer shall file fresh draft offer document with the Board in terms of regulation 6, along with the fees as specified in Part A of Schedule IV:

(a) Change in promoter or persons in control of the issuer.

(b) Change in more than half of the board of directors of the issuer.

(c) Change in main object clause of the issuer.

(d) Any addition or deletion to objects of the issue resulting in a change in estimated issue size or estimated means of finance by more than ten per cent.

(e) Any increase or decrease in estimated issue size by more than ten per cent

(f) Any increase or decrease in estimated deployment in any of the objects of the issue by more than ten per cent.

(g) Changes which may result in non-compliance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the lead merchant banker intends to seek relaxation under regulation 109 of the said regulations.

(2) **Changes which require filing of the updated offer document with the Board, along with fees:**

(a) If changes are made in the offer document with respect to the following, the issuer shall file an updated offer document with the Board, along with payment of fees as specified in Schedule IV of these regulations:

(i) **Section 1: Risk Factors:** Any material development which may result in potential risk and may require updation in this section**.**

(ii) **Section 2: Capital Structure:** An aggregate increase of 5% or more in the shareholding of the promoter or promoter group or an aggregate increase of 5% or more in the shareholding of the top ten shareholders.

(iii) **Section 3: Issue Size:** Any addition or deletion to the objects of the issue resulting in a change in the estimated issue size or estimated means of finance by not more than 10%.

(iv) **Section 4: Management:** Appointment of any new director.

(v) **Section 5: Promoter Group:** Any addition to the promoter group or group companies.

(vi) **Section 6: Financial Statements:** Any variation in net profit after tax or net loss after tax and/ or extraordinary items in excess of 10% over the last updated financials submitted to SEBI.

(vii) **Section 7: Legal and other information:** Any new litigation or any development about a pending litigation which is material in view of the merchant bankers.

(b) After filing the updated offer document with the Board, the issuer shall proceed with the issue after receiving a conformation to this effect from the Board.

(3) **Changes which require filing of updated offer document with the Board, without fees:** All other changes/ updations in the offer document which are not covered under paras (1) and (2) above shall be carried out in the offer document and updated offer document shall be filed with the Board without fees.

## SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

## SCHEDULE VIII

**[See regulations 14(3), 37(a), 44, 45(1)(f), 57(2)(a), 57(2)(b), 58(1) and 58(2)]**

## DISCLOSURES IN OFFER DOCUMENT, ABRIDGED PROSPECTUS AND ABRIDGED LETTER OF OFFER

The words "group companies", wherever they occur, shall mean companies, firms, ventures, etc. promoted by the promoters of the issuer, irrespective of whether such entities are covered under section 370 (1)(B) of the Companies Act, 1956 or not.

## PART A

**[See regulations 14(3), 37(a), 44, 45(1)(f), 57(2)(a)) and 57(2)(b)]**

## DISCLOSURES IN RED HERRING PROSPECTUS, SHELF PROSPECTUS AND PROSPECTUS

(1) **Instructions:**

(a) Only relevant and updated information and statistics shall be disclosed in the offer document. Further, the source and basis of all statements or claims made shall be disclosed. Terms such as “market leader”, “leading player”, etc. shall not be used unless they can be substantiated by proper source of information which shall be disclosed.

(b) All blank spaces in the draft offer document shall be filled up with appropriate data before registering the offer document with the Registrar of Companies or filing the same with the recognised stock exchanges.

(c) Simple English for easy understanding of the contents of the offer document may be used. The technical terms used in explaining the business of the issuer may be clarified using simple terms to ensure better understanding by investors.

(d) Wherever it is mentioned in the offer document that details are given elsewhere in the document, the same shall be adequately cross-referenced by indicating the page and paragraph numbers.

(e) The offer document should not make any forward looking statements that cannot be substantiated.

(f) Consistency may be ensured in the style of disclosures. If first person is used, the same may be used through out. Sentences that contain a combination of first and third persons may be avoided.

(g) The issuer shall ensure that all material matters informed or reports circulated prior to the issue or thereafter by the issuer or any person on its behalf or attributed or attributable to the issuer having a material bearing in taking an informed decision shall also be covered in the offer document, except to the extent specifically disallowed under the regulations.

[76][(h) The issuer shall ensure that in the document of the Red Herring Prospectus, the document shall only be referred to as 'Red Herring Prospectus' or 'RHP'.]

(2) An issuer making a public issue of specified securities shall make the following disclosures in the offer document. However, an issuer making a fast track issue of specified securities may not make the disclosures specified in Part B of this Schedule in the offer document. Further, an issuer making a further public offer of specified securities may not make the disclosures specified in Part C of this Schedule, in the offer document, if it satisfies the conditions specified in para 2 of that Part:

**(I)** **Cover Pages:** The cover page shall be of adequate thickness (preferably minimum hundred gcm. quality).

(A) **Front Cover Pages:**

(1) The front outside and inside cover pages of the offer document shall be white and no patterns or pictures shall be printed on these pages.

(2) The front outside cover page of the offer document shall contain only the following issue details:

(a) The type of offer document ("Red Herring Prospectus" / "Shelf Prospectus" / "Prospectus").

[77][(aa) The following clause shall be incorporated in a prominent manner, below the title of the offer document:

"Please read Section 60B of the Companies Act, 1956."]

(b) The name of the issuer, date and place of its incorporation, its logo, address of its registered office, its telephone number, fax number, contact person, website address, e-mail address and where there has been any change in the address of the registered office or the name of the issuer, reference to the page of the offer document where details thereof are given.

(c) The names of the promoters of the issuer.

(d) The nature, number, price and amount of specified securities offered and issue size, as may be applicable.

(e) The aggregate amount proposed to be raised through all the stages of offers of specified securities made through the shelf prospectus.

(f) The following clause on 'Risks in relation to the First Issue' (wherever applicable) shall be incorporated in a box format in case of an initial public offer:

"This being the first issue of the issuer, there has been no formal market for the securities of the issuer. The face value of the equity shares is (-----) and the issue price / floor price / price band is 'X-times' of the face value. The issue price / floor price / price band (has been determined and justified by the lead merchant banker and the issuer as stated under the paragraph on "Basis for Issue Price") should not be taken to be indicative of the market price of the specified securities after the specified securities are listed. No assurance can be given regarding an active or sustained trading in the equity

[76] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 23.09.2011.

[77] Inserted. *ibid*.

shares of the issuer nor regarding the price at which the equity shares will be traded after listing."

(g) The following clause on 'General Risk' shall be incorporated in a box format:

"Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number(s) ….. under the section 'General Risks'"

(h) The following clause on 'Issuer's Absolute Responsibility' clause shall be incorporated in a box format:

"The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this offer document contains all information with regard to the issuer and the issue which is material in the context of the issue, that the information contained in the offer document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

(i) The names, logos and addresses of all the lead merchant bankers with their titles who have signed the due diligence certificate and filed the offer document with the Board, along with their telephone numbers, fax numbers, website addresses and e-mail addresses.

(j) The name, logo and address of the registrar to the issue, along with its telephone number, fax number, website address and e-mail address.

(k) Issue schedule:

(i) Date of opening of the issue.

(ii) Date of closing of the issue.

(iii) Date of earliest closing of the issue, if any.

(l) Credit rating, if applicable.

(m) The following details under the heading "IPO Grading" shall be incorporated in case of an initial public offer: All the grades obtained for the initial public offer and reference to the page number(s) on which the details of IPO grading are given.

(n) The name(s) of the recognised stock exchanges where the specified securities are proposed to be listed and the details of in-principle approval for listing obtained from these stock exchanges.

(B) **Back Cover Pages:** The back inside cover page and back outside cover page shall be in white.

**(II) Table of Contents:** The table of contents shall appear immediately after the front inside cover page.

**(III) Definitions and Abbreviations:**

(A) Conventional or general terms.
(B) Issue related terms.
(C) Issuer and industry related terms.
(D) Abbreviations.

**(IV) Risk Factors:**

(A) The risk factors, other than those specified in sub-paras. (f), (g) and (h) of para. (2) of sub-item (A) of Item (I) above, shall be printed in clear readable font (preferably of minimum point ten size).

(B) The 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.

(C) The risk factors shall be determined on the basis of their materiality. In determining the materiality of risk factors, the following shall be considered :

(1) Some risks may not be material individually but may be material when considered collectively.
(2) Some risks may have an impact which is qualitative though not quantitative.
(3) Some risks may not be material at present but may have a material impact in the future.

(D) The risk factors shall appear in the offer document in the following manner:

(1) The risks envisaged by the management.
(2) The proposals, if any, to address the risks and the manner in which the same are proposed to be addressed.

(E) The proposals to address risks shall not contain any speculative statement on the positive outcome of any litigation, etc.

(F) The proposals to address risks shall not be given for any matter that is sub-judice before any Court / Tribunal.

(G) The risk factors shall be disclosed in the descending order of materiality. Wherever risks about material impact are stated, the financial and other implications of the same shall be disclosed. If it cannot be quantified, a distinct statement about the fact that the implications cannot be quantified shall be made.

(H) The disclosures of Risk factors shall include, where applicable, the following:

(1) The criminal charges under Indian Penal Code and violations of securities law;
(2) All statutory clearances and approval that are yet to be received by the issuer;
(3) The seasonality of the business of the issuer;
(4) The issue of specified securities by the issuer within the last twelve months at a price lower than the issue price;
(5) The non-identification of acquisition targets, where any object of the issue is to finance acquisitions, along with the details of interim use of funds and the probable date of completing the acquisitions;
(6) If the industry segment for which the issue is proposed by the issuer has contributed to less than twenty five per cent. of the revenues of the issuer in the last three fiscal years.

(7) The dependence of the issuer or any of its business segments, upon a single customer or a few customers, the loss of any one or more of which would have a material adverse effect on the issuer.

(8) The refusal of listing of any securities of the issuer or any of its subsidiaries or associates at any time by any of the recognised stock exchanges in India or abroad.

(9) The failure of the issuer or any of its subsidiary or group companies to meet the listing requirements of any recognised stock exchange(s) in India or abroad and the details of penalty, if any including suspension of trading, imposed by such exchange(s).

(10) The trading of any securities of the issuer on stock exchanges or in OTC market, if limited or sporadic.

(11) In case of outstanding debt instruments issued to public or to any person on private placement basis by the issuer, the default in compliance with the material covenants such as in creation of full security as per terms of issue, default in payment of interest, default in redemption, non-creation of debenture redemption reserve, default in payment of penal interest wherever applicable, non-availability or non-maintenance of asset cover, interest cover, debt-service cover, etc.

(12) The fact that the unsecured loans taken by the issuer, promoter, group companies or associates can be recalled by the lenders at any time.

(13) The default in repayment of deposits or payment of interest thereon. The roll over of liability, if any.

(14) The potential conflict of interest, if the promoters or directors of the issuer are involved with one or more ventures which are in the same line of activity or business as that of the issuer.

(15) The shortfall in performance vis-à-vis objects stated in the previous issues of the issuer and group companies, as disclosed under the heading "Performance vis-à-vis Objects" in the section "Other Regulatory and Statutory Disclosures", quantifying such shortfall or delays.

(16) The interests of the promoters, directors or key management personnel of the issuer, other than reimbursement of expenses incurred or normal remuneration or benefits.

(17) The portion of the issue proceeds, if proposed to be paid to the promoters, directors or key management personnel of the issuer or the group companies.

(18) The relationship, if any, of the entities from whom the issuer has acquired the land or proposes to acquire land, with any of the promoters or directors of the issuer, along with the relevant details.

(19) The lack of adequate background and experience of the promoters of the issuer in the activities for which the issue is proposed.

(20) The excessive dependence on key management personnel for the project for which the issue is proposed

(21) The loss making group companies of the issuer.

(22) Any investment in debt instruments which are unsecured or which carry interest rate lower than the market rate.

(23) The non-provision for decline in the value of investments.

(24) A summary of the outstanding litigations, disputes, non-payment of statutory dues, overdues to banks or financial institutions, defaults against banks or

financial institutions, contingent liabilities not provided for, the details of proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board or recognised stock exchanges, etc., pertaining to the issuer, promoter and wholetime directors of the issuer and group companies, along with the nature of the litigation, quantum of funds involved, with a cross reference to the page where the detailed disclosures have been made in the offer document. If any the above mentioned litigations, etc., arise after the filing the draft offer document, the facts shall be incorporated appropriately in the offer document.

(25) The delay, if any, in the schedule of the implementation of the project for which the funds are being raised in the public issue.

(26) The fact that the deployment of the issue proceeds is entirely at the discretion of the issuer and is not subject to any monitoring by any independent agency.

(27) Negative cash flow, if any.

(28) The fact that the land is not registered in the name of the issuer.

(29) Any lack of arrangements in place for borrowings, bank finance or institutional finance in respect of working capital requirements.

(30) Any restrictive covenants, as regards interests of equity shareholders, in a shareholders' agreement, promoters' agreement or any agreement for short term (secured and unsecured) and long term borrowings.

(31) All disputed or contested tax demands and other government claims, along with the disclosures of amount, period for which such demands or claims are outstanding, financial implications and the status of the case.

(32) The existence of large number of pending investor grievances against the issuer and other listed companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956.

(33) The risks associated with second or residual charge or subordinated obligation created on the asset cover, in case of issue of secured convertible debt instruments.

(34) The risk associated with orders not having been placed for plant and machinery indicating the percentage and value terms of the plant and machinery for which orders are yet to be placed

**(V) Prominent Notes:** This section shall contain notes which are required to be given prominence and shall also include the following:

(A) A disclosure to the effect that "the investors may contact any of the merchant bankers who have submitted the due diligence certificate to the Board, for any complaint pertaining to the issue".

(B) The net worth before the issue (as per latest audited financial statement disclosed in the offer document) and issue size.

(C) The cost per share to the promoters and book value per share.

(D) The details of the group companies having business interests or other interests in the issuer.

(E) The details of transaction by the issuer with group or subsidiary companies during the last year, the nature of transactions and the cumulative value of transactions.

(F) If there is a change in the name of the issuer at any time during the last three years immediately preceding the date of filing draft offer document with the Board, the

reasons for the change and whether and when the objects clause of Memorandum of Association was amended to carry on activities as reflected by the new name.

(G) The details of all financing arrangements whereby the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing draft offer document with the Board.

**(VI) Introduction:**

**(A) Summary:**

(1) The summary of the industry and business of the issuer. The summary shall not be one-sided to disclose the highlights of the issuer or issue.

(2) Issue details in brief.

(3) Summary consolidated financial, operating and other data.

**(B) General Information:**

(1) The name and address of the registered office and the registration number of the issuer, along with the address of the Registrar of Companies where the issuer is registered.

(2) The board of directors of the issuer.

(3) The brief details of the chairman, managing director, whole time directors, etc. of the issuer.

(4) The names, addresses, telephone numbers, fax numbers and e-mail addresses of the Company Secretary, legal advisor and bankers to the issuer.

(5) The name, address, telephone number, fax number and e-mail address of the compliance officer.

(6) The names, addresses, telephone numbers, fax numbers, contact person, website addresses and e-mail addresses of the merchant bankers, co-managers, registrars to the issue, bankers to the issue, brokers to the issue, syndicate members, Self Certified Syndicate Banks, etc.

(7) The names, addresses, telephone numbers, fax numbers and e-mail addresses of the auditors of the issuer.

(8) The statement of inter-se allocation of responsibilities among lead merchant bankers, where more than one merchant banker is associated with the issue.

(9) The following details of credit rating, in case of a public issue of convertible debt instruments:

(a) The names of all the credit rating agencies from which credit rating including unaccepted rating has been obtained for the issue of convertible debt instruments.

(b) The details of all the credit ratings including unaccepted rating obtained for the issue of convertible debt instruments.

(c) All the credit ratings obtained during three years prior to the filing the offer document for any of the issuer's listed convertible debt instruments at the time of accessing the market through a convertible debt instrument.

(10) The following details of IPO Grading:

(a) The names of all the credit rating agencies from which grading has been obtained for the initial public offer of specified securities.

(b) The details of all the grades obtained from such credit rating agencies.

(c) The rationale or description of the grading(s) so obtained, as furnished by the credit rating agency(ies).

(11) The names, addresses, telephone numbers, fax numbers, website addresses and e-mail addresses of the trustees under debenture trust deed, in case of a public issue of convertible debt instruments.

(12) The name of the monitoring agency, if appointed and the disclosure as to whether the appointment is pursuant to regulation 16 of these regulations.

(13) The name, address, telephone number and e-mail address of the appraising entity, in case the project has been appraised.

(14) Where the issue is being made through the book building process, the details in brief explaining the book building process.

(15) The details of underwriting, if any:

(a) The names, addresses, telephone numbers, fax numbers and e-mail addresses of the underwriters and the amount underwritten by them.

(b) Declaration by the board of directors of the issuer that the underwriters have sufficient resources to discharge their respective obligations.

(c) In case of partial underwriting of the issue, the extent of underwriting.

(d) The details of final underwriting arrangement indicating actual number of specified securities underwritten, in the prospectus or red herring prospectus before it is registered with Registrar of Companies.

(e) [78][ The underwriting agreement shall list out the role and obligations of each syndicate member and *inter-alia* contain a clause stating that margin collected shall be uniform across all categories indicating the percentage to be paid as margin by the investor at the time of bidding.]

**(C) Green Shoe Option, if applicable:**

(1) The name of the stabilising agent.

(2) The maximum number of equity shares, in number and as a percentage of the proposed issue size, proposed to be over-allotted by the issuer.

(3) The period for which the issuer proposes to avail of the stabilisation mechanism.

(4) The maximum increase in the equity share capital of the issuer and the shareholding pattern, post-issue, in case the issuer is required to allot further equity shares to the extent of over-allotment in the issue.

(5) The maximum amount of funds to be received by the issuer in case of further allotment and the use of these additional funds shall be disclosed in the offer document.

(6) The details of the agreement or arrangement entered into by the stabilising agent with the promoters or shareholders to borrow equity shares from the latter. The details shall, inter-alia, include the name of the promoters or shareholders, their existing shareholding in the issuer, the number and percentage of equity shares to be lent by them and other important terms and conditions including rights and obligations of each party.

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[78] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 01.05.2010. Prior to its substitution clause (e) read as under:

"(e) The underwriting agreement shall list out the role and obligations of each syndicate member and inter-alia contain a clause stating that margin collected from categories other than qualified institutional buyers shall be uniform across the book runner(s) or syndicate members for each such category, indicating the percentage to be paid as margin by the investor at the time of bidding."

(7) The exact number of equity shares to be allotted pursuant to the public issue, stating separately the number of equity shares to be borrowed from the promoters or shareholders and over-allotted by the stabilising agent and the percentage of such equity shares in relation to the total issue size.

**(D) Capital Structure:**

(1) The capital structure shall be presented in the following manner in a tabular form:

(a) The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value).

(b) Size of the present issue, giving separately the promoters' contribution, reservation for specified categories and net offer to public (number of securities, description, aggregate nominal value and issue amount (to be disclosed in that order), names of the group companies if reservation has been made for shareholders of the group companies and applicable percentages may be given in case of a book built issue).

(c) Paid up capital:

(i) After the issue.

(ii) After conversion of convertible instruments (if applicable).

(d) Share premium account (before and after the issue).

(2) The following notes shall be incorporated after the details of capital structure:

(a) The details of the existing share capital of the issuer in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted and the form of consideration.

(b) Where shares have been issued for consideration other than cash or out of revaluation reserves at any point of time, the details shall be furnished in a separate table, indicating the date of issue, persons to whom issued, price, reasons for the issue and whether any benefits have accrued to the issuer out of the issue.

(c) Where shares have been allotted in terms of any scheme approved under sections 391-394 of the Companies Act, 1956, the fact shall be distinctly stated and the details of such shares allotted shall be given, along with the page numbers of the offer document where extensive details of such scheme is given.

(d) In case of bonus shares made out of revaluation reserves, the same shall be separately mentioned indicating the date of issue and the date of revaluation of assets.

(e) The disclosures specified at paras (a) to (d) above shall be subject to the following:

(i) Where the issuer has issued equity shares under one or more employee stock option schemes, particulars of equity shares issued under the employee stock option schemes may be aggregated quarter-wise, indicating the aggregate number of equity shares issued and the price range within which equity shares have been issued in each quarter.

(ii) Where item (i) is applicable, a document giving date-wise details of equity shares issued under employee stock option schemes, including the price at which such equity shares were issued, shall be made available as a material document for inspection.

(f) If the issuer has made any issue of specified securities at a price lower than the issue price during the preceding one year, specific details of the names of the persons to whom such specified securities have been issued, whether they are part of promoters group, reasons for such issue and the price shall be given.

(g) The proposal or intention, negotiations and consideration of the issuer to alter the capital structure by way of split or consolidation of the denomination of the shares, or issue of specified securities on a preferential basis or issue of bonus or rights or further public issue of specified securities or qualified institutions placement, within a period of six months from the date of opening of the present issue.

(h) The total shareholding of the promoters in a tabular form, clearly stating the name of the promoter, nature of issue, date of allotment, number of shares, face value, issue price/ consideration, date when the shares were made fully paid up, percentage of the total pre and post issue capital, the lock in period, if any and the number and percentage of pledged shares, if any, held by each promoter.

(i) The details of:

  (i) the aggregate shareholding of the promoter group and of the directors of the promoters, where the promoter is a body corporate.

  (ii) the aggregate number of specified securities purchased or sold by the promoter group and/or by the directors of the company which is a promoter of the issuer and/or by the directors of the issuer and their immediate relatives (as defined in sub-clause (ii) of clause (zc) of sub-regulation (1) of regulation 2 [79][)] within six months immediately preceding the date of filing draft offer document with the Board.

  (iii) all financing arrangements whereby the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing draft offer document with the Board.

  (iv) the maximum and minimum price at which purchases and sales referred to in clause (ii) were made, along with the relevant dates.

(j) Promoters' contribution:

  (i) The details of promoters' contribution and lock-in period in a tabular form, separately in respect of each promoter, stating the date of allotment of specified securities, the date when fully paid up, the nature of allotment (rights, bonus, preferential etc.), the number, face value and issue price, the percentage of promoters' contribution to total issued capital and the date upto which the specified securities are subject to lock-in.

[79] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

(ii) In the case of an initial public offer, the details regarding individual allotments shall be given from the date of incorporation of the issuer. In the case of a listed issuer, the details shall be given for five years immediately preceding the date of filing the draft offer document.

(iii) The shares acquired by promoters through public issue, rights issue, preferential issue, bonus issue, conversion of depository receipts or under any employee stock option scheme or employee stock purchase scheme shall be shown separately from the shares acquired in the secondary market. The aggregate cost of shares acquired in the secondary market, if available.

(iv) The details of compliance with regulation 32 [80][and regulation 33] has been complied with.

(v) If the issuer is exempt from the requirements of promoters' contribution, the relevant provisions under which it is exempt.

(vi) A statement that promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under these regulations.

(vii) A statement that the promoters undertake to accept full conversion, if the promoters' contribution is in terms of the same optionally convertible debt instrument as is being offered to the public.

(k) A statement that the issuer, its directors or the lead merchant bankers have not entered into any buy back arrangements for purchase of the specified securities of the issuer, other than the arrangements, if any, entered for safety net facility as permitted in the Regulations. In case any safety net is provided in the issue, the lead merchant banker shall certify that the person offering the safety net has the ability to honour the commitments and disclose the same in the offer document. Further, complete details shall be given regarding safety net arrangements such as number of specified securities covered, duration, price, complete terms of guarantee, if any, given by any person, including conditions subject to which the guarantee may be invoked.

(l) A statement that an over-subscription to the extent of ten per cent. of the net offer to public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.

(m) A disclosure to the effect that all securities offered through the issue shall be made fully paid-up or may be forfeited for non-payment of calls within twelve months from the date of allotment of securities

(n) A disclosure stating that:

(i) The unsubscribed portion in any reserved category may be added to any other reserved category.

(ii) The unsubscribed portion, if any, after such inter se adjustments among the reserved categories shall be added back to the net offer to the public portion.

[80] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

(iii) In case of under-subscription in the net offer to the public portion, spill-over to the extent of under subscription shall be permitted from the reserved category to the net offer to public portion.

(o) The following details regarding major shareholders:

(i) The names of the ten largest shareholders of the issuer as on the date of registering the offer document with the Registrar of Companies.

(ii) The number of equity shares held by the shareholders specified in clause (i) including number of equity shares which they would be entitled to upon exercise of warrant, option or right to convert a debenture, loan or other instrument.

(iii) The particulars specified in items (i) and (ii) as on a date two years prior to the date of registering the offer document with the Registrar of Companies.

(iv) The particulars specified in items (i) and (ii) as on a date ten days prior to the date of registering the offer document with the Registrar of Companies.

(v) If the issuer has made an initial public offer of specified securities within the immediately preceding two years prior to filing draft offer document with the Board, the particulars specified in items (i), (ii), (iii) and (iv) shall be disclosed to indicate separately the names of the persons who acquired equity shares by subscription to the public issue and those who acquired the equity shares by allotment on a firm basis or by private placement.

(p) The details of shareholding, if any, of the lead merchant bankers and their associates in the issuer.

(q) In case it is not possible to obtain information regarding sales and purchases of specified securities by any relative of the promoters, the information shall be disclosed on the basis of the transfers as recorded in the books of the issuer and/or the depository, as applicable and a statement to such effect shall be made in the offer document.

(r) The details of options granted or equity shares issued under any scheme of employee stock option or employee stock purchase of issuer, in last three years (separately for each year) and on a cumulative basis for all options or equity shares issued prior to the date of the offer document, including the following details in cases where options granted to employees in pursuance of any employee stock option scheme existing prior to the initial public offer, are outstanding at the time of the initial public offer:

(i) options granted;

(ii) the pricing formula;

(iii) options vested;

(iv) options exercised;

(v) the total number of shares arising as a result of exercise of option;

(vi) options lapsed;

(vii) variation of terms of options;

(viii) money realised by exercise of options;

(ix) total number of options in force;

(x) employee-wise details of options granted to:

- senior managerial personnel;

- any other employee who receives a grant in any one year of options amounting to five per cent or more of options granted during that year;
- identified employees who were granted options, during any one year, equal to or exceeding one per cent. of the issued capital (excluding outstanding warrants and conversions) of the issuer at the time of grant;

(xi) diluted Earnings Per Share pursuant to issue of equity shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.

(xii) where the issuer has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options and the impact of this difference on profits and on the Earnings Per Share of the issuer.

(xiii) weighted average exercise prices and weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock.

(xiv) a description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in market at the time of grant of the option.

(xv) the impact on the profits and on the Earnings Per Share of the last three years if the issuer had followed the accounting policies specified in clause 13 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of options granted in the last three years.

(xvi) the intention of the holders of the equity shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their equity shares within three months after the date of listing of the equity shares in the initial public offer (aggregate number of equity shares intended to be sold by the holders of options), if any. In case of an employee stock option scheme, this information same shall be disclosed regardless of whether equity shares arise out of options exercised before or after the initial public offer.

(xvii) specific disclosures about the intention to sell equity shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, senior managerial personnel and employees having equity shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent. of the issued capital (excluding outstanding warrants and conversions), which inter-alia shall include name, designation and quantum of the equity shares issued under an employee stock option

scheme or employee stock purchase scheme and the quantum they intend to sell within three months.

[81][(xviii) the details of the number of shares issued in ESPS, the price at which such shares are issued, employee-wise details of the shares issued to

- senior managerial personnel;
- any other employee who is issued shares in any one year amounting to 5% or more shares issued during that year;
- identified employees who were issued shares during any one year equal to or exceeding 1% of the issued capital of the company at the time of issuance;

(xix) diluted Earning Per Share (EPS) pursuant to issuance of shares under ESPS; and consideration received against the issuance of shares.]

(s) In case of a listed issuer, which has earlier (after being a listed issuer) made any preferential allotment or bonus issue of specified securities or qualified institutions placement of eligible securities, a confirmation that the relevant provisions of the regulations have been complied with.

**(VII) Particulars of the Issue:**

(A) **Objects of the Issue:**

(1) The objects of the issue shall be disclosed.

(2) If one of the objects is investment in a joint venture or a subsidiary or an acquisition, the following additional disclosures shall be made:

(a) Details of the form of investment, i.e., equity, debt or any other instrument

(b) If the form of investment has not been decided, a statement to that effect;

(c) If the investment is in debt instruments, complete details regarding rate of interest, nature of security, terms of repayment, subordination, etc.

(d) If the investment is in equity, whether any dividends are assured;

(e) The nature of benefit expected to accrue to the issuer as a result of the investment;

(3) If one of the objects of the issue is the grant of a loan to any entity, details of the loan agreements, including the rate of interest, whether secured or unsecured, duration, nature of security, terms of repayment, subordination etc. and the nature of benefit expected to accrue to the issuer as a result of the investment. If such loan is to be granted to a subsidiary, group or associate company, details of the same.

(4) If one of the objects of the issue is utilisation of the issue proceeds for long term working capital, the following additional disclosures shall be made.

(a) Basis of estimation of working capital requirement along with the relevant assumptions.

(b) Reasons for raising additional working capital substantiating the same with relevant facts and figures.

(c) Details of the projected working capital requirement, including detailed assessment of working capital after implementation of the project or achievement of objects of the issue, as the case may be, capacity utilisation

[81] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

assumptions, break up of expected current assets into raw materials, finished goods, work in progress, sundry debtors etc., with assumption about the holding norms for each type of current asset, total current liabilities, net current assets and envisaged sources of finance for net current assets, i.e., bank finance, institutional finance, own funds ,etc..

(d) The total envisaged working capital requirement in a tabular form, the margin money thereof and the portion to be financed by any bank(s) or otherwise.

(e) A complete perspective on the present working capital position vis-à-vis the projected one based on which the money is proposed to be raised in the public issue.

(f) Details of the existing working capital available to the issuer with a break up for total current assets into raw materials, finished goods, work in progress, sundry debtors, etc., total current liabilities, net current assets and sources of finance for net current assets i.e. bank finance, institutional finance, own funds etc..

(g) If no working capital is shown a part of project, the reasons therefor.

(5) Disclosure of asset cover etc. in case of public issue of secured convertible debt instruments: The details of the assets on which security/ asset cover, if required, shall be created, the basis for computation of the security/asset cover, the valuation methods, the periodicity of such valuation and the ranking of the charge(s).

(B) **Requirement of Funds:**

(1) The requirement for funds proposed to be raised through the issue.

(2) Where the issuer proposes to undertake more than one activity, such as diversification, modernisation, expansion, etc., the total project cost shall be given activity-wise or project wise, as the case may be.

(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.

(4) The details of all material existing or anticipated transactions in relation to utlisation of the issue proceeds or project cost with promoters, directors, key management personnel, associates and group companies. The relevant documents shall be included in the list of material documents for inspection.

(C) **Funding Plan (Means of Finance):**

(1) An undertaking shall be given in the offer document by the issuer confirming firm arrangements of finance through verifiable means towards seventy five per cent. of the stated means of finance, excluding the amount to be raised through proposed issue and existing identifiable internal accruals, have been made.

(2) The balance portion of the means of finance for which no firm arrangement has been made shall be mentioned without specification.

(3) The details of funds tied up and the avenues for deployment of excess proceeds, if any.

(D) **Appraisal:**

(1) The scope and purpose of the appraisal, if any, along with the date of appraisal.

(2) The cost of the project and means of finance shall be as per the appraisal report.

(3) The revision, if any, in the project cost and the means of finance after the date of issue of the appraisal report shall be explained and disclosed.

(4) The weaknesses and threats, if any, given in the appraisal report, shall be disclosed by way of risk factors.

(E) **Schedule of Implementation:**

(1) The schedule of implementation of the project in a tabular form and the progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, trial production, date of commercial production and reasons for delay, if any.

(F) **Deployment of Funds:**

(1) The details of the sources of funds and the deployment of these funds on the project (where the issuer is raising capital for a project), up to a date not earlier than two months from the date of registering the offer document with the Registrar of Companies, as certified by a Chartered Accountant, along with the name of the chartered accountant and the date of the certificate.

(2) Where the promoters' contribution has been brought prior to the public issue and has already been deployed by the issuer, the issuer shall give the cash flow statement in the offer document disclosing the use of such funds received as promoters' contribution.

(G) **Sources of Financing of Funds Already Deployed:** The means and source of financing, including details of bridge loan or other financial arrangement, which may be repaid from the proceeds of the issue.

(H) **Deployment of Balance Funds:** Year-wise break up of the expenditure proposed to be incurred on the project.

(I) **Interim Use of Funds:** Investment avenues in which the management proposes to deploy issue proceeds, pending its utilisation in the proposed project.

(J) **Basic Terms of Issue**

(K) **Basis for Issue Price:**

(1) The basis for issue price, floor price or price band, as the case may be, shall be disclosed and justified by the issuer in consultation with the lead merchant banker on the basis of the following information, which shall be also disclosed separately:

(a) Earnings Per Share and Diluted Earnings Per Share, pre-issue, for the last three years (as adjusted for changes in capital).

(b) Price Earning ratio pre-issue.

(c) Average Return on Net Worth in the last three years.

(d) Minimum Return on Increased Net Worth required to maintain pre-issue Earnings Per Share.

(e) Net Asset Value per share based on last balance sheet.

(f) Net Asset Value per share after issue and comparison thereof with the issue price.

(g) An illustrative format of disclosure in respect of basis for issue price is given hereunder:

| (1) | **Adjusted Earning Per Share (EPS) and Adjusted Diluted EPS** | |
|---|---|---|
| | (a) 1992-93 | Rs. 0.41 |
| | (b) 1993-94 | Rs. 8.39 |
| | (c) 1994-95 | Rs. 13.82 |
| | (d) Weighted Average | Rs. 10.94 |

| | | |
|---|---|---|
| (2) | **Price/ Earning Ration (P/E) in relation to Issue Price** | |
| | (a) Based on 94/95 EPS | 37.63 |
| | (b) Industry P/E | |
| | (i) Highest | 61.2 |
| | (ii) Lowest | 0.8 |
| | (iii) Average | 25.3 |
| | (*Based on Economic Times of 26/6/95) | |
| (3) | **Return on Net Worth** | |
| | (a) 1992-93 | 27.36% |
| | (b) 1993-94 | 28.77% |
| | (c) 1994-95 | 33.45% |
| | (d) Weighted Average | 30.88% |
| (4) | **Minimum Return on Total Net Worth after Issue needed to maintain EPS at Rs.13.82** | 14.65% |
| (5) | **Net Asset Value** | |
| | (a) As at 31-3-1995 | Rs. 46.40 |
| | (b) After issue | Rs. 94.29 |
| | (c) Issue price | Rs. 520.00 |

[82][(h) Comparison of accounting ratios of the issuer as mentioned in items (a) to (g) above with the industry average and with the accounting ratios of the peer group (i.e. companies of comparable size in the same industry). The source from which industry average and accounting ratios of the peer group has been taken shall be indicated. In this regard, the following shall be ensured:

- Consistency in comparison of financial ratios of issuer with companies in the peer group, i.e., ratios on standalone/ consolidated basis of issuer shall be compared with ratios on standalone/consolidated basis of peer group, respectively.
- Explicit statement as to whether the financial ratios (of issuer as well as its peer group) are either on standalone or consolidated basis.

Financial information relating to companies in the peer group shall be extracted from regulatory filings made by such companies to compute corresponding financial ratios.

(i) The fact of dilution of financial ratios consequent upon issue of bonus shares, if any, and justification of the issue price after taking into account the diluted ratios with reference to expanded capital.

(j) In case of a book built issue, the following statement shall be disclosed in the red herring prospectus:

[82] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011 w.e.f. 23.09.2011. Prior to its substitution, sub-clause (h) read as under:
"(h) Comparison of all the accounting ratios of the issuer as mentioned in items (*a*) to (*g*) above with the industry average and with the accounting ratios of the peer group (*i.e.*, companies of comparable size in the same industry the source from which industry average and accounting ratios of the peer group has been taken shall be indicated)."

"The issue price has been determined by the issuer in consultation with the book runner(s), on the basis of assessment of market demand for the offered securities by way of book-building."

(k) The face value of equity shares and the statement that the issue price, floor price or price band, as the case may be, is "X" times of the face value.

(l) The accounting ratios disclosed in the offer document in support of basis of the issue price shall be calculated after giving effect to the consequent increase in capital on account of compulsory conversions outstanding, as well as on the assumption that the options outstanding, if any, to subscribe for additional capital will be exercised.

(2) The issuer shall not proceed with the issue in case the accounting ratios mentioned in items (a) to (g) above do not justify the issue price.

(3) In case the option of differential pricing under regulation 29 has been availed, justification for the price difference shall be given in the offer document.

(4) Issue of debt instruments bearing interest less than bank rate: Whenever fully convertible debt instruments are issued bearing interest at a rate less than the Bank Rate, the offer document shall contain disclosures about the price that would work out to the investor, taking into account the notional interest loss on the investment from the date of allotment of FCDs to the date(s) of conversions).

(L) **Tax Benefits:** Any special tax benefits for the issuer and its shareholders.

**(VIII) About the Issuer:**

(A) **Industry Overview**

(B) **Business Overview**

(1) **Details of the business of the issuer:**

(a) Location of the project;

(b) Plant, machinery, technology, process, etc.:

(i) Details shall be given in a tabular form, which shall include the details of the machines required to be bought by the issuer, cost of the machines, name of the suppliers, date of placement of order and the date or expected date of supply, etc..

(ii) In case machines are yet to be delivered, the date of quotations relied upon for the cost estimates given shall also be mentioned.

(iii) The percentage and value terms of the plant and machinery for which orders are yet to be placed shall be stated.

(iv) The details of the second hand machinery bought or proposed to be bought, if any, including the age of the machines, balance estimated life, etc. shall also be given.

(c) Collaborations, any performance guarantee or assistance in marketing by the collaborators: The following information regarding persons or entities with whom technical and financial agreements have been entered into shall be given:

(i) place of registration and year of incorporation.

(ii) paid up share capital.

(iii) turnover of the last financial year of operation.

(iv) general information regarding such persons relevant to the issuer.

(d) Infrastructure facilities for raw materials and utilities like water, electricity, etc.

(e) Products or services of the issuer:

(i) The nature of the product(s), that is, consumer or industrial and end users.

(ii) The details about the market, including details of the competition, past production figures for the industry, existing installed capacity, past trends and future prospects regarding exports (if applicable), demand and supply forecasts (if given, should be essentially with assumptions unless sourced from a market research agency of repute), etc. The source of data used shall be mentioned.

(iii) The approach to marketing and proposed marketing set up.

(iv) The export possibilities and export obligations, if any (in case of a issuer providing any "service" particulars, as applicable).

(2) **Business strategy:**

(a) A brief statement about business strategy.

(b) A brief statement about future prospects, including the following:

(i) **Capacity and Capacity Utilisation:**

- A table shall be incorporated giving the existing installed capacities for each product, capacity utilisation for these products in the previous three years, proposed capacities for existing as well as proposed products and the assumptions for future capacity utilisation for the next three years (from the date of commencement of commercial production) in respect of existing as well as proposed products.
- If the projected capacity utilisation is higher than the actual average capacity utilisation by more than 25% during the previous three years, how the issuer proposes to achieve the projected levels of capacity utilisation in view of its failure to achieve levels of similar capacity utilisation in the past, shall be stated.

(ii) No forecast of projections relating to financial performance of the issuer shall be given in the offer document.

(3) **Intellectual property rights:**

(a) If the issuer is entitled to certain intellectual property rights such as trade marks, brand names, etc. whether the same are legally held by the issuer and whether all formalities in this regard have been complied with.

(b) In case the intellectual property rights are not registered in the name of the issuer, the name of the entity with which they are registered.

(c) In case the intellectual property rights are registered in the name of entity in which the promoters are interested, the salient features of the agreement entered into for the use of the intellectual property rights by the issuer.

(4) **Property**

(5) **Purchase of property:**

(a) As respects any property referred to in sub-clause (b):

(i) the names, address, descriptions and occupations of the vendors;

(ii) the amount paid or payable in cash, shares or debentures to the vendor and, where there is more than one separate vendor, or the issuer is a sub purchaser, the amount so paid or payable to each

vendor, specifying separately the amount, if any, paid or payable for goodwill;

(iii) the nature of the title or interest in such property acquired or to be acquired by the issuer;

(iv) short particulars of every transaction relating to the property completed within the two preceding years, in which any vendor of the property to the issuer or any person who is, or was at the time of the transaction, a promoter, or a director or proposed director of the issuer had any interest, direct or indirect, specifying the date of the transaction and the name of such promoter, director or proposed director and stating the amount payable by or to such vendor, promoter, director or proposed director in respect of the transaction.

(b) The property to which sub-clause (a) applies is a property purchased or acquired by the issuer or proposed to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the offer document or the purchase or acquisition of which has not been completed at the date of issue of the offer document, other than property:

(i) the contract for the purchase or acquisition whereof was entered into in the ordinary course of the issuer's business, the contract not being made in contemplation of the issue nor the issue in consequence of the contract; or

(ii) as respects which the amount of the purchase money is not material.

- for the purpose of this clause, where a vendor is a firm, the members of the firm shall not be treated as separate vendors.
- if the issuer proposes to acquire a business which has been carried on for less than three years, the length of time during which the business has been carried.

(6) **Land :**

(a) The names of the entities from whom the land has been acquired/ proposed to be acquired alongwith the cost of acquisition, along with the relation, if any, of such entities to any promoter or director of the issuer.

(b) Details of whether the land acquired by the issuer is free from all encumbrances and has a clear title and whether it is registered in the name of the issuer.

(c) Details of whether the issuer has applied/ received all the approvals pertaining to land. If no such approvals are required to be taken by the issuer, then this fact may be indicated by way of an affirmative statement.

(d) The figures appearing under this section shall be consistent with the figures appearing under the section "Cost of the Project".

(C) **Key Industry-Regulation (if applicable)**

(D) **History and Corporate Structure of the issuer:**

(1) History and main objects and present business of the issuer including the following details:

(a) Details of the issuer such as the date of incorporation, date of commencement of business, date of conversion of partnership into limited company or private limited company to public limited company, as applicable, dates on which names have been changed, if applicable, reasons

for change of name, changes in registered offices of the issuer and reasons therefore, dates on which the Memorandum of Association of the issuer have been amended citing the details of amendment.

(b) Details of the major events in the history of the issuer, including the details of:

(i) Capacity/facility creation, location of plant, products, marketing, competition etc.

(ii) Raising of capital in form of equity or debt,

(iii) Time/cost overrun in setting up projects including the proposed project,

(iv) Defaults or rescheduling of borrowings with financial institutions/ banks, conversion of loans into equity along with reasons thereof, lock out, strikes and reasons for the same etc.

(v) Negative features like time / cost overrun, defaults and lock out / strikes etc

(vi) Details regarding the changes in the activities of the issuer during the last five years which may have had a material effect on the profits/loss, including discontinuance of lines of business, loss of agencies or markets and similar factors.

(c) Complete details of the subsidiaries and holding company, if applicable.

(d) Corporate profile of the issuer regarding its history, the description of the activities, services, products, market of each segment, the growth of the issuer, exports and profits due to foreign operations together with the country-wise analysis, the standing of the issuer with reference to the prominent competitors with reference to its products, management, major suppliers and customers, environmental issues, segment, i.e. geographical, etc.

(e) Injunction or restraining order, if any, with possible implications.

(f) The technology, market, managerial competence and capacity built-up.

(g) Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets etc, if any.

(h) The number of members/ shareholders of the issuer.

(2) Main objects as set out in the Memorandum of Association of the issuer

(3) Details regarding subsidiary(ies) of the issuer including:

(a) Name of the subsidiary;

(b) nature of business;

(c) capital structure;

(d) shareholding of the issuer;

(e) amount of accumulated profits or losses of the subsidiary(ies) not accounted for by the issuer;

(f) [83][***]

(4) **Shareholders' agreements:**

[83] Omitted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010. Prior to its omission, sub-clause (f) read as under:
"(f) amount of accumulated profits or losses of the subsidiary(ies) not accounted for by the issuer."

(a) Key terms of subsisting shareholders' agreements, if any (to be provided even if the issuer is not a party to such an agreement, but is aware of such an agreement).

(b) Guarantees, if any, given to third parties by the promoters offering their shares in the proposed offer for sale, stating reasons, amount, obligations on the issuer, period of guarantee, financial implications in case of default, security available, consideration etc.

(c) All such agreements shall be included in the list of material contracts required under sub-item (A) of Item [84][(XVI)].

(5) **Other agreements:**

(a) The dates, parties to, and general nature of every other material contract, not being a contract entered into in the ordinary course of the business carried on or intended to be carried on by the issuer or a contract entered into more than two years before the date of the offer document.

(b) All such agreements shall be included in the list of material contracts required under sub-item (A) of Item (XII)

(6) Strategic partners.

(7) Financial partners.

(E) **Management:**

(1) **Board of Directors:**

(a) Name, age, qualifications, Director Identification Number, experience, address, occupation and date of expiration of the current term of office of manager, managing director, and other directors (including nominee directors, whole-time directors), giving their directorships in other companies.

[85][(ai) Details of current and past directorship(s) in listed companies whose shares have been/were suspended from being traded on the Bombay Stock Exchange Ltd. National Stock Exchange of India Ltd., as follows:

- Name of the Company :
- Listed on [give name of the Stock Exchange(s)] :
- Date of Suspension on stock exchanges :
- Suspended more than three months: Yes/No. If yes, reasons for suspension and period of suspension.
- Whether suspension revoked: Yes/No. If yes, date of revocation of suspension.
- Term (along with relevant dates) of Director in the above company(ies).

**Explanation**: The above details shall be given with respect to a period of five years prior to date of filing of draft offer document and ought to be updated upto the date of filing of RHP. In case of offer documents for fast track issues filed under Regulation 10, the period of five years shall be reckoned on the date of filing of prospectus with Registrar of Companies or letter of offer with the designated stock exchange.

[84] Substituted for "(XII)" by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

[85] Inserted, *ibid.*

(a)(ii) Details of current and past directorship(s) in listed companies which have been/were delisted from the stock exchange(s), as follows:

- Name of the Company :
- Listed on [give name of the Stock Exchange(s)] :
- Date of delisting on the Stock Exchange(s) :
- Compulsory or voluntary delisting :
- Reasons for delisting :
- Whether relisted: Yes/No. If yes, date of relisting on [give name of the Stock Exchange(s)]:
- Term (alongwith relevant dates) of Director in the above company/ies.]

(b) The nature of any family relationship between any of the directors.

(c) Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the directors was selected as a director or member of senior management.

(d) Details of service contracts entered into by the directors with the issuer providing for benefits upon termination of employment and a distinct negative statement in the absence of any such contract.

(e) Details of borrowing powers.

(2) **Compensation of Managing Directors/ Whole time Directors:**

(a) The dates, parties to, and general nature of every contract appointing or fixing the remuneration of a Director, Whole-time Director, Managing Director or Manager whenever entered into within or more than, two years before the date of the offer document. During the last financial year, the amount of compensation paid, and benefits in kind granted on an individual basis to all such persons, by the issuer for services in all capacities to the issuer. The disclosure shall also cover contingent or deferred compensation accrued for the year, even if the compensation is payable at a later date.

(b) If any portion of the compensation was paid pursuant to a bonus or profit-sharing plan, a brief description of the plan and the basis upon which the directors participate in the plan.

(c) All such contracts shall be included in the list of material contracts required under sub-item (A) of Item (XII).

(3) Shareholding of directors, including details of qualification shares held by them, wherever applicable.

(4) **Interest of directors:**

(a) Full particulars of the nature and extent of the interest, if any, of every Director.

(i) in the promotion of the issuer; or

(ii) in any property acquired by the issuer within two years of the date of the offer document or proposed to be acquired by it.

(b) Where the interest of such a director consists in being a member of a firm or company, the nature and extent of the interest of the firm or company, with a statement of all sums paid or agreed to be paid to him or to the firm or company in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by him or by the firm or company, in connection with the promotion or formation of the issuer-shall be disclosed.

(5) Change, if any, in the directors during the last three years, and reasons, thereof.

(6) Management Organisation Structure.

(7) **Corporate Governance:**

(a) A disclosure to the effect that the issuer has complied with the requirements of Corporate Governance contained in the Equity Listing Agreement, particularly those relating to composition of board of directors, constitution of committees such as Audit Committee, Shareholder / Investor Grievance Committee, etc

(b) Details relating to the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committees operate shall also be disclosed.

(8) **Key Management Personnel:**

(a) Details of the key management personnel as on the date of filing the offer document with the Board indicating name, date of joining, qualification, term of office with date of expiration of term and details of service contracts including termination/retirement benefits, if any, details of previous employment, etc.

(b) Name, business experience, functions and areas of experience in the issuer.

(c) The nature of any family relationship between any of the key managerial personnel.

(d) Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the key managerial personnel, was selected as a director or member of senior management.

(e) During the last financial year, the amount of compensation paid, and benefits in kind granted, to the key managerial personnel on an individual basis, by the issuer for services in all capacities to the company. The disclosure shall also cover contingent or deferred compensation accrued for the year, even if the compensation is payable at a later date.

(f) If any portion of the compensation was paid pursuant to a bonus or profit-sharing plan, a brief description of the plan and the basis upon which the key management personnel participate in the plan.

(g) Disclose status of key management personnel, whether they are in the employment as permanent employees or otherwise.

(h) The shareholding of the key management personnel.

(i) Bonus or Profit Sharing Plan for the key management personnel.

(j) **Changes in the Key Management Personnel:** Any change otherwise than by way of retirement in the normal course in the senior key management personnel particularly in charge of production, planning, finance and marketing during the last three years prior to the date of filing the offer document with the Board shall be disclosed. If the turnover of key management personnel is high compared to the industry, reasons should be [86][disclosed].

(9) **Employees:**

(a) Refer the page of the offer document where disclosures regarding employees stock option scheme/ employees stock purchase scheme of the

[86] Substituted for "discussed" by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

issuer, if any, as required by the Regulations or Regulations of the Board relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme, is given.

(b) **Payment or Benefit to Officers of the issuer (non-salary related):** Any amount or benefit paid or given within the two preceding years or intended to be paid or given to any officer and consideration for payment of giving of the benefit.

(F) **Promoters/ Principal Shareholders:**

(1) Where the promoters are individuals:

(a) A complete profile of the promoters, including their name, age, personal addresses, educational qualifications, experience in the business or employment and in the line of business proposed in the offer document, positions/posts held in the past, Directorship held, other ventures of each promoter, special achievements, their business and financial activities, photograph, voter ID number, driving license number shall be disclosed.

(b) A declaration, confirming that Permanent Account Number, Bank Account Number and Passport Number of the promoters have been submitted to the recognised stock exchanges on which the specified securities are proposed to be listed, at the time of filing the draft offer document with them;

(2) Where the promoters are companies:

(a) History of the companies and the promoters of the companies shall be furnished. Where the promoters of such companies are again companies or bodies corporate, names of natural persons in control (i.e., holding fifteen per cent. or more voting rights) or who are on the board of directors of such bodies corporate shall be disclosed.

(b) Details of change in control or management of the promoter companies, if any, including details of the persons who held the controlling interest in the three years immediately preceding the filing the draft offer document.

(c) A declaration, confirming that the Permanent Account Numbers, Bank Account Numbers, the Company Registration Numbers and the addresses of the Registrars of Companies where the companies are registered have been submitted to the recognised stock exchanges on which the specified securities are proposed to be listed, at the time of filing the draft offer document with them;

(3) If the present promoters are not the original promoters and control of the issuer was acquired within five years immediately preceding the date of filing draft offer document with the Board, disclosure shall be made of the details regarding the acquisition of control, date of acquisition, terms of acquisition, consideration paid for acquisition and compliance with the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Listing Agreement as applicable.

(4) If there is no identifiable promoter, such fact shall be disclosed and a further disclosure shall be made of the shareholders who control individually or as a group, fifteen per cent. or more of the voting rights of the issuer and of persons, if any, who have the right to appoint director(s) on the board of directors of the issuer.

(5) If the promoters do not have experience in the proposed line of business, that fact shall be disclosed explaining how the proposed activities would be carried out/managed.

(6) If the promoters have any interest in the issuer other than as promoters, brief details of the interest shall be given along with cross-reference to the pages on which extensive details have been given in the offer document.

(7) The following information in respect of all the group companies shall be given wherever applicable:

(a) the name and type of organisation

(b) brief description of the business;

(c) nature and extent of interest of the promoters

(8) Full particulars of the nature and extent of the interest, if any, of every promoter, directors or group companies :

(a) in the promotion of the issuer; or

(b) in any property acquired by the issuer within two years of the date of filing draft offer document with the Board or proposed to be acquired by it.

(c) Where the interest of such a director or promoter consists in being a member of a firm or company, the nature and extent of the interest of the firm or company, with a statement of all sums paid or agreed to be paid to him or to the firm or company in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by him or by the firm or company, in connection with the promotion or formation of the issuer.

(d) in any transaction in acquisition of land, construction of building and supply of machinery, etc. with full details of the transaction and the amount involved

(9) **Payment or benefit to promoters of the issuer:** Any amount or benefit paid or given within the two years preceding the date of filing draft offer document with the Board or intended to be paid or given to any promoter or promoter group and consideration for payment of giving of the benefit.

(G) **Currency of presentation:** One standard financial unit shall be used in the offer document.

(H) **Dividend policy**

**(IX) Financial Statements:**

[87][[Notes:

1. The financial informations specified in this item shall be certified by only those auditors who have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

2. All financial informations specified in this item must be reaudited for one full financial year and the stub period, by the auditor certifying them in case where

[87] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 01.04.2010.

the financial statements were audited by an auditor who had not been subjected to peer review process of ICAI.]]

(A) **Selected Consolidated Financial and Operating data:**

(1) The consolidated financial statement prepared on the basis of Accounting Standard 21(AS 21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India shall be incorporated in the offer document.

(2) All the notes to the accounts, significant accounting policies as well as the auditors' qualifications shall be incorporated.

(B) **Financial Information of the issuer:**

(1) A report by the auditors of the issuer with respect to:

(a) profits and losses and assets and liabilities, in accordance with para (2) or (3) of sub-item (B) of Item (IX), as the case may require; and

(b) the rates of dividends, if any, paid by the issuer in respect of each class of shares in the issuer for each of the five financial years immediately preceding the issue of the offer document, giving particulars of each class of shares on which such dividends have been paid and particulars of the cases in which no dividends have been paid in respect of any class of shares for any of those years;

and, if no accounts have been made up in respect of any part of the period of five years ending on a date three months before the issue of the offer document, containing a statement of that fact (and accompanied by a statement of the accounts of the issuer in respect of that part of the said period up to a date not earlier than six months of the date of issue of the offer document indicating the profit or loss for that period and the assets and liabilities position as at the end of that period together with a certificate from the auditors that such accounts have been examined and found correct by them. The said statement may indicate the nature of provision or adjustments made or are yet to be made).

(2) If the issuer has no subsidiaries, the report shall:

(a) so far as regards profits and losses, deal with the profits or losses of the issuer (distinguishing items of a non- recurring nature) for each of the five financial years immediately preceding the issue of the offer document; and

(b) so far as regards assets and liabilities, deal with the assets and liabilities of the issuer at the last date to which the accounts of the issuer were made up.

(3) If the issuer has subsidiaries, the report shall:

(a) so far as regards profits and losses, deal separately with the issuer's profits or losses as provided by para (2) of sub-item (B) of Item (IX) and in addition, deal either:

(i) as a whole with the combined profits or losses of its subsidiaries, so far as they concern the members of the issuer; or

(ii) individually with the profits or losses of each subsidiary, so far as they concern the members of the issuer;

or, instead of dealing separately with the issuer's profits or losses, deal as a whole with the profits or losses of the issuer, and, so far as they concern the members of the issuer, with the combined profits or losses of its subsidiaries; and

(b) so far as regards assets and liabilities, deal separately with the issuer's assets and liabilities as provided by para (2) of sub-item (B) of Item (IX) and in addition, deal either:

(i) as a whole with the combined assets and liabilities of its subsidiaries, with or without the issuer's assets and liabilities; or

(ii) individually with the assets and liabilities of each subsidiaries;

and shall indicate as respects the assets and liabilities of the subsidiaries, the allowance to be made for persons other than the members of the issuer.

(4) If the proceeds, or any part of the proceeds, of the issue of the shares or debentures are, or is, to be applied directly or indirectly:

(a) in the purchase of any business; or

(b) in the purchase of an interest in any business and by reason of that purchase, or anything to be done in consequence thereof, or in connection therewith; the issuer will become entitled to an interest as respects either the capital or profits and losses or both, in such business exceeding fifty percent, thereof;

a report made by accountants (who shall be named in the offer document) upon:

(i) the profits or losses of the business of each of the five financial years immediately preceding the issue of the offer document; and

(ii) the assets and liabilities of the business at the last date to which the accounts of the business were made up, being a date not more than one hundred and twenty days before the date of the issue of the offer document.

(5)

(a) If:

(i) the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in any manner resulting in the acquisition by the issuer of shares in any other body corporate; and

(ii) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith, that body corporate will become a subsidiary of the issuer;

a report shall be made by accountants (who shall be named in the offer document) upon:

- the profits or losses of the other body corporate for each of the five financial years immediately preceding the issue of the offer document; and
- the assets and liabilities of the other body corporate at the last date to which its accounts were made up.

(b) The said report shall:

(i) indicate how the profits or losses of the other body corporate dealt with by the report would, in respect of the shares to acquired, have concerned members of the issuer and what allowance would have fallen to be made, in relation to assets and liabilities so dealt with for holders of other shares, if the issuer had at all material times held the shares to be acquired; and

(ii) where the other body corporate has subsidiaries, deal with the profits or losses and the assets and liabilities of the body corporate and its subsidiaries in the manner provided by sub-clause (a) (ii) above in relation to the issuer and its subsidiaries.

(6) Principal terms of loan and assets charged as security: Brief terms and conditions of the term loans including re-schedulement, prepayment, penalty, default, etc.

(7) (a) Age-wise analysis of sundry debtors shall be given.

(b) Aggregate book value of quoted investments as well as aggregate market value of quoted investments shall be disclosed.

(8) All significant accounting policies and standards followed in the preparation of the financial statements shall be disclosed including all notes thereto and the auditors' qualifications shall be incorporated.

(9) Statements of Assets and Liabilities and Profit and Loss or any other financial information shall be incorporated after making the following adjustments, wherever quantification is possible:

(a) Adjustments/ rectification for all incorrect accounting practices or failures to make provisions or other adjustments which resulted in audit qualifications.. Audit qualifications, which have not been given effect to, if any, shall be highlighted along with the management comments. If the impact of non-provisions is not considered ascertainable, then a statement to that effect by the auditors

(b) Material amounts relating to adjustments for previous years shall be identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred.

(c) Where there has been a change in accounting policy, the profits or losses of the earlier years (required to be shown in the offer document) and of the year in which the change in the accounting policy has taken place shall be recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years.

(d) If an incorrect accounting policy is followed, the re-computation of the financial statements shall be in accordance with correct accounting policies.

(e) Statement of profit or loss shall disclose the profit or the loss arrived at before considering extraordinary items and after considering the profit or loss from extraordinary items. An illustrative format of the disclosure of profits and losses on this basis is specified hereunder:

| | | | | | **Year ended March 31, ….** |
|---|---|---|---|---|---|
| | **20X1** | **20X2** | **20X3** | **20X4** | **20X5** |
| | | | | | **(Rupees In lakhs)** |
| **Income** | | | | | |
| **Sales -** | | | | | |
| of products manufactured by the issuer | 1000 | 1240 | 1640 | 1800 | 1800 |
| of products traded in by the issuer | 100 | 60 | 60 | 200 | 200 |
| **Total** | **1100** | **1300** | **1700** | **2000** | **2000** |
| Other income | 10 | 30 | 40 | 60 | 100 |
| Increase (decrease) in inventories | 40 | (70) | 60 | 180 | 310 |
| | **1150** | **1260** | **1800** | **2240** | **2410** |

| | | | | | |
|---|---|---|---|---|---|
| **Expenditure** | | | | | |
| Raw materials consumed | 400 | 480 | 630 | 1110 | 1200 |
| Staff costs | 200 | 220 | 240 | 340 | 400 |
| Other manufacturing expenses | 250 | 260 | 280 | 540 | 650 |
| Administration expenses | 40 | 42 | 60 | 80 | 85 |
| Selling and distribution expenses | 110 | 120 | 130 | 190 | 250 |
| Interest | 60 | 55 | 90 | 200 | 140 |
| | **1095** | **1227** | **1495** | **2635** | **2795** |
| Net profit before tax and extraordinary items | 55 | 33 | 305 | (295) | (385) |
| Taxation | 25 | 12 | 144 | (185) | (235) |
| Net profit before extraordinary items | 30 | 21 | 161 | (110) | (150) |
| Extraordinary items (net of tax) - | | 49 | (64) | 800 | 1000 |
| **Net Profit after Extraordinary Items** | **30** | **70** | **97** | **700** | **850** |

(f) The statement of assets and liabilities shall be prepared after deducting the balance outstanding on revaluation reserve account from both fixed assets and reserves and the net worth arrived at after such deductions. An illustrative format of assets and liabilities is specified hereunder:

| | | | | | | **As at March 31, ….** |
|---|---|---|---|---|---|---|
| | | **20X1** | **20X2** | **20X3** | **20X4** | **20X5** |
| | | | | | | **(Rupees in lakhs)** |
| (1) | **Fixed Assets** | | | | | |
| | Gross Block | 440 | 750 | 900 | 922 | 1350 |
| | Less Depreciation | (55) | (107) | (170) | (250) | (320) |
| | Net Block | 385 | 643 | 730 | 672 | 1030 |
| | Less: Revaluation Reserve | (100) | (95) | (89) | (83) | (75) |
| | *Net Block after adjustment for Revaluation Reserve* | 285 | 548 | 641 | 589 | 955 |
| (2) | **Current Assets, Loans and Advances** | | | | | |
| | Inventories | 485 | 420 | 720 | 1030 | 3200 |
| | Sundry Debtors | 28 | 30 | 30 | 500 | 2500 |
| | Cash and Bank Balances | 13 | 14 | 22 | 200 | 400 |
| | Loans and Advances | 78 | 100 | 85 | 1100 | 2000 |
| | Other Current Assets | 70 | 80 | 55 | 200 | 220 |
| | *Total* | 674 | 644 | 912 | 3080 | 8320 |
| (3) | **Liabilities and** | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | **Provisions:** | | | | | |
| | Secured Loans | 376 | 607 | 616 | 620 | 460 |
| | Unsecured Loans | 3 | 3 | - | - | 4000 |
| | Current Liabilities and Provisions | 250 | 180 | 330 | 460 | 1100 |
| | *Total* | (629) | (790) | (946) | (1080) | (5560) |
| (4) | **Net worth** | 330 | 402 | 607 | 2589 | 3715 |
| (5) | **Represented by** | | | | | |
| | Share Capital | 300 | 300 | 400 | 1600 | 2000 |
| | Reserves | 130 | 197 | 296 | 1072 | 1790 |
| | Less: Revaluation Reserve | (100) | (95) | (89) | (83) | (75) |
| | *Reserves (Net of revaluation reserves)* | 30 | 102 | 207 | 989 | 1715 |
| | **Net worth** | 330 | 402 | 607 | 2589 | 3715 |

(g) Relevant details of all the contingent liabilities.

(10) The turnover disclosed in the Profit and Loss Statement shall be bifurcated into:

(a) turnover of products manufactured by the issuer;

(b) turnover of products traded in by the issuer; and

(c) turnover in respect of products not normally dealt in by the issuer but included in (b) above, shall be mentioned separately.

(11) The offer document shall disclose details of `Other Income' in all cases where such income (net of related expenses) exceeds twenty per cent. of the net profit before tax, including:

(d) the sources and other particulars of such income; and

(e) an indication as to whether such income is recurring or non-recurring, or has arisen out of business activities/ other than the normal business activities.

(12) **Related Party Transactions:** The issuer shall disclose the following details of related party transactions and make disclosures in accordance with the requirements of Accounting Standard (AS 18) "Related Party Disclosures" issued by the Institute of Chartered Accountants of India:

(a) Information with respect to transactions or loans between the issuer and

(i) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the issuer;

(ii) associates;

(iii) individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the issuer, and close members of any such individual's family;

(iv) key managerial personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the issuer, including directors and senior management of companies and close members of such individuals' families;

(v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in [88][(iii) or (iv)] or over which such a person is able to exercise significant influence and includes enterprises owned by directors or major shareholders of the issuer.

(b) The nature and extent of any transactions which are material to the issuer or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the issuer or any of its parent companies was a party.

(c) The amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent companies to or for the benefit of any of the directors or key managerial personnel. The information given should include the amount outstanding as of the latest date, the nature of the loan and the transaction in which it was incurred, and the interest rate on the loan.

(13) **Accounting and other ratios:**

(a) The following key accounting ratios shall be given for each of the accounting periods for which financial information is given.

(b) Earnings per Share and Diluted Earnings Per Share: This ratio shall be calculated after excluding extra ordinary items.

(c) Return on net worth: This ratio shall be calculated after excluding revaluation reserves and extra-ordinary items.

(d) Net Asset Value per share. This ratio shall be calculated excluding revaluation reserves.

(e) 'Accounting and other Ratios' shall be based on the Financial Statements prepared on the basis of Indian Accounting Standards.

(f) In the event of capital structure undergoing a change on account of capitalisation of reserves, its impact on the key ratios should be distinctly brought out. The impact of outstanding financial instruments, if any, on the ratios, should also be disclosed.

(14) **Capitalisation Statement:**

(a) A Capitalisation Statement showing total debt, net worth, and the debt/ equity ratios before and after the issue is made shall be incorporated.

(b) In case of any change in the share capital since the date as of which the financial information has been disclosed in the offer document, a note explaining the nature of the change shall be given.

(c) An illustrative format of the Capitalisation Statement is specified hereunder:

| **Particulars** | **Pre-issue as at 30-6-20X1** | **As Adjusted for issue** |
|---|---|---|
| | | **(Rupees in lakhs)** |
| Short-Term Debt | 1870 | 1870 |
| Long Term Debt | 4370 | 4370 |
| Shareholders Funds | | |
| Share Capital | 4000 | 4450 |

[88] Substituted for "(c) or (d)" by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

| | | |
|---|---|---|
| Reserves | 14570 | 37520 |
| Total Shareholders Funds | 18570 | 41940 |
| Long Term Debt/Equity | 0.24:1 | 0.10:1 |
| **Note:** Since 31-3-20X1 (which is the last date as of which financial information has been given in para of this document) share capital was increased form Rs.3000 lacs to Rs.4000 lacs by the issue of bonus shares in the ratio of 1 share for every 3 shares. | | |

(15) **Presentation of financials in case of change of denomination:** In case of change in standard denomination of equity shares, the compliance with the following shall be ensured while making disclosure in the offer document:

(a) all the financial data affected by the change in denomination of shares shall be clearly and unambiguously presented in the offer document.

(b) comparison of financial ratios representing value per share and comparison of stock market data in respect of price and volume of securities shall be clearly and unambiguously presented in the offer document.

(c) the capital structure incorporated in the offer document shall be clearly presented giving all the relevant details pertaining to the change in denomination of the shares.

(16) **Unsecured loans:**

(a) Break-up of total outstanding unsecured loans taken by the issuer shall be given in the offer document into the amount borrowed from promoters/group companies/subsidiaries / material associate companies and amount borrowed from others. Further, in respect of each such loan of the former category, terms and conditions shall be disclosed including the interest rates and repayment schedule. If the loans can be recalled by the lenders at any time, the same shall be disclosed.

(b) Break-up of the total outstanding unsecured loans taken [89][from the issuer] by the promoters, group companies, related parties, material associate companies and others shall be disclosed.

(c) If the loans can be recalled by the lenders at any time, the same shall be disclosed along with details of such loans.

(17) For a proper understanding of the future tax incidence, the following factors shall be identified and explained through proper disclosures:

(a) Profits after tax are often affected by the tax shelters which are available.

(b) Some of these are of a relatively permanent nature (for example, arising out of export profits) while others may be limited in point of time (for example, tax holidays for new undertakings).

(c) Tax provisions are also affected by timing differences which can be reversed in the future (for example, the difference between book depreciation and tax depreciation).

(d) In respect of provision for taxation, adjustment shall be made for deferred tax assets and deferred tax liabilities in accordance with the requirements of Accounting Standard (AS 22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India and a reconciliation of

[89] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

taxable income and book profits shall be disclosed in accordance with the illustrative format given hereunder:

| | | | | | |
|---|---|---|---|---|---|
| | | | | | **Year ended March 31, ….** |
| | **20X1** | **20X2** | **20X3** | **20X4** | **20X5** |
| | | | | | **(Rupees in lakhs)** |
| Tax at Notional Rate | 28 | 70 | 89 | 546 | 675 |
| Adjustments: | | | | | |
| Export Profits | (4) | (5) | (20) | (100) | (120) |
| Difference between Tax Depreciation and Book Depreciation | (6) | (8) | (9) | (10) | (10) |
| Other Adjustments | 3 | 3 | 4 | 4 | 5 |
| Net Adjustments | **(7)** | **(10)** | **(25)** | **(106)** | **(125)** |
| Tax Saving thereon | (3) | (5) | (13) | (49) | (58) |
| Total Taxation | 25 | 65 | 76 | 497 | 617 |
| Taxation on Extraordinary Items- | | 53 | (68) | 682 | 852 |
| Tax on Profits before Extraordinary Items | **25** | **12** | **144** | **(185)** | **(235)** |

(18) The issuer, if it so desires, may include in the offer document, the financial statements prepared on the basis of more than one accounting practices, subject to disclosure of the material differences arising because of differences in the accounting policies of different accounting practices.

(19) In respect of the periods, within the period of five years, when the relevant Accounting Standard issued by the Institute of Chartered Accountants of India was mandatory in respect of such issuers:

(a) Where, in respect of listed issuers, the auditors report does not deal with the profits and losses and assets and liabilities of the issuer and its subsidiaries as a whole, the consolidated balance sheets and profit and loss accounts shall be presented in respect of the periods, within the period of five years, when preparation of such statements was mandatory in respect of such issuers under the listing agreement with the recognised stock exchanges.

(b) In respect of business segments, disclosure shall be made of segment revenue, segment result and net capital employed and where the primary segment is a geographic segment, similar details by geographic segments shall be given.

(20) The latest statement of audited/unaudited quarterly financial results published by the issuer in accordance with clause 41 of the equity listing agreement with the stock exchanges shall be reproduced.

(21) It shall be disclosed in the offer document whether any of the sundry debtors is related to the directors or promoters or the issuer in any way. Similar disclosures shall be made in case of loans and advances.

[90][(22) If the issuer has entered into any scheme of arrangement during the period for which the financials are disclosed in the offer document, lead merchant banker to the issue shall ensure that the following disclosure requirements as specified in Accounting Standard 14 has been complied with:-

(a) A description of the accounting treatment followed in respect of financials contained in the schemes of arrangement and the reasons for following the treatment if it is different from those, which has been prescribed in applicable Accounting Standards.

(b) In case of deviations, disclosure of the accounting treatment had the applicable standard been followed.

(c) Impact on the financials, if any, arising due to such deviation.]

[91][(BA) **Alternate Financial Information of the issuer in further public offers:**

(1) An issuer making further public offer may disclose the financial information specified in clause (2) of this sub-item , in lieu of information specified under sub-item (B) if:

(i) the issuer is making further public offer in accordance with provisions of regulation 10;

(ii) the specified securities offered in further public offer are of the same class of those already listed on a recognised stock exchange;

(iii) financial reports of the issuer are available on the website of any recognised stock exchange having nationwide trading terminals or on a common e-filing platform specified by the Board;

(iv) there has not been any change in management of the issuer;

(v) specified securities of issuer have not been listed pursuant to relaxation granted from clause (b) of sub-rule (2) of rule 19 of Securities Contracts (Regulation) Rules, 1957.

(2) The issuer satisfying the conditions specified in clause (1) may disclose its financial statements as under**:**

(i) Stand-alone and consolidated financial statements of the issuer:

(1) A report by the auditors of the issuer with respect to profit or loss and assets and liabilities (indicating changes in accounting policies, if any) in respect of the last completed accounting year for which audit has been completed.

(2) A report by the auditors of the issuer on a limited review of the profit or loss and assets and liabilities (indicating changes in accounting policies, if any), as at a date not earlier than six months prior to the date of the opening of the issue, where audited accounts as at such date are not available.

(3) For the purpose of sub-clauses (1) and (2) above, it shall be sufficient if:

(a) In the statement of the assets and liabilities, the main heads of assets and liabilities as provided in Part I of Schedule VI of the Companies Act, 1956 have been provided. If an issuer is governed by a statute other than the Companies Act, 1956, the

[90] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 01.01.2010.

[91] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 11.12.2009.

main heads of assets and liabilities as specified in such statute shall be provided in the statement of assets and liabilities.

(b) In the statement of profit or loss, the information required to be disclosed under the heads of income and expenditure as per clause 41 of the equity listing agreement in respect of quarterly financial information to be filed with the recognised stock exchanges, has been provided.

(ii) In addition, the following information for the period between the last date of the balance sheet and profit and loss account sent to the shareholders and up to the end of the last but one month preceding the date of the offer document shall be furnished.

(1) Working results of the issuer under following heads:

(a) (i) Sales / turnover
(ii) Other income

(b) Estimated gross profit / loss (excluding depreciation and taxes)

(c) (i) Provision for depreciation
(ii) Provision for taxes

(d) Estimated net profit / loss

(2) Material changes and commitments, if any affecting financial position of the issuer.

(3) Week-end prices for the last four weeks; current market price; and highest and lowest prices of equity shares during the period with the relative dates.

(iii) Stock market quotation of shares/ convertible instruments of the company (high/ low price in each of the last three years and monthly high/low price during the last six months).

(iv) Accounting and other ratios: The following accounting ratios shall be given for each of the accounting periods for which financial information is given:

(1) Earnings per share: This ratio shall be calculated after excluding extra ordinary items.

(2) Return on Networth: This ratio shall be calculated excluding revaluation reserves.

(3) Net Asset Value per share: This ratio shall be calculated excluding revaluation reserves.

(4) Accounting and other ratios shall be based on the financial statements prepared on the basis of Indian Accounting Standards.

(v) Capitalisation Statement:

(1) A Capitalisation Statement showing total debt, net worth, and the debt/ equity ratios before and after the issue is made shall be incorporated.

(2) In case of any change in the share capital since the date as of which the financial information has been disclosed in the prospectus, a note explaining the nature of the change shall be given.

(3) An illustrative format of the Capitalisation Statement is specified hereunder:

| **Particulars** | **Pre-issue as at 30-6-1995** | **As Adjusted for issue** |
|---|---|---|
| **(Rupees in lakhs)** | | |

| | | |
|---|---|---|
| Short-Term Debt | 1870 | 1870 |
| Long Term Debt | 4370 | 4370 |
| Shareholders Funds | | |
| Share Capital | 4000 | 4450 |
| Reserves | 14570 | 37520 |
| Total Shareholders Funds | 18570 | 41940 |
| Long Term Debt/Equity | 0.24:1 | 0.10:1 |
| **Note:** Since 31-3-1995 (which is the last date as of which financial information has been given in para … of this document), share capital was increased from Rs.3000 lacs to Rs.4000 lacs by the issue of bonus shares in the ratio of 1 share for every 3 shares. | | |

(vi) One standard financial unit shall be used in the offer document.]

(C) **Financial Information of Group Companies:**

(1) In case of an issuer not being a government company, statutory authority or corporation or any special purpose vehicle set up by any of them, the following information for the last three years, based on the audited statements, in respect of all the group companies for past three years shall be given, wherever applicable, along with significant notes of auditors.

(a) Date of Incorporation;
(b) Nature of activities;
(c) Equity Capital;
(d) Reserves (excluding revaluation reserve);
(e) Sales;
(f) Profit after tax;
(g) Earnings per share and Diluted Earnings Per Share;
(h) Net Asset Value;
(i) The highest and lowest market price of shares during the preceding six months with suitable disclosures for changes in capital structure during the period and the market value on the date of registering the offer document with the Registrar of Companies.
(j) If any of the companies has made public or rights issue in the preceding three years, the issue price of the security, the current market price and particulars of changes in the capital structure, if any, since the date of issue and a statement regarding the cost and progress of implementation of the

project in comparison with the cost and implementation schedule given in the offer document.

(k) Information regarding significant adverse factors related to the group companies and in particular regarding:

(i) whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up;

(ii) whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years.

(l) Disclosure shall be made about group companies which had remained defunct and for which application was made to the Registrar of Companies for striking off the name of the company, during the five years preceding the date of filing draft offer document with the Board. The disclosure shall include reasons for the company having become defunct as also all pending litigations, if any, in respect of such companies.

(m) The information under items (e), (f), (g) and (k)(ii) need not be given in respect of a company which is a private limited company not being a subsidiary of a public limited company.

(2) In case there are more than five listed group companies, the financial information may be restricted to the five largest listed group companies to be determined on the basis of the market capitalization one month before the date of filing the draft offer document or in case of a fast track issue, one month before the reference date referred to in Explanation (I) to sub-regulation (1) of regulation 10. In case there are less than five listed group companies, the financial information shall be given for all the listed group companies and in addition for the largest unlisted group companies (based on turnover) so that the total number of listed and unlisted group companies for which the information is required to be given does not exceed five.

[92][In case there are no listed group companies, the financial information shall be given for the five largest unlisted group companies based on turnover:]

Provided that the financial information regarding every such group company which has become a sick industrial company or is under winding up or has a negative net worth shall be given.

(3) If the promoters have disassociated themselves from any of the companies or firms during the three years preceding the date of filing the draft offer document , the reasons therefor and the circumstances leading to the disassociation shall be furnished together with the terms of such disassociation.

(4) Common Pursuits:

(a) In case there are common pursuits among the group- companies/ subsidiaries/associates companies and the issuer, the reasons and justification for the same shall be spelt out and the conflict of interest situations shall be stated.

(b) The related business transactions within the group and their significance on the financial performance of the issuer.

[92] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

(5) Sales or purchase between group companies/subsidiaries/ associate companies when such sales or purchases exceed in value in the aggregate ten per cent. of the total sales or purchases of the issuer and also disclose material items of income or expenditure arising out of such transactions

(6) If any of the other group companies/subsidiaries/associate companies has business interests in the issuer then the amount of commercial business that the said company has /proposes to have with the issuer may be quantified. If no, a distinct negative statement may be incorporated to this effect.

(D) **Changes in accounting policies in the last three years**

(E) **Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements.**

(1) Overview of the business of the issuer.

(2) **Significant developments subsequent to the last financial year:** A statement by the directors whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the offer document and which materially and adversely affect or is likely to affect the trading or profitability of the issuer, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

(3) Factors that may affect the results of operations.

(4) Discussion on the results of operations: This information shall inter-alia contain the following:

(a) A summary of the past financial results after adjustments as given in the auditor's report for the past three years containing significant items of income and expenditure shall be given.

(b) A summary of major items of income and expenditure for the last three years and most recent entering period

(c) The income and sales on account of major product/ main activities.

(d) In case, other income constitutes more than 10% of the total income, the break up of the same along with the nature of the income, i.e., recurring or non-recurring shall be stated.

(e) If a material part of the income is dependant upon a single customer or a few major customers, disclosure of this fact along with relevant data. Similarly if any foreign customer constitutes a significant portion of the issuer's business, disclosure of the fact along with its impact on the business on account of exchange rate fluctuations.

(f) In case the issuer has followed any unorthodox procedure for recording sales and revenues, its impact may be analysed and disclosed.

(g) The nature of miscellaneous income and miscellaneous expenditure for the interim period and the preceding years

(5) Comparison of recent financial year with the previous financial years (last three years) on the major heads of the profit and loss statement, including an analysis of reasons for the changes in significant items of income and expenditure shall also be given, inter-alia, containing the following:

(a) unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.

(b) significant economic changes that materially affected or are likely to affect income from continuing operations;

(c) known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;

(d) future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known;

(e) the extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices;

(f) total turnover of each major industry segment in which the issuer operated;

(g) status of any publicly announced new products or business segment;

(h) the extent to which business is seasonal;

(i) any significant dependence on a single or few suppliers or customers;

(j) competitive conditions.

(6) 'Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements' shall be based on the financial statements prepared on the basis of Indian accounting practices and may additionally be presented based on other accounting practices and shall also include the post audit period..

**(X) Legal and Other Information:**

(A) **Outstanding Litigations and Material Developments:**

(1) Outstanding litigations involving the issuer:

(a) Litigations against the issuer or against any other company whose outcome could have a materially adverse effect of the position of the issuer;

(b) All litigations against the directors involving violation of statutory regulations or alleging criminal offence;

(c) Any criminal/ civil prosecution against the directors for any litigation towards tax liabilities.

(d) Pending proceedings initiated for economic offences against the issuer or its directors along with their present status;

(e) adverse findings, if any, in respect of the issuer as regards compliance with the securities laws.

(f) The details of the past cases in which penalties were imposed by the authorities concerned on the issuer or its directors;

(g) Outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of the issuer, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc.;

(h) The information regarding pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board or stock exchanges against the issuer or its directors shall be appropriately disclosed under this head and as risk factor(s);

(i) The name(s) of the small scale undertaking(s) or any other creditors to whom the issuer owes a sum exceeding Rs. one lakh which is outstanding more than thirty days.

(2) The information regarding outstanding litigations as specified sub-para. (g) of para. (1) of sub-item (A) of Item (X) shall also be furnished in respect of the subsidiaries of the issuer.

(3) Outstanding litigations involving the promoter and group companies:

(a) In case of an issuer not being a government company, statutory authority or corporation or any special purpose vehicle set up by any of them, all pending litigations in which the promoters are involved, defaults to the financial institutions or banks, non-payment of statutory dues and dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares, by the promoters and group companies, together with the amounts involved and the present status of such litigations or defaults and the details of proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board or recognised stock exchanges against the promoters and group companies. The likely adverse effect of these litigations, defaults, etc. on the financial performance of the issuer shall also be mentioned.

(b) The cases of pending litigations, defaults, etc. in respect of group companies with which the promoters were associated in the past but are no longer associated shall also be disclosed in case their name(s) continue to be associated with the particular litigation(s).

(c) If any of the group companies had faced/is facing any litigations/ defaults/ over dues or labour problems/ closure etc., the same shall be disclosed

(d) All the litigations against the promoter involving violation of statutory regulations or alleging criminal offence shall be furnished in the offer document.

(e) Pending proceedings initiated for economic offences against the promoters, group companies shall be disclosed separately indicating their present status.

(f) adverse findings, if any, in respect of the persons/entities connected with the issuer/promoter/ group companies as regards compliance with the securities laws

(g) The details of the past cases in which penalties were imposed by the concerned authorities.

(4) If any the above mentioned litigations, etc., arise after the filing the offer document, the facts shall be incorporated appropriately in the offer document. In case there are no such cases, a distinct negative statement is required to be made in this regard in the offer document.

(5) Material developments since the last balance sheet date.

(B) **Government Approvals or Licensing Arrangements:**

(1) Investment approvals (FIPB/ RBI, etc.).

(2) All government and other approvals.

(3) Technical approvals.

(4) Letter of intent or industrial license and declaration of the Central Government, Reserve Bank of India or any regulatory authority about the non-responsibility for financial soundness or correctness of the statements.

**(XI) Other Regulatory and Statutory Disclosures:**

(A) Authority for the issue and details of resolution passed for the issue.

(B) Prohibition by the Board: A specific confirmation that there is no prohibition on the issuer, promoters, promoter group, directors, group companies or on the natural persons behind the body corporate if the promoter is a body corporate, from accessing the capital market for any reasons by the Board or any other authorities.

(C) A confirmation whether any of the directors of the issuer are associated with the securities market in any manner, if yes, whether the Board has initiated any action against the said entities and the related details.

(D) Eligibility of the issuer to enter the capital market. Details of compliance with eligibility requirements to make a fast track issue, if applicable.

(E) It may be disclosed whether the issuer, promoters, group companies, the relatives (as per Companies Act, 1956) of promoters, group companies are identified as wilful defaulters by Reserve Bank of India or other authorities.

(F) Compliance with Part B of this Schedule, as the case may be, if applicable.

(G) Disclaimer clauses:

(1) The offer document shall contain the following disclaimer clause in bold capital letters:

"It is to be distinctly understood that submission of offer document to the Securities and Exchange Board of India (SEBI) should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the offer document. The lead merchant banker, _____ has certified that the disclosures made in the offer document are generally adequate and are in conformity with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in force for the time being. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

It should also be clearly understood that while the Issuer is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the lead merchant banker is expected to exercise due diligence to ensure that the issuer discharges its responsibility adequately in this behalf and towards this purpose, the lead merchant banker _____ has furnished to SEBI a due diligence certificate dated _____ which reads as follows:

*(due diligence certificate submitted to the Board to be reproduced here)*

The filing of the offer document does not, however, absolve the issuer from any liabilities under section 63 or section 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the lead merchant banker any irregularities or lapses in offer document."

(2) Disclaimer Statement from the issuer and lead merchant banker: A statement to the effect that the issuer and the lead merchant banker accept no responsibility for statements made otherwise than in the offer document or in the advertisement or any other material issued by or at the instance of the issuer and that anyone

placing reliance on any other source of information would be doing so at his own risk.

(H) Caution.

(I) Disclaimer in respect of jurisdiction: A brief paragraph mentioning the jurisdiction under which provisions of law and the rules and regulations are applicable to the [93][offer document].

(J) Disclaimer clause of the stock exchanges.

(K) Disclaimer clause of the Reserve Bank of India [94][or Insurance Regulatory and Development Authority] (if applicable).

(L) Filing or registering of the offer document with the Board and the Registrar of Companies:

(1) Under this head, the office of the Board where the offer document has been filed shall be mentioned.

(2) Address of the Registrar of Companies, where copy of the offer document, having attached thereto the material contracts and documents referred to elsewhere in the offer document, has been registered.

(M) Listing: Names of the designated stock exchange and other recognised stock exchanges to which application has been made for listing of the specified securities offered in the present issue.

(N) Consent of the Directors, auditors, solicitors or advocates, merchant bankers to the issue, registrar to the issue, bankers to the issuer, lenders and experts.

(O) Expert opinion obtained, if any.

(P) Expenses of the issue along with a break up for each item of expense and shall include details of fees payable to .(in terms of amount, as a percentage of total issue expenses and as a percentage of total issue size) separately as under:

(1) Lead merchant bankers.

(2) Co-lead merchant bankers, if any

(3) Co-managers, if any

(4) Other merchant bankers

(5) Registrars to the issue.

(6) Advisors

(7) Bankers to issues

(8) Trustees for the debt instrument holders.

(9) Underwriting commission, brokerage and selling commission.

(10) Others, if any (specify).

(Q) Previous public or rights issues, if any (during the last five years):

(1) Closing Date.

(2) Date of allotment.

(3) Date of refunds.

(4) Date of listing on the recognised stock exchange.

(5) If the issue(s) was at premium or discount and the amount thereof.

(6) The amount paid or payable by way of premium, if any, on each equity share which had been issued within the two years preceding the date of the offer

[93] Substituted for "letter of offer" by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

[94] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

document or is to be issued, stating the dates or proposed dates of issue and, where some shares have been or are to be issued at a premium and other shares of the same class at a lower premium, or at par or at a discount, the reasons for the differentiation and how any premiums received have been or are to be disposed of.

(R) Previous issues of securities otherwise than for cash.

(S) Commission or brokerage on previous issues.

(T) Following particulars in regard to the issuer and other listed group- companies/ subsidiaries/associates which made any capital issue during the last three years shall be given:

(1) Name of the company.

(2) Year of Issue.

(3) Type of Issue (public/ rights/ composite).

(4) Amount of issue.

(5) Date of closure of issue.

(6) Date of completion of delivery of share/ debenture certificates.

(7) Date of completion of the project, where object of the issue was financing the project.

(8) Rate of dividend paid.

(U) Performance vis-à-vis objects:

(1) Issuer:

(a) A list of all the public/rights issues made during the period of ten years immediately preceding the date of filing the draft offer document with the Board, along with the year of issue.

(b) A separate para entitled "Performance vis-à-vis objects - Last three issues of the issuer" shall be given, indicating whether all the objects mentioned in the respective offer documents of the last three issues of the issuer during the period of ten years immediately preceding the date of filing draft offer document with the Board were met.

(c) If not, non-achievement of objects shall be brought out distinctly. Shortfall and delays shall be quantified.

(2) Listed Group Companies/Subsidiaries/Associates companies :

(a) A separate paragraph entitled "Performance vis-à-vis objects - Last one issue of group companies/subsidiaries / associate companies " shall be given, indicating whether all the objects mentioned in the offer document of the last one issue of each of such companies during the period of ten years immediately preceding the date of filing draft offer document with the Board were met.

(b) If not, non-achievement of objects shall be brought out distinctly. Shortfall and delays shall be quantified.

(V) Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the issuer outstanding as on the date of offer document and terms of issue.

(W) **Stock market data for equity shares of the issuer, if listed:** The particulars of:

(1) high, low and average market prices of the share of the issuer during the preceding three years;

(2) monthly high and low prices for the six months preceding the date of filing the draft offer document with the Board which shall be updated till the time of registering the offer document with the Registrar of Companies;

(3) number of shares traded on the days when high and low prices were recorded in the relevant stock exchange(s) during the said period of (a) and (b) above and indicating the total number of days of trading during the six months preceding the date of filing the draft offer document and the average volume of shares traded during that period and if the shares were not actively traded, such fact shall be disclosed;

(4) the stock market data referred to above shall be shown separately for periods marked by a change in capital structure, with such period commencing from the date the relevant stock exchange recognises the change in the capital structure (e.g. when the shares have become ex-rights or ex-bonus);

(5) the market price immediately after the date on which the resolution of the board of directors approving the issue was approved;

(6) the volume of securities traded in each month during the six months preceding the date on which the offer document is registered with the Registrar of Companies; and

(7) the volume of shares traded along with high, low and average prices of shares of the issuer shall also be stated for respective periods.

(X) Mechanism evolved for redressal of investor grievances:

(1) The arrangements or mechanism evolved by the issuer for redressal of investor grievances.

(2) the number of investor complaints received during the three years preceding the filing draft offer document with the Board and the number of complaints disposed off during that period

(3) the number of investor complaints pending on the date of filing draft offer document with the Board

(4) the number of investor complaints pending on the date of filing draft offer document with the Board in respect of the five largest (in terms of market capitalization) listed group companies.

(5) The time normally taken by the issuer for disposal of various types of investor grievances.

(6) Similar disclosure shall be made in regard to the listed companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956 for the period of three years prior to the date of registering the offer document with the Registrar of Companies.

(Y) Change, if any, in the auditors during the last three years, and reasons, thereof.

(Z) Capitalisation of reserves or profits (during last five years).

(A) Revaluation of assets, if any (during the last five years)

**(XII) Offering Information:**

(A) **Terms of the Issue:**

(1) Ranking of equity shares: The shares issued in the issue shall be pari passu with the existing shares in all respects including dividends.

(2) In the case of offer for sale, the dividend for the entire year shall be payable to the transferees. Further, disclose name of the entity bearing the cost of making offer for sale along with reasons.

(3) Mode of payment of dividend.

(4) Face value and issue price/ floor price/ price band.

(5) Rights of the instrument holders.

(6) Market lot.

(7) Nomination facility to investor.

(8) The period of operation of subscription list of public issue.

(9) Minimum subscription:

(a) **For Non-underwritten Public Issues:** The following statement shall appear:

"If the issuer does not receive the minimum subscription of ninety per cent. of the offer through offer document on the date of closure of the issue, or if the subscription level falls below ninety per cent. after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest as per section 73 of the Companies Act, 1956."

(b) **For Underwritten Public Issues:** The following statement shall appear:

"If the issuer does not receive the minimum subscription of ninety per cent. of the offer through offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 73 of the Companies Act, 1956."

(c) **For Composite Issues:**

(i) The lead merchant banker shall ensure that the requirement of 'minimum subscription' is satisfied both jointly and severally, i.e., independently for both rights and public issues.

(ii) If the issuer does not receive the minimum subscription in either of the issues the issuer shall refund the entire subscription received.

(10) **Arrangements for Disposal of Odd Lots:**

(a) Any arrangements made by the issuer for providing liquidity for and consolidation of the shares held in odd lots, particularly when such odd lots arise on account of issues by way of rights, bonus, conversion of debentures or warrants, etc., shall be intimated to the shareholders or investors.

(b) The issuer is free to make arrangements for providing liquidity in respect of odd lot shares through any investment or finance company, broking firms or through any other agency and the particulars of such arrangement, if any, may be disclosed in the offer document related to the concerned issue of capital.

(c) The lead merchant banker shall ascertain whether the issuer coming for fresh issue of capital proposes to set up trusts in order to provide service to the investors in the matter of disposal of odd lot shares of the issuer held by them and if so, disclosures relating to setting up and operation of the trust shall be contained in the offer document.

(d) Whenever any issue results in issue of shares in odd lots, the issuer, shall as far as possible issue certificates in the denomination of 1-2-5-10-20-50 shares.

(11) Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting.

(12) **New Financial Instruments:**

(a) The lead merchant banker shall ensure that adequate disclosures in the offer document, more particularly relating to the terms and conditions, redemption, security, conversion and any other relevant features of any new financial instruments such as Deep Discount Bonds, Debentures with Warrants, Secured Premium Notes etc.

(13) **Option to Receive Securities in Dematerialised Form:**

(a) A statement in the offer document and in the application form to the effect that the investors have an option to either receive securities in the form of physical certificates or hold them in a dematerialised form.

(B) **Issue Procedure:** The following disclosures shall be made:

(1) Fixed price issue or book building procedure as may be applicable, including details regarding bid form / application form, who can bid/apply, maximum and minimum bid/application size, bidding process, bidding, bids at different price levels, etc.

(2) Option to subscribe in the issue:

(a) The details of option, if any, to receive the specified securities subscribed for either in dematerialised form or physical form. If the issue size, in case of a public issue is equal to rupees ten crores or more, the specified securities issued in the public issue shall be only in dematerialized form in compliance with Section 68B of the Companies Act, 1956. It shall be disclosed that furnishing details of depositories account is mandatory and applications without depositories account shall be treated as incomplete and rejected. Investors will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

(b) It shall be specifically disclosed that the specified securities, on allotment, shall be traded on stock exchanges in demat segment only.

(c) Disclosure that single bid from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

(3) The following details shall be disclosed in the offer document [95][***]:

(a) the correct procedure for applications by Hindu Undivided Families and the fact that applications by Hindu Undivided Families would be treated as on par with applications by individuals;

(b) a statement that providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected;

(c) the instances when an application would be rejected on technical grounds (e.g., absence of signature, age, etc.)

(d) Applications by mutual funds:

(i) The necessary disclosures under the heads "Procedure for applications by mutual funds" and "Multiple Applications" shall be incorporated to indicate that a separate application can be made in respect of each scheme of an Indian mutual fund registered with the

[95] The words "and application form" omitted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011 w.e.f. 01.11.2011.

Board and that such applications shall not be treated as multiple applications.

(ii) A disclosure that the applications made by asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

(e) Applications by non-resident Indians: The following disclosures shall be made:

(i) the name and address of at least one place in India from where individual non-resident Indian applicants can obtain the application forms.

(ii) A statement that: "non-resident Indian applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The non-resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category."

(f) Application by ASBA investors:

(i) Disclosures regarding details of Application Supported by Blocked Amount process including specific instructions for submitting Application Supported by Blocked Amount shall be made in the offer document.

(ii) Disclosure that the application form shall bear the stamp of the syndicate member / SCSBs and if not, the same shall be rejected.

(4) Escrow mechanism:

(a) Escrow account of the issuer.

(b) Escrow account of the syndicate member.

(5) Terms of payment and payment into the escrow collection account.

(6) Electronic registration of bids.

(7) Build up of the book and revision of bids. In this regard, it may be specifically disclosed that qualified institutional buyers shall not be allowed to withdraw their bids after the closure of the issue

(8) Price discovery and allocation.

(9) Signing of underwriting agreement.

(10) Filing of the offer document with the Registrar of Companies.

(11) Announcement of pre-issue advertisement.

(12) Issuance of Confirmation of Allocation Note ("CAN") and allotment in the Issue.

(13) Designated date.

(14) General instructions:

(a) Do's and don'ts.

(b) Instructions for completing the bid form.

(c) Bidders' bank account details.

(d) Bids by non-resident Indians or foreign institutional investors on repatriation basis

(15) Payment instructions:

(a) Payment into escrow account of the issuer.

(b) Payment into escrow account of the syndicate member.

(c) Payment instructions for Application Supported by Blocked Amount.

(16) Submission of bid form.

(17) Other instructions:

- (a) Joint bids in the case of individuals.
- (b) Multiple bids.
- (c) Instruction to applicants to disclose Permanent Account Number in the application form, irrespective of the amount for which application or bid is made, along with the instruction that applications without Permanent Account Number would be rejected.
- (d) Rejection of Bids.
- (e) Equity shares in demat form with the depositories registered with the Board.
- (f) The investor's attention shall also be invited to contact the compliance officer in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment or share certificates or refund orders, etc.

(18) The application form shall contain space for indicating number of specified securities subscribed for in demat and physical form.

(19) No separate applications for demat and physical is to be made. If such applications are made, the applications for physical shares shalll be treated as multiple applications and rejected accordingly.

(20) In case of partial allotment, allotment shall be done in demat option for the specified securities sought in demat form and balance, if any, will be allotted in physical form.

(21) Disposal of application and application moneys.

(22) Provisions of sub-section (1) of section 68A of the Companies Act, 1956 relating to punishment for fictitious applications, shall be mentioned, including the disclosures that any person who:

- (1) makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or
- (2) otherwise induces a company to allot, or register any transfer of, shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.

(23) Interest on refund of excess bid amount.

(24) Basis of allotment or allocation: Disclose the names of entities responsible for finalising the basis of allotment in a fair and proper manner.

(25) Procedure and time of schedule for allotment and issue of certificates.

(26) Method of proportionate allotment.

(27) Letters of Allotment or refund orders or instructions to Self Certified Syndicate Banks in Application Supported by Blocked Amount process. Ensure that "at par" facility is provided for encashment of refund orders for Applications other than Application Supported by Blocked Amount process.

(28) Mode of making refunds:

- (a) The mode in which the issuer shall refund the application money to applicants in case of oversubscription shall be disclosed in the offer document.
- (b) If the issuer proposes to use more than one mode of making refunds to applicants, the respective cases where each such mode will be adopted shall be disclosed. The permissible modes of making refunds are as follows:
  - (i) In case of applicants residing in any of the centres specified by the Board: by crediting of refunds to the bank accounts of applicants

through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India;

[96][(ii) In case of other applicants: by dispatch of refund orders by registered post, (subject however to postal rules); and]

(iii) In case of any category of applicants specified by the Board: crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by the Board from time to time.

(29) **Interest in Case of Delay in Despatch of Allotment Letters or Refund Orders/instruction to Self Certified Syndicate Banks by the Registrar in Case of Public Issues:** The caption "Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders in Case of Public Issues" shall appear and shall contain the following statement:

(a) **Where it is a fixed price issue:** "The issuer agrees that as far as possible allotment of securities offered to the public shall be made within fifteen days of the closure of public issue. The issuer further agrees that it shall pay interest at the rate of fifteen per cent. per annum if the allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within [97][fifteen days] from the date of the closure of the issue. However applications received after the closure of issue in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest."

(b) **Where it is a book-built issues:** "The issuer agrees that allotment of securities offered to the public shall be made not later than fifteen days of the closure of public issue. The issuer further agrees that it shall pay interest at the rate of fifteen per cent. per annum if the allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within fifteen days from the date of the closure of the issue."

(30) **Undertaking by the issuer:**

(a) The following undertaking by the issuer shall be incorporated in the offer document:

(i) that the complaints received in respect of the issue shall be attended to by the issuer expeditiously and satisfactorily;

(ii) that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the

[96] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 23.09.2011. Prior to its substitution, section (ii) read as under:
"(ii) In case of other applicants: by despatch of refund orders by registered post, where the value is Rs 1500/- or more, or under certificate of posting in other cases, (subject however to postal rules); and"

[97] Substituted for "thirty days" by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

securities are to be listed are taken within seven working days of finalisation of basis of allotment;

(iii) that the issuer shall apply in advance for the listing of equities on the conversion of debentures/ bonds;

(iv) that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the registrar to the issue by the issuer;

(v) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within fifteen days of closure of the issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(vi) that the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public;

(vii) that the certificates of the securities or refund orders to the non-resident Indians shall be despatched within specified time;

(viii) that no further issue of securities shall be made till the securities offered through this offer document are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.;

(ix) that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment;

(b) In case of an issue of convertible debt instruments, the issuer shall also give undertakings to the following effect in the offer document:

(i) that the issuer shall forward the details of utilisation of the funds raised through the convertible debt instruments duly certified by the statutory auditors of the issuer, to the debenture trustees at the end of each half-year.

(ii) that the issuer shall disclose the complete name and address of the debenture trustee in the annual report.

(iii) that the issuer shall provide a compliance certificate to the convertible debt instrument holders (on yearly basis) in respect of compliance with the terms and conditions of issue of convertible debt instruments as contained in the offer document, duly certified by the debenture trustee.

(iv) that the issuer shall furnish a confirmation certificate that the security created by the issuer in favour of the convertible debt instrument holders is properly maintained and is adequate to meet the payment obligations towards the convertible debt instrument holders in the event of default.

(v) that necessary cooperation with the credit rating agency(ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.

(c) Disclosure that the issuer reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public

notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly.

(d) Disclosure that if the issuer withdraws the issue after closure of bidding, the issuer shall be required to file a fresh draft offer document with the Board.

(31) **Utilisation of Issue Proceeds:**

(a) A statement by the board of directors of the issuer to the effect that:

(i) all monies received out of issue of specified securities to public shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;

(ii) details of all monies utilised out of the issue referred to in sub-item(i) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised under an appropriate separate head in the balance-sheet of the issuer indicating the purpose for which such monies had been utilised; and

(iii) details of all unutilised monies out of the issue of specified securities referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested.

(b) The prospectus for an issue other than an offer for sale or a public issue made by any bank or public financial institution shall contain a statement of the board of directors of the issuer to the effect that:

(i) the utilisation of monies received under promoters' contribution and from reservations shall be disclosed and continue to be disclosed under an appropriate head in the balance sheet of the issuer, till the time any part of the issue proceeds remains unutilised, indicating the purpose for which such monies have been utilised;

(ii) the details of all unutilised monies out of the funds received under promoters' contribution and from reservations shall be disclosed under a separate head in the balance sheet of the issuer, indicating the form in which such unutilised monies have been invested

(32) Restrictions on foreign ownership of Indian securities, if any:

(a) Investment by non-resident Indians.

(b) Investment by foreign institution investors.

**(XIII) Description of Equity Shares and Terms of the Articles of Association:**

(A) Rights of members regarding voting, dividend, lien on shares and the process for modification of such rights and forfeiture of shares.

(B) Main provisions of the Articles of Association.

**(XIV)** Any other material disclosures, as deemed necessary.

**(XV)** In case of a fast track issue, the disclosures specified in this Part, which have been indicated in Part B, need not be made.

**(XVI) Other Information:**

(A) List of material contracts and inspection of documents for inspection:

(1) Material contracts.

(2) Documents:

(3) Time and place at which the contracts, together with documents, will be available for inspection from the date of offer document until the date of closing of the subscription list.

(4) IPO grading reports for each of the grades obtained by the unlisted issuer

(B) **Declaration:**

(1) The draft offer document (in case of issues other than fast track issues) and offer document shall be approved by the Board of Directors of the issuer and shall be signed by all directors, the Chief Executive Officer, i.e., the Managing Director or Manager within the meaning of the Companies Act, 1956 and the Chief Financial Officer, i.e., the whole-time finance director or any other person heading the finance function and discharging that function.

(2) The signatories shall further certify that all disclosures made in the offer document are true and correct.

## PART B

## CERTAIN DISCLOSURES NOT MANDATORY IN CASE OF FAST TRACK PUBLIC ISSUE

An issuer making a fast track public issue of specified securities may not make the disclosures indicated hereunder and specified in Part A of this Schedule, in the offer document:

(1) Sub-para (a) of para (2) of sub-item (D) of item (VI);
(2) Sub-para (o) of para (2) of sub-item (D) of item (VI);
(3) Para (8) of sub-item (E) of item (VIII);
(4) Sub-para (b) of para (1) of sub-item (F) of item (VIII);
(5) Sub-para (c) of para (2) of sub-item (F) of item (VIII);
(6) Para (1) of sub-item (C) of item (IX), in respect of entities not covered under section 370 (1)(B) of the Companies Act, 1956;

## PART C

## CERTAIN DISCLOSURES NOT MANDATORY IN CASE OF FURTHER PUBLIC OFFER

(1) An issuer making a further public offer of specified securities may not make the disclosures indicated hereunder and specified in Part A of this Schedule, in the offer document, subject to fulfilment of the conditions specified in para 2:
   (i) Sub-para (a) of para (2) of sub-item (D) of item (VI);
   (ii) Sub-para (o) of para (2) of sub-item (D) of item (VI);
   (iii) Para (8) of sub-item (E) of item (VIII);
   (iv) Para (1) of sub-item (C) of item (IX), in respect of entities not covered under section 370 (1)(B) of the Companies Act, 1956;

(2) The conditions referred to in para (1) above are as follows:
   (a) The issuer has been filing periodic statements in regard to financial results and shareholding pattern with the designated stock exchange and also with the Registrar of Companies (in case of a public issue), for the last three years and such statements are available on the website of the designated stock exchange or on a common e-filing platform;
   (b) The issuer has in place an investor grievance handling mechanism, which includes meeting of the Shareholders / Investors' Grievance Committee at frequent intervals, appropriate delegation of power by the board of directors of the issuer with regard to share transfer and clearly laid out systems and procedures for timely and satisfactory redressal of investor grievances;
   (c) The lead merchant banker has certified that the conditions specified at (a) and (b) above have been complied with;
   (d) The issuer has furnished to the Board the following undertaking along with the draft offer document, which shall also be incorporated in the offer document:
   [98][***]"We confirm that other than the disclosures made in the instant offer document, nothing material has changed in respect of disclosures made by us at the time of our previous issue made on ……. ."
   [99][(e) The issuer has made the offer document of its immediately preceding public or rights issue public in the manner specified in sub-regulation (1) of regulation 9 and sub-regulation (1) of regulation 61 and has also kept this document for public inspection in the manner specified in sub- para (c) of para 4 of sub-item (D) of Item (VIII) of Part A of this Schedule.]

[98] The bracket and letter "(e)" omitted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

[99] Item (f) renumbered as item (e), *ibid*.

## [100][PART D

**[See regulation 58(1)]**

## DISCLOSURES IN ABRIDGED PROSPECTUS

**General Instructions:**

(I) Information which is of generic nature and not specific to the issuer shall be brought out in the form of a General Information Document (GID) as specified by the Board.

(II) Abridged Prospectus shall be printed in a booklet form of A4 size paper.

(III) The Abridged Prospectus shall be printed in a font size which shall not be visually smaller than Times New Roman size 10 (or equivalent). Exceptions can be made only where the information is in a tabular form and cannot fit in the table, which shall not be visually smaller than Times New Roman size 8 (or equivalent).

(IV) Information required to be given in Tabular Format should not appear in running text format.

(V) The order in which items appear in the abridged prospectus shall be as specified in this Schedule.

(VI) The application form shall be so positioned that on the tearing-off of the application form, no part of the information given in the abridged prospectus is mutilated.

**Disclosures:**

An issuer making a public issue of specified securities shall make the following disclosures in the abridged prospectus:

**(I) Cover Page:**

(A) Indicate that the issue is 100% Book Building Issue or Fixed Price Issue.

(B) Indicate the total number of pages in the booklet.

(C) Attention of investor should be invited to the following statement:

> "Please ensure that you read the Red Herring Prospectus (RHP), the General instructions contained in this Memorandum and the 'General Information Document (GID) for investing in Public Issues undertaken through the book building process' before applying in the Issue. Unless otherwise specified, all terms used in this form shall have the meaning ascribed to such terms in the RHP. The investors are advised to retain a copy of RHP/Abridged Prospectus for their future reference".

(D) If the GID is not appended to the Abridged Prospectus, indicate where the GID would be available for perusal.

(E) Logo of the issuer, name of the issuer, incorporation details including details of change in name (if any), Corporate Identity Number, registered office of the issuer along with telephone number, fax number, email address and website address.

(F) Name, phone number, fax number, email address of Compliance Officer for any pre-issue or post-issue related problems.

(G) All the grades obtained for the public issue, along with the page numbers where rationale or description furnished by the credit rating agency(ies) for each of the grades obtained is contained in this abridged prospectus.

[100] Part D substituted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f. 01.11.2011.

(H) Wherever applicable, the rating for the proposed issue of the convertible debt instruments or preference shares, if any, obtained from the credit rating agencies, shall also be indicated.

(I) The dates of opening, earliest closing and closing of the issue.

(J) Attention of investor should be invited to the following:

"Investors are advised to refer to−

- Exchange Website and Issue advertisement two days prior to Bid Opening Date for information regarding Price band, price discount (if any), Minimum Bid Lot, P/E Ratio, and Revised Price Band (if any, and revised closing date thereof);
- Page …. for Index/ Table of Contents;
- Price Band /Issue Price (which has been determined and justified by Merchant Banker) stated under the paragraph on "Basis of Issue Price". Information about Qualitative Factors & Quantitative Factors for determining Basis of Issue Price is available on Page …. of this Abridged Prospectus';
- Page …. of this abridged Prospectus for 'Price Information of past issues handled by Merchant Bankers'."

(K) Other statutory details pertaining to Issue (Number of equity shares and/or issue size & percentage of dilution and whether the same is in compliance with post issue dilution requirement).

(L) The name(s) of the recognised stock exchange(s) on which the specified securities are proposed to be listed.

(M) Cover Page should draw attention of investors to read the risk factors & indicate the page number where risk factors are contained in abridged prospectus.

**(II) Inside Cover Page:**

(A) The name and logo of the lead merchant bankers, along with telephone number, fax number, website address, name of contact person and email address.

(B) The name, logo and address of the registrars to the issue, along with telephone number, fax number, website address, name of contact person and email address.

(C) Names of Syndicate Members.

(D) The name and address along with telephone number, fax number and registration number of the statutory auditors.

(E) The name and address of the collecting bankers, where applicable.

(F) Details regarding website address(es)/link(s) from which the investor can obtain list of designated branches of Self Certified Syndicate Banks.

(G) The name and website address of the Credit rating agencies.

(H) The name and address of the trustee under debenture trust deed (in case of a debenture issue), along with telephone number, fax number, website address, name of contact person and email address.

(I) Indicative dates of Bid/ Issue Closing, finalization of basis of allotment with stock exchanges, credit of equity shares to investors' demat accounts, initiation of refunds and commencement of trading in tabular format. (Attention of investor should be invited to disclaimers with regard to indicative table.)

**(III) Table/Index of Contents** should be included in tabular format.

**(IV) Our History, Promoters and Management:**

(A) History of the issuer and the details of any demergers, mergers and acquisitions to be provided.

(B) Promoters and their background to be provided.

(1) Where promoter is individual a complete profile of the promoters, including their name, educational qualifications, experience in the business or employment and in the line of business proposed in the offer document, positions/posts held in the past, their business and financial performance to be provided.
(2) Where the promoters are companies, history of the companies and the promoters of the companies shall be furnished.

(C) Board of Directors:
(1) Name, Designation, Date of Appointment and date of expiration of the current term , Qualification, Occupation, Age and a Brief Profile of each Director.
(2) Attention of investor should be invited to refer to RHP for further details.
(3) Change, if any, in the directors during the last three years in tabular format. Particulars of name, date of appointment, date of cessation and reasons, thereof.
(4) A disclosure to the effect that the issuer has complied with the requirements of Corporate Governance contained in the Equity Listing Agreement, particularly those relating to composition of board of directors, constitution of committees such as Audit Committee, Shareholder / Investor Grievance Committee, etc.

(D) Shareholding Pattern:
(1) The aggregate shareholding of each of the categories as prescribed in terms of Clause 35 of Listing Agreement in the following format:

| ***Category*** | ***No. of Shareholders*** | ***Pre-Issue*** | | ***Post-Issue*** | |
|---|---|---|---|---|---|
| | | ***No. of Equity Shares*** | ***Percentage*** | ***No. of Equity Shares*** | ***Percentage*** |
| | | | | | |

(2) The names of the ten largest shareholders of the issuer , number of equity shares held and percentage of the total pre and post issue capital as on the date of registering the offer document with the Registrar of Companies in tabular format.
(3) The names of public shareholders holding more than 1% of pre-issue capital, number of equity shares held and percentage of the total pre and post issue capital as on the date of registering the offer document with the Registrar of Companies in tabular format.
(4) Sale or Purchase/Subscription of Company's securities by promoter(s)/promoter group/director(s) within three years immediately preceding the date of registering the offer document with the Registrar of Companies which in aggregate is equal to or greater than 1% of pre-issue capital of company in tabular format. The table shall indicate name of the shareholder, whether the shareholder is a promoter/promoter group/director, total number of shares acquired and total number of shares sold.

(E) Group Companies/Subsidiaries/Joint Ventures:
(1) Name of the group companies, Equity Capital, Turnover, Profit after tax, shareholding of issuer company and listing status to be given in tabular format for preceding financial year or the last period of audited financial statements included in offer document. This information is to be given for the five largest group companies based on turnover. However information regarding every such group company which has become a sick industrial company or is under winding up or has a negative net worth shall be given.
(2) Total number of subsidiaries and joint ventures to be indicated.
(3) Name of the Subsidiaries/Joint Ventures, Equity Capital, Turnover, Profit after tax, shareholding of issuer company and listing status to be given in tabular format for Subsidiaries/Joint Ventures which contribute more than 5% of revenue/profits/assets

of the issuer company on a consolidated basis in the preceding financial year or the last period of audited financial statements included in offer document.

(F) Details of Material Penal Actions/ Litigations.

(G) Details of Material Related Party Transactions.

(H) Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues/rights issues, if any, of the Company in the preceding 10 years.

**(V) Our Business:**

(A) Summary of Our Business as appearing in offer document. Attention of investor should be invited to refer to RHP for details with regards to business.

(B) Industry Overview- Attention of investor should be invited to refer to RHP.

(C) Regulations and Policies-Attention of investor should be invited to refer to RHP.

(D) Details of all pending Government and other Approvals to be indicated. Attention of investor should be invited to refer to RHP for further details.

**(VI) Our Financial Information:**

(A) Summary Statement of Assets and Liabilities, as restated, appearing in offer document in tabular form. Additionally the following line items shall be included in the table- for initial public offerings, details of bonus issues; and, for further public offerings, details of dividends and bonus issues.

(B) Summary Statement of Profit and Loss Account as restated appearing in offer document in tabular form.

(C) Management's Discussion and Analysis of Revenues and Profits/Losses.

(D) Material Development: Any material development after the date of the latest balance sheet and its impact on performance and prospects of the issuer.

(E) Aggregate number of shares for Capitalization of Reserves or Profits in the last 5 years.

(F) Revaluation of Assets in the last 5 years.

(G) Change, if any, in the auditors during the last three years in tabular format. Particulars of name of auditor, date of appointment/reappointment, date of cessation and reasons for change, thereof.

(H) The authorized, issued, subscribed and paid-up capital, present issue size, Paid-up Capital after the issue, Paid-up capital after conversion of securities (if applicable), (number of instruments, description, aggregate nominal value) in tabular form. Additionally for further public offerings, details of outstanding convertible instruments if any, to be included.

(I) Notes to the Capital Structure - Attention of investor should be invited to refer to RHP.

**(VII) Risk Factors:**

(A) The risk factors should be classified under the following heads:

(1) Risks arising out of Offences/Litigations/Losses Etc.

(2) Company/Group Specific Risks- Project/Objects specific risk.

(3) Industry Specific Risks.

(B) The heading of the risk factors should appear in bold and italics. All the risk factors should be highlighted.

(C) Attention of investor should be invited to refer to RHP or to the General Information Document for Other Risks and General Risks.

**(VIII) Particulars of the Issue:**

(A) Objects of the issue.

(B) Cost of the Project.

(C) Means of financing.

(D) Schedule of Deployment of Issue Proceeds.
(E) Name of Appraising Agency, where applicable.
(F) Name of Monitoring Agency (where applicable), if appointed by the issuer and the disclosure as to whether the appointment is pursuant to regulation 16 of these regulations.

**(IX) Basis of Issue Price:**

(A) Qualitative Factors for determining the basis of issue price for the issuer as included in offer document.
(B) Quantitative Factors for determining the basis of issue price for the issuer as under:
  (1) Earnings per share and Diluted Earnings Per Share pre-issue (and the weight assigned) on consolidated basis (where applicable) in tabular form for the last three years (as adjusted for changes in capital).
  (2) Average return on net worth (and the weight assigned) on consolidated basis (where applicable) in tabular form for the last three years.
  (3) Net Asset Value on per share on consolidated basis (where applicable) in tabular form for the last three years.
(C) Comparison of following parameters of the issuer with the industry average and with that of the peer group (i.e., companies of comparable size in the same industry) in tabular form:
  (1) Name of company.
  (2) Revenue.
  (3) Earnings per share.
  (4) Face Value of Shares.
  (5) Average Return on net worth.
  (6) P/E Ratio.
  (7) Related to Period.
  (8) Consolidated/Standalone.
(D) Attention of investor should be invited to refer to/download Issue Advertisement/ Stock Exchange Website/Website of the company and lead merchant bankers or contact the Syndicate Member/Bankers to the Issue for Issue Price related Quantitative Factors.
(E) For further public offerings, stock market data (Price Data), adjusted for all corporate actions, to be given for the stock exchange which recorded the maximum aggregate turnover in terms of the number of shares traded in the last six months. Particulars of month, Highest Closing Price, Lowest Closing Price, Total Volume (separately for all stock exchanges) and Main Index Closing Value to be given in tabular format.

**(X) Other Regulatory and Statutory Disclosures:**

(A) The disclosure under the heading "IPO Grading", stating all the grades obtained for the initial public offer, along with the summary of rationale or description furnished by the credit rating agency(ies) for each of the grades obtained. Particulars of Grading Agency, Grades Assigned and assessment in tabular format.
(B) Any special tax benefits (if any) for the issuer/project and its shareholders (Only section numbers of the relevant legal provisions should be mentioned, without reproducing the text of the sections).
(C) Authority for the issue.
(D) Eligibility of the Issue-Only Specific Regulation to be indicated without reproducing the text of the regulation.
(E) Expert opinion obtained, if any, except of Auditors and IPO Grading Agencies.
(F) Material Contracts and Documents for Inspection.
(G) Time and Place of Inspection of material contracts (List of material contracts not required).

(H) Price Information of past issues handled by Merchant Bankers, in the format and manner as specified by the Board.

(I) Declaration & Signatories to the Offer Document.

**(XI) Details of Bidding Centres.]**

## PART E
**[See regulation 57(2)(b)]**

## DISCLOSURES IN LETTER OF OFFER

(1) A listed issuer making a rights issue of specified securities shall make disclosures, as specified in clause (5) of this Part, in the letter of offer, if it satisfies the following conditions:
   (a) the issuer has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing the letter of offer with the designated stock exchange in case of a fast track issue and in any other case, the date of filing the draft letter of offer with the Board;
   (b) the reports, statements and information referred to in sub-clause (a) above are available on the website of any recognised stock exchange with nationwide trading terminals or on a common e-filing platform specified by the Board;
   (c) the issuer has investor grievance-handling mechanism which includes meeting of the Shareholders' or Investors' Grievance Committee at frequent intervals, appropriate delegation of power by the board of directors of the issuer as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

(2) If the listed issuer does not satisfy the conditions specified in clause (1), it shall make disclosures in the letter of offer:
   (a) as specified in Part A, except for disclosures as specified in clause (4);
   (b) as specified in items (XVI)(B)(4), (5) and (6) in clause (5) of this Part.

(3) Irrespective of whether the conditions specified in clause (1) are satisfied or not, the following listed issuers shall make disclosures in the letter of offer as specified in Part A, except for disclosures as specified in clause (4):
   (a) a listed issuer whose management has undergone change pursuant to acquisition of control in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and is making a rights issue of specified securities for the first time subsequent to such change;
   (b) an issuer whose specified securities have been listed consequent to relaxation granted by the Board under sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 for listing of its specified securities pursuant to a scheme sanctioned by a High Court under sections 391 to 394 of the Companies Act, 1956 and is making a rights issue of specified securities for the first time subsequent to such listing.

(4) In respect of an issuer making disclosures in terms of clauses (2) and (3) above, the disclosures specified in the following items in Part (A) shall not be applicable:
   (a) Sub-item (C) of item (V);
   (b) Sub-para (b) of para (2) of sub-item (B) of item (XII);
   (c) Sub-para (a) of para (3) of sub-item (B) of item (XII);
   (d) Sub-para (b) of para (3) of sub-item (B) of item (XII);
   (e) Sub-para (c) of para (3) of sub-item (B) of item (XII);
   (f) Para (18) of sub-item (B) of item (XII);
   (g) Para (19) of sub-item (B) of item (XII).

(5) A listed issuer referred to in clause (1) shall make the following disclosures in the letter of offer, as far as possible, in the order in which the disclosures are specified in this clause:

**(I)** **Cover Pages:** The cover page paper shall be of adequate thickness (preferably minimum hundred gcm. quality).

(A) **Front Cover Pages:**

(1) The front outside and inside cover pages of the letter of offer shall be white and no patterns or pictures shall be printed on these pages.

(2) The front outside cover page of the letter of offer shall contain only the following details:

(a) The words "Letter of Offer".

(b) The name of the issuer, its logo, address of its registered office, its telephone number, fax number, contact person, website address and e-mail address.

(c) The nature, number, price and amount of specified securities offered and issue size, as may be applicable.

(d) The following clause on general risk :

"Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities being offered in the issue have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document."

Specific attention of investors shall be invited to the statement of "Risk factors" given on page number(s) ….. under the section "General Risks".

(e) The following clause on 'Issuer's Absolute Responsibility' shall be incorporated in a box format:

"The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this letter of offer contains all information with regard to the issuer and the issue, which is material in the context of the issue, that the information contained in the letter of offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

(f) The names, logos and addresses of all the lead merchant bankers with their titles who have signed the due diligence certificate and filed the letter of offer with the Board, along with their telephone numbers, fax numbers, website addresses and e-mail addresses.

(g) The name, logo and address of the registrar to the issue, along with its telephone number, fax number, website address and e-mail address.

(h) Issue schedule:
  (i) Date of opening of the issue.
  (ii) Date of closing of the issue.
  (iii) Last date for request for split.
(i) The names of the recognised stock exchanges where the specified securities of the issuer are listed and the details of in-principle approval for listing of the specified securities proposed to be offered in the rights issue.

(B) **Back Cover Pages:** The back inside cover page and back outside cover page shall be in white.

**(II) Table of Contents:** The table of contents shall appear immediately after the front inside cover page.

**(III) Definitions and Abbreviations:**

(A) Conventional or general terms.
(B) Issue related terms.
(C) Issuer and industry related terms.
(D) Abbreviations.

**(IV) Risk Factors:**

(A) The risk factors shall be printed in clear readable font (preferably of minimum point ten size).
(B) The risk factors shall be in relation to the following:
  (1) the issue and objects of the issue;
  (2) the issuer and its ongoing business activities;
  (3) the material litigations which impact the business of the issuer.
(C) The risk factors shall be determined on the basis of their materiality. In determining the materiality of risk factors, the following shall be considered:
  (1) Some events may not be material individually but may be found material collectively.
  (2) Some risks may have an impact which is qualitative though not quantitative.
  (3) Some risks may not be material at the time of making the disclosures in the letter of offer but may have a material impact in the future.
(D) The risk factors shall appear in the letter of offer in the following manner:
  (1) The risks envisaged by the management.
  (2) The proposals, if any, to address the risks and the manner in which the same are proposed to be addressed.
(E) The proposals to address risks shall not contain any speculative statement on the positive outcome to any litigation, etc.
(F) The proposals to address risks shall not be given for any matter that is sub-judice before any Court or Tribunal.
(G) The risk factors shall be disclosed in the descending order of materiality. Wherever risks about material impact are stated, the financial and other implications of the same shall be disclosed. If it cannot be quantified, a distinct statement about the fact that the implications cannot be quantified shall be made.

**(V)** **Prominent notes:** This section shall contain notes which are required to be given prominence and shall also include the following:

(A) The net worth before the issue (as per latest audited financial statement disclosed in the letter of offer) and issue size.

(B) The details of transactions by the issuer with group or subsidiary companies during one year immediately preceding the date of filing the letter of offer with the designated stock exchange, in case of a fast track issue and in any other case, the date of filing draft letter of offer with the Board, the nature of transactions and the cumulative value of transactions.

(C) The details of all financing arrangements whereby the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the letter of offer with the designated stock exchange, in case of a fast track issue and in any other case, the date of filing draft letter of offer with the Board.

**(VI)** **Introduction:**

(A) **Summary:**

(1) Issue details in brief.

(2) Summary consolidated financial, operating and other data.

(B) **General Information:**

(1) The name and address of the registered office and the registration number of the issuer, along with the address of the Registrar of Companies where the issuer is registered.

(2) The names, addresses, telephone numbers, fax numbers and e-mail addresses of the Company Secretary and compliance officer of the issuer.

(3) The names, addresses, telephone numbers, fax numbers, contact person, website addresses and e-mail addresses of the bankers to the issue, Self Certified Syndicate Bankers and legal advisors to the issue.

(4) The statement of inter-se allocation of responsibilities among lead merchant bankers, where more than one merchant banker is associated with the issue.

(5) The following details of credit rating, in case of a rights issue of convertible debt instruments:

(a) The details of all the credit ratings including unaccepted rating obtained for the issue of convertible debt instruments.

(b) All credit ratings obtained during the three previous years before filing the letter of offer for any of its listed convertible debt instruments at the time of accessing the market through a convertible debt instrument.

(6) The names, addresses, telephone numbers, fax numbers, website addresses and e-mail addresses of the trustees under debenture trust deed, in case of a rights issue of convertible debt instruments.

(7) The name of the monitoring agency, if appointed and the disclosure as to whether the appointment is pursuant to regulation 16 of these regulations.

(8) The name, address, telephone number and e-mail address of the appraising entity, in case the project has been appraised.

(9) The details of underwriting, if any:

(a) The names, address, telephone numbers, fax numbers and e-mail address of the underwriters and the amount underwritten by them.
(b) A declaration by the board of directors of the issuer that the underwriters have sufficient resources to discharge their respective obligations.
(c) In case of partial underwriting of the issue, the extent of underwriting.
(d) The details of final underwriting arrangement in the letter of offer filed with the designated stock exchange, indicating actual number of specified securities underwritten.

(10) The principal terms of loan and assets charged as security.

(C) **Capital Structure:**

(1) The authorised, issued and subscribed capital after suitable incorporation of the outstanding convertible securities (number of securities, description and aggregate nominal value).
(2) Paid-up capital.
(3) The following details of outstanding instruments:
(a) Details of options, if any.
(b) Details of convertible securities, if any.
(4) The details of specified securities held by promoter and promoter group including the details of lock-in, pledge of and encumbrance on such specified securities.
(5) The details of shares acquired by promoters and promoter group in the last one year immediately preceding the date of filing the letter of offer with the designated stock exchange, in case of a fast track issue and in any other case, the date of filing draft letter of offer with the Board.
(6) The intention and extent of participation by promoters and promoter group in the issue with respect to:
(a) their rights entitlement.
(b) the unsubscribed portion over and above their rights entitlement:

[101][Provided that such participation shall not result in breach of minimum public shareholding requirement stipulated in the equity listing agreement entered into between the issuer and the recognized stock exchanges where the specified securities of the issuer are listed.]

(7) The shareholding pattern as per the latest filing with the recognised stock exchange(s).
(8) The details of the shareholders holding more than one per cent. of the share capital of the issuer.

**(VII) Particulars of the Issue**

(A) **Objects of the Issue:**

(1) The objects of the issue shall be disclosed.
(2) If one of the objects is investment in a joint venture or subsidiary or an acquisition, the following additional disclosures shall be made:
(a) The details of the form of investment, i.e., equity, debt or any other instrument

[101] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010.

(b) If the form of investment has not been decided, a statement to that effect;

(c) If the investment is in debt instruments, complete details regarding the rate of interest, nature of security, terms of repayment, subordination, etc.

(d) If the investment is in equity, whether any dividends are assured;

(e) The nature of benefit expected to accrue to the issuer as a result of the investment;

(3) If one of the objects of the issue is the grant of a loan to any entity, details of the loan agreements including the rate of interest, whether secured or unsecured, duration, nature of security, terms of repayment, subordination, etc. and the nature of benefit expected to accrue to the issuer as a result of the investment. If such loan is to be granted to a subsidiary, group or associate company, details of the same.

(4) If one of the objects of the issue is utilisation of the issue proceeds for long term working capital, the following additional disclosures shall be made.

(a) Basis of estimation of working capital requirement, along with relevant assumptions.

(b) Reasons for raising additional working capital, substantiating the same with relevant facts and figures.

(c) Details of the projected working capital requirement including detailed assessment of working capital after implementation of the project or achievement of objects of the issue, as the case may be, capacity utilisation assumptions, break-up of expected current assets into raw materials, finished goods, work in progress, sundry debtors etc., along with the assumption about the holding norms for each type of current asset, total current liabilities, net current assets and envisaged sources of finance for net current assets, i.e., bank finance, institutional finance, own funds, etc.

(d) The total envisaged working capital requirement in a tabular form, the margin money thereof and the portion to be financed by any bank(s) or otherwise.

(e) A complete perspective on the present working capital position vis-à-vis the projected working capital position based on which the money is proposed to be raised in the public issue.

(f) Details of the existing working capital available with the issuer, along with a break-up of total current assets into raw materials, finished goods, work in progress, sundry debtors, etc., total current liabilities, net current assets and sources of finance for net current assets, i.e., bank finance, institutional finance, own funds, etc.

(g) If no working capital is shown as part of the project for which issue is being made, the reasons therefor.

(B) **Requirement of Funds:**

(2) The requirement for funds proposed to be raised through the issue.

(3) Where the issuer proposes to undertake more than one activity or project, such as diversification, modernisation, expansion, etc., the total project cost shall be given activity-wise or project wise, as the case may be.

(4) 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.

(5) The details of all material existing or anticipated transactions in relation to the utlisation of the issue proceeds or project cost with promoters, directors, key management personnel, associates and group companies. The relevant documents shall be included in the list of material documents for inspection.

(6) If object of the issue is to fund a project, the following details shall be given:
   (a) location of the project
   (b) plant and machinery, technology, process, etc.
   (c) collaboration, performance guarantee if any, or assistance in marketing by the collaborators.
   (d) infrastructure facilities for raw materials and utilities like water, electricity, etc.

(7) If the proceeds, or any part of the proceeds, of the issue are, or is, to be applied directly or indirectly:
   (a) in the purchase of any business; or
   (b) in the purchase of an interest in any business and by reason of that purchase, or anything to be done in consequence thereof, or in connection therewith; the issuer will become entitled to an interest as respects either the capital or profits and losses or both, in such business exceeding fifty percent, thereof;

   a report made by accountants (who shall be named in the letter of offer) upon:
   (i) the profits or losses of the business of each of the five financial years immediately preceding the issue of the letter of offer; and
   (ii) the assets and liabilities of the business at the last date to which the accounts of the business were made up, being a date not more than six months before the date of the issue of the letter of offer.

(8) If:
   (a) the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in any manner resulting in the acquisition by the issuer of shares in any other body corporate; and
   (b) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith, that body corporate will become a subsidiary of the issuer;

   a report made by accountants (who shall be named in the letter of offer) upon:
   (i) the profits or losses of the other body corporate for each of the five financial years immediately preceding the issue of the Letter of Offer; and
   (ii) the assets and liabilities of the other body corporate at the last date to which its accounts were made up.

(9) Strategic partners, if applicable, to the project or objects of the issue.

(10) Financial partners, if applicable to the project or objects of the issue.

(D) **Funding Plan (Means of Finance):**

(1) An undertaking shall be given in the letter of offer by the issuer confirming that firm arrangements of finance through verifiable means towards seventy five per cent. of the stated means of finance, excluding the amount to be raised through proposed issue and existing identifiable internal accruals, have been made.

(2) The balance portion of the means of finance for which no firm arrangement has been made shall be mentioned without specification.

(3) The details of funds tied up and the avenues for deployment of excess proceeds, if any.

**(E) Appraisal:**

(1) The scope and purpose of the appraisal, if any, along with the date of appraisal.

(2) The cost of the project and means of finance as per the appraisal report.

(3) Explanation regarding revision, if any, in the project cost and the means of finance after the date of issue of the appraisal report.

(4) The weaknesses and threats, if any, given in the appraisal report, by way of risk factors.

(F) **Schedule of Implementation:** The schedule of implementation of the project in a tabular form and the progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, trial production, date of commercial production and reasons for delay, if any.

(G) **Deployment of Funds:**

(1) The details of the sources of funds and the deployment of these funds on the project (where the issuer is raising capital for a project), up to a date not earlier than two months from the date of filing the letter of offer with the designated stock exchange, as certified by a Chartered Accountant, along with the name of the chartered accountant and the date of the certificate.

(2) Where share application money brought in advance by the promoters is deployed in the project and the same is being adjusted towards their rights entitlement in the rights issue, the extent of deployment and utilisation of the funds brought in by the promoters shall be disclosed.

(H) **Sources of Financing of Funds Already Deployed:** Means and source of financing, including details of "bridge loan" or other financial arrangement, which may be repaid from the proceeds of the issue.

(I) **Details of Balance Fund Deployment:** Year wise break up of the expenditure proposed to be incurred on the said project.

(J) **Interim Use of Funds:** Investment avenues in which the management proposes to deploy issue proceeds, pending its utilisation in the proposed project.

**(K) Any special tax benefits for the issuer and its shareholders.**

**(L) Key Industry Regulations for the proposed objects of the issue (if different from existing business of the issuer)**

**(M) Interest of promoters and directors, as applicable to the project or objects of the issue**

**(VIII) History and Corporate Structure about the Issuer:** In case the issuer has not come out with any issue in the past ten years or more, a brief statement about the history and corporate structure of the issuer, main objects of the issuer and major events in the past.

**(IX) Management (Board of Directors):**

(A) Name, age, qualifications, Director Identification Number, experience, address, occupation and date of expiration of the current term of office of manager, managing director, and other directors (including nominee directors, whole-time directors), giving their directorships in other companies.

[102][(1) Details of current and past directorship(s) for a period of five years in listed companies whose shares have been/were suspended from being traded on the Bombay Stock Exchange Ltd./National Stock Exchange of India Ltd., as follows:

- Name of the Company:
- Listed on [give name of the Stock Exchange(s)]:
- Date of Suspension on stock exchanges:
- Suspended more than three months: Yes/No. If yes, reasons for suspension and period of suspension:
- Whether suspension revoked: Yes/No. If yes, date of revocation of suspension:
- Date and Term of Director in the above company(ies).

Explanation.—The above details shall be given for a period of five years prior to date of filing of draft offer document and ought to be updated upto the date of filing of the red herring prospectus. In case of offer documents for fast track issues filed under regulation 10, the period of five years shall be reckoned on the date of filing of prospectus with Registrar of Companies or letter of offer with the designated stock exchange.

(2) Details of current and past directorship in listed companies who have been/were delisted from the stock exchange(s):

- Name of the Company:
- Listed on [give name of the Stock Exchange(s)]:
- Date of delisting on the Stock Exchange(s):
- Compulsory or voluntary delisting:
- Reasons for delisting:
- Whether relisted: Yes/No. If yes, date of relisting on [give name of the Stock Exchange(s)]:
- Date and Term of Director in the above company/ies. ]

(B) The nature of any family relationship between any of the directors.

(C) Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the directors was selected as a director or member of senior management.

(D) Details of service contracts entered into by the directors with the issuer providing for benefits upon termination of employment and a distinct negative statement in the absence of any such contract.

[102] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

**(X) Financial Information of the Issuer:**

(A) Stand-alone and consolidated financial statements of the issuer:

(4) A report by the auditors of the issuer with respect to profit or loss and assets and liabilities (indicating changes in accounting policies, if any) in respect of the last completed accounting year for which audit has been completed.

(5) A report by the auditors of the issuer on a limited review of the profit or loss and assets and liabilities (indicating changes in accounting policies, if any), as at a date not earlier than six months prior to the date of the opening of the issue, where audited accounts as at such date are not available.

(6) For the purpose of clauses (1) and (2) above, it shall be sufficient if:

(a) In the statement of the assets and liabilities, the main heads of assets and liabilities as provided in Part I of Schedule VI of the Companies Act, 1956 have been provided. If an issuer is governed by a statute other than the Companies Act, 1956, the main heads of assets and liabilities as specified in such statute shall be provided in the statement of assets and liabilities.

(b) In the statement of profit or loss, the information required to be disclosed under the heads of income and expenditure as per clause 41 of the equity listing agreement in respect of quarterly financial information to be filed with the recognised stock exchanges, has been provided.

(B) In addition, in accordance with Ministry of Finance Circular no.F.2/5/SE/76 dated February 05, 1977 and amended further on March 08, 1977, the following information for the period between the last date of the balance sheet and profit and loss account sent to the shareholders and up to the end of the last but one month preceding the date of the letter of offer shall be furnished.

(2) Working results of the issuer under following heads:

(a) (i) Sales / turnover
(ii) Other income

(b) Estimated gross profit / loss (excluding depreciation and taxes)

(c) (i) Provision for depreciation
(ii) Provision for taxes

(d) Estimated net profit / loss

(3) Material changes and commitments, if any affecting financial position of the issuer.

(4) Week-end prices for the last four weeks; current market price; and highest and lowest prices of equity shares during the period with the relative dates

(C) Stock market quotation of shares/ convertible instruments of the company (high/ low price in each of the last three years and monthly high/low price during the last six months).

(D) Accounting and other ratios: The following accounting ratios shall be given for each of the accounting periods for which financial information is given:

(5) Earnings per share: This ratio shall be calculated after excluding extra ordinary items.

(6) Return on Networth: This ratio shall be calculated excluding revaluation reserves.

(7) Net Asset Value per share: This ratio shall be calculated excluding revaluation reserves.

(8) Accounting and other ratios shall be based on the financial statements prepared on the basis of Indian Accounting Standards.

(E) Capitalisation Statement:

(4) A Capitalisation Statement showing total debt, net worth, and the debt/ equity ratios before and after the issue is made shall be incorporated.

(5) In case of any change in the share capital since the date as of which the financial information has been disclosed in the prospectus, a note explaining the nature of the change shall be given.

(6) An illustrative format of the Capitalisation Statement is specified hereunder:

| **Particulars** | **Pre-issue as at 30-6-1995** | **As Adjusted for issue** |
|---|---|---|
| **(Rupees in lakhs)** | | |
| Short-Term Debt | 1870 | 1870 |
| Long Term Debt | 4370 | 4370 |
| Shareholders Funds | | |
| Share Capital | 4000 | 4450 |
| Reserves | 14570 | 37520 |
| Total Shareholders Funds | 18570 | 41940 |
| Long Term Debt/Equity | 0.24:1 | 0.10:1 |
| **Note:** Since 31-3-1995 (which is the last date as of which financial information has been given in para … of this document), share capital was increased from Rs.3000 lacs to Rs.4000 lacs by the issue of bonus shares in the ratio of 1 share for every 3 shares. | | |

(F) One standard financial unit shall be used in the Letter of Offer

**(XI)** A statement to the effect that the price has been arrived at in consultation between the issuer and the Merchant banker.

**(XII)** **Outstanding Litigations and Defaults:** The following details shall be disclosed by the issuer:

(A) Pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of the issuer.

(B) Matters which are pending or which have arisen in the immediately preceding ten years involving:

(1) Issues of moral turpitude or criminal liability on the part of the issuer

(2) Material violations of statutory regulations by the issuer

(3) Economic offences where proceedings have been initiated against the issuer.

(C) For the purpose of determining materiality, the following tests or parameters shall be applied:

(1) For the outstanding litigations which may not have any impact on the future revenues, the disclosure is required:

(a) Where the aggregate amount involved in such individual litigation exceeds one per cent. of the net worth of the issuer as per last completed financial year; or

(b) Where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in single case individually may not exceed one per cent. of the net worth of the issuer as per the last completed financial year.

(2) For the outstanding litigations which may have any impact on the future revenues, the disclosure is required:

(a) Where the aggregate amount involved in such individual litigation is likely to exceed one per cent. of the total revenue of the issuer as per last completed financial year; or

(b) Where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in single case individually may not exceed one per cent. of the total revenue of the issuer, if similar cases put together collectively exceed one per cent. of total revenue of the issuer as per last completed financial year.

(D) These disclosures shall be made in respect of the issuer and the subsidiary companies of the issuer whose financial statements are included in the offer document, either separately or in consolidated form.

**(XIII) Government Approvals or Licensing Arrangements:** In case of a new line of activity/project, all pending government and regulatory approvals; In case of an existing line of activity/project, al pending regulatory and government approvals and pending renewals of licences.

**(XIV) Material Development:** Any material development after the date of the latest balance sheet and its impact on performance and prospects of the issuer.

**(XV) Other Regulatory and Statutory Disclosures:**

(A) Authority for the issue and details of resolution passed for the issue.

(B) A statement by the issuer that the issuer, promoters, promoter group, directors or person(s) in control of the promoter have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by the Board.

(C) A confirmation whether any of the directors of the issuer are associated with the securities market in any manner, if yes, whether the Board has initiated any action against the said entities and the related details.

(D) It may be disclosed whether the issuer, promoters, group companies, the relatives (as per Companies Act,1956) of promoters, group companies are identified as willful defaulters by Reserve Bank of India or other authorities.

(E) A statement to the effect that the issuer is in compliance with provisions specified in Part E of this Schedule.

(F) Details of compliance with eligibility requirements to make a fast track issue, if applicable.

(G) Disclaimer clauses:

(1) The letter of offer shall contain the following disclaimer clause in bold capital letters:

"It is to be distinctly understood that submission of Letter of Offer to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either

for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the Letter of Offer. Lead merchant banker, …… has certified that the disclosures made in the Letter of Offer are generally adequate and are in conformity with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in force for the time being. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

It should also be clearly understood that while the issuer is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the letter of offer, the lead merchant banker is expected to exercise due diligence to ensure that the issuer discharges its responsibility adequately in this behalf and towards this purpose, the lead merchant banker ……. has furnished to the Securities and Exchange Board of India (SEBI) a due diligence certificate dated …….which reads as follows:
*(due diligence certificate submitted to the Board to be reproduced here)*

The filing of the letter of offer does not, however, absolve the issuer from any liabilities under section 63 or section 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the lead merchant banker any irregularities or lapses in letter of offer."

(2) Disclaimer Statement from the issuer and lead merchant banker:
A statement to the effect that the issuer and the lead merchant banker accept no responsibility for statements made otherwise than in the Letter of Offer or in the advertisement or any other material issued by or at the instance of the issuer and that anyone placing reliance on any other source of information would be doing so at his own risk.
Investors who invest in the issue will be deemed to have been represented by the issuer and lead manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of our company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue.

(3) Disclaimer in respect of jurisdiction: A brief paragraph mentioning the jurisdiction under which provisions of law and the rules and regulations are applicable to the letter of offer.

(4) Disclaimer clause of the stock exchanges, if any

(5) Disclaimer clause of the Reserve Bank of India (if applicable).

(H) The fact of filing the letter of offer with the Board and the stock exchange(s) and the office of the Board where the letter of offer has been filed

(I) Details of fees payable to (in terms of amount, as a percentage of total issue expenses and as a percentage of total issue size):

(1) Lead merchant bankers.

(2) Co-lead merchant bankers, if any

(3) Co-managers, if any

(4) Other merchant bankers
(5) Registrars to the issue
(6) Advisors
(7) Bankers to the issue
(8) Trustees for the debt instrument holders.
(9) Others
(10) Underwriting commission, brokerage and selling commission.

(J) Arrangements or any mechanism evolved by the issuer for redressal of investor grievances and the time normally taken by it for disposal of various types of investor grievances.

**(XVI) Offering Information:**

(A) Terms of payments and procedure and time schedule for allotment and issue of certificates, credit of specified securities to the investors' demat account.

(B) How to apply, availability of application forms and letter of offer and mode of payment, including the following:

(1) Applications by mutual funds:

(a) The necessary disclosures under the heads "Procedure for applications by mutual funds" and "Multiple Applications" shall be incorporated to indicate that a separate application can be made in respect of each scheme of an Indian mutual fund registered with the Board and that such applications shall not be treated as multiple applications.

(b) A disclosure that the applications made by asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

(2) Applications by non-resident Indians: The following disclosures shall be made:

(a) the name and address of at least one place in India from where individual non-resident Indian applicants can obtain the application forms.

(b) A statement that: "non-resident Indian applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The non-resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category."

(3) Application by ASBA investors: Disclosures regarding eligible ASBA investors and ASBA process including specific instructions for submitting Application Supported by Blocked Amount.

(4) A statement that the shareholders who have not received the application form may, along with the requisite application money, apply in writing on a plain paper.

(5) The format to enable the shareholders to make the application on plain paper specifying therein necessary particulars such as name, address, ratio of rights issue, issue price, number of equity shares held, ledger folio numbers, depository participant ID, client ID, number of equity shares entitled and applied for, additional shares if any, amount to be paid along

with application, and particulars of cheque, etc. to be drawn in favour of the issuer's account;

(6) A statement that the shareholders making the application otherwise than on the application form shall not renounce their rights and shall not utilise the application form for any purpose including renunciation even if it is received subsequently.

(C) Provisions of sub-section (1) of section 68A of the Companies Act, 1956 relating to punishment for fictitious applications, including the disclosures that any person who:

(1) makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or

(2) otherwise induces a company to allot, or register any transfer of, shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.

(D) Declaration about the credit of specified securities to the demat account / refunds within a period of fifteen days and interest in case of delay in refund at the prescribed rate.

(E) Mode of making refunds:

(1) The mode in which the issuer shall make refunds to applicants in case of oversubscription.

(2) If the issuer proposes to use more than one mode of making refunds to applicants, the respective cases where each such mode will be adopted shall be disclosed.

(3) The permissible modes of making refunds are as follows:

(a) In case of applicants residing in any of the centres specified by the Board: by crediting of refunds to the bank accounts of applicants through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India;

(b) In case of other applicants: by despatch of refund orders by registered post, where the value is Rs 1500/- or more, or under certificate of posting in other cases, (subject however to postal rules); and

(c) In case of any category of applicants specified by the Board: crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by the Board from time to time.

**(XVII) Undertakings by the issuer in connection with the issue:** The issuer shall undertake that:

(A) the complaints received in respect of the Issue shall be attended to by the issuer expeditiously and satisfactorily.

(B) that steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the specified securities are to be listed are taken within seven working days of finalisation of basis of allotment.

(C) funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer.

(D) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

(E) that adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

(F) In case of convertible debt instruments, the issuer shall additionally undertake that:

(1) the issuer shall forward the details of utilisation of the funds raised through the convertible debt instruments duly certified by the statutory auditors of the issuer, to the debenture trustees at the end of each half-year.

(2) the issuer shall disclose the complete name and address of the debenture trustee in the annual report.

(3) the issuer shall provide a compliance certificate to the convertible debt instrument holders (on yearly basis) in respect of compliance with the terms and conditions of issue of debentures as contained in the Letter of Offer, duly certified by the debenture trustee.

(4) the issuer shall furnish a confirmation certificate that the security created by the company in favour of the convertible debt instrument holders is properly maintained and is adequate to meet the payment obligations towards the convertible debt instrument holders in the event of default.

(5) necessary cooperation with the credit rating agency (ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.

**(XVIII) Utilisation of Issue Proceeds:** The letter of offer for an issue other than a rights issue made by any bank or public financial institution shall contain a statement of the board of directors of the issuer to the effect that:

(A) all monies received out of issue of shares or specified securities to public shall be transferred to separate bank account.

(B) details of all monies utilised out of the issue referred to in clause (A) shall be disclosed under an appropriate separate head in the balance sheet of the issuer indicating the purpose for which such monies had been utilised; and

(C) details of all unutilised monies out of the issue of specified securities referred to in clause (A) shall be disclosed under an appropriate separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested.

**(XIX) Restrictions on foreign ownership of Indian securities, if any:**

(A) Investment by NRIs.

(B) Investment by FIIs.

**(XX) Statement regarding minimum subscription clause:** The following statement shall appear in the letter of offer:

(A) "If the issuer does not receive the minimum subscription of ninety per cent. of the issue (including devolvement of underwriters where applicable), the entire

subscription shall be refunded to the applicants within fifteen days from the date of closure of the issue."

(B) "If there is delay in the refund of subscription by more than 8 days after the issuer becomes liable to pay the subscription amount (i.e. fifteen days after closure of the issue), the issuer will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956."

**(XXI) Statutory and other information:**

(A) Option to subscribe in the issue:

(1) The details of option, if any, to receive the specified securities subscribed for either in dematerialised form or physical form.

(2) The lead merchant banker shall incorporate a statement in the offer document and in the application form to the effect that the investor shall have an option either to receive the security certificates or to hold the securities in dematerialised form with a depository.

(B) Material contracts and time and place of inspection which shall include copies of the Annual Reports of the issuer for the last five years.

**(XXII)** Any other material disclosures, as deemed necessary.

**(XXIII) Declaration:**

(A) The draft letter of offer (in case of issues other than fast track issues) and letter of offer shall be approved by the Board of Directors of the issuer and shall be signed by all directors, the Chief Executive Officer, i.e., the Managing Director or Manager within the meaning of the Companies Act, 1956 and the Chief Financial Officer, i.e., the whole-time finance director or any other person heading the finance function and discharging that function.

(B) The following statement shall be disclosed:
"No statement made in this letter of offer contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with."

(C) The signatories shall further certify that all disclosures made in the letter of offer are true and correct.

**(6)** A listed issuer making disclosures in the letter of offer as per this Part shall make a copy of the offer document of the immediately preceding public issue or rights issue available to the public in the manner specified in sub-regulation (1) of regulation 61 and shall also make such document available as a material document for inspection.

## PART F
**[See regulation 58(2)]**

## DISCLOSURES IN ABRIDGED LETTER OF OFFER

(1) A listed issuer making a rights issue of specified securities shall make disclosures, as specified in Part D of this Schedule, in the abridged letter of offer.

[103][(2) However, if the conditions specified in clause (1) in Part E of this Schedule are satisfied, the disclosure requirements specified in the following clauses in Part D of this Schedule, shall not be applicable to such issuer:

(a) Sub-item (B) of item II ;
(b) Sub-item (D) of item III;
(c) Item V;
(d) Item VI;
(e) Item VII ;
(f) Item X;
(g) Item XI;
(h) Item XIV;
(i) Item XV;
(j) Item XVI.]

(2) The order in which items shall appear in the abridged letter of offer shall correspond, wherever applicable, to the order in which items appear in the letter of offer.

(3) The abridged letter of offer shall also include the following disclosures:

(a) Provisions pertaining to applications referred to in sub-regulations (2), (3) and (4) of regulation 54;
(b) Rights entitlement ratio;
(c) Fractional entitlements;
(d) Renunciation;
(e) Application for Additional equity shares;
(f) Intention of promoters to subscribe to their rights entitlement;
(g) Statement that a copy of the offer document of the immediately preceding public or rights issue is made available to the public as specified under sub-regulation (1) of regulation 61 and also as a document for public inspection.

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[103] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 13.04.2010. Prior to its substitution, para (2) read as under:

"(2) However, if the conditions specified in clause (1) in Part E of this Schedule are satisfied, the disclosure requirements specified in the following clauses in Part D of this Schedule, shall not be applicable to such issuer:

(a) Sub-item (B) of item VII;
(b) Sub-item (D) of item VIII;
(c) Item X;
(d) Item XI,
(e) Item XII ,
(f) Item XV,
(g) Item XVI
(h) Item XIX
(i) Item XX and
(j) Item XXI"

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

**SCHEDULE IX**
**[See regulation 16(2)]**

**FORMAT OF REPORT TO BE SUBMITTED BY MONITORING AGENCY**

NAME OF THE MONITORING AGENCY :

MONITORING REPORT FOR THE HALF YEAR ENDED ……..

(1) Name of the Issuer :

(2) About the issue whose proceeds to be monitored

(a) Issue date :

(b) Type of issue (public/rights) :

(c) Type of specified securities :

(d) Issue size : ( Rs----------(in crores)

(e) Amount collected : ( Rs. ---------( in crores)

(3) Details of the arrangement made to ensure the monitoring of issue proceeds.

(4) Project details (to be monitored) :

(a) Name of the project (particulars and location) :

(b) Cost of the project details : (Rs. ------( in crores)

(As mentioned in the offer document)

| Item Head | Original Cost | Revised | Remarks |
|---|---|---|---|
| | | | |
| | | | |

(c) Proposal to finance cost overrun, if any.

(d) Progress in the project:

(i) Expenditure incurred during the six months period (Rs. crores)

| Item Head | During Six months | Cumulative |
|---|---|---|
| | | |

(ii) Means of finance raised during six months period (Rs. Crores)

(e) If total cumulative amount raised is more than the expenditure incurred on the project, explain how the surplus funds are utilised/ proposed to be utilised. Give details on investment like instruments, maturity, earnings and other conditions. Indicate name of the party/ company in which amounts have been invested. The following data shall be given separately for investment in group companies and others:

| Type of instrument/ Instrument | Amount invested Rs. in lakhs | Maturity date | Earnings |
|---|---|---|---|

(f) Comments of monitoring agency on utilisation of funds.

(g) If there is any delay in implementation of the project, the same may be specified along with the reason thereof and the proposed course of action. (Please give the comparative statement of schedule of various activities as mentioned in the offer document and their actual implementation).

(h) Status of Government/ statutory approvals related to the project as disclosed in offer document.
(i) Technical assistance/ collaboration (Please mention arrangements contemplated at the time of issue and the progress thereafter)
(j) Major deviations from the earlier progress reports.
(k) Any favourable/ unfavourable events improving /affecting project viability.
(l) Any other relevant information.

**Signature of the Authorised person:**
**Name:**
**Designation:**
**Date:**

## SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

## SCHEDULE X

**[See Explanation to regulations 26(6), 31, 33(1)(b) and 41(2)(b)]**

## FACILITIES OR SERVICES INCLUDED IN THE TERM "INFRASTRUCTURE SECTOR"

For the purposes of these regulations, the expression "infrastructure sector" shall include the following facilities/services:

(1) Transportation (including inter modal transportation), including the following:
   - (a) Roads, national highways, state highways, major district roads, other district roads and village roads, including toll roads, bridges, highways, road transport providers and other road-related services;
   - (b) Rail system, rail transport providers, metro rail roads and other railway related services;
   - (c) Ports (including minor ports and harbours), inland waterways, coastal shipping including shipping lines and other port related services;
   - (d) Aviation, including airports, heliports, airlines and other airport related services;
   - (e) Logistics services;

(2) Agriculture, including the following:
   - (a) Infrastructure related to storage facilities;
   - (b) Construction relating to projects involving agro-processing and supply of inputs to agriculture;
   - (c) Construction for preservation and storage of processed agro-products, perishable goods such as fruits, vegetables and flowers including testing facilities for quality;

(3) Water management, including the following:
   - (a) Water supply or distribution;
   - (b) Irrigation;
   - (c) Water treatment, etc.

(4) Telecommunication, including the following:
   - (a) Basic or cellular, including radio paging;
   - (b) Domestic satellite service (i.e., satellite owned and operated by an Indian company for providing telecommunication service);
   - (c) Network of trunking, broadband network and internet services;

(5) Industrial, Commercial and Social development and maintenance, including the following:
   - (a) Real estate development, including an industrial park or special economic zone;
   - (b) Tourism, including hotels, convention centres and entertainment centres;
   - (c) Public markets and buildings, trade fair, convention, exhibition, cultural centres, sports and recreation infrastructure, public gardens and parks;
   - (d) Construction of educational institutions and hospitals;
   - (e) Other urban development, including solid waste management systems, sanitation and sewerage systems, etc.;

(6) Power, including the following:
   - (a) Generation of power through thermal, hydro, nuclear, fossil fuel, wind and other renewable sources;
   - (b) Transmission ,distribution or trading of power by laying a network of new transmission or distribution lines;

(7) Petroleum and natural gas, including the following:
   (a) Exploration and production;
   (b) Import terminals;
   (c) Liquefaction and re-gasification;
   (d) Storage terminals;
   (e) Transmission networks and distribution networks including city gas infrastructure;
(8) Housing, including the following:
   (a) Urban and rural housing including public / mass housing, slum rehabilitation etc;
   (b) Other allied activities such as drainage, lighting, laying of roads, sanitation facilities etc.;
(9) Other miscellaneous facilities/services, including the following:
   (a) Mining and related activities;
   (b) Technology related infrastructure;
   (c) Manufacturing of components and materials or any other utilities or facilities required by the infrastructure sector like energy saving devices and metering devices, etc;
   (d) Environment related infrastructure;
   (e) Disaster management services;
   (f) Preservation of monuments and icons;
   (g) Emergency services (including medical, police, fire, and rescue);
(10) Such other facility/service which, in the opinion of the Board, constitutes infrastructure sector.

## SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

## SCHEDULE XI
**[See regulation 28(3) and 102]**

## BOOK BUILDING PROCESS

## PART A

(1) An issuer proposing to issue specified securities through book building process shall comply with the requirements of this Schedule.

(2) **Lead Book Runner**.

(a) The issuer shall appoint one or more merchant banker(s) as book runner(s) and their name(s) shall be disclosed in the draft red herring prospectus.

(b) The lead merchant banker shall act as the lead book runner and shall be primarily responsible for the book building.

(c) There shall be only one lead book runner and other merchant bankers appointed, if any, shall either be co-book runners or syndicate members.

(d) Other terms such as joint lead merchant bankers etc. shall not be used.

(e) In case of appointment of more than one lead merchant banker or book runner, the rights, obligations and responsibilities of each shall be delineated in the inter-se allocation of responsibility as specified in **Schedule I**

(3) **Syndicate Members.**

The book runner(s) may appoint syndicate members.

(4) **Underwriting.**

(f) The lead book runner and co-book runners shall compulsorily underwrite the issue and the syndicate members shall sub-underwrite with the lead book runner /co-book runners.

(g) The lead book runners/ syndicate members shall enter in to underwriting/ sub underwriting agreement on the date of allocation and furnish details forthwith to the Board.

(h) The details of final underwriting arrangement indicating actual numbers of shares underwritten shall be disclosed and printed in the Prospectus before it is registered with the Registrar of Companies.

(i) In case of an under subscription in an issue, the shortfall shall have to be made good by the book runner(s) to the issue and the same shall be incorporated in the inter-se allocation of responsibility as specified in **Schedule II**.

(5) **Agreement with the stock exchange.**

(j) The issuer shall enter into an agreement with one or more of the stock exchange(s) which have the system of on-line offer of securities.

(k) The agreement shall specify inter-alia, the rights, duties, responsibilities and obligations of the issuer and recognised stock exchange(s) inter se.

(l) The agreement may also provide for a dispute resolution mechanism between the issuer and the stock exchange.

(6) **Appointment of stock brokers as bidding/collection centres**.

(m) The book runner(s)/syndicate members shall appoint stock brokers who are members of the recognised stock exchange and registered with the Board, for the purpose of accepting bids, applications and placing orders with the issuer and ensure that the stock brokers so appointed are financially capable of honouring their commitments arising out of defaults of their clients/investors, if any;

Provided that in case of Application Supported by Blocked Amount, Self Certified Syndicate Banks shall also accept and upload the details of such applications in electronic bidding system of the stock exchange(s).

(n) The stock brokers and Self Certified Syndicate Bank accepting applications and application monies shall be deemed as 'bidding/collection centres'.

(o) The issuer shall pay to the book runners/syndicate members/stock brokers/ Self Certified Syndicate Banks a commission/fee for the services rendered by them.

(p) The stock exchange shall ensure that any stock broker does not levy a service fee on his clients/investors in lieu of his services in this regard.

(7) **Price not to be disclosed in red herring prospectus.**

(a) Where the issue size is specified the red herring prospectus may not contain the price and the number of specified securities.

(b) The draft red herring prospectus containing all the disclosures including total issue size, if applicable, as specified in Schedule VIII, except that of price and the number of specified securities to be offered through it shall be filed with the Board by the lead merchant banker;

Provided that in case of a fast track issue the draft red herring prospectus shall not be filed with the Board.

(8) **Floor Price and Price Band.**

Subject to the provisions of regulation 30 and the provisions of this clause, the issuer may mention the floor price or price band in the red herring prospectus.

(a) where the issuer opts not to make the disclosure of the price band or floor price in the red-herring prospectus, the following shall also be disclosed in the red-herring prospectus:

(i) a statement that the floor price or price band, as the case may be, shall be disclosed at least two working days (in case of an initial public offer) and at least one working day (in case of a further public offer) before the opening of the bid;

(ii) a statement that the investors may be guided in the meantime by the secondary market prices (in case of a further public offer);names and editions of the newspapers where the announcement of the floor price or price band would be made;

(iii) names of websites (with address), journals or other media in which the said announcement will be made.

(b) Where the issuer decides to opts for price band instead of floor price, the issuer shall also ensure compliance with the following conditions:

(i) The cap of the price band should not be more than 20% of the floor of the band; i.e cap of the price band shall be less than or equal to 120% of the floor of the price band;

(ii) The price band can be revised during the bidding period in which case the maximum revision on either side shall not exceed 20% i.e floor of price band can move up or down to the extent of 20% of floor of the price band disclosed in the red herring prospectus and the cap of the revised price band will be fixed in accordance with clause (i) above;

(iii) Any revision in the price band shall be widely disseminated by informing the stock exchanges, by issuing press release and also indicating the change on the relevant website and the terminals of the syndicate members.

(iv) In case the price band is revised, the bidding period shall be extended as per provisions of sub–regulation (2) of regulation 46.

(v) The manner in which the shortfall, if any, in the project financing, arising on account of lowering of price band to the extent of 20% will be met shall be disclosed in the red herring prospectus. It shall also be disclosed that the allotment shall not be made unless the financing is tied up.

[104][(9) The manner and contents of Application-cum-Bidding Form and Revision Application-cum-Bidding Form (accompanied with abridged prospectus) shall be as specified by the Board through Circular.]

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[104] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011, w.e.f 01.11.2011. Prior to its substitution, item (9) read as under:

"(9) **Application-cum-Bidding form.**

(a) The issuer shall provide the application-cum-bidding forms to the syndicate members and Self Certified Syndicate Banks.

(b) The issuer shall make arrangement for collection of the applications-cum-bidding from mandatory collection centres as provided in sub-regulation (6) of regulation 5.

(c) For the purpose of 'bidding' the document should be printed and circulated as "Red Herring Prospectus"' The same nomenclature shall be used throughout the document.

(d) Under "Red Herring Prospectus", add "Please read Section 60B of the Companies Act, 1956.

(e) 'Bid ' should be defined as 'indication to make an offer and not as 'an offer'

(f) State the manner of bidding by corporate bodies and submission/deposit of supporting documents at the time of bidding. In the case of bids/ applications by HUF, state the manner of making application and that HUF would be considered as 'individual'.

(g) Ensure that the application-cum-bidding form meant for Applications Supported by Blocked Amount or otherwise, provides for all the relevant information including the one specified in this regard in the relevant Acts/ Regulations.

(h) The application-cum-bidding form, other than the form meant for Applications Supported by Blocked Amount, shall satisfy the following conditions:

(i) the bidding form shall be standard to ensure uniformity in bidding and accuracy;

(ii) the bidding form shall contain information about the investor, the price and the number of securities that the investor wishes to bid;

(iii) before being issued to the investors the bidding form shall be serially numbered and date and time stamped at the bidding centres;

(iv) the serial number may be system generated or stamped with an automatic numbering machine;

(v) the bidding form shall be issued in duplicate signed by the investor and countersigned by the syndicate member, with one form for the investor and the other for the syndicate member(s)/book runner(s);

(i) The application-cum-bidding form for Applications Supported by Blocked Amount shall contain all the relevant details and shall be uniform for all ASBA investors."

(10) **Anchor investors [105][***].**

(a) An Anchor Investor shall make an application of a value of at least Rs. 10 crore in the public issue.

(b) Allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of 2 such investors for allocation of upto Rs. 250 crore and 5 such investors for allocation of more than Rs. 250 crore.

(c) Upto thirty per cent. of the portion available for allocation to qualified institutional buyers shall be available to anchor investor(s) for allocation/allotment ("anchor investor portion").

(d) One-third of the anchor investor portion shall be reserved for domestic mutual funds.

(e) The bidding for Anchor Investors shall open one day before the issue opening date.

(f) [106][Anchor Investors shall pay on application the same margin which is payable by other categories of investors the balance, if any, shall be paid within two days of the date of closure of the issue.]

(g) Allocation to Anchor Investors shall be completed on the day of bidding by Anchor Investors

(h) If the price fixed as a result of book building is higher than the price at which the allocation is made to Anchor Investor, the Anchor Investor shall bring in the additional amount. However, if the price fixed as a result of book building is lower than the price at which the allocation is made to Anchor Investor, the excess amount shall not be refunded to the Anchor Investor and the Anchor Investor shall take allotment at the price at which allocation was made to it.

(i) The number of shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the merchant banker before opening of the issue

(j) There shall be a lock-in of 30 days on the shares allotted to the Anchor Investor from the date of allotment in the public issue.

(k) Neither the merchant bankers nor any person related to the promoter/promoter group/merchant bankers in the concerned public issue can apply under Anchor Investor category. The parameters for selection of Anchor Investor shall be clearly identified by the merchant banker and shall be available as part of records of the merchant banker for inspection by the Board..

(l) The applications made by qualified institutional buyers under the Anchor Investor category and under the Non Anchor Investor category may not be considered as multiple applications.

(11) **Margin Money.**

(a) [107][ The margin collected shall be uniform across all categories of investors.]

(b) [108][***.]

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[105] The bracket and the words "(not applicable in case of an IDR issue)" omitted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 11.12.2009.

[106] Substituted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 01.05.2010. Prior to its substitution, clause (f) read as under:
"(f) Anchor Investors shall pay a margin of at least 25% on application with the balance to be paid within two days of the date of closure of the issue."

[107] Substituted, *ibid*. Prior to its substitution, clause (a) read as under:
"(a) The margin collected from categories other than Qualified Institutional Buyers shall be uniform across the book runner(s)/syndicate members /Self Certified Syndicate Banks for each such investor category."

(c) An amount to the extent of entire application money as margin money may be collected from the applicants before they place an order on their behalf

(d) Amount of margin charged from an investor shall be entered and printed in the TRS.

(e) The payment accompanied with any revision of Bid, shall be adjusted against the payment made at the time of the original bid or the previously revised bid.

(f) Bids for specified securities beyond the investment limit prescribed under relevant laws shall not be accepted by the syndicate members/stock brokers from any category of clients/ investors.

(g) The stock brokers shall collect the money from their client for every order placed by them and in case the clients/investors fails to pay for specified securities allocated as per these regulations, the stock brokers shall pay such amount;

Provided that in case of Applications Supported by Blocked Amount, the Self Certified Syndicate Banks shall follow the procedure specified in this regard by the Board.

(12) **Bidding Process**

(a) Bidding process shall be only through an electronically linked transparent bidding facility provided by recognised stock exchange (s).

(b) The lead book runner shall ensure the availability of adequate infrastructure with syndicate members for data entry of the bids in a timely manner.

(c) The syndicate members shall be present at the bidding centres so that at least one electronically linked computer terminal at all the bidding centres is available for the purpose of bidding.

(d) During the period the issue is open to the public for bidding, the applicants may approach the stock brokers of the stock exchange/s through which the securities are offered under on-line system or Self Certified Syndicate Banks, as the case may be, to place an order for bidding for the specified securities.

(e) Every stock broker shall accept orders from all clients/investors who place orders through him and every Self Certified Syndicate Bank shall accept Applications Supported by Blocked Amount from ASBA investors.

(f) Applicants who are qualified institutional buyers shall place their bids only through the stock brokers who shall have the right to vet the bids;

(g) The bidding terminals shall contain an online graphical display of demand and bid prices updated at periodic intervals, not exceeding thirty minutes.

(h) At the end of each day of the bidding period, the demand including allocation made to anchor investors, shall be shown graphically on the bidding terminals of syndicate members and websites of recognised stock exchanges offering electronically linked transparent bidding facility, for information of public.

(i) The investors [109][***] may revise their bids;

[110][(ia) The issuer may decide to close the bidding by qualified institutional buyers one day prior to the closure of the issue subject to the following conditions:

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[108] Omitted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 01.05.2010. Prior to its omission, clause (b) read as under:

"(b) An amount of not less than ten percent of the application money in respect of bids placed by qualified institutional buyers and not less than twenty five percent of the application money from the Anchor investors shall be taken as margin money."

[109] The bracket and words "(except ASBA investors)", omitted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2010, w.e.f. 01.01.2010.

[110] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 01.05.2010.

(i) bidding shall be kept open for a minimum of three days for all categories of applicants;

(ii) disclosures are made in the red herring prospectus regarding the issuer's decision to close the bidding by qualified institutional buyers one day prior to closure of issue.]

(j) The qualified institutional buyers shall not withdraw their bids after closure of bidding.

(k) The identity of qualified institutional buyers making the bidding shall not be made public.

(l) The stock exchanges shall continue to display on their website, the data pertaining to book built issues in an uniform format, inter alia giving category-wise details of bids received, for a period of atleast three days after closure of bids. Such display shall be as per the format specified in Part B of this Schedule.

(13) **Determination of Price.**

(a) The issuer shall, in consultation with lead book runner, determine the issue price based on the bids received

(b) On determination of the price, the number of specified securities to be offered shall be determined (i.e. issue size divided by the price to be determined).

(c) Once the final price (cut-off price) is determined, all those bidders whose bids have been found to be successful (i.e. at and above the final price or cut-off price) shall be entitled for allotment of specified securities.

(d) Retail individual investors may bid at "cut off" price instead of their writing the specific bid price in the bid forms.

(e) The lead book runner may reject a bid placed by a qualified institutional buyer for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the bid and the reasons therefor shall be disclosed to the bidders. Necessary disclosures in this regard shall also be made in the red herring prospectus.

(14) **Registering of prospectus with Registrar of Companies.**

The final prospectus containing all disclosures in accordance with the provisions of these regulations including the price and the number of specified securities proposed to be issued shall be registered with the Registrar of Companies.

(15) **Manner of Allotment/ Allocation.**

(a) Allotment to retail individual investors, non-institutional investors and qualified institutional buyers other than anchor investors shall be made proportionately as illustrated in this Schedule.

(b) In case of under subscription in any category, the undersubscribed portion in that category shall be allocated to the bidders as per disclosures made in the red herring prospectus;

Provided that the unsubscribed portion in qualified institutional buyer category shall not be available for subscription to other categories, in case the book building process is undertaken for the purpose of compliance of eligibility conditions for public issue.

(c) On receipt of the sum payable on application for the amount towards minimum subscription, the issuer shall allot the specified securities to the applicants as per these regulations.

(d) Definition of CAN to be modified to state that it is for 'allocation of shares' and not 'confirmation of shares

(16) **Application for listing.**

Subject to the provisions of these regulations, the issuer may apply for listing of specified securities on a stock exchange other than the stock exchange through which it offers its specified securities to public through the on-line system.

(17) **Maintenance of Books and Records.**

(a) A final book of demand showing the result of the allocation process shall be maintained by the lead book runner.

(b) The book runner/s and other intermediaries associated in the book building process shall maintain records of the book building prices.

(c) The Board shall have the right to inspect the records, books and documents relating to the book building process and such person shall extend full co-operation.

(18) **Applicability to fast track issues**.

Unless the context otherwise requires, in relation to fast track issues all references in this Schedule to 'draft prospectus' shall be deemed to have been made to 'red herring prospectus'.

## PART B

## FORMAT OF BID DATA DISPLAYED ON STOCK EXCHANGE

## <NAME OF THE ISSUE> - BID DETAILS

(1) **Details of Allocation to Anchor Investors**

| S. No. | Name of Anchor Investor | No. of equity shares available under Anchor Investor portion | Details of Allocation | |
|---|---|---|---|---|
| | | | No of equity shares | No. of equity shares allocated as a percentage of no. of equity shares under Anchor Investor portion |
| (a) | AI 1<br>AI 2 | | | |
| | **Total (a) + (b)** | | | |

(2) **Details of Allocation to Investors other than Anchor Investors**

| S. No. | Category of Investor | No. of equity shares offered / reserved | No of equity shares bid for/allocated | No of times of the total meant for the category |
|---|---|---|---|---|
| 1. | QIBs | | | |
| (a) | FIIs | | | |
| | Domestic Financial Institutions (Banks/FIs/Insurance Companies, etc.) | | | |
| (b) | Mutual Funds | | | |
| (c) | Others | | | |
| 2. | Non Institutional Investors | | | |
| (a) | Corporates | | | |
| (b) | Individuals (other than RIIs) | | | |
| (c) | Others | | | |
| 3. | Retail Individual Investors (RIIs) | | | |
| (a) | Cut off | | | |
| (b) | Price bids | | | |
| 4. | Reservation categories, if any | | | |
| (a) | Cut off | | | |
| (b) | Price bids | | | |

**Notes:**

(1) The graph should have the title "Graphical display of bids received".

(2) A statement to the effect that the position indicated above is only bids position and does not necessarily convey the subscription to the issue.

(3) Statement as to how the multiple bids are accounted for in the data and graph.

(4) Time of updation.

(5) Additional comments, if any.

## PART C

## ILLUSTRATION REGARDING ALLOTMENT TO QUALIFIED [111][INSTITUTIONAL] BUYERS OTHER THAN ANCHOR INVESTORS

(1) **Issue Details**

| Sr. No. | Particulars | Issue details |
|---|---|---|
| 1 | Issue size | 200 crores equity shares |
| 2 | Portion available to QIBs* | 100 crore equity shares |
| 3 | Anchor Investor Portion | 30 crores |
| 4 | Portion available to QIBs* other than anchor investors [(2) – (3)] | 70 crores equity shares |
| | Of which | |
| a. | Reservation to MF (5%) | 3.5 crores equity shares |
| b. | Balance for all QIBs including MFs | 66.5 crores equity shares |
| 5 | No. of QIB applicants | 10 |
| 6 | No. of shares applied for | 500 crores equity shares |

* Where 50% of the issue size is required to be allotted to QIBs.

(2) **Details Of QIB Bids**

| S. No. | Type of QIB bidders | No. of shares bid for (in crores) |
|---|---|---|
| 1 | A1 | 50 |
| 2 | A2 | 20 |
| 3 | A3 | 130 |
| 4 | A4 | 50 |
| 5 | A5 | 50 |
| 6 | MF1 | 40 |
| 7 | MF2 | 40 |
| 8 | MF3 | 80 |
| 9 | MF4 | 20 |
| 10 | MF5 | 20 |
| | **TOTAL** | **500** |

A1-A5 (QIB bidders other than MFs)
MF1-MF5 (QIB bidders which are MFs)

[111] Substituted for "INSTUTIONAL" by SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010, w.e.f. 01.05.2010.

(3) **Details of Allotment to QIB Bidders/Applicants**

**(No. of equity shares in crores)**

| Type of QIB bidders | Equity shares bid for | Allocation of 3.5 crores equity shares to MFs proportionately (See Note 2) | Allocation of balance 66.5 crores equity shares to QIBs proportionately (See Note 4) | Aggregate allocation to MFs |
|---|---|---|---|---|
| A1 | 50 | 0 | 6.65 | 0 |
| A2 | 20 | 0 | 2.66 | 0 |
| A3 | 130 | 0 | 17.29 | 0 |
| A4 | 50 | 0 | 6.65 | 0 |
| A5 | 50 | 0 | 6.65 | 0 |
| MF1 | 40 | 0.7 | 5.32 | 6.02 |
| MF2 | 40 | 0.7 | 5.32 | 6.02 |
| MF3 | 80 | 1.4 | 10.64 | 12.04 |
| MF4 | 20 | 0.35 | 2.66 | 3.01 |
| MF5 | 20 | 0.35 | 2.66 | 3.01 |
| | **500** | **3.5** | **66.5** | **30.1** |

**Notes:**

(1) The illustration presumes compliance with the provisions of regulation 51(1) pertaining to minimum allotment.

(2) Out of 70 crore equity shares allocated to QIBs, 3.5 crores (i.e. 5%) will be allocated on proportionate basis among 5 mutual fund applicants who applied for 200 shares in QIB category.

(3) The balance 66.5 crore equity shares [i.e. 70 – 3.5 (available for MFs)] will be allocated on proportionate basis among 10 QIB applicants who applied for 500 shares (including 5 MF applicants who applied for 200 shares).

(4) The figures at Col. No. IV are arrived as under :

(11) For QIBs other than mutual funds (A1 to A5) = No. of shares bid for (i.e Col II) X 66.5 / 496.5

(12) For mutual funds (MF1 to MF5) = {(No. of shares bid for (i.e Col II) less shares allotted (i.e., col. III )} X 66.5 / 496.5

(13) The numerator and denominator for arriving at allocation of 66.5 crore shares to the 10 QIBs are reduced by 3.5 crore shares, which has already been allotted to mutual funds at Col. No. (III).

## [112][PART D
## Alternate method of book building

In case of further public offers, the issuer may opt for an alternate method of book building, as given in this part subject to the following:

(a) Issuer shall follow the procedure laid down in Part A of this Schedule except clause (13) and clause (15) (a) thereof.

[113][(b) The issuer may mention the floor price in the red herring prospectus or if the floor price is not mentioned in the red herring prospectus, the issuer shall announce the floor price at least one working day before opening of the bid in all the newspapers in which the pre-issue advertisement was released.]

[114][(c) Qualified institutional buyers shall bid at any price above the floor price.]

(d) The bidder who bids at the highest price shall be allotted the number of securities that he has bided for and then the bidder who has bided at the second highest price and so on, until all the specified securities on offer are exhausted.

[115][(e) Allotment shall be on price priority basis for qualified institutional buyers.]

[116][(f) Allotment to retail individual investors, non-institutional investors and employees of the issuer shall be made proportionately as illustrated in this Schedule.]

(g) Where, however the number of specified securities bided for at a price is more than available quantity, then allotment shall be done on proportionate basis.

[117][(h) Retail individual investors, non-institutional investors and employees shall be allotted specified securities at the floor price subject to provisions of clause (d) of regulation 29.]

[118][(i) The issuer may:-

(A) place a cap either in terms of number of specified securities or percentage of issued capital of the issuer that may be allotted to a single bidder;

(B) decide whether a bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity;

(C) decide whether a bidder be allowed single or multiple bids.]]

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[112] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009, w.e.f. 11.12.2009.

[113] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2010, w.e.f. 08.01.2010. Prior to its substitution, clause (b) read as under:
"(b) The issuer shall disclose a floor price in the red herring prospectus."

[114] Substituted, ibid. Prior to its substitution, clause (c) read as under:
"(c) Investors other than retail individual investors shall bid at any price above the floor price."

[115] Substituted, ibid. Prior to its substitution, clause (e) read as under:
"(e) Allotment shall be on price priority basis for investors other than retail individual investors."

[116] Substituted, ibid. Prior to its substitution, clause (f) read as under:
"(f) Allotment to retail individual investors shall be made proportionately as illustrated in this Schedule."

[117] Substituted, ibid. Prior to its substitution, clause (h) read as under:
"(h) Retail individual investors shall be allotted specified securities at the floor price."

[118] Substituted, ibid. Prior to its substitution, clause (i) read as under:
"(i) The issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the issuer that may be allotted to a single bidder."

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

## SCHEDULE XII
**[See regulation 45(10)]**

## FORMAT OF REPORT FOR GREEN SHOE OPTION

The report for Green Shoe Option shall be filed in the following format:-

(1) Name of the issuer:
(2) Name of the Stabilising Agent (Registration No. as merchant banker with SEBI):
(3) Issue size (No. of equity shares) :
(4) Issue opened on :
(5) Issue closed on :
(6) Over-allotment in issue (%):
(7) Date of commencement of trading :
(8) Amount in the 'Green Shoe Option Bank Account' (in rupees) :
(9) Details of promoter(s) from whom shares borrowed (Name & Number of shares borrowed):
(10) Date on which the stabilisation period ended :
(11) Number of shares bought during the stabilization period :
(12) Date on which issuer allotted further shares to the extent of shortfall:
(13) Date when the shares in the Green Shoe Option Demat Account were returned to the promoter(s):
(14) Date when the money in the Green Shoe Option Bank Account was remitted to the issuer:
(15) Details of the Depository account (Special account for Green Shoe Option securities) where shares purchased from the market were kept inter-alia the following:
    (a) Depository Participant
    (b) Account No.
    (c) Number of shares purchased, date wise.
    (d) Number of shares taken out, date wise.
(16) Details of amount transferred to the Investor Protection and Education Fund established by the Board.

| Amount (in rupees) | Cheque/Pay Order details |
|---|---|

**Place:** **Stabilising Agent with Official Seal**
**Date:**

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

**SCHEDULE XIII**
**FORMATS OF ADVERTISEMENTS FOR PUBLIC ISSUE**

**PART A**
**[See regulations 47(2), 60(7)(m) and 60(7)(n)]**

**FORMAT OF PRE-ISSUE ADVERTISEMENT FOR PUBLIC ISSUE**
**(FIXED PRICE / BOOKBUILT)**

*This is only an advertisement for information purposes and not a prospectus announcement.*

**ABC LTD.**(*name of the issuer*)
(Incorporated on _____ under the ------- Act as _____ and subsequently renamed as _____( if applicable)_____ on _____)
Registered Office: _____ Tel: _____ Fax _____
Corporate Office:
_____
Tel: _____ Fax: _____ e-mail: _____ Website:

**THE ISSUE**
Public issue of _____ ( give nature of specified securities) of Rs. ____ each at a price of Rs._____ ( Floor price or price band or as the case may be in case of book built issue) for cash aggregating Rs._____ (appropriate disclosure for book built issue)

**Disclosure with respect to face value of shares as per sub-regulation (2) of regulation 31**
*(The disclosure about details of allocation shall be given in case of book built issues on these lines)*

The issue is being made through the book building process wherein at least____ % shall be allocated to qualified institutional buyers including upto ___% of the issue to anchor investors. Further, not less than ___% of the issue shall be available for allocation to non-institutional investors and the remaining ____% of the issue shall be available for allocation to retail individual investors as per the allotment procedure specified in the Regulations, subject to valid bids being received at or above the issue price.

**PROMOTERS**
[__XYZ__]

**PROPOSED LISTING**
Names of Stock Exchanges

**Disclaimer Clause of the Securities and Exchange Board of India (SEBI)**
"SEBI only gives its observations on the offer documents and this does not constitute approval of either the issue or the specified securities the offer document."

**LEAD MERCHANT BANKERS / BOOK RUNNING LEAD MERCHANT BANKERS / CO-BOOK RUNNING LEAD MERCHANT BANKERS (as the case may be)**

Name, address, telephone and fax numbers, email ID, website address and contact person

**COMPLIANCE OFFICER OF THE ISSUER**

Name, address, telephone and fax numbers, email ID, website address

**CREDIT RATING** (only if applicable)

**DEBENTURE TRUSTEES** (if applicable)

**IPO GRADING**

**AVAILABILITY OF APPLICATION FORMS**

Names of issuer, lead merchant bankers, book runners, syndicate members, stock brokers and bankers to the issue, Self Certified Syndicate Banks (as the case may be) (Addresses optional).

Application Supported by Blocked Amount forms shall be available with designated branches of Self Certified Syndicate Banks, the list of which is available at websites of the stock exchanges and Board.

**AVAILABILITY OF PROSPECTUS**

Investors are advised to refer to the prospectus, and the risk factors contained therein, before applying in the issue. Full copy of the prospectus is available at www.sebi.gov.in and websites of issuer / lead merchant banker/s / stock exchange/s at www……

**ISSUE / BID OPENS ON:**
**ISSUE / BID CLOSES ON:**

**Issued by**
**Directors of Issuer**

**PART B**
**[See regulations 48, 60(7)(m) and 60(7)(n)]**

**FORMAT OF ISSUE OPENING ADVERTISEMENT FOR PUBLIC ISSUE (FIXED PRICE / BOOKBUILT)**

*This is only an advertisement for information purposes and not a prospectus announcement*.

**ABC LTD.** (*name of issuer*)
(Incorporated on _____ under the Companies Act as _____ and subsequently renamed _____ on _____)
Registered Office: _____ Tel: _____ Fax _____
Corporate Office: _____
Tel: _____ Fax: _____ e-mail: _____ Website: _____

**THE ISSUE**

Public issue of _____ equity shares / debentures (if applicable) of Rs. ___ each at a price of Rs._____ **(**Floor price or price band or as the case may be for book built issue) for cash aggregating Rs._____ (appropriate disclosure for book built issue)

**Disclosure with respect to face value of shares as per sub-regulation (2) of regulation 31**
**(***The disclosure about details of allocation shall be made in case of book built issues in these lines***)**

The issue is being made through the book building process wherein at least____ % shall be allocated to qualified institutional buyers including upto ___% of the issue to anchor investors. Further, not less than ___% of the issue shall be available for allocation to non-institutional investors and the remaining ____% of the issue shall be available for allocation to retail individual investors as per the allotment procedure specified in the Regulations, subject to valid bids being received at or above the issue price.

**PROMOTERS**
[__XYZ__]

**PROPOSED LISTING**
Names of Stock Exchanges

**Disclaimer Clause of Securities and Exchange Board of India ("SEBI")**
"SEBI only gives its observations on the offer documents and this does not constitute approval of either the issue or the offer document."

**LEAD MERCHANT BANKERS / BOOK RUNNING LEAD MERCHANT BANKERS / CO-BOOK RUNNING LEAD MERCHANT BANKERS (as the case may be)**
Name, address, telephone and fax numbers, e-mail ID, website address and contact person

**COMPLIANCE OFFICER OF ISSUER**
Name, address, telephone and fax numbers, e-mail ID, website address

**CREDIT RATING** (only if applicable)

**DEBENTURE TRUSTEES** (only if applicable)

**IPO GRADING**

**AVAILABILITY OF APPLICATION FORMS**

Names of Issuer, lead merchant bankers, book runners and bankers to the issue, Self Certified Syndicate Banks (as the case may be) (Addresses optional)

**AVAILABILITY OF PROSPECTUS**

Investors are advised to refer to the prospectus, and the risk factors contained therein, before applying in the issue. Full copy of the prospectus is available at www.sebi.gov.in and websites of issuer / lead merchant banker/s / Stock Exchange/s at www……

**ISSUE / BID OPENS TODAY**

**Issued by**
**Directors of Issuer**

**PART C**
**[See regulation 48, 60(7)(m) and 60(7)(n)]**

**FORMAT OF ISSUE CLOSING ADVERTISEMENT FOR PUBLIC ISSUE (FIXED PRICE / BOOKBUILT)**

*This is only an advertisement for information purposes and not a prospectus announcement.*

**ABC LTD.** (name of issuer)
(Incorporated on _____ under the Companies Act as _____ and subsequently renamed _____ on _____)
Registered Office: _____ Tel: _____ Fax _____
Corporate Office: _____
Tel: _____ Fax: _____ e-mail: _____ Website: _____

**THE ISSUE**

Public issue of _____ equity shares (if applicable) of Rs. ____ each at a price of Rs._____ (Floor price or price band or as the case may be for Book built issue) for cash aggregating Rs._____ (appropriate disclosure for Book Built issue)

**Disclosure with respect to face value of shares as per sub-regulation (2) of regulation 31**
[*The disclosure about details of allocation shall be made in case of book built issues in these lines]*.

The issue is being made through the book building process wherein at least____ % shall be allocated to qualified institutional buyers including upto ___% of the issue to anchor investors. Further, not less than ___% of the issue shall be available for allocation to non-institutional investors and the remaining ____% of the issue shall be available for allocation to retail individual investors as per the allotment procedure specified in the Regulations, subject to valid bids being received at or above the issue price.

**PROMOTERS**
[__XYZ__]

**PROPOSED LISTING**
Names of Stock Exchanges

**Disclaimer Clause of Securities and Exchange Board of India ("SEBI")**
"SEBI only gives its observations on the offer documents and this does not constitute approval of either the issue or the offer document."

**LEAD MERCHANT BANKERS / LEAD BOOK RUNNERS / CO-BOOK RUNNERS (as the case may be)**
Name, address, telephone and fax numbers, email ID, website address and contact person

**COMPLIANCE OFFICER OF ISSUER**
Name, address, telephone and fax numbers, email ID, website address

**CREDIT RATING** (only if applicable)

**DEBENTURE TRUSTEES** (only if applicable)

**IPO GRADING**

**AVAILABILITY OF APPLICATION FORMS**

Names of Issuer, Lead Merchant bankers, book runners, Bankers to the issue, Self Certified Syndicate Banks (as the case may be) (Addresses optional)

**AVAILABILITY OF PROSPECTUS**

Investors are advised to refer to the prospectus, and the risk factors contained therein, before applying in the issue. Full copy of the prospectus is available at www.sebi.gov.in and websites of issuer / lead merchant banker/s / Stock Exchange/s at www……

**ISSUE / BID CLOSES TODAY**

**Issued by**
**Directors of Issuer**

## [119][Part D

**[See regulation 60(14)]**

**COMPLIANCE CERTIFICATE IN RESPECT OF NEWS REPORTS**

| Sl. No. | News report Details (Newspaper, date etc.) | Subject Matter | Whether contents of the news report are supported by disclosures in the offer document Yes/No | If yes, page numbers in the draft offer document where the disclosures are made | If no, action taken by the merchant bankers |
|---|---|---|---|---|---|

**]**

[119] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

**SCHEDULE XIV**
**[See regulation 49(2)]**

**ILLUSTRATION EXPLAINING MINIMUM APPLICATION SIZE**

For inviting applications in multiples of the minimum value as referred to in sub-regulation (2) of regulation 49, the procedure is clarified by following example:

Assuming an issue is being made at a price of Rs.390 per equity share. In this case, the issuer in consultation with the lead merchant banker can determine the minimum application lot within the range of 13 – 17 equity shares (in value terms between Rs.5000- Rs.7000), as explained hereunder:

| **Options** | **I** | **II** | **III** | **IV** | **V** |
|---|---|---|---|---|---|
| Lot Size @ Rs.390/- per share | 13 shares | 14 shares | 15 shares | 16 shares | 17 shares |
| Application / Bid amount for 1 lots | 5070 | 5469 | 5850 | 6240 | 6630 |
| Application / Bid amount for 2 lots | 10140 | 10920 | 11700 | 12480 | 13260 |
| Application / Bid amount for 4 lots | 20280 | 21840 | 23400 | 24960 | 26520 |
| Application / Bid amount for 8 lots | 40560 | 43680 | 46800 | 49920 | --- |
| Application / Bid amount for 9 lots | 45630 | 49140 | --- | --- | -- |

The options given above are only illustrative and not exhaustive.

Where the issuer in consultation with the lead merchant banker decides to fix the minimum application / bid size as 14 (Option II), necessary disclosures to the effect that the applicant can make an application for 14 shares and in multiples thereof shall be made in the offer document.

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

**SCHEDULE XV**
**[See regulations 50(2), [120][106] and Schedule XI]**

**ILLUSTRATION EXPLAINING PROCEDURE OF ALLOTMENT**

(1) Total no. of specified securities on offer@ Rs. 600 per share: 10 crore specified securities
(2) Specified securities on offer for retail individual investors' category: 2.5 crore specified securities
(3) The issue is over subscribed 4 times whereas the retail individual investors' category is over subscribed 8.25 times
(4) Issuer decides to fix the minimum application / bid size as 9 specified securities (falling within the range of Rs. 5000 - 7000). Application can be made for a minimum of 9 specified securities and in multiples thereof.
(5) Assume there are three retail individual investors A, B & C. A has applied for 81 specified securities. B has applied for 72 specified securities and C has applied for 45 specified securities. As per allotment procedure, the allotment to retail individual investors shall be on proportionate basis i.e., at 1/8.25th of the total number of specified securities applied for. The actual entitlement shall be as follows:

| Sr. No. | Name of Investor | Total Number of specified securities applied for | Total number of specified securities eligible to be allotted<br>No. of specified securities applied for / 8.25) |
|---|---|---|---|
| 1 | A | 81 | 81/8.25 = 9.82 specified securities rounded off to 10 specified securities. |
| 2 | B | 72 | 72/8.25 = 8.73 specified securities rounded off to 9 specified securities (i.e. minimum application size). |
| 3 | C | 45 | 45/8.25=5.45 specified securities.<br>Application liable to be rejected. (as the entitlement is less than the minimum application size).<br><br>However, the successful applicants out of the total applicants shall be determined by drawal of lots. |

**Note:** For the purpose of IDR, minimum application size shall be twenty thousand rupees.

[120] Substituted for "107" by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

**SCHEDULE XVI**
**FORMATS OF POST ISSUE REPORTS**

**PART A**
**[See regulation 65(2)(a) and 104(2)(a)]**

**FORMAT OF INITIAL POST ISSUE REPORT FOR PUBLIC ISSUE**
**Subscription Status: (Subscribed/ Undersubscribed)**

**Note:** It is the responsibility of lead merchant banker to give correct information after verifying it from the issuer and the registrar to the issue.

(1) Name of the Issuer :
(2) Issue opening date :
(3) Earliest closing date :
(4) Actual closing date :
(5) Date of filing prospectus with RoC :
(6) **Issue Details (as per the prospectus)**
  (a) Nature of specified securities : (equity shares/fully convertible debentures/partly convertible debentures, etc.)
  (b) Offer price per security for different categories :
  (c) Amount per security on application for different categories :
  (d) Issue size : (Rs lakhs)
    (i) Promoters' contribution :
    (ii) Date of submission of auditors' certificate to the Board for receipt of promoters' contribution :
    (iii) Amount through offer document (including reserved categories and net public offer) :
    (iv) Reserved Category Amount reserved on competitive basis (Rs lakhs)

| | |
|---|---|
| Employees | |
| Others (Please specify) | |

    (v) Net public offer :
(7) (a) Provisional subscription details of net public offer (including unsubscribed portion of reserved categories
    (i) Total amount to be collected on application : Rs lakhs
    (ii) Amount collected on application : Rs lakhs
    (iii) % subscribed i.e. % of (ii) to (i) : (%)
  (b) Amount subscribed by the reserved categories : Rs. lakhs
(8) Please tick mark whether 90% minimum subscription of the amount through offer document is collected. (i) YES (ii) NO

| | | |
|---|---|---|
| **Signed by** | **Signed by** | **Signed by** |
| **Registrars to the Issue** | **Issuer** | **Lead Merchant Banker(s)** |
| **Date:** | | |
| **Place:** | | |

## PART B
**[See regulations 65(2)(a) and 104(2)(a)]**

## FORMAT OF INITIAL POST ISSUE REPORT FOR RIGHTS ISSUE
**Subscription Status: (Subscribed / Undersubscribed)**

**Note:** It is the responsibility of lead merchant banker to give correct information after verifying it from the issuer and the registrar to the issue.

(1) Name of the issuer :
(2) Issue opening date :
(3) Actual closing date :
(4) Date of filing letter of offer with the stock exchange :
(5) **Issue details (as per the letter of offer) :**
  (a) Basis of offer (ratio) :
  (b) Nature of specified securities : (equity shares/fully convertible debentures/partly convertible debentures, etc.)
  (c) Offer price per instrument :
  (d) Amt. per instrument on application :
  (e) Issue size : Rs. lakhs
(6) Record date :
(7) Provisional subscription details of the issue :
  (a) Total amount to be collected on application : Rs. lakhs
  (b) Amount collected on application : Rs. lakhs
  (c) % subscribed i.e. % of (ii) to (i) : (%)
  (d) Please tick mark whether 90% minimum subscription collected : (i) YES (ii) NO

| | | |
|---|---|---|
| **Signed by** | **Signed by** | **Signed by** |
| **Registrars to the Issue** | **Issuer** | **Lead merchant banker** |

**Place:**
**Date:**

## PART C
**[See regulations 65(2)(b) and 104(2)(b)]**

## FORMAT OF FINAL POST ISSUE REPORT FOR PUBLIC ISSUE
**Subscription Status: (Subscribed / Undersubscribed)**

**Notes:**

(1) It is the responsibility of lead merchant banker to give correct information after verifying the facts from the issuer and the registrar to the issue.

(2) The lead merchant banker shall enclose a certificate from the refund banker that the amount of refund due from the issuer to investors is deposited in a separate account giving details of the total amount deposited in the account and date of deposit.

(I) **IN CASE OF SUBSCRIBED ISSUE:**

(1) Name of the issuer :

(2) Issue opening date :

(3) Actual closing date :

(4) Issue Details (as per the prospectus) :

- (a) Nature of instrument : (equity shares/fully convertible debentures/partly convertible debentures, etc.)
- (b) Offer price per instrument :
- (c) Amount per instrument on application :
- (d) Issue Size : Rs. in lakhs

(5) 3-Day Report :

- (a) Due on :
- (b) Submitted on :

(6) No. of collecting banks :
(Also specify no. of bank branches)

(7) Bank-wise names of branches which did not submit final consolidated certificates from closure of issue and mention the dates when they actually submitted :

(8) Subscription Details :

- (a) Public Offer (Net) (Including unsubscribed portion of reserved category added back to net public offer)
  - (i) No. of applications recd. :
  - (ii) No. of instruments applied for :
  - (iii) Amount of subscription received : Rs.
  - (iv) No. of times issue subscribed :
- (b) Information relating to reserved categories

| Reservations | No. of applications | No. of instruments | Amount |
|---|---|---|---|
| Employees | | | |
| Others | | | |
| (Specify) | | | |

(9) Actual Date of finalisation of Basis of Allotment (enclose copy) :

(10) Allotment Details :

- (a) No. of successful allottees per 1 lakh shares :
- (b) No. of unsuccessful allottees :

(8) Actual Date(s) of completion of despatch of :

(a) Refund Orders :
(b) Certificates/Allotment Letters :
(c) Reasons for delay in despatch, if any :
(d) Whether interest paid for delayed period, if so, for which period :

(9) Amount of refund due : Rs.
(10) Refund Banker(s) (Name and Address) :
(11) Date of transfer of refund amount to Refund Banker, if any :
(12) Date of completion of despatch of refund orders :
(13) Name of Designated Stock Exchange :
(14) Names of other stock exchanges where listing is sought :
(15) Date on which application was filed with each stock exchange for listing of instruments :
(16) Date when listing and trading permission given by each stock exchange (Enclose copies of permission letters of stock exchanges) :
(17) Reasons for delay in listing for trading, if any :

(II) **IN CASE OF UNDER SUBSCRIBED ISSUE:**

(1) If the issue is underwritten, mention the amount of issue underwritten :
(2) Extent of under subscription on the date of closure of the issue
(a) Percentage :
(b) Amount :
(3) Total no. of underwriters :
(4) If devolvement notices had not been issued, mention how the shortfall was met :
(5) No. of underwriters to whom devolvement notices had been issued :
(6) Date of issue of devolvement notices :
(7) No. of underwriters who did not pay devolvement (Please give names, amount underwritten and reasons for not paying) :
(8) In case of default from underwriters, mention how the shortfall was met :
(9) In case where FIs/ MFs had subscribed to make up shortfall not as underwriter :
(a) Name of FI/MF :
(b) No. of securities applied for :
(c) Amount received :

Certified that the information given above and also in the enclosures are true to the best of our knowledge and no refund orders / allotment letters / certificates are pending for despatch in respect of the issue.

Certified that specified securities to be locked in are duly inscribed with the words "specified securities cannot be hypothecated / transferred / sold till ....."

| | | |
|---|---|---|
| **Signed by** | **Signed by** | **Signed by** |
| **Registrars to the Issue** | **Issuer** | **Lead Merchant Banker(s)** |

**Place:**
**Date:**

## PART D
**[See regulations 65(2)(b) and 104(2)(b)]**

## FORMAT OF FINAL POST ISSUE REPORT FOR RIGHTS ISSUE
**Subscription Status: (Subscribed / Undersubscribed)**

**Notes:**

(1) It is the responsibility of lead merchant banker to give correct information after verifying it from the issuer and the registrar to the issue.

(2) The lead merchant banker shall enclose a certificate from the banker to issue that the amount of refunds due from the issuer to investors is deposited in a separate account giving details of the total amount deposited in the account and date of deposit.

(I) **IN CASE OF SUBSCRIBED ISSUE:**

(1) Name of the issuer :

(2) Issue Opening date :

(3) Actual closing date :

(4) Issue Details (as per the letter of offer)

- (a) Basis of offer :
- (b) Nature of instrument : (equity shares/fully convertible debentures/partly convertible debentures, etc.) Offer price per instrument
- (c) Amt. per instrument on application :
- (d) Issue Size : Rs. in lakhs

(5) 3-Day Report

- (a) Due on :
- (c) Submitted on :

(6) No. of collecting banks (Also specify no. of bank branches) :

(7) Bank-wise names of branches which did not submit final consolidated certificate from closure of issue and mention the dates when they actually submitted :

(8) Details of subscription :

- (a) Percentage of rights taken up by :
  - (i) Promoters :
  - (ii) Other Shareholders :
- (b) Percentage of rights renounced by:
  - (i) Promoters :
  - (ii) Others :
- (c) Percentage of rights taken by shareholders/ renounces :
- (d) Percentage at the disposal of the Board :
- (e) Out of the unsubscribed portion as in above, taken by :
  - (i) Promoters :
  - (ii) Others :

(9) Promoters' shareholding : No. of Shares Percentage

- (a) Prior to the Issue :
- (b) On Expanded Capital after the rights issue:

(10) Date of finalisation of allotment (enclose copy of the basis of allotment) :

(11) (a) Name and Address of Refund Banker :

- (b) Amount of refund due :

(c) Date of transfer of refund amount to refund banker, if any :

(12) Actual date(s) of completion of despatch of:

(a) Refund orders :

(b) Certificate/ allotment letters/ demat credit :

(c) Reasons for delay in despatch, if any :

(d) Whether interest paid for delayed period, if so, for which period :

(13) Name of designated stock exchange :

(14) Names of other stock exchanges where listing is sought :

(15) 15th day from the date of closure of the issue :

(16) Date on which application was filed with each stock exchange for listing of instruments :

(17) Date when listing and trading permission given by each stock exchange (Enclose copies of permission letters of stock exchanges) :

(18) Reason for delay in listing for trading, if any :

(II) **IN CASE OF UNDER SUBSCRIBED ISSUE:**

(1) Extent of under-subscription on the date of closure of the issue

(a) Percentage :

(b) Amount :

(2) Details of standby assistance, if any

(a) No. of Underwriters :

(b) No. of Underwriters who did not pay devolvement (Please give names, amount underwritten and reasons for not paying) :

(3) In case where FIs/ MFs had subscribed to make up shortfall not as underwriter

(a) Name of FI/MF :

(b) No. of securities applied for :

(c) Amount Received :

CERTIFIED that the information given above and also in the enclosures are true to the best of our knowledge and no refund orders / allotment letters / certificates are pending for despatch in respect of the issue.

Certified that specified securities to be locked- in are duly inscribed with the words "specified securities can not be hypothecated / transferred / sold till .....”

| | | |
|---|---|---|
| **Signed by** | **Signed by** | **Signed by** |
| **Registrars to the issue** | **Issuer** | **Lead Merchant Banker(s)** |

**Place:**

**Date:**

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

**SCHEDULE XVII**
**[See regulation 67(4) and 105]**

**FORMAT OF UNDERWRITING DEVOLVEMENT STATEMENT**

(1) Name of the merchant banker :

(2) Name of the issuer :

(3) Issue size :

(4) Issue-wise statement of non-acceptance of underwriting devolvement :

| Sr. No. | Name of the Underwriter | Amount underwritten | Amount devolved | Date of issue of notice of devolvement, if any | Reasons for not accepting devolvement |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |

## SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

## SCHEDULE XVIII
**[See regulation 84(1)]**

## DISCLOSURES IN PLACEMENT DOCUMENT

(1) Disclaimer to the effect that the Memorandum relates to an issue made to qualified institutional buyers under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 and that no offer is being made to the public or any other class of investors.

(2) Glossary of terms/abbreviations

(3) Financial statements contained herein

(4) Merchant bankers/merchant bankers to the placement and other advisors

(5) Summary of the offering and eligible security

(6) Risk factors

(7) Market price information: Disclose particulars of:-

- (a) high, low and average market prices of equity shares of the issuer during the preceding three years;
- (b) monthly high and low prices for the six months preceding the date of filing of the prospectus;
- (c) number of equity shares traded on the days when high and low prices were recorded in the relevant stock exchange during period of (i) and (ii) above, and total volume traded on those dates;
- (d) the stock market data referred to above shall be shown separately for periods marked by a change in capital structure, with such period commencing from the date the concerned stock exchange recognizes the change in the capital structure (e.g., when the equity shares have become ex-rights or ex-bonus)
- (e) the market price immediately after the date on which the resolution of the board of directors approving the issue was approved
- (f) the volume of securities traded in each month during the six months preceding the date on which the offer document is filed with Registrar of Companies;
- (g) along with high, low and average prices of shares of the issuer, details relating to volume of business transacted should also be stated for respective periods.

(8) Use of proceeds:

- (a) purpose of the issue;
- (b) break-up of the cost of project for which the money is raised through issue;
- (c) the means of financing such project; and
- (d) proposed deployment status of the proceeds at each stage of the project.

(9) Capitalization Statement

(10) Dividends

(11) Selected Financial and other Information

(12) The audited consolidated or unconsolidated financial statements prepared in accordance with Indian GAAP shall contain the following:

- (a) Report of Independent Auditors on the Financial Statements
- (b) Balance sheets
- (c) Statements of income

(d) Schedules to accounts
(e) Statements of changes in stockholders' equity
(f) Statements of cash flows
(g) Statement of accounting policies
(h) Notes to financial statements
(i) Statement relating to subsidiary companies (in case of unconsolidated financial statements)

(13) Management's Discussion and Analysis of financial condition and results of operations
(14) Industry description
(15) Business description
(16) Organizational structure and major shareholders
(17) Board of directors and senior management
(18) Taxation aspects relating to the eligible securities
(19) Legal proceedings
(20) Accountants
(21) General Information
(22) Such other information as is material and appropriate to enable the investors to make an informed decision.

## SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

## SCHEDULE XIX
**[See regulations 103(2)(b) and 103(3)]**

## DISCLOSURES IN PROSPECTUS AND ABRIDGED PROSPECTUS FOR ISSUE OF INDIAN DEPOSITORY RECEIPTS

## PART A
**[See regulation 103(2)(b)]**

## DISCLOSURES IN PROSPECTUS FOR ISSUE OF INDIAN DEPOSITORY RECEIPTS

A prospectus for issue of Indian Depository Receipts (IDR) shall contain all details as specified herein.

**(1) GENERAL INSTRUCTIONS WITH RESPECT TO CONTENTS OF THE PROSPECTUS:**

(a) The merchant banker has the option to file the draft prospectus as a public filing or a confidential filing, accompanied with fees as prescribed in Rule 5(1)(ii) of the Companies (Issue of Indian Depository Receipts) Rules, 2004.

(b) Where the merchant banker opts for confidential filing of the draft prospectus, it shall subsequently file an updated draft prospectus with the Board (without payment of any additional fees), after incorporating therein changes, if any, suggested or specified by the Board. The updated draft prospectus shall be made public for a period of twenty one days from the date of its filing with the Board.

(c) The contents of the prospectus including the financial statements of the issuing company, its subsidiaries and associates shall be in plain English.

(d) The term "associate" for the purpose of this Schedule would mean "associate" as defined in Indian GAAP, or IFRS or US GAAP in which the financial statements of the issuing company are disclosed.

(e) The prospectus shall contain all material information which shall be true and adequate so as to enable the investors to make informed decision on the investments in the issue.

(f) The prospectus shall also contain the information and statements specified herein.

(g) The issuing company shall, through a merchant banker file a prospectus certified by two authorized signatories of the issuing company, one of whom shall be a whole-time director and other the Chief Accounts Officer or the Chief Financial Officer, stating the particulars of the resolution of the Board or the shareholders by which it was approved, with the Board and Registrar of Companies, New Delhi, before such issue. They shall also certify that all the disclosures made in the prospectus are correct and adequate.

(h) The agreement made with the domestic depository shall also be furnished along with the prospectus.

(i) The lead merchant banker who is responsible for conducting due diligence exercise with respect to contents of the offer document, as per inter-se allocation of responsibilities, shall sign the due diligence certificate

(j) A statement shall be made by the merchant banker in the prospectus (including a due diligence certificate) in the format as specified in format specified in **Part C**.

(k) A statement will be made by the issuing company, disclaiming responsibility for statements made otherwise than in the prospectus, as follows:
"The issuing company, its directors and the merchant banker accept no responsibility for statements made otherwise than in the prospectus or in the advertisements or any other material issued by at our instance and anyone placing reliance on any other source of information including our website_____ shall be doing so at his or her own risk."

**(2) THE ISSUE:** Summary of the terms of offer shall be incorporated, including:

(a) Offer and listing details
(b) Plan of distribution
(c) Markets
(d) Selling shareholders, if any
(e) Dilution
(f) Expenses of the Issue

**(3) FORWARD LOOKING STATEMENTS:** A paragraph on the statements that are forward looking statements and not matters of historical facts shall be incorporated. A statement on the sources of data used in the prospectus and their accuracy shall also be incorporated. A line should also be incorporated on whether these have been independently verified.

**(4) GENERAL INFORMATION:**

(a) Definitions/terms used in the prospectus
(b) Name, address and contact information of the registered office of the issuing company;
(c) Name, address and contact information of the domestic depository, the overseas custodian bank with the address of its office in India, the merchant banker, the underwriter to the issue, advisors to the issue and any other intermediary which may be appointed in connection with the issue of IDR;
(d) Names, addresses and contact information of experts and counsel;
(e) Name, address and contact information of the compliance officer in relation to the issue of IDR. [*The compliance officer should be placed in India*].
(f) Name, address and contact information of stock exchanges where applications are made or proposed to be made for listing of the IDR;
(g) Disclosure about provisions relating to punishment for fictitious applications;
(h) Statement/declaration for refund of excess subscription
(i) Statement that an interest of 15% p.a. would be paid to the investors if the allotments letters / refund orders are not despatched within fifteen days of the closure of the public issue
(j) Declaration about issue of allotment letters/certificates/ IDR within the stipulated period;
(k) Date of opening of issue;
(l) Date of closing of issue;
(m) Method and expected timetable of the issue
(n) A statement that subscription to the issue shall be kept open for at least three working days and not more than ten working days
(o) Date of earliest closing of the issue;

(p) Declaration by the merchant banker with regard to adequacy of resources of underwriters to discharge their respective obligations, in case of being required to do so;

(q) A statement by the issuing company that all moneys received out of issue of IDR shall be transferred to a separate domestic bank account, name and address of the bank and the nature and number of the account to which the amount shall be credited;

(r) Details of availability of prospectus and forms, i.e., date, time, place etc;

(s) Amount and mode of payment seeking issue of IDR

(t) Disclosure on Investor Grievances and Redressal System:

  (i) The arrangements or any mechanism evolved by the issuing company for redressal of investor grievances.

  (ii) The past record (for a minimum period of three years before the date of the prospectus) of investor grievance redressal of the issuing company and its listed subsidiaries/associates including details as to the time normally taken by it for disposal of various types of investor grievances.

  (iii) That the company undertakes to subject itself to the jurisdiction of Indian courts having jurisdiction over the place where the stock exchange is situated regarding grievances of the IDR applicants and IDR holders.

**(5) RISK FACTORS AND MANAGEMENT PERCEPTION, IF ANY:**

(a) Risk factors shall be disclosed as follows:

  (i) Risk factors associated with the issuing company's business

  (ii) Risk factors associated with the country of the issuing company proposing to issue IDR

  (iii) Risk factors associated with the IDR / underlying shares

(b) Risk factors shall be classified as those which are specific to the project and internal to the issuing company and those which are external and beyond the control of the issuing company.

(c) Risk factors shall be determined on the basis of their materiality.

(d) Materiality shall be decided taking the following factors into account:

  (i) Some events may not be material individually but may be found material collectively.

  (ii) Some events may have material impact qualitatively instead of quantitatively.

  (iii) Some events may not be material at present but may be having material impacts in future.

(e) The Risk factors shall appear in the prospectus in the following manner:

  (i) Risks envisaged by the management of the issuing company.

  (ii) Proposals, if any, to address the risks.

  (iii) Any 'notes' required to be given prominence shall appear immediately after the risk factors.

**(6) RECENT DEVELOPMENTS:** Important events in the recent past (two financial years preceding the issue) providing details of important developments on three key areas: Operations & Management, Shareholding patterns and Business Environment, shall be mentioned.

**(7) MARKET PRICE INFORMATION AND OTHER INFORMATION CONCERNING THE SHARES IN THE DOMESTIC MARKET OF THE ISSUING COMPANY:** The

following information should be provided exchange-wise, if the securities are listed in more than one exchange. This information should be updated as on last available date before the date of prospectus. This information shall also b given if it is a further issue of IDR which are already listed in India:

(a) Market price of shares for each quarter of the last three calendar years preceding the calendar year preceding the year of the issue of Prospectus (High, Low, Average Daily Trading Volume)

(b) Market price of shares for each month of the calendar year preceding the year of the issue of prospectus (High, Low, Average Daily Trading Volume)

(c) Market price of shares for the month preceding the date of prospectus (High, Low, Average Daily Trading Volume)

(d) The opening and closing price on the last day of the month preceding the date of the prospectus along with the volume

**(8) DIVIDENDS:**

(a) Dividend policy of the issuing company

(b) Rate of dividend and amount of dividend paid for the last five financial years

(c) Regulatory framework in the country of incorporation/share listed concerning dividends

(d) Details of arrangement with the depositories for payment of dividend to the IDR holders

(e) Information about changes, if any, in dividends announced and dividends paid and time gap between the dividends announced and dividends paid.

(f) Information about dividend yield.

(g) Taxation aspects of dividend distribution.

**(9) EXCHANGE RATES:**

(a) Brief history of the pattern of exchange rates between the country of incorporation/where shares are listed and India

(b) High, Low, Average Rates for the last five years

(c) High, Low, Average Rates for the last twelve months

**(10) FOREIGN INVESTMENT AND EXCHANGE CONTROLS OF THE COUNTRY OF INCORPORATION/ WHERE SHARES ARE LISTED:** Information relating to the relevant foreign investment laws and exchange control regulations of the country of incorporation or country where the underlying equity shares are listed.

**(11) OBJECTS OF THE ISSUE / USE OF PROCEEDS:** The following shall be disclosed:

(a) The purpose of the issue

(b) Break-up of the cost of project for which the money is raised through the IDR issue

(c) The means of financing such project and

(d) The proposed deployment status of the proceeds at each stage of the project.

**(12) CAPITALISATION STATEMENT**

| **Particulars** | **Pre-issue as (Figures in Rs. crores)** |
|---|---|
| Short-Term Debt | |

| | |
|---|---|
| Long Term Debt | |
| Shareholders Funds<br>- Share Capital<br>- Reserves | |
| Total Shareholders Funds | |
| Long Term Debt/Equity | |

**(13) CAPITAL STRUCTURE:**

(a) Authorised, issued, subscribed and paid up capital (number of instruments, description, aggregate nominal value).

(b) Size of present issue.

(c) Paid-up Capital:

(i) before the issue;

(ii) after the issue (if the IDR issue involves issue of fresh equity shares); and

(iii) share premium account (before and after the issue)

(d) Detailed notes to capital structure

(e) Information with respect to Capital Structure shall also contain details regarding holdings of major shareholders i.e., the person or persons who are in over-all control of the company.

**(14) FINANCIAL INFORMATION:**

(a) The audited consolidated or unconsolidated financial statements, prepared in accordance with Indian GAAP (including all Accounting Standards issued by the Institute of Chartered Accountants of India) or with the International Financial Reporting Standards (IFRS) or US GAAP, for a period of three financial years immediately preceding the date of prospectus shall contain the following:

(i) Report of Auditors on the Financial Statements

(ii) Balance Sheets

(iii) Statements of Income

(iv) Schedules to Accounts

(v) Statements of Changes in Stockholders' Equity

(vi) Statements of Cash Flows

(vii) Statement of Accounting Policies

(viii) Notes to Financial Statements

(ix) Statement Relating to Subsidiary Companies (in case of unconsolidated financial statements)

(x) Related Party transactions

(xi) Liquidity and Capital Resources.

(b) The financial information in the prospectus shall be disclosed in the issuing company's functional currency/reporting currency/national currency and the reporting currency shall be restricted to Sterling Pound/Euro/Yen/US Dollar.

(c) In case, the financial results are prepared as per IFRS or US GAAP, the financial results shall be audited by a professional accountant or certified public accountant or equivalent (by whatever name called in the home country in accordance with the International Standards on Auditing (ISA)).

(d) Where the law of the home country requires annual statutory audit of the accounts of the issuing company, a report of the statutory auditor on the audited financial

statements of the issuing company for each of the three financial years immediately preceding the date of the prospectus including the profits or losses, assets, liabilities and cash-flow statement of the issuing company at the last date to which the accounts of the issuing company were made in the specified form:

Provided the gap between date of opening of issue and date of report shall not exceed 120 days.

(e) The report prepared by the statutory auditors of the issuing company should disclose financial statements (as per relevant period in the annual report) in Indian Rupees (at the closing rate of exchange, as at the date on which the financial information is presented), compiled in a tabular form and include the consolidated or unconsolidated income statement, consolidated or unconsolidated cash flow statements, consolidated or unconsolidated balance sheet and the capitalisation statement required under item (12).

(f) The interim audited financial statements in respect of the period ending on a date which is less than 180 days prior to the date of opening of the issue have to be included in the report, if the gap between the ending date of the latest audited financial statements disclosed as above and the date of the opening of the issue is more than 180 days:

Provided that if the gap between such date of latest audited financial statements and the date of opening of issue is 180 days or less, the requirement above shall be deemed to be complied with, if disclosures in respect of material changes in the financial position of issuing company for such gap are disclosed in the prospectus:

Provided further that in case of an issuing company which is a foreign bank incorporated outside India and which is regulated by a member of the Bank for International Settlements or a member of the International Organization of Securities Commissions which is a signatory to a Multilateral Memorandum of Understanding, the requirement above, in respect of period beginning with last date of period for which the latest audited financial statements are made and the date of opening of the issue shall be satisfied, if the relevant financial statements are based on limited review report of such statutory auditor.

(g) In case the issuing company opts to prepare and disclose the financial results as per US GAAP, a reconciliation statement vis-a-vis Indian GAAP and summary of significant differences between the Indian GAAP and US GAAP has to be annexed with the report. If financial results are prepared in accordance with IFRS, then issuing company shall annex the summary of significant differences between the Indian GAAP and IFRS.

(h) Where the law of the home country does not require annual statutory audit of the accounts of the issuing company, a report, prepared in accordance with Indian GAAP certified by Chartered Accountant in practice within the terms and meaning of the Chartered Accountants Act, 1949 on the financial statements/ results of the issuing company for each of the three financial years immediately preceding the date of prospectus including the profits or losses, assets, liabilities and cash-flow statement of the issuing company at the last date to which the accounts of the issuing company were made in the specified form:

Provided that the gap between date of opening of issue and date of report shall not exceed 120 days.

(i) The report prepared by the Chartered Accountants should disclose financial statements in Indian Rupees (at the closing rate of exchange, as at the date on which the financial information is presented), compiled in a tabular form and include the consolidated or

unconsolidated income statement, consolidated or unconsolidated cash flow statements, consolidated or unconsolidated balance sheet and the capitalisation statement required under item (12).

(j) The interim financial statements in respect of the period ending on a date which is less than 180 days prior to the date of opening of the issue have to be included in report, if the gap between the ending date of the latest financial statements disclosed above and the date of the opening of the issue is more than 180 days:

Provided that if the gap between such date of latest audited financial statements and the date of opening of issue is 180 days or less, the requirement above shall be deemed to be complied with if disclosures in respect of material changes in the financial position of issuing company for such gap are disclosed in the prospectus.

(k) If the proceeds of the IDR issue are used for investing in other body (ies) corporate, then following details of such body (ies) corporate shall be given:

(i) Names and address(es) of the body(ies) corporate;

(ii) The reports as stated above in respect of those body(ies) corporate also.

**(15) STATEMENT ON MATERIAL DEVELOPMENTS SUBSEQUENT TO THE DATE OF THE LAST FINANCIAL STATEMENTS AS DISCLOSED IN THE PROSPECTUS:** A statement by the directors whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the prospectus any which materially and adversely affect or is likely to affect the trading or profitability of the issuing company, or the value of its assets, or its ability to pay its liabilities within the next twelve months, and if so, an outline of such circumstances and an assessment of their likely impact.

**(16) MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (BY COMPARING THE RECENT FINANCIAL YEAR WITH THE PREVIOUS THREE FINANCIAL YEARS):**

(a) A summary of past financial results after adjustments as given in the auditors report for the past three years containing significant items of income and expenditure shall be given.

(b) Overview of the business of the issuing company.

(c) Factors that may affect results of the operations.

(d) An analysis of reasons for the changes in significant items of income and expenditure shall also be given, *inter alia*, containing the following:

(i) unusual or infrequent events or transaction;

(ii) significant economic changes that materially affected or are likely to effect income from continuing operations;

(iii) known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;

(iv) future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known;

(v) the extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices;

(vi) total turnover of each major industry segment in which the issuing company operated

(vii) status of any publicly announced new products or business segment;

(viii) the extent to which business is seasonal;
(ix) any significant dependence on a single or few suppliers or customers;
(x) competitive conditions.

**(17) INDUSTRY AND BUSINESS OVERVIEW:** Market including details of the competition, past production figures for the industry, existing industry capacity, past trends and future prospects regarding exports (if applicable), demand and supply forecasts (if given, should be essentially with assumptions unless sourced from a market research agency of repute), etc. to be given. Source of data used shall be mentioned.

**(18) DETAILS OF THE ISSUING COMPANY:**

(a) Main object, history and present business of the issuing company
(b) Location of the project, if any
(c) Installed capacity and the details of plant and machinery, infrastructure facilities, technology etc., where applicable
(d) Schedule of implementation of project and progress made so far, if applicable;
(e) Nature of product(s), consumer(s), industrial users
(f) Research and development, patents and licenses, etc.
(g) Property, plants and equipment
(h) Particulars of financial and other defaults, if any
(i) Underwriting
(j) Experts
(k) Where you can find additional information
(l) Enforcement of civil liabilities against foreign persons

**(19) SUBSIDIARIES AND ASSOCIATES OF THE ISSUING COMPANY:**

(a) The following information for the last three years based on the audited statements in respect of subsidiaries and associates of the issuing company:
    (i) Date of Incorporation
    (ii) Nature of activities
    (iii) Equity Capital
    (iv) Reserves (excluding revaluation reserve)
    (v) Sales
    (vi) Profit after tax (PAT)
    (vii) Earnings per share (EPS) and
    (viii) Net Asset Value (NAV)
(b) If the subsidiaries and associates are not required to prepare such audited statements as per the laws prevailing in those countries, the same may be certified as true and correct by the Board of Directors and the management of such companies, provided a certificate from a certified public accountant or equivalent practicing in the concerned country is submitted to the Board.

**(20) MANAGEMENT:**

(a) Details with respect to the promoters and their background. If there are no identifiable promoters, then the details and background of all persons who hold 5% or more equity share capital of the issuing company.)

(b) Details of the Board of Directors and the Key Managerial Personnel (i.e. name, address(es) of directors, manager, managing director or other principal officers of the issuing company, age, qualifications, industry experience, other directorships).

(c) Remuneration of the Directors and the Key managerial personnel with detailed breakup, sitting fees, their relation with promoters / controlling shareholder(s), if any, their equity holding in the issuing company, duration of their association with the issuing company.

(d) Organisational structure

(e) Practices of the Board of Directors

(f) Employees

**(21) SECURITIES MARKET OF THE COUNTRY OF INCORPORATION WHERE SHARES ARE LISTED:**

(a) Brief History

(b) Stock exchange regulation

(c) Listing Regulations

(d) Details of the securities market regulator of the country of the issuing company

(e) Whether the securities market regulator of the country of the issuing company has signed any MoU with the Board/IOSCO

(f) Disclosure under the Companies Act and Securities Regulations (or equivalent thereof)

(g) Stock exchanges

(h) Takeover Code/Buy back Code

(i) Reforms in some key sectors of the economy

(j) Restriction on foreign ownership of securities

(k) Overview of the financial sector

(l) Nature of the securities trading market in that country

**(m)** A statement of how the enforcement of Indian securities laws would be affected by the fact that the issuing company is located outside India

**(n)** A comparative analysis of the corporate governance provisions that would be followed by the issuing company vis-à-vis that is applicable to Indian listed companies.

**(22) DESCRIPTION OF THE IDR AND RIGHTS OF IDR HOLDERS:**

(a) Brief description of the IDR

(b) Dividends, other distributions and rights of IDR holders

***(c)*** Voting rights if any and the manner of their exercise by IDR holders, if any.

(d) Record dates and how the same will be disclosed.

(e) Reports and other communication to which the IDR holders will be entitled.

(f) Procedure of conversion of IDR into shares

(g) Governing law regarding various aspects of IDR and transactions therein.

**(23) PROVISIONS REGARDING TRANSFER OF SHARES AND DEPOSITORY RECEIPTS:**

(a) Provisions regarding transfer of IDR

(b) Outline of provisions regarding transfer of underlying shares after conversion

**(24) INFORMATION RELATING TO THE DEPOSITARY - INDIAN AND INTERNATIONAL:** Brief details of the domestic depository, overseas custodian bank and depository agreement.

**(25) APPROVALS OF THE GOVERNMENT/REGULATORY AUTHORITIES:** Information relating to statutory and regulatory approvals required in home country for the issue and the related aspects and their status, and approvals from Indian regulatory authorities.

**(26) TAXATION FRAMEWORK IN INDIA AND THE COUNTRY OF INCORPORATION/ WHERE SHARES ARE LISTED:** Information relating to relevant provisions of taxation law, tax treaties and their impact for IDR holders.

**(27) OUTSTANDING LITIGATIONS AND DEFAULTS:**

(a) Material litigation / liabilities/defaults including arrears / potential liabilities of the issuing company, its promoters / controlling shareholders / directors and its subsidiaries and associates.

(b) Materiality shall be determined on the basis of factors which are specific to the project and to the issuing company, its promoters / controlling shareholders / directors, its subsidiaries and associates, which may have a bearing on the performance of the issuing company.

(c) Materiality shall be decided taking the following factors into account:

(i) Some litigation/defaults may not be material individually but may be found material collectively.

(ii) Some litigation/defaults may have material impact qualitatively instead of quantitatively.

(iii) Some litigation/defaults may not be material at present but may be having a material impact in future.

**(28) BASIS OF ISSUE PRICE:**

(a) Earnings per share i.e. EPS pre-issue for the last three years (as adjusted for changes in capital)

(b) P/E pre-issue

(c) Average return on net worth in the last three years

(d) Minimum return on increased net worth required to maintain pre-issue EPS

(e) Net Asset Value per share based on last balance sheet

(f) Net Asset Value per share after issue and comparison thereof with the issue price

(g) Comparison of all the accounting ratios of the issuing company as mentioned above with the industry average and with the accounting ratios of the peer group (i.e. companies of of shares (including the statement about the issue price being "X" times of the face value) and that of the IDR. The aggregate face value of the total equity shares underlying a single comparable size in the same industry. *[The source from which industry average and accounting ratios of the peer group has been taken should be indicated]*.

(h) The face value IDR shall also be given.

Provided that the projected earnings shall not be used as a justification for the issue price in the prospectus.

Provided further that the accounting ratios disclosed in the prospectus in support of basis of the issue price shall be calculated after giving effect to the consequent increase in capital on account of compulsory conversions outstanding, as well as on the

assumption that the options outstanding, if any, to subscribe for additional capital will be exercised.

**(29) MAIN PROVISIONS OF ARTICLES OF ASSOCIATION / MAIN CHARTER OF THE ISSUING COMPANY**

**(30) MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION:** Place at which inspection of the documents specified under rule 7 of the Companies (Issue of Indian Depository Receipts) Rules, 2004, the prospectus, the financial statements and auditor's report thereof will be allowed during the normal business hours.

**(31) OTHER INFORMATION:**

(a) Disclosure of mandatory vetting of the prospectus by the legal counsel to the issuing company operating at the place where the registered office of the Issuing company is situated.

(b) Consent of merchant bankers, overseas custodian bank, the domestic depository and all other intermediaries associated with the issue of IDR.

(c) Fees and expenses payable to the intermediaries involved in the issue of IDR

## PART B
**[See regulation 103(3)]**

## DISCLOSURES IN ABRIDGED PROSPECTUS FOR ISSUE OF INDIAN DEPOSITORY RECEIPTS

**General Instructions:**

(1) The information to be provided under each of the heads specified below shall be as per the requirement of Part A of this Schedule except when specified otherwise.

(2) The abridged prospectus shall be printed in a font size which shall not be visually smaller than Times New Roman Size 10.

(3) The order in which items appear in the abridged prospectus shall correspond, as far as may be applicable, to the order in which items appear in the prospectus.

(4) The application form shall be so positioned that on the tearing-off of the application form, no part of the information given in the abridged prospectus is mutilated.

The abridged prospectus for the issue of Indian Depository Receipts (IDR) shall contain the following disclosures:

**(1) General Information:**

(a) The name of the issuing company and address of the registered office of the issuing company, along with telephone number, fax number, e-mail address and website address, and where there has been a change in the address of the registered office or name of the issuing company, details thereof.

(b) Name, address and contact information of the registered office of the issuing company;

(c) Name, address and contact information of the domestic depository, the overseas custodian bank with the address of its office in India, the merchant banker, the underwriter to the issue, advisors to the issue and any other intermediary which may be appointed in connection with the issue of IDR;

(d) Names, addresses and contact information of experts and counsel;

(e) Name, address and contact information of the compliance officer in relation to the issue of IDR. The compliance officer should be placed in India

(f) Name, address and contact information of Stock Exchanges where applications are made or proposed to be made for listing of the IDR;

(g) Disclosure about provisions relating to punishment for fictitious applications;

(h) Statement/declaration for refund of excess subscription

(i) Statement that an interest of 15% p.a. would be paid to the investors if the allotments letters / refund orders are not despatched within 15 days of the closure of the public issue, as the case may be

(j) Declaration about issue of allotment letters/certificates/ IDR within the stipulated period;

(k) Date of opening of issue;

(l) Date of closing of issue;

(m) Method and Expected Timetable of the issue;

(n) A statement that subscription to the issue shall be kept open for atleast 3 working days and not more than 10 working days;

(o) Date of earliest closing of the issue;

(p) Declaration by the merchant banker with regard to adequacy of resources of underwriters to discharge their respective obligations, in case of being required to do so;

(q) A statement by the issuing company that all moneys received out of issue of IDR shall be transferred to a separate domestic bank account, name and address of the bank and the nature and number of the account to which the amount shall be credited;

(r) Details of availability of prospectus and forms, i.e., date, time, place etc;

(s) Amount and mode of payment seeking issue of IDR

(t) Disclosure on Investor Grievances and Redressal System:

(u) That the issuing company undertakes to subject itself to the jurisdiction of Indian Courts having jurisdiction over the place where the stock exchange is situated regarding grievances of the IDR applicants and IDR holders.

**(2) Capital Structure of the issuing company:** Following details to be furnished:

(a) Authorised, issued, subscribed and paid up capital (Number of instruments, description, aggregate nominal value).

(b) Size of present issue.

(c) Paid-up Capital:

(i) before the issue;

(ii) after the issue (if the IDR issue involves issue of fresh equity shares); and

(iii) share premium account (before and after the issue)

(d) Detailed notes to Capital Structure

**(3) Terms of the Present Issue:**

(a) Authority for the issue, terms of payment and procedure and time schedule for allotment and issue of certificates/ refund orders.

(b) The clause "Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders in case of public issues" shall appear.

**(4) Instructions for applicants:**

(a) How to apply, availability of prospectus, abridged prospectus and application forms, mode of payment and book building procedure, if relevant.

(b) In the application form, the declaration relating to nationality and residentship shall be shown prominently as under:

"Nationality and Residentship (Tick whichever is applicable)

(i) I am / We are Indian National(s) resident in India and I am/we are not applying for the said equity shares as nominee(s) of any person resident outside India or Foreign National(s).

(ii) I am / We are Indian National(s) resident in India and I am / We are applying for the said equity shares as Power of Attorney holder(s) of Non- Resident Indian(s) mentioned below on non-repatriation basis.

(iii) I am / We are Indian National(s) resident outside India and I am/we are applying for the said equity shares on my / our own behalf on non-repatriation basis."

(c) The application form should contain necessary instructions/ provisions for the following:

(i) Instructions to applicants to mention the number of application form on the reverse of the instruments to avoid misuse of instruments submitted along with the applications for shares/ debentures in public issues.

(ii) Provision in the application form for inserting particulars relating to bank account number and the name of the bank with whom such account is held, to enable printing of the said details in the refund orders or for refunds through Electronic Clearing System.

(iii) Instruction to applicants to disclose Permanent Account Number in the application form, irrespective of the amount for which application / bid is made, along with the instruction that applications without Permanent Account Number would be rejected.

(iv) Disclosure of PAN/GIR number.

(v) Details of options, if any, to receive securities subscribed for and a statement that trading in securities on the stock exchanges in physical form will be available only subject to limits prescribed by the Board for time to time.

(d) Any special tax benefits for issuing company and its shareholders (Only section numbers of the Income Tax Act and their substance should be mentioned, without reproducing the text of the sections)

(e) Restrictions on investments in IDR / fungibility of IDR

**(5) Particulars of the Issue:**

(a) Objects of the issue

(b) Project cost

(c) Means of financing

(d) Name of Appraising Agency, if any

(e) Name of Monitoring Agency, if any

**(6) Description of the IDR and Rights of IDR Holders:**

(a) Brief description of the IDR

(b) Dividends, Other Distributions and Rights of IDR holders

(c) Voting rights and their manner of exercise by IDR holders, if any.

(d) Record dates and how the same will be disclosed.

(e) Reports and other communication to which the IDR holders will be entitled.

(f) Conversion procedure of IDR into shares

(g) Governing Law regarding various aspects of IDR and transactions therein.

**(7) Company, Management and Project:**

(a) History and main objects and present business of the company.

(b) Promoters / controlling shareholders and their background.

(c) Names, address and occupation of manager, managing director, and other Directors (including nominee-directors and whole-time directors) giving their directorships in other companies.

(d) Location of the project

(e) Plant and machinery, technology, process, etc

(f) Collaboration, any performance guarantee or assistance in marketing by the collaborators

(g) Infrastructure facilities for raw materials and utilities like water, electricity, etc.

(h) Schedule of implementation of the project and progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, trial production, date of commercial production etc

(i) Nature of the products/services and end users

(j) Existing, licensed and installed capacity of the product, demand of the product-existing, and estimated in the coming years as estimates by a Government authority or by any other reliable institution, giving source of the information. In case the company is providing services, relevant information with regard to nature/ extent of services, etc., have to be furnished.

(k) Approach to marketing and proposed marketing set up

(l) Export possibilities and export obligations, if any.

(m) Stock Market Data: Disclose particulars of:-

  (i) Market price of shares for each quarter of the last three calendar years preceding the calendar year preceding the year of the issue of Prospectus (High, Low, Average Daily Trading Volume)

  (ii) Market price of shares for each month of the calendar year preceding the year of the issue of Prospectus (High, Low, Average Daily Trading Volume)

  (iii) Market price of shares for the month preceding the date of Prospectus (High, Low, Average Daily Trading Volume)

  (iv) The Opening and Closing price on the last day of the preceding month of the date of Prospectus along with the volume

  (v) This information should be provided, exchange wise, if the securities are listed in more than one exchange

  (vi) This information should updated as on last available date before the date of prospectus

  (vii) If it is a further issue of IDR which are already listed in India, the above information should be given about such IDR also

**(8) Particulars with regard to the subsidiaries / associates of the issuing company:** The following information for the last 3 years based on the audited statements in respect of subsidiaries and associates of the issuing company:

(a) Date of Incorporation;

(b) Nature of activities;

(c) Equity Capital;

(d) Reserves (excluding revaluation reserve);

(e) Sales;

(f) Profit after tax (PAT);

(g) Earnings per share (EPS); and

(h) Net Asset Value (NAV);

**(9) Basis for Issue Price:**

(a) Earnings per share i.e. EPS pre-issue for the last three years (as adjusted for changes in capital);

(b) P/E pre-issue

(c) Average return on net worth in the last three years

(d) Minimum return on increased net worth required to maintain pre-issue EPS;

(e) Net Asset Value per share based on last balance sheet;

(f) Net Asset Value per share after issue and comparison thereof with the issue price.

(g) Comparison of all the accounting ratios of the issuing company as mentioned above with the industry average and with the accounting ratios of the peer group (i.e., companies of comparable size in the same industry. (Indicate the source from which industry average and accounting ratios of the peer group has been taken)

Provided that the projected earnings shall not be used as a justification for the issue price in the prospectus.

Provided further that the accounting ratios disclosed in the prospectus in support of basis of the issue price shall be calculated after giving effect to the consequent increase in capital on account of compulsory conversions outstanding, as well as on the assumption that the options outstanding, if any, to subscribe for additional capital will be exercised.

(h) The face value of shares (including the statement about the issue price being "X" times of the face value) and that of the IDR. The aggregate face value of the total equity shares underlying a single IDR also shall be given

**(10) Outstanding Material Litigations and Defaults** (in a summarised tabular form): Material Litigation / Liabilities including arrears/Potential liabilities of the issuing company, its promoters / controlling shareholders / directors and its subsidiaries and associates.

**(11) Material Development:** Any material development after the date of the latest balance sheet and its impact on performance and prospects of the company.

**(12) Expert opinion obtained, if any.**

**(13) Change, if any, in directors and auditors during the last three years and reasons thereof.**

**(14) Time and Place of Inspection of material contracts (List of material contracts not required)**

**(15) Financial Performance of the Issuing company for the last three years** (Figures to be taken from the audited annual accounts in a tabular form):

(a) Balance Sheet Data: Equity Capital, Reserves (State Revaluation Reserve, the year of revaluation and its monetary effect on assets) and borrowings

(b) Profit and Loss data: Sales, Gross profit, Net profit, dividend paid, if any

(c) Any change in accounting policies during the last three years and their effect on the profits and the reserves of the issuing company

(d) Following information as extracted from the report of the auditors reproduced in the main prospectus:

(i) net profit before accounting for extra ordinary items

(ii) extra ordinary items

(iii) net profit after accounting for extra ordinary items

**(16) Management Discussions and Analysis on Accounts**

**(17) Listed Ventures of Promoters / controlling shareholders**

**(18) Disclosure on Investor Grievances and Redressal System**

**(19) Statement regarding minimum subscription clause:**

(a) Following statements shall appear for non-underwritten IDR issues:

(i) "If the issuing company does not receive the minimum subscription of ninety per cent. of the offer through offer document on the date of closure of the issue, or if the subscription level falls below ninety per cent. after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the issuing company shall forthwith refund the entire subscription amount received."

(ii) "If the issuing company fails to refund the entire subscription amount within fifteen days from the date of the closure of the issue, it is liable to pay the amount with interest to the subscribers at the rate of fifteen per cent. per annum for the period of delay."

(b) Following statement shall appear for underwritten IDR issues:
"If the issuing company does not receive the minimum subscription of ninety per cent. of the offer through offer document including devolvement of underwriters within sixty days from the date of closure of the issue, the issuing company shall forthwith refund the entire subscription amount received with interest to the subscribers at the rate of fifteen per cent. per annum for the period of delay beyond sixty days."

**(20) Information relating to relevant provisions of Taxation law, Tax Treaties and their impact for IDR holders."**

**(21) Brief details of the Domestic Depositary, Overseas Custodian Bank and Depositary Agreement.**

**(22) Information relating to statutory and regulatory approvals required in home country for the issue and the related aspects and their status, and approvals from Indian regulatory authorities.**

**(23) Signatories to the Prospectus.**

**PART C**
**[See regulation [121][101(5)]]**

**FORMAT OF THE DUE DILIGENCE CERTIFICATE TO BE FILED BY THE LEAD MANAGER FOR IDR ISSUES**

**To,**
**Securities and Exchange Board of India**

Dear Sirs,

**Sub.: Issue of …….. (hereinafter referred to as 'IDR') by ……(hereinafter referred to as the 'issuing company')**

We, the undernoted, have been appointed as the Merchant Banker (hereinafter referred to as the 'Lead Merchant Banker') to the proposed issue of IDR by the Issuing Company and we state as follows:

(1) The Draft Red Herring Prospectus (hereinafter referred to as the 'DRHP') is being filed with the Securities and Exchange Board of India (hereinafter referred to as the "Board") in compliance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as the Regulations) or any statutory modification or re-enactment thereof read with the Companies (Issue of Indian Depository Receipts) Rules, 2004 (hereinafter referred to as "the IDR Rules"), on a public basis, for approval.

(2) We have examined the disclosures made by the Issuing Company in jurisdictions where its underlying equity shares are listed so as to ensure uniformity and parity of information shared with investors across different regulatory jurisdictions (hereinafter referred to as "publicly available information") and participated in discussions with the senior management of the Issuing Company for the purpose of preparing disclosures on the Issuing Company in the DRHP.

(3) We have examined various documents, more particularly referred to in the Annexure hereto, in connection with the finalization of the DRHP pertaining to the said issue.

(4) On the basis of such examination and the discussions with the Issuing Company, its directors and other officers and other independent agencies/ experts/ reports, WE CONFIRM that:
   (a) the DRHP forwarded to the Board is in conformity with the publicly available information and information based on representations made by the senior management of the Issuing Company;
   (b) the requirements under the IDR Rules and the Regulations DIP Guidelines and other relevant laws framed by the Board, the Government and any other competent authority in this behalf have been duly complied with; and
   (c) based on the publicly available information and representations made by the senior management of the Issuing Company, the disclosures made in the DRHP are certified to be true and are adequate to enable the investors to make a well informed decision as to the investment in the proposed issue.

[121] Substituted for "101 (6)" by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

(5) We confirm that besides ourselves, all the other intermediaries named in the DRHP, except [ ], are registered with the Board and that till date such registration is valid.

(6) We have satisfied ourselves about the worth of the underwriters to fulfil their underwriting commitments.

(7) We certify that the proposed activities of the Issuing Company for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the Issuing Company and that the activities which have been carried out until now are valid in terms of the object clause of its Memorandum of Association.

(8) We confirm that necessary arrangements have been made to ensure that the moneys received pursuant to the issue are kept in a separate bank account and that such moneys shall be released by the said bank only, after permission, for listing of IDR, is obtained from all the stock exchanges mentioned in the prospectus. We further confirm that the agreement entered into between the bankers to the issue and the Issuing Company specifically contains this condition.

(9) We certify that no payment in the nature of discount, commission, allowance or otherwise shall be made by the Issuing Company or the promoters, directly or indirectly, to any person who receives securities by way of firm allotment in the issue.

(10) We certify that disclosure has been made in the prospectus that the investors shall be given an option to get the IDR in demat or physical mode.

(11) We certify that the following disclosures have been made in the draft prospectus:

(a) An undertaking from the Issuing Company that at any given time there shall be only one denomination for the IDR of the Issuing Company and

(b) An undertaking from the Issuing Company that it shall comply with such disclosure and accounting norms specified by the Board from time to time.

(12) We confirm that none of the intermediaries named in the red herring prospectus / prospectus have been debarred from functioning by any regulatory authority.

(13) We confirm that all the material disclosures in respect of the Issuing Company have been made in the red herring prospectus / prospectus and certify that any material development in the Issuing Company or relating to the issue, up to the commencement of listing and trading of the IDR offered through this issue, shall be informed through public notices/ advertisements in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

(14) We confirm that the abridged prospectus contain all the disclosures as specified in the Regulations.

(15) We confirm that agreements have been entered into with both the depositories for dematerialisation of the IDR of the Issuing Company

**Place:** **Lead Merchant Banker(s) to the Issue**

**Date:** **with Official Seal(s)**

**ANNEXURE TO THE DUE DILIGENCE CERTIFICATE FOR THE ISSUE OF ……. BY …….**

(1) Memorandum and Articles of Association of the Issuing Company.
(2) Necessary clearance from governmental, statutory, municipal authorities etc., for implementation of the project, wherever applicable.
(3) Documents in support of the track record and experience of the promoters and their professional competence.
(4) Listing Agreement of the Issuing Company for existing securities on the Stock Exchanges.
(5) Consent letters from Issuing Company's auditors, Bankers to issue, Bankers to the Issuing Company, Lead Merchant Bankers, Brokers and where applicable, proposed Trustees.
(6) Applications made by the Issuing Company to the financial institutions/banks for financial assistance as per object of the issue and copies of relative sanction letters.
(7) Underwriting letters from the proposed underwriters to the issue.
(8) Audited Balance Sheets of the Issuing Company/Promoter companies for relevant periods.
(9) Auditors certificate regarding tax-benefits available to the Issuing Company, shareholders and debenture holders.
(10) Certificate from architects or any other competent authority on project implementation schedule furnished by the Issuing Company, if applicable.
(11) Reports from Government agencies / expert agencies / consultants / Issuing Company regarding market demand and supply for the product, industry scenario, standing of the foreign collaborators, etc.
(12) Documents in support of the infrastructural facilities, raw material availability, etc.
(13) Auditors' Report for the period for which the accounts are disclosed in the offer document, indicating summary of audited accounts of the issuing company and also the summary of the audited accounts of the subsidiaries of the issuing company.
(14) Stock Exchange quotations of the last 3 years duly certified by designated stock exchange.
(15) Minutes of the general body meetings and board meetings of the Issuing Company for matters which are in the prospectus
(16) Revaluation certificate of Issuing Company's assets given by the Government Valuer or any other approved valuer.
(17) Certificate from solicitors of the Issuing Company in regard to compliance of legal provisions of the prospectus.
(18) Certificate from Issuing Company's legal counsel, operating at the place of its registered office, confirming that the legal counsel has done the mandatory vetting of the prospectus.
(19) A detailed checklist indicating compliance with each applicable regulation of the Regulations.

**Place:** **Lead Merchant Banker(s) to the Issue**
**Date:** **with Official Seal(s)**

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

**SCHEDULE XX**
**[See regulation 110]**

**AMENDMENTS TO OTHER REGULATIONS**

(1) **Amendment of Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993.**

(i) in regulation 15,

(a) in sub-regulation (1), after clause (c) the following clause shall be inserted, namely:-

"(ca) supervise the implementation of the conditions regarding creation of security for the debentures and debenture redemption reserve, wherever applicable;"

(b) after sub-regulation (1), the following sub-regulation shall be inserted, namely**:-**

"(1A) The debenture trustee shall:

(a) obtain reports from the lead bank regarding progress of the project;

(b) monitor utilisation of funds raised in the issue;

(c) obtain a certificate from the issuer's auditors:

(i) in respect of utilisation of funds during the implementation period of the project; and

(ii) in the case of debentures issued for financing working capital, at the end of each accounting year."

(2) **Amendment of Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.**

(i) in regulation 9, after sub-regulation (1A), the following sub-regulation shall be inserted, namely:

"(1B) The application for renewal under sub-regulation (1) shall be accompanied by details of the changes that have taken place in the information that was submitted to the Board while seeking registration or earlier renewal, as the case may be, and a declaration stating that no changes other than those as mentioned in such details have taken place."

(ii) regulation 18 shall be omitted.

(iii) in regulation 20, sub-regulation (2) shall be omitted.

(iv) after regulation 21**,** the following regulation shall be inserted, namely:-

**"21A. Merchant banker not to act as such for an associate**.

(1) A merchant banker shall not lead manage any issue or be associated with any activity undertaken under any regulations made by the Board, if he is a promoter or a director or an associate of the issuer of securities or of any person making an offer to sell or purchase securities in terms of any regulations made by the Board:

Provided that a merchant banker who is an associate of such issuer or person may be appointed, if he is involved only in the marketing of the issue or offer.

**Explanation:** For the purposes of this regulation, a merchant banker shall be deemed to be an "associate of the issuer or person" if:

(i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than fifteen per cent. of the voting rights in the other; or

(ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or

(iii) there is a common director, excluding nominee director, amongst the issuer, its subsidiary or holding company and the merchant banker."

(v) regulations 23, 24, 24A and 25 shall be omitted;

(vi) regulation 28 shall be renumbered as "28.(1)" and after the renumbered sub-regulation (1), the following sub-regulation shall be inserted, namely:-

*"(2) The merchant banker shall submit a half yearly report for the period ending with 31st March and 30th September of every year, in the format specified in schedule IV, within three months from the close of the period to which it corresponds."*

(vii) in Schedule I , Form C shall be omitted;

(viii) Schedule IV shall be substituted with the following, namely:-

"**SECURITIES AND EXCHANGE BOARD OF INDIA (MERCHANT BANKERS) REGULATIONS, 1992**

**SCHEDULE IV**
**[Regulation 28(2)]**

**FORMAT FOR HALF YEARLY REPORT TO BE SUBMITTED BY MERCHANT BANKERS**

**(For the period ending September / March, 20X1)**

(1) Name/Category of registration.
(2) SEBI Registration No.
(3) Name of the Compliance Officer.
(4) Addition / deletion / change in address etc. of branch offices from last submitted report.
(5) Change, if any, in constitution of the organisation (private limited, public limited, partnership, merges, acquisition etc.)
(6) Change, if any, in directorship details since the last report.

| Name | Induction/ retirement/ resignation | Reasons | Effective Qualification Date | Brief Experience (in case of induction) | Share in the company |
|---|---|---|---|---|---|
| | | | | | |

(7) Change in the key management personnel since last report (since grant of registration in case of first report)

| Name | Date of App./ Resignation/ Termination | Qualification | Experience |
|---|---|---|---|
| | | | |
| | | | |

(8) Change including addition to/in associate concerns

| Name of Co./ firm | Nature of change | Activities Handled | Nature of interest with Merchant Banker |
|---|---|---|---|
| | | | |
| | | | |

(9) New activities undertaken/discontinuation of any existing activities

| Activity | When commenced/ discontinued | Object of the new activities/ reasons for discontinuation. |
|---|---|---|

(10) Details of all pending litigations involving the merchant banker.

(11) Issue management activities (Attach separate sheet if required):

| | | |
|---|---|---|
| Name of issuer Companies | Type of issue (public/rights/ composite) | Instrument |
| Offer Amount (Rs. In Lakhs) | Issue Price/ Conversion Price | Issue opening date |
| Issue Closing date | No. of times oversubscribed | Functional Responsibility |
| Stock Exchanges where instruments were to be listed | Reasons for delay in listing | First date of trading in respective SEs |
| Opening trading price at respective SEs | Current market price | Remarks |

(12) Penalty/warnings given by SEBI, if any.

(13) Underwriting activities

(a) Total number of issues underwritten during the period.

(b) Total amount underwritten during the period (Rs. In lakhs).

(c) Outstanding underwriting commitment at the close of the period (Rs. in lakhs).

(d) Details of disputed/devolved cases

| Sr. No. | Name of the issuer | Instru-ment | Amount under-written (Rs. in lakhs) | Amount devolved (Rs. in lakhs) | Devolve-ment met yes/no | If not met, the reasons thereof & how dispute was settled | Penalty/ warning if any issued by SEBI |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| | | | | | | | |

(14) Redressal of Investor Grievances

(a) System of redressal of investor grievances (a brief write up).

(i) Number of investor grievances received during the period.

(ii) Nature of grievances.

(iii) Number of grievances resolved.

(iv) Number of grievances pending.

(v) The date of oldest grievance.

(15) Financial information

| Capital Structure | Year ended (Rs in lakhs) | Previous Year ended (Rs. In lakhs) |
|---|---|---|
| (i) Paid-up capital | | |
| (ii) Free reserves | | |
| (iii) Secured loan | | |
| (iv) Unsecured loan | | |
| (v) Others | | |
| TOTAL | | |
| (i) Fixed Assets (net block) | | |
| (ii) Quoted investment at cost/ market price whichever is lower | | |
| (iii) Unquoted investment | | |
| (iv) Current assets | | |
| (v) Misc. exp. not written off | | |
| (vi) Others | | |
| TOTAL | | |

(Please enclose the copy of latest audited financial results along with schedules)

(16) Changes, if any in major share holding (more than 5%)

| Name of the | Investment/ | Percentage of total |
|---|---|---|

shareholder disinvestment paid-up capital

(17) Name of the major shareholders holding more than 5%.

(18) Any capital issue (rights or public) during the period. If yes, details thereof inclusive of status of complaints from investors and their redressal.

(19) Indictment or involvement in any economic offence by the merchant banker or their directors or principle officer, if any, during the period.

**PLACE:**
**DATE:** **AUTHORISED SIGNATORY**"

(3) **Amendment of Securities and Exchange Board of India, (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.**

(i) in regulation 13A, in the Explanation in clause (b), after the word "director" the words *"or promoter"* shall be inserted.

## [122][SCHEDULE XXI
**[See regulation 106F(2)]**

## PART A

## DISCLOSURES IN THE ADDENDUM TO THE OFFER DOCUMENT FOR RIGHTS ISSUE OF INDIAN DEPOSITORY RECEIPTS

(1) The listed issuer making a rights issue of IDRs shall make the disclosures as specified in this Part in the form of an addendum to the offer document.

(2) Notwithstanding the above, where disclosures of matters similar or equivalent to those set out in this Schedule are required by home country regulations to be made in a particular form or by reference to particular requirements of such regulations, the same shall prevail over the requirements of this Schedule and shall be deemed to be complied with by disclosures made in the offer document on the basis of the home country regulations, but a reference shall be made in the addendum, to the concerned page numbers of the offer document where such disclosures are made.

**(I) Cover Page**:

(A) **Front Cover Page**:

(1) The front outside cover page of the addendum for a rights offering shall contain the following details:

(a) The name of the issuer, its logo, address of its registered office, principal office in India, its telephone number, fax number, contact person, website address and e-mail address.

(b) The number and price of IDRs offered and issue size, as may be applicable.

(c) The following disclaimer and advisory on general risk :

(d) "Investment in IDRs involves a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities being offered in the issue have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document."

(e) Specific attention of investors shall be invited to the statement of "Risk factors" given on page number(s) ….. under the section "General Risks".

(f) Save where a form of responsibility statement is required in the offer document in accordance with the home country regulations, the following clause on 'Issuer's Absolute Responsibility' shall be incorporated in a box format:

[122] Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011 w.e.f. 23.09.2011.

(g) "The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the offer document and the addendum contains all information with regard to the issuer and the issue, which is material in the context of the issue, that the information contained in the offer document and the addendum is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make these documents as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

(h) The name, logo and address of the lead merchant banker and the designation of the officers/employees who have signed the due diligence certificate and filed the offer document and the addendum with the Board, along with their telephone numbers, fax numbers, website addresses and e-mail addresses.

(i) The name, logo and address of the registrar to the issue, along with its telephone number, fax number, website address and e-mail address.

(j) Issue schedule:
    (i) Date of opening of the issue.
    (ii) Date of closing of the issue.
    (iii) Last date for request for split.
    (iv) The names of the recognised stock exchanges where the IDRs of the issuer are listed and the details of in-principle approval for listing of the IDRs proposed to be offered in the rights issue.

(B) **Back Cover Pages:** The back inside cover page and back outside cover page of the addendum shall be in white.

**(II) Instructions for Applicants:**

(A) Disclosure in relation to the process for announcement of record date, terms of payments and procedure and time schedule for allotment and issue of certificates, credit of IDRs to the investors' demat account.

(B) How to apply, availability of application forms and offer document for rights offering and mode of payment for all category of investors.

(C) A statement that the IDR holders who have not received the application form may, along with the requisite application money, apply in writing on a plain paper.

(D) The format to enable the IDR holders to make the application on plain paper specifying therein necessary particulars such as name, address, ratio of rights issue, issue price, number of IDRs held, ledger folio numbers, depository participant ID, client ID, number of IDRs entitled and applied for, additional IDRs if any, amount to be paid along with application, and particulars of cheque, etc. to be drawn in favour of the issuer's account.

(E) A statement that the IDR holders making the application otherwise than on the application form shall not renounce their rights and shall not utilise the application form for any purpose including renunciation even if it is received subsequently.

(F) Provisions relating to punishment for fictitious applications, including the disclosures that any person who:
    (1) makes in a fictitious name an application to a company for acquiring, or subscribing for, any IDRs therein, or
    (2) otherwise induces a company to allot, or register any transfer of, IDRs therein to him, or any other person in a fictitious name, shall be punishable in accordance with the provisions of law.

(G) Mode of making refunds:

(1) The mode in which the issuer shall make refunds to applicants in case of oversubscription.

(2) If the issuer proposes to use more than one mode of making refunds to applicants, the respective cases where each such mode will be adopted shall be disclosed.

**(III) General Information:**

(A) Name, address and contact information including telephone numbers, fax numbers, contact person, website addresses and e-mail addresses of the domestic depository, the overseas custodian bank with the address of its office in India, the merchant banker, the underwriter to the issue, syndicate members, bankers to the issue, self certified syndicate banks, auditors of the issuer, legal advisors to the issue and any other intermediary which may be appointed in connection with the issue of IDRs.

(B) Names, addresses and contact information of experts and counsel.

(C) The names, addresses, telephone numbers, fax numbers and e-mail addresses of the Company Secretary and compliance officer of the issuer in India.

(D) The statement of inter-se allocation of responsibilities among lead investment bankers, where more than one merchant banker is associated with the issue.

(E) The details of underwriting of the IDRs, if any:

(1) The names, address, telephone numbers, fax numbers and e-mail address of the underwriters and the amount underwritten by them.

(2) A declaration by the board of directors of the issuer that, as far as the directors are aware, the underwriters of IDRs have sufficient resources to discharge their respective obligations.

(F) In case of partial underwriting of the issue, the extent of underwriting.

(G) The details of final underwriting arrangement in the addendum for rights offering filed with the designated stock exchange, indicating actual number of IDRs underwritten.

(H) Method and expected timetable of the issue.

(I) A statement by the issuing company that all moneys received out of issue of IDR shall be transferred to a separate domestic bank account, name and address of the bank and the nature and number of the account to which the amount shall be credited.

(J) Details of availability of the offer document along with the addendum and forms, i.e., date, time, place etc.

(K) Amount and mode of payment seeking issue of IDR.

(L) A brief statement about the history, corporate structure and business overview of the issuer and major events in the past.

(M) A brief status or statement on the compliance status of the issuer of its obligations under Depositary Agreement and the provisions of the listing agreement entered between the issuer and the stock exchanges, wherever its securities are listed, including the listing agreement entered with recognised stock exchanges in India.

**(IV) Management (Board of Directors):**

(A) Name, age, qualifications, experience, address, occupation and date of expiration of the current term of office of executive or whole time directors, giving their directorships in other companies, as the case may be.

(B) The nature of any family relationship between any of the directors.

(C) Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the directors was selected as a director or member of senior management.

(D) Details of service contracts entered into by the directors with the issuer providing for benefits upon termination of employment and a distinct negative statement in the absence of any such contract.

**(V) Financial Information of the Issuer:**

(A) Convenience translation of the latest annual audited statements of consolidated profit and losses, assets and liabilities and cash flows, in Indian Rupees at the closing rate of exchange, as at the date on which the financial information is presented, as filed with the recognised stock exchanges, pursuant to Clause 36 of the Model Listing Agreement specified vide circular no. SEBI/CFD/DIL/IDR/1/2009/16/06 dated June 16, 2009.

(B) Convenience translation of the latest periodical financial results, in Indian Rupees (at the closing rate of exchange as at the date on which the financial information is presented), as filed with the recognised stock exchanges, pursuant to Clause 37 of the aforementioned Model Listing Agreement.

(C) One standard financial unit shall be used in the Letter of Offer.

(D) Link from where the investors can download the soft copy of detailed Annual Report of the issuer and their periodical filings.

**(VI) Risk Factors and Management Perception, if any:**

(A) Risk factors shall be disclosed as follows:
  (1) Risk factors associated with the issuing company's business
  (2) Risk factors associated with the country of the issuing company proposing to issue IDR
  (3) Risk factors associated with the IDR / underlying shares

(B) Risk factors shall be classified as those which are specific to the project and internal to the issuing company and those which are external and beyond the control of the issuing company.

(C) Risk factors shall be determined on the basis of their materiality. Materiality shall be decided taking the following factors into account:
  (1) Some events may not be material individually but may be found material collectively
  (2) Some events may have material impact qualitatively instead of quantitatively
  (3) Some events may not be material at present but may be having material impacts in future

(D) The Risk factors shall appear in the addendum in the following manner:
  (1) Risks envisaged by the management of the issuing company
  (2) Proposals, if any, to address the risks
  (3) Any 'notes' required to be given prominence shall appear immediately after the risk factors

**(VII) Capital Structure:**

(A) The authorised, issued and subscribed capital after suitable incorporation of the outstanding convertible securities (number of securities, description and aggregate nominal value).

(B) Paid-up capital.(segregating IDRs).

(C) The following details of outstanding instruments:
  (1) Details of options, if any.

(2) Details of convertible securities, if any.

(D) The shareholding pattern and IDR holding pattern as per the latest filing with the recognised stock exchange(s).
(E) The details of the shareholders holding more than three per cent. of the share capital of the issuer.
(F) The details of IDRs lock-in, pledge of and encumbrance on such IDRs held by promoters, if applicable.
(G) The details of IDRs acquired by promoters and promoter group, if applicable in the last six months immediately preceding the date of filing of the offer document along with addendum for rights offering with the designated stock exchange, in case of a fast track issue and in any other case, the date of filing draft offer document along with addendum for rights offering with the Board.

**(VIII) Particulars of the Issue:**

(A) Objects of the Issue:
(1) The purpose of the issue.
(2) Break-up of the cost of project for which the money is raised through the IDR issue.
(3) The means of financing such project.
(4) The proposed deployment status of the proceeds at each stage of the project.
(5) Interest of promoters (if any) and directors, as applicable to the project or objects of the issue.
(B) Interim Use of Funds: Investment avenues in which the management proposes to deploy issue proceeds, pending its utilisation in the proposed project.
(C) Any special tax benefits to the IDR holders.

**(IX) Market price information and other information concerning the shares/ IDRs:**

Following information should be provided exchange-wise, if the securities are listed in more than one exchange. This information should be updated as on last practicable date before the date of offer document.

(A) Week-end prices for the last four weeks and highest and lowest prices of equity shares during the period with the relative dates.
(B) Stock market quotation of shares of the company (high/low price in each of the last three years and monthly high/low price during the last six months).
(C) The same details shall be provided for IDRs listed in recognised stock exchange.

**(X) Exchange Rates:**

(A) Brief history of the pattern of exchange rates between the country of incorporation/where shares are listed and India.
(B) High, Low, Average Rates for the last twelve months.

**(XI) Material Litigations and Defaults:**

(A) Material litigation / liabilities/defaults including arrears / potential liabilities of the issuing company, its promoters / controlling shareholders / directors and its subsidiaries and associates.
(B) Materiality shall be determined on the basis of factors which are specific to the project and to the issuing company, its promoters / controlling shareholders / directors, its subsidiaries and associates, which may have a bearing on the performance of the issuing company.

(C) Materiality shall be decided taking the following factors into account:

(1) Some litigation/defaults may not be material individually but may be found material collectively.

(2) Some litigation/defaults may have material impact qualitatively instead of quantitatively.

(3) Some litigation/defaults may not be material at present but may be having a material impact in future.

**(XII) Material Development:** Any material development after the date of the latest balance sheet and its impact on performance and prospects of the issuer in accordance with the home country regulations.

**(XIII) Material Contracts and Documents for Inspection:** Place at which inspection of the documents specified under rule 7 of the Companies (Issue of Indian Depository Receipts) Rules, 2004, the offer document along with the addendum, the financial statements and auditor's report thereof will be allowed during the normal business hours.

**(XIV) Other Regulatory and Statutory Disclosures:**

(A) Authority for the issue and details of resolution passed for the issue.

(B) A statement by the issuer that the issuer, promoters, directors or person(s) in control of the promoter or the issuer, if applicable, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by the Board or the securities regulator of its home country.

(C) It may be disclosed whether the issuer, promoters, the relatives of promoters, group companies, if applicable, are identified as willful defaulters by Reserve Bank of India or such other authorities in its home country.

(D) Disclaimer clauses:

The addendum for rights offering shall contain the following disclaimer clauses in bold capital letters:

(1) Disclaimer Statement with respect to SEBI:

*(To be written in bold capital letter)*

"It is to be distinctly understood that submission of offer document and the addendum to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the offer document and the addendum. Lead merchant banker, has certified that the disclosures made in the addendum are generally adequate and are in conformity with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 in force for the time being. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

It should also be clearly understood that while the issuer is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the addendum, the lead merchant banker is expected to exercise due diligence to ensure that the issuer discharges its responsibility adequately in this behalf and towards this purpose, the lead merchant banker……. has furnished to the Securities and Exchange Board of India

(SEBI) a due diligence certificate dated …….which reads as follows: *(due diligence certificate submitted to the Board to be reproduced here)*

The filing of the offer document along with the addendum does not, however, absolve the issuer from any liabilities under the Companies (Issue of Indian Depository Receipts) Rules, 2004 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the lead merchant banker any irregularities or lapses in offer document and the addendum."

(2) Disclaimer Statement from the issuer and lead merchant banker:
A statement to the effect that the issuer and the lead merchant banker accept no responsibility for statements made otherwise than in the offer document for the rights offering or in the advertisement or any other material issued by or at the instance of the issuer and that anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the issue will be deemed to have been represented by the issuer and lead manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire IDRs of the Company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue.

(3) Disclaimer in respect of jurisdiction: A brief paragraph mentioning the jurisdiction under which provisions of law and the rules and regulations are applicable to the offer document for rights offering.

(4) Disclaimer statement of the stock exchanges, if any.

(5) Disclaimer statement of the Reserve Bank of India (if applicable).

(E) Broad details of fees payable to various intermediaries involved in the IDR rights offering.

(F) Arrangements or any mechanism evolved by the issuer for redressal of investor grievances in respect of IDRs and the time normally taken by it for disposal of various types of investor grievances.

**(XV) Undertakings by the issuer in connection with the issue:**

The issuer shall undertake that:

(1) the complaints received in respect of the issue shall be attended to by the issuer expeditiously and satisfactorily.
(2) that steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the IDRs are to be listed are taken within seven working days of closing of the issue.
(3) funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the registrar to the issue by the issuer.

(4) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
(5) that adequate arrangements shall be made to collect all applications.
(6) that adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment.
(7) that the IDRs shall be credited to the demat account / refunds made within a period of fifteen days and interest in case of delay in refund at the prescribed rate.

**(XVI) Utilisation of Issue Proceeds:** The addendum for the rights offering shall contain a statement of the board of directors of the issuer in relation to the use of issue proceeds.

**(XVII) Restrictions on foreign ownership of Indian securities, if any:**
(A) Investment by NRIs.
(B) Investment by FIIs.

**(XVIII) Any other material disclosures** (*as deemed necessary*)**:**

**(XIX) Declaration:**
(A) The addendum for the rights offering shall be approved by the Board of Directors of the issuer and shall be signed by all directors, the Chief Executive Officer, i.e., the Managing Director or Manager within the meaning of the respective applicable corporate laws of the home country and the Chief Financial Officer, i.e., the whole-time finance director or any other person heading the finance function and discharging that function.
(B) The following statement shall be disclosed:
"No statement made in this addendum contravenes any of the provisions of the applicable corporate laws in the home country or of provisions of Companies (Issue of Indian Depository Receipts) Rules, 2004. All the legal requirements connected with the issue as also the Regulations, guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with."
(C) The signatories shall further certify that all disclosures made in the offer document and the addendum for rights offering are true and correct.

## PART B
**[See regulation 106I(1)]**

## DISCLOSURES IN ABRIDGED LETTER OF OFFER FOR RIGHTS ISSUE OF INDIAN DEPOSITORY RECEIPTS

(1) A listed issuer making a rights issue of IDRs shall make disclosures, as required under its home country regulations, if any and as specified in Part B of this Schedule, in the abridged letter of offer for rights offering.
(2) Notwithstanding the above, where disclosures of matters similar or equivalent to those set out in this Schedule are required to be made in a particular form or by reference to particular

requirements of home country regulations, the same shall prevail over the requirements of this Schedule and shall be deemed to be complied with by such disclosures made in the offer document on the basis of the home country regulations.

(3) The order in which items shall appear in the abridged letter of offer for rights offering shall correspond, wherever applicable, to the order in which items appear in the offer document and the addendum for rights offering.

(4) The abridged letter of offer for rights offering shall also include the following disclosures:
   (a) Provisions pertaining to applications forms;
   (b) Rights entitlement ratio;
   (c) Fractional entitlements;
   (d) Renunciation;
   (e) Application for Additional IDRs;
   (f) Intention of promoters to subscribe to their rights entitlement, if any.

(5) General Instructions:
   1. The information to be provided under each of the heads specified below shall be as per the requirement of Part A of this Schedule except when specified otherwise.
   2. The abridged letter of offer shall be printed in a font size which shall not be visually smaller than Times New Roman Size 10.
   3. The application form shall be so positioned that on the tearing-off of the application form, no part of the information given in the abridged letter of offer is mutilated.

The abridged letter of offer for the issue of Indian Depository Receipts (IDR) shall contain the following disclosures:

**I. Instructions for applicants:**

How to apply, availability of letter of offer, abridged letter of offer and application forms, mode of payment and how to apply through white sheet, if relevant.

**II. General Information**:

(A) The name of the issuing company and address of the registered office of the issuing company, along with telephone number, fax number, e-mail address and website address, and where there has been a change in the address of the registered office or name of the issuing company, details thereof.

(B) Name, address and contact information of the principal office of the issuing company in India.

(C) Name, address and contact information of the domestic depository, the overseas custodian bank with the address of its office in India, the merchant banker, the underwriter to the issue, advisors to the issue and any other intermediary which may be appointed in connection with the issue of IDR.

(D) Names, addresses and contact information of experts and counsel.

(E) Name, address and contact information of the compliance officer in relation to the issue of IDR. The compliance officer should be placed in India.

(F) Name, address and contact information of Stock Exchanges where applications are made or proposed to be made for listing of the IDR.

(G) Disclosure about provisions relating to punishment for fictitious applications.

(H) Statement/declaration for refund of excess subscription.

(I) Statement that an interest of 15% p.a. would be paid to the investors if the allotments letters / refund orders are not despatched within 15 days of the closure of the rights issue, as the case may be.

(J) Declaration about issue of allotment letters/certificates/ IDR within the stipulated period.

(K) Date of opening of issue.
(L) Date of closing of issue.
(M) Last date for request for split.
(N) Method and Expected Timetable of the issue.
(O) Date of earliest closing of the issue.
(P) Declaration by the merchant banker with regard to adequacy of resources of underwriters to discharge their respective obligations, in case of being required to do so.
(Q) A statement by the issuing company that all moneys received out of issue of IDR shall be transferred to a separate domestic bank account, name and address of the bank and the nature and number of the account to which the amount shall be credited.
(R) Details of availability of letter of offer and forms, i.e., date, time, place etc.
(S) Amount and mode of payment seeking issue of IDR.
(T) Disclosure on Investor Grievances and Redressal System.
(U) That the issuing company undertakes to subject itself to the jurisdiction of Indian Courts having jurisdiction over the place where the stock exchange is situated regarding grievances of the IDR applicants and IDR holders.

**III. Capital Structure of the issuing company:**

(A) Authorised, issued, subscribed and paid up capital (Number of instruments, description, aggregate nominal value).
(B) Size of present issue.(Segregating issue of IDRs)
(C) Paid-up Capital:
    (1) before the issue;
    (2) after the issue (if the IDR issue involves issue of fresh equity shares); and
    (3) share premium account (before and after the issue).

**IV. Terms of the Present Issue**:

(A) Authority for the issue, terms of payment and procedure and time schedule for allotment and issue of certificates/ refund orders.
(B) The clause "Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders" shall appear.

**V. Particulars of the Issue:**

(A) Objects of the issue.
(B) Project cost.
(C) Means of financing.

**VI. Company, Management and Project:**

(A) History and present business of the company.
(B) Details of major shareholders disclosed in Letter of Offer.
(C) Names, address and occupation of manager, managing director, and other Directors (including nominee-directors and whole-time directors) giving their directorships in other companies.

**VII. Outstanding Material Litigations and Defaults (in a summarised tabular form)**

**VIII. Material Development:** Any material development after the date of the latest balance sheet and its impact on performance and prospects of the company.

**IX. Time and Place of Inspection of material contracts. (List of material contracts not required)**

**X. Financial Performance of the Issuing company as per last completed accounting year for which audit has been completed and for the latest stub period for which audit/limited review has been completed.**

**XI. Disclosure on Investor Grievances and Redressal System.**

**XII. Brief details of the Domestic Depository, Overseas Custodian Bank and Depository Agreement.**

**XIII. Signatories to the Letter of offer.]**

**C. B. BHAVE**
**CHAIRMAN**