THE GAZETTE OF INDIA

EXTRAORDINARY

PART III - SECTION 4

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SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 11th September, 2018

SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018

No. SEBI/LAD-NRO/GN/2018/31. - 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, 2018.

(2) They shall come into force on the sixtieth day from the date of its 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, pictures and films in any print media or electronic media, radio, television programme;

(c) “anchor investor" means a qualified institutional buyer who makes an application for a value of at least ten crore rupees in a public issue on the main board made through the book building process in accordance with these regulations or makes an application for a value of at least two crore rupees for an issue made in accordance with Chapter IX of 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) “associate” means a person which is an associate of the issuer and as defined under the Companies Act, 2013;

(f) “Board” means the Securities and Exchange Board of India established under the Act;

(g) “book building” means a process undertaken to elicit demand and to assess the price for determination of the quantum or value or coupon of specified securities or Indian Depository Receipts, as the case may be, in accordance with these regulations;

(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 the Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011;

(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) “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 such security and includes convertible debt instrument and convertible preference shares;

(l) “designated stock exchange” means a recognised stock exchange having nationwide trading terminals chosen by the issuer on which securities of an issuer are listed or proposed to be listed for the purpose of a particular issue of specified securities under these regulations:

Provided that, the issuer may choose a different recognised stock exchange as a designated stock exchange for any subsequent issue of specified securities;

(m) “draft letter of offer” means the draft letter of offer filed with the Board in relation to a rights issue under these regulations;

(n) "draft offer document" means the draft offer document filed with the Board in relation to a public issue under these regulations;

(o) "employee" means a permanent employee, working in India or outside India, of the issuer or of the promoters or subsidiary company of the issuer, or a director of the issuer, whether whole-time or not and does not include (i) promoters, (ii) a person belonging to the promoter group; or (iii) a director who either himself/herself or through their relatives or through any body corporate, directly or indirectly, holds more than ten per cent. of the outstanding equity shares of the issuer;

Provided that for the purposes of stock option schemes, employee shall have the same meaning as assigned to under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(p) "fugitive economic offender" shall mean an individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018);

(q) "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 specified securities in a listed issuer;

(r) "general corporate purposes" include such identified purposes for which no specific amount is allocated or any amount so specified towards general corporate purpose or any such purpose by whatever name called, in the draft offer document, draft letter of offer, [1][the offer document, or the letter of offer:]

Provided that any issue related expenses shall not be considered as a part of general corporate purpose merely because no specific amount has been allocated for such expenses in the draft offer document, draft letter of offer, [2][the offer document, or the letter of offer;]

(s) "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;

(t) "group companies", shall include such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer;

(u) "housing finance company" means a deposit taking housing finance company registered with the National Housing Bank for carrying on the business of housing finance;

[1] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbol "*or the offer document:*".

[2] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbol "*or the offer document;*".

(v) "infrastructure sector" shall include the following facilities/services:

i) 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;

ii) 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;

iii)water management, including the following:

A) water supply or distribution;

B) irrigation;

C) water treatment, etc.

iv) 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;

v) 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.;

vi)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;

vii) 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;

viii) housing, including the following:

A) urban and rural housing including public or mass housing, slum rehabilitation etc;

B) other allied activities such as drainage, lighting, laying of roads, sanitation facilities etc.;

ix) services provided by recognised stock exchanges and registered depositories, in relation to securities;

x) other miscellaneous facilities or 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);

xi) such other facility or service which, in the opinion of the board, constitutes infrastructure sector;

(w) "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 specified securities in an unlisted issuer;

(x) [3]["innovators growth platform" means the trading platform for listing and trading of specified securities of issuers that comply with the eligibility criteria specified in regulation 283;]

(y) "institutional investor" means (i) qualified institutional buyer; or (ii) family trust or intermediaries registered with the Board, with net worth of more than five hundred crore rupees, as per the last audited financial statements, for the purposes of listing and/or trading on [4][innovators growth platform] in terms of Chapter X;

(z) "issue size" includes offer through offer document and promoters' contribution brought in as part of the issue;

(aa) "issuer" means a company or a body corporate authorized to issue specified securities under the relevant laws and whose specified securities are being issued and/or offered for sale in accordance with these regulations;

(bb) [5]["key managerial personnel" shall mean the key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;]

(cc) "lead manager" means a merchant banker registered with the Board and appointed by the issuer to manage the issue and in case of a book built issue, the lead manager(s) appointed by the issuer shall act as the book running lead manager(s) for the purposes of book building;

(dd) "listed issuer" means an issuer whose equity shares are listed on a recognised stock exchange having nationwide trading terminals;

(ee) "main board" means a recognised stock exchange having nationwide trading terminals, other than SME exchange;

(ff) "net offer" means an offer of specified securities to the public but does not include reservations and promoters' contribution brought in as part of the issue;

(gg) "net tangible assets" mean the sum of all net assets of the issuer, excluding intangible assets as defined in Accounting Standard 26 (AS 26) or Indian Accounting Standard (Ind AS) 38, as applicable, issued by the Institute of Chartered Accountants of India;

[3] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as ""institutional trading platform" means the trading platform for listing and trading of specified securities of issuers that comply with the eligibility criteria specified in regulation 288;"

[4] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as "institutional trading platform".

[5]Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023, w-e-f 31.01.2023. Prior to its substitution, it read as ""key managerial personnel" means the officers or personnel of the issuer who are members of its core management team (excluding board of directors) and includes members of the management one level below the executive directors of the issuer, functional heads and 'key managerial personnel' as defined under the Companies Act, 2013 or any other person whom the issuer may declare as a key managerial personnel;"

(hh) "net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;

(ii) "nominated investor" means a qualified institutional buyer or private equity fund, who enters into an agreement with the lead manager(s) to subscribe to an issue, made in accordance with Chapter IX, in case of under-subscription or to receive or deliver the specified securities in the market-making process in such an issue;

Explanation: "private equity fund" means a fund registered with any regulatory authority or a fund established by any person registered with any regulatory authority;

(jj) "non-institutional investor" means an investor other than a retail individual investor and qualified institutional buyer;

(kk) "offer document" means a red herring prospectus, prospectus or shelf prospectus, as applicable, referred to under the Companies Act, 2013, in case of a public issue, and a letter of offer in case of a rights issue;

(ll) "offer through offer document" means net offer and reservations;

(mm) "persons acting in concert" shall have the same meaning as assigned to it under [6][***] the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(nn) "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 in accordance with Chapter V of these regulations and does not include an offer of specified securities made through employee stock option scheme, employee stock purchase scheme or an issue of sweat equity shares or depository receipts issued in a country outside India or foreign securities;

(oo) "promoter" shall include a person:

i) who has been named as such in a draft offer document or offer document or is identified by the issuer in the annual return referred to in section 92 of the Companies Act, 2013; or

ii) who has control over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or

[6] The words and symbols "*regulation 2(1)(q) of*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

iii) in accordance with whose advice, directions or instructions the board of directors of the issuer is accustomed to act:

Provided that nothing in sub-clause (iii) shall apply to a person who is acting merely in a professional capacity;

Provided further that a financial institution, scheduled commercial bank, [foreign portfolio investor other than individuals, corporate bodies and family offices][7], mutual fund, venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time, shall not be deemed to be a promoter merely by virtue of the fact that twenty per cent. or more of the equity share capital of the issuer is held by such person unless such person satisfy other requirements prescribed under these regulations;

(pp) "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 twenty per cent. or more of the equity share capital; and/or any body corporate which holds twenty per cent. or more of the equity share capital of the promoter;

C) [8][***]

iv) in case the promoter is an individual:

A) any body corporate in which twenty 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 their relative is a member;

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

[7] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2019 w.e.f. 23.09.2019. Prior to its substitution, it read as "foreign portfolio investor other than Category III foreign portfolio investor."

[8] Omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021. Prior to the omission, it read as under –

"C) any body corporate in which a group of individuals or companies or combinations thereof acting in concert, which hold twenty per cent. or more of the equity share capital in that body corporate and such group of individuals or companies or combinations thereof also holds twenty per cent. or more of the equity share capital of the issuer and are also acting in concert; and"

C) any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than twenty per cent. of the total capital;

v) all persons whose shareholding is aggregated under the heading "shareholding of the promoter group":

Provided that a financial institution, scheduled bank, [foreign portfolio investor other than individuals, corporate bodies and family offices][9], mutual fund, venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time, shall not be deemed to be promoter group merely by virtue of the fact that twenty per cent. or more of the equity share capital of the promoter is held by such person or entity:

Provided further that such financial institution, scheduled bank, [foreign portfolio investor other than individuals, corporate bodies and family offices][10], mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time shall be treated as promoter group for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them;

(qq) "public financial institution" means a public financial institution as defined under the Companies Act, 2013;

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

(ss) "qualified institutional buyer" means:

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

(ii) [foreign portfolio investor other than individuals, corporate bodies and family offices][11];

(iii) a public financial institution;

(iv) a scheduled commercial bank;

[9] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2019 w.e.f.23.09.2019. Prior to its substitution, it read as "foreign portfolio investor other than Category III foreign portfolio investor."

[10] ibid

[11] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2019 w.e.f.23.09.2019. Prior to its substitution, it read as "foreign portfolio investor other than Category III foreign portfolio investor, registered with the Board."

(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 of India;

(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;

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

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

(xiii) systemically important non-banking financial companies.

(tt) "qualified institutions placement" means issue of eligible securities by a listed issuer to qualified institutional buyers on a private placement basis and includes an offer for sale of specified securities by the promoters and/or promoter group on a private placement basis, in terms of these regulations;

(uu) "relative" means a relative as defined under the Companies Act, 2013.

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

(ww) "retail individual shareholder" means a shareholder who applies or bids for specified securities for a value of not more than two lakhs rupees;

(xx) "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;

(yy) "schedule" means schedule annexed to these regulations;

(zz) "scheduled commercial bank" means scheduled commercial banks as included in the second schedule to the Reserve Bank of India Act, 1934;

(aaa) "self-certified syndicate bank" means a banker to an issue registered with the Board, which offers the facility of ASBA;

(bbb) "selling shareholder(s)" means any shareholder of the issuer who is offering for sale the specified securities in a public issue in accordance with these Regulations;

[12][(bbbb) "senior management" shall mean the officers and personnel of the issuer who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer

[12] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023, w-e-f 31.01.2023.

or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.]

(ccc) "securities laws" means the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder and the general or special orders, guidelines or circulars made or issued by the Board thereunder and the provisions of the Companies Act, 2013 or any previous company law and any subordinate legislation framed thereunder, which are administered by the Board ;

(ddd) "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 Chapter IX and includes a stock exchange granted recognition for this purpose but does not include the Main Board;

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

[13][(eeea) "SR equity shares" means the equity shares of an issuer having superior voting rights compared to all other equity shares issued by that issuer.]

(fff) "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;

(ggg) "stock exchange" means any recognised stock exchange having nationwide trading terminals chosen by the issuer on which securities of an issuer are listed or proposed to be listed for the purpose of a particular issue of specified securities under these regulations, other than an SME exchange;

(hhh) "syndicate member" means an intermediary registered with the Board and who is permitted to accept bids, applications and place orders with respect to the issue and carry on the activity as an underwriter;

(iii) "systemically important non-banking financial companies" means a non-banking financial company registered with the Reserve Bank of India and recognised as systemically important non-banking financial company by the Reserve Bank of India;

(jjj) "unlisted issuer" means an issuer which is not a listed issuer;

(kkk) "valuer" means a person who is registered under section 247 of the Companies Act, 2013 and the relevant rules framed thereunder or as specified by the Board;

(lll) "[14][wilful defaulter or a fraudulent borrower]" means a person or an issuer who or which is categorized as a [15][wilful defaulter or a fraudulent borrower] by any bank or financial

[13] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on [16][wilful defaulters or fraudulent borrowers] issued by the Reserve Bank of India;

(mmm) "working day" means all days on which commercial banks in the city as specified in the offer document are open for business;

Explanation: For the purpose of this clause, in respect of -

(a) announcement of price band; and

(b) bid/issue period,

working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in the city as notified in the offer document are open for business;

(c) the time period between the bid/ issue closing date and the listing of the specified securities on the stock exchanges, working day shall mean all trading days of the stock exchanges, excluding Sundays and bank holidays, as per circulars issued by the Board.

(2) All other words and expressions used but not defined in these regulations, but defined in the Act or the Companies Act, 2013, 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 statutes 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) an initial public offer by an unlisted issuer;

(b) a rights issue by a listed issuer; where the aggregate value of the issue is [17][fifty crore] rupees or more;

(c) a further public offer by a listed issuer;

(d) a preferential issue by a listed issuer;

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

(f) an initial public offer of Indian depository receipts;

[14] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*wilful defaulter*".

[15] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*wilful defaulter*".

[16] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*wilful defaulters*".

[17] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to its substitution, it read as "ten crores".

(g) a rights issue of Indian depository receipts;

(h) an initial public offer by a small and medium enterprise;

(i) a listing on the [18][innovators growth platform] through an issue or without an issue; and

(j) a bonus issue by a listed issuer.

Provided that in case of rights issue of size less than [19][fifty crores] rupees, the issuer shall prepare the letter of offer in accordance with requirements as specified in these regulations and file the same with the Board for information and dissemination on the Board's website.

Provided further that these regulations shall not apply to issue of securities under clause (b), (d) and (e) of sub-regulation (1) of regulation 9 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

CHAPTER II - INITIAL PUBLIC OFFER ON MAIN BOARD

PART I: ELIGIBILITY REQUIREMENTS

Reference date

4. Unless otherwise provided in this Chapter, an issuer making an initial public offer of specified securities shall satisfy the conditions of this Chapter as on the date of filing of the draft offer document with the Board and also as on the date of [20][filing] the offer document with the Registrar of Companies.

Entities not eligible to make an initial public offer

5. (1) An issuer shall not be eligible to make an initial public offer -

(a) if the issuer, any of its promoters, promoter group or directors or selling shareholders are debarred from accessing the capital market by the Board.

(b) if any of the promoters or directors of the issuer is a promoter or director of any other company which is debarred from accessing the capital market by the Board.

(c) if the issuer or any of its promoters or directors is a [21][wilful defaulter or a fraudulent borrower.]

[18] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as "institutional trading platform".

[19] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to its substitution, it read as "ten crores".

[20] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

[21] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*wilful* defaulter.".

(d) if any of its promoters or directors is a fugitive economic offender.

Explanation: The restrictions under (a) and (b) above shall not apply to the persons or entities mentioned therein, who were debarred in the past by the Board and the period of debarment is already over as on the date of filing of the draft offer document with the Board.

(2) An issuer shall not be eligible to 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 of the issuer:

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

(a) outstanding options granted to employees, whether currently an employee or not, pursuant to an employee stock option scheme in compliance with the Companies Act, 2013, the relevant Guidance Note or accounting standards, if any, issued by the Institute of Chartered Accountants of India or pursuant to the Companies Act, 2013, in this regard;

(b) 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.

Eligibility requirements for an initial public offer

6. (1) An issuer shall be eligible to make an initial public offer only if:

a) it has net tangible assets of at least three crore rupees, calculated on a restated and consolidated basis, 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 utilised or made firm commitments to utilise such excess monetary assets in its business or project;

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

b) it has an average operating profit of at least fifteen crore rupees, calculated on a restated and consolidated basis, during the preceding three years (of twelve months each), with operating profit in each of these preceding three years;

c) it has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each), calculated on a restated and consolidated basis;

d) if it has changed its name within the last one year, at least fifty per cent. of the revenue, calculated on a restated and consolidated basis, for the preceding one full year has been earned by it from the activity indicated by its new name.

(2) An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy five per cent. of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.

[22][(3) If an issuer has issued SR equity shares to its promoters/ founders, the said issuer shall be allowed to do an initial public offer of only ordinary shares for listing on the Main Board subject to compliance with the provisions of this Chapter and these clauses -

i. the issuer shall be intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value addition.

[23][ii. the net worth of the SR shareholder, as determined by a Registered Valuer, shall not be more than rupees one thousand crore.

Explanation: While determining the individual net worth of the SR shareholder, his investment/ shareholding in other listed companies shall be considered but not that of his shareholding in the issuer company.]

iii. The SR shares were issued only to the promoters/ founders who hold an executive position in the issuer company;

iv. The issue of SR equity shares had been authorized by a special resolution passed at a general meeting of the shareholders of the issuer, where the notice calling for such general meeting specifically provided for -

a. the size of issue of SR equity shares,

b. ratio of voting rights of SR equity shares vis-à-vis the ordinary shares,

c. rights as to differential dividends, if any

d. sunset provisions, which provide for a time frame for the validity of such SR equity shares,

[22] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

[23] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2021 w.e.f. 26.10.2021. Prior to its substitution, clause ii. and the Explanation read as follows:

"ii. the SR shareholder shall not be part of the promoter group whose collective net worth is more than rupees 500 crores:

Explanation: While determining the collective net worth, the investment of SR shareholder in the shares of the issuer company shall not be considered."

e. matters in respect of which the SR equity shares would have the same voting right as that of the ordinary shares,

[24][v. the SR equity shares have been issued prior to the filing of draft red herring prospectus and held for a period of at least three months prior to the filing of the red herring prospectus;]

vi. The SR equity shares shall have voting rights in the ratio of a minimum of 2:1 upto a maximum of 10:1 compared to ordinary shares and such ratio shall be in whole numbers only;

vii. The SR equity shares shall have the same face value as the ordinary shares;

viii. The issuer shall only have one class of SR equity shares;

ix. The SR equity shares shall be equivalent to ordinary equity shares in all respects, except for having superior voting rights.]

General conditions

7. (1) An issuer making an initial public offer shall ensure that:

a) it has made an application to one or more stock exchanges to seek an in-principle approval for listing of its specified securities on such stock exchanges and has chosen one of them as the designated stock exchange, in terms of **Schedule XIX**;

b) it has entered into an agreement with a depository for dematerialisation of the specified securities already issued and proposed to be issued;

c) all its specified securities held by the promoters are in dematerialised form prior to filing of the offer document;

d) all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited;

e) it has made firm arrangements of finance through verifiable means towards seventy five per cent. of the stated means of finance for a specific project proposed to be funded from the issue proceeds, excluding the amount to be raised through the proposed public issue or through existing identifiable internal accruals.

[24] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2021 w.e.f. 26.10.2021. Prior to its substitution, clause v. read as follows:

"v. The SR equity shares have been held for a period of atleast 6 months prior to the filing of the red herring prospectus;"

(2) The amount for general corporate purposes, as mentioned in objects of the issue in the draft offer document and the offer document shall not exceed twenty five per cent. of the amount being raised by the issuer.

Explanation: [25][For the purposes of regulation 6 and regulation 7]:

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

(II) In case of an issuer which had been a partnership firm or a limited liability partnership, the track record of operating profit of the partnership firm or the limited liability partnership shall be considered only if the financial statements of the partnership business for the period during which the issuer was a partnership firm or a limited liability partnership, conform to and are revised in the format prescribed for companies under the Companies Act, 2013 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 III of the Companies Act, 2013;

(b) the financial statements are duly certified by the statutory auditor stating that:

(i) the accounts and the disclosures made are in accordance with the provisions of schedule III of the Companies Act, 2013;

(ii) the applicable accounting standards have been followed;

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

(III) 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 or limited liability partnerships in Explanation (II) are complied with.

[26][(3) The amount for:

(i) general corporate purposes, and

[25] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*For the purposes of this regulation*".

[26] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(ii) such objects where the issuer company has not identified acquisition or investment target, as mentioned in objects of the issue in the draft offer document and the offer document,

shall not exceed thirty five per cent. of the amount being raised by the issuer:

Provided that the amount raised for such objects where the issuer company has not identified acquisition or investment target, as mentioned in objects of the issue in the draft offer document and the offer document, shall not exceed twenty five per cent. of the amount being raised by the issuer:

Provided further that such limits shall not apply if the proposed acquisition or strategic investment object has been identified and suitable specific disclosures about such acquisitions or investments are made in the draft offer document and the offer document at the time of filing of offer documents.]

Additional conditions for an offer for sale

8. Only such fully paid-up equity shares may be offered for sale to the public, which have been held by the sellers for a period of at least one year prior to the filing of the draft offer document:

Provided that in case the 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, including depository receipts, 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.

Provided further that such holding period of one year shall be required to be complied with at the time of filing of the draft offer document.

Explanation: If the equity shares arising out of the conversion or exchange of the fully paid-up compulsorily convertible securities are being offered for sale, the conversion or exchange should be completed prior to filing of the offer document (i.e. red herring prospectus in the case of a book built issue and prospectus in the case of a fixed price issue), provided full disclosures of the terms of conversion or exchange are made in the draft offer document.

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 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 the infrastructure sector;

b) if the equity shares offered for sale were acquired pursuant to any scheme approved by a High Court [27][***] or approved by a tribunal or the Central Government under the sections 230 to 234 of Companies Act, 2013, as applicable, in lieu of business and invested capital which had been in existence for a period of more than one year prior to approval of such scheme;

c) if the equity shares offered for sale were issued under a bonus issue on securities held for a period of at least one year prior to the filing of the draft offer document with the Board and further subject to the following:

(i) such specified securities being issued out of free reserves and share premium existing in the books of account as at the end of the financial year preceding the financial year in which the draft offer document is filed with the Board; and

(ii) such equity shares not being issued by utilisation of revaluation reserves or unrealized profits of the issuer.

[28][**Additional conditions for an offer for sale for issues under sub-regulation (2) of regulation 6**

8A. For issues where draft offer document is filed under sub-regulation (2) of regulation 6 of these regulations:

a. shares offered for sale to the public by shareholder(s) holding, individually or with persons acting in concert, more than twenty per cent of pre-issue shareholding of the issuer based on fully diluted basis, shall not exceed more than fifty per cent of their pre-issue shareholding on fully diluted basis;

b. shares offered for sale to the public by shareholder(s) holding, individually or with persons acting in concert, less than twenty per cent of pre-issue shareholding of the issuer based on fully diluted basis, shall not exceed more than ten per cent of pre-issue shareholding of the issuer on fully diluted basis;

c. for shareholder(s) holding, individually or with persons acting in concert, more than twenty per cent of pre-issue shareholding of the issuer based on fully diluted basis, provisions of lock-in as specified under regulation 17 of these regulations shall be applicable, and relaxation from lock-in as provided under clause (c) of regulation 17 of these regulations shall not be applicable.]

PART II: ISSUE OF CONVERTIBLE DEBT INSTRUMENTS AND WARRANTS

[27] The words, symbol and numbers "*under the sections 391 to 394 of Companies Act, 1956,*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[28] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

Eligibility requirements for issue of convertible debt instruments

9. An issuer shall be eligible to make an initial public offer of convertible debt instruments even without making a prior public issue of its equity shares and listing thereof.

Provided that it is not 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.

Additional requirements for issue of convertible debt instruments

10. (1) In addition to other requirements laid down in these regulations, an issuer making an initial public offer of convertible debt instruments shall also comply with the following conditions:

(a) it has obtained credit rating from at least one credit rating agency;

(b) it has appointed at least one debenture trustee in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

(c) it shall create a debenture redemption reserve in accordance with the provisions of the Companies Act, 2013 and rules made thereunder;

(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 any existing lender or security trustee or the issue of convertible debt instruments is proposed to be secured by creation of security on a leasehold land, the consent of such lender or security trustee 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 or asset cover shall be arrived at after reduction of the liabilities having a first or 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.

Conversion of optionally convertible debt instruments into equity shares

11. (1) The 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 listed convertible debt instruments issued by an issuer exceeds ten crore 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 (2) shall not apply if such redemption is as per the disclosures made in the offer document.

Issue of convertible debt instruments for financing

12. An issuer shall not issue convertible debt instruments for financing or for providing loans to or for acquiring shares of any person who is part of the promoter group or group companies:

Provided that an issuer shall be eligible to 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.

Issue of warrants

13. An issuer shall be eligible to issue warrants in an initial public offer subject to the following:

a) the tenure of such warrants shall not exceed eighteen months from the date of their allotment in the initial public offer;
b) a specified security may have one or more warrants attached to it;
c) the price or formula for determination of exercise price of the warrants shall be determined upfront and disclosed in the offer document and at least twenty-five per cent. of the consideration amount based on the exercise price shall also be received upfront;

Provided that in case the exercise price of warrants is based on a formula, twenty-five per cent. consideration amount based on the cap price of the price band determined for the linked equity shares or convertible securities shall be received upfront.

d) in case the warrant holder does not exercise the option to take equity shares against any of the warrants held by the warrant holder, within three months from the date of payment of consideration, such consideration made in respect of such warrants shall be forfeited by the issuer.

PART III: PROMOTERS' CONTRIBUTION

Minimum promoters' contribution

14. (1) The promoters of the issuer shall hold at least twenty per cent. of the post-issue capital:

Provided that in case the post-issue shareholding of the promoters is less than twenty per cent., alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India may contribute to meet the shortfall in minimum contribution as specified for the promoters, subject to a maximum of ten per cent. of the post-issue capital without being identified as promoter(s).

Provided further that the requirement of minimum promoters' contribution shall not apply in case an issuer does not have any identifiable promoter.

(2) The minimum promoters' contribution shall be as follows:

a) the promoters shall contribute twenty per cent. as stipulated in sub-regulation (1), as the case may be, either by way of equity shares[29][, including SR equity shares held, if any,] or by way of subscription to 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

[29] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

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) The promoters shall satisfy the requirements of this regulation at least one day prior to the date of opening of the issue.

(4) In case the promoters have to subscribe to equity shares or convertible securities towards minimum promoters' contribution, the amount of promoters' contribution shall be kept in an escrow account with a scheduled commercial bank, which 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 and the initial public offer is for partly paid shares, 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 a pro-rata basis before the calls are made to the 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 (a) to sub-regulation (2) of regulation 5.

(II) For computation of "weighted average price":

(a) "weight" 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 the predetermined conversion price at various stages.

Securities ineligible for minimum promoters' contribution

15. (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 these 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 the promoters and alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India, during the preceding one year at a price lower than the price at which specified securities are being offered to the public in the initial public offer:

Provided that nothing contained in this clause shall apply:

(i) [30][if the promoters and alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India], as applicable, pay to the issuer the difference between the price at which the 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 [31][***] sections 230 to 234 of the Companies Act, 2013, as approved by a High Court or a tribunal or the Central Government, as applicable, by the 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 the infrastructure sector;

[30] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*if the promoters and alternative investment funds*".

[31] The words, numbers and symbols "*sections 391 to 394 of the Companies Act, 1956 or*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(c) specified securities allotted to [32][the promoters and alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India] 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 or limited liability partnerships, where the partners of the erstwhile partnership firms or limited liability partnerships are the promoters of the issuer and there is no change in the management:

Provided that specified securities, allotted to the promoters against the 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 by a High Court [33][***] approved by a tribunal or the Central Government under sections 230 to 234 of the Companies Act, 2013.

PART IV: LOCK-IN AND RESTRICTIONS ON TRANSFERABILITY

Lock-in of specified securities held by the promoters

16. [34][(1)] The specified securities held by the promoters shall not be transferable (hereinafter referred to as "lock-in") for the periods as stipulated hereunder:

a) minimum promoters' contribution including contribution made by alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India referred to in proviso to sub-regulation (1) of regulation 14, shall be

[32] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*the promoters and alternative investment funds*".

[33] The words, symbol and numbers "*under the sections 391 to 394 of the Companies Act, 1956*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[34] Re-numbered by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

locked-in for a period of [35][eighteen months from the date of allotment in the initial public offer:]

[36][Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be three years from the date of allotment in the initial public offer.]

(b) promoters' holding in excess of minimum promoters' contribution shall be locked-in for a period of [37][six months] from the date of allotment in the initial public offer.

[38][Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be one year from the date of allotment in the initial public offer.]

[39][Explanation: For the purpose of this sub-regulation, "capital expenditure" shall include civil work, miscellaneous fixed assets, purchase of land, building and plant and machinery, etc.]

[40][(2) The SR equity shares shall be under lock-in until conversion into equity shares having voting rights same as that of ordinary shares or shall be locked-in for a period specified in sub-regulations (1), whichever is later.]

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

17. The entire pre-issue capital held by persons other than the promoters shall be locked-in for a period of [41][six months] from the date of allotment in the initial public offer:

Provided that nothing contained in this regulation shall apply to:

a) equity shares allotted to employees, whether currently an employee or not, under an employee stock option or employee stock purchase scheme of the issuer prior to the initial

[35] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021, for the words "three years from the date of commencement of commercial production or date of allotment in the initial public offer, whichever is later;"

[36] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021.

[37] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021, for the words "one year".

[38] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021.

[39] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021. Prior to the substitution, the Explanation read as follows –

"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 of the project in respect of which the funds raised are proposed to be utilised as stated in the offer document, is expected to commence."

[40] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

[41] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021, for the words "one year".

public offer, if the issuer has made full disclosures with respect to such options or scheme in accordance with **Part A** of **Schedule VI**;

b) equity shares held by an employee stock option trust or transferred to the employees by an employee stock option trust pursuant to exercise of options by the employees, whether currently employees or not, in accordance with the employee stock option plan or employee stock purchase scheme.

Provided that the equity shares allotted to the employees shall be subject to the provisions of lock-in as specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

c) equity shares held by a venture capital fund or alternative investment fund of category I or Category II or a foreign venture capital investor:

Provided that such equity shares shall be locked in for a period of at least [42][six months] from the date of purchase by the venture capital fund or alternative investment fund [43][of Category I or Category II] or foreign venture capital investor.

Explanation:

[44][(i)] For the purpose of clause (c), 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 [45][six months 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.

[46][(ii) For the purpose of clause (c), in case such equity shares have resulted pursuant to a bonus issue, then the holding period of such equity shares against which the bonus issue is made as well as holding period of resultant bonus equity shares together shall be considered for the purpose of calculation of six months period, subject to the following:

[42] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021, for the words "one year".

[43] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[44] Numbered as "(i)" by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[45] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "one year period".

[46] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(a) that the bonus shares being issued out of free reserves and share premium existing in the books of account as at the end of the financial year preceding the financial year in which the draft offer document is filed with the Board; and

(b) that the bonus shares not being issued by utilisation of revaluation reserves or unrealized profits of the issuer.]

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

18. The lock-in provisions 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 57:

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

Lock-in of party-paid securities

19. If 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.

Inscription or recording of non-transferability

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

Pledge of locked-in specified securities

21. Specified securities[47][, except SR equity shares,] held by the promoters and locked-in may be pledged as a collateral security for a loan granted by a scheduled commercial bank or a public financial institution or a systemically important non-banking finance company or a housing finance company, subject to the following:

a) if the specified securities are locked-in in terms of clause (a) of regulation 16, the loan has been granted to the issuer company or its subsidiary(ies) for the purpose of financing one or

[47] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

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 16 and the pledge of specified securities is one of the terms of sanction of the loan.

Provided that such lock-in shall continue pursuant to the invocation of the pledge and such transferee shall not be eligible to transfer the specified securities till the lock-in period stipulated in these regulations has expired.

Transferability of locked-in specified securities

22. Subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011, the specified securities[48][, except SR equity shares,] held by the promoters and locked-in as per regulation 16, may be transferred to another promoter or any person of the promoter group or a new promoter and the specified securities held by persons other than the promoters and locked-in as per regulation 17, 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 the 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: APPOINTMENT OF LEAD MANAGERS, OTHER INTERMEDIARIES AND COMPLIANCE OFFICER

23. (1) The issuer shall appoint one or more merchant bankers, which are registered with the Board, as lead manager(s) to the issue.

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

(3) At least one lead manager to the issue shall not be an associate (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) of the issuer and if any of the lead manager is an associate of the issuer, it shall disclose itself as an associate of the issuer and its role shall be limited to marketing of the issue.

[48] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

(4) The issuer shall, in consultation with the lead manager(s), appoint other intermediaries which are registered with the Board after the lead manager(s) have independently assessed the capability of other intermediaries to carry out their obligations.

(5) The issuer shall enter into an agreement with the lead manager(s) in the format specified in **Schedule II** and enter into agreements 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 intermediaries may deem fit without diminishing or limiting in any way the liabilities and obligations of the lead manager(s), other intermediaries and the issuer under the Act, the Companies Act, 2013 [49][***], 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 the self-certified syndicate banks.

(6) The issuer shall, in case of an issue made through the book building process, appoint syndicate member(s) and in the case of any other issue, appoint bankers to issue, at centres in the manner specified in **Schedule XII**.

(7) The issuer shall appoint a registrar to the issue, registered with the Board, which has connectivity with all the depositories:

Provided that if the issuer itself is a registrar, it shall not appoint itself as registrar to the issue;

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

(8) 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.

PART VI: DISCLOSURES IN AND FILING OF OFFER DOCUMENTS

Disclosures in the draft offer document and offer document

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

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

(a) disclosures specified in the Companies Act, 2013 and;

[49] The words, numbers and symbols "*or the Companies Act, 1956 (to the extent applicable)*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(b) disclosures specified in **Part A** of **Schedule VI** .

(3) The lead manager(s) shall exercise due diligence and satisfy themselves about all aspects of the issue including the veracity and adequacy of disclosure in the draft offer document and the offer document.

(4) The lead manager(s) shall call upon the issuer, its promoters and its directors or in case of an offer for sale, also the selling shareholders, to fulfil their obligations as disclosed by them in the draft offer document and the offer document and as required in terms of these regulations.

(5) The lead manager(s) shall ensure that the information contained in the draft offer document and offer document and the particulars as per restated audited financial statements in the offer document are not more than six months old from the issue opening date.

Filing of the draft offer document and offer document

25. (1) Prior to making an initial public offer, the issuer shall file three copies of the draft offer document [50][with the Board], in accordance with **Schedule IV**, along with fees as specified in **Schedule III**, through the lead manager(s).

(2) The lead manager(s) shall submit the following to the Board along with the draft offer document:

a) a certificate, confirming that an agreement has been entered into between the issuer and the lead manager(s);
b) a due diligence certificate as per Form A of **Schedule V**;
c) in case of an issue of convertible debt instruments, a due diligence certificate from the debenture trustee as per Form B of **Schedule V**;

(3) The issuer shall also file the draft offer document with the stock exchange(s) where the specified securities are proposed to be listed, and submit to the stock exchange(s), the Permanent Account Number, bank account number and passport number of its promoters where they are individuals, and Permanent Account Number, bank account number, company registration number or equivalent and the address of the Registrar of Companies with which the promoter is registered, where the promoter is a body corporate.

(4) 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

[50] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022 for the words *"with the concerned regional office of the Board under the jurisdiction of which the registered office of the issuer company is located"*.

b) the date of receipt of satisfactory reply from the lead manager(s), 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 stock exchange(s).

(5) If the Board specifies any changes or issues observations on the draft offer document, the issuer and lead manager(s) shall carry out such changes in the draft offer document and shall submit to the Board an updated draft offer document complying with the observations issued by the Board and highlighting all changes made in the draft offer document and before [51][***] filing the offer documents with the Registrar of Companies or an appropriate authority, as applicable.

(6) If there are any changes in the draft offer document in relation to the matters specified in **Schedule XVI**, an updated offer document or a fresh draft offer document, as the case may be, shall be filed with the Board along with fees specified in **Schedule III**.

(7) Copy of the offer documents shall also be filed with the Board and the stock exchange(s) through the lead manager(s) promptly after [52][filing] the offer documents with Registrar of Companies.

(8) The draft offer document and the offer document shall also be furnished to the Board in a soft copy.

(9) The lead manager(s) 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 (4) of regulation 25 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 V**, at the time of [53][filing] of the offer document;

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

d) a certificate from a statutory auditor, before opening of the issue, certifying that promoters' contribution has been received in accordance with these regulations, accompanying

[51] Word "registering or" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020.

[52] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

[53] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

therewith the names and addresses of the promoters who have contributed to the promoters' contribution and the amount paid and credited to the issuer's bank account by each of them towards such contribution;

e) a due diligence certificate as per **Form D** of **Schedule V**, in the event the issuer has made a disclosure of any material development by issuing a public notice pursuant to para 4 of **Schedule** IX.

Draft offer document and offer document to be available to the public

26. (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 filing, by hosting it on the websites of the Board, stock exchanges where specified securities are proposed to be listed and lead manager(s) associated with the issue.

(2) The issuer shall, within two days of filing the draft offer document with the Board, 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 the fact of filing of the draft offer document with the Board and inviting the public to provide their comments to the Board, the issuer or the lead manager(s) in respect of the disclosures made in the draft offer document.

(3) The lead manager(s) shall, after expiry of the period stipulated in sub-regulation (1), file with the Board, details of the comments received by them or the issuer from the public, on the draft offer document, during that period and the consequential changes, if any, that are required to be made in the draft offer document.

(4) The issuer and the lead manager(s) shall ensure that the offer documents are hosted on the websites as required under these regulations and its contents are the same as the versions as filed with the Registrar of Companies, Board and the stock exchanges, as applicable.

(5) The lead manager(s) and the stock exchanges shall provide copies of the offer document to the public as and when requested and may charge a reasonable sum for providing a copy of the same.

PART VII - PRICING

Face value of equity shares

27. The disclosure about the face value of equity shares shall be made in the draft offer document, offer document, advertisements and application forms, along with the price band or the issue price in identical font size.

Pricing

28. (1) The issuer may determine the price of equity shares, and in case of convertible securities, the coupon rate and the conversion price, in consultation with the lead manager(s) or through the book building process, as the case may be.

(2) The issuer shall undertake the book building process in the manner specified in **Schedule XIII**.

Price and price band

29. (1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before [54][filing] the prospectus with the Registrar of Companies:

Provided that the prospectus [55][filed] with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.

(2) The cap on the price band, and the coupon rate in case of convertible debt instruments, shall be less than or equal to one hundred and twenty per cent. of the floor price.

[56][Provided that the cap of the price band shall be at least one hundred and five percent of the floor price.]

(3) The floor price or the final price shall not be less than the face value of the specified securities.

(4) Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus, the issuer shall announce the floor price or the price band at least two working days before the opening of the issue in the same newspapers in which the pre-issue advertisement was released or together with the pre-issue advertisement in the format prescribed under Part A of **Schedule** X.

(5) The announcement referred to in sub-regulation (4) 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" of the offer document.

[54] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

[55] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registered".

[56] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(6) The announcement referred to in sub-regulation (4) and the relevant financial ratios referred to in sub-regulation (5) shall be disclosed on the websites of the stock exchange(s) and shall also be pre-filled in the application forms to be made available on the websites of the stock exchange(s).

Differential pricing

30. (1) The issuer may offer its specified securities at different prices, subject to the following:

a) retail individual investors or retail individual shareholders or employees entitled for reservation made under regulation 33 may be offered specified securities at a price not lower than by more than ten per cent. of the price at which net offer is made to other categories of applicants, excluding anchor investors;

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

c) In case the issuer opts for the alternate method of book building in terms of **Part D** of **Schedule XIII**, the issuer may offer the specified securities to its employees at a price not lower than by more than ten per cent. of the floor price.

(2) Discount, if any, shall be expressed in rupee terms in the offer document.

PART VIII: ISSUANCE CONDITIONS AND PROCEDURE

Minimum offer to public

31. The minimum offer to the public shall be subject to the provisions of clause (b) of sub-rule (2) of rule 19 of Securities Contracts (Regulations) Rules, 1957.

Allocation in the net offer

32. (1) In an issue made through the book building process under sub-regulation (1) of regulation 6 the allocation in the net offer category shall be 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 the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in any other category:

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.

(2) In an issue made through the book building process under sub-regulation (2) of regulation 6, the allocation in the net offer category shall be as follows:

(a) not more than ten per cent. to retail individual investors;

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

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

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

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 up to sixty per cent. of the portion available for allocation to qualified institutional buyers to anchor investors in accordance with the conditions specified in this regard in **Schedule XIII**.

[57]*[(3A) In an issue made through book building process, the allocation in the non-institutional investors' category shall be as follows:*

(a) *one third of the portion available to non-institutional investors shall be reserved for applicants with application size of more than two lakh rupees and up to ten lakh rupees;*

(b) *two third of the portion available to non-institutional investors shall be reserved for applicants with application size of more than ten lakh rupees:*

Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b), may be allocated to applicants in the other sub-category of non-institutional investors.]

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

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

ii) remaining to:

[58][(a)] individual applicants other than retail individual investors; and

[59][(b)] other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;

[57] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 1.4.2022 for issues opening on or after 1.4.2022. Vide SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022, for public issues of a size equal to or more than ₹10,000 crore and opening on or after April 1, 2022, the amendment has been made effective from 1.7.2022.

[58] Sub-clause "(i)" renumbered as sub-clause "(a)" by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

Provided that 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. of the issue size on a proportionate basis, the retail individual investors shall be allocated that higher percentage.

Reservation on a competitive basis

33. (1) The issuer may make reservations on a competitive basis out of the issue size excluding promoters' contribution in favour of the following categories of persons:

a) employees;

b) shareholders (other than promoters and promoter group) of listed subsidiaries or listed promoter companies.

Provided that the issuer shall not make any reservation for the lead manager(s), registrar, syndicate member(s), their promoters, directors and employees and for the group or associate companies (as defined under the Companies Act, 2013) of the lead manager(s), registrar and syndicate member(s) and their promoters, directors and employees.

(2) The reservations on a competitive basis shall be subject to the following conditions:

a) the aggregate of reservations for employees shall not exceed five per cent. of the post-issue capital of the issuer and the value of allotment to any employee shall not exceed two lakhs rupees:

Provided that in the event of under-subscription in the employee reservation portion, the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of two lakhs rupees, subject to the total allotment to an employee not exceeding five lakhs rupees.

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

c) no further application for subscription in the net offer can be made by persons (except an employee and retail individual shareholder) in favour of whom reservation on a competitive basis is made;

d) 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 category;

e) in case of under-subscription in the net offer category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the net offer.

[59] Sub-clause "(ii)" renumbered as sub-clause "(b)" by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(3) An applicant in any reserved category may make an application for any number of specified securities, but not exceeding the reserved portion for that category.

Abridged prospectus

34. (1) The abridged prospectus shall contain the disclosures as specified in **Part E** of **Schedule VI** and shall not contain any matter extraneous to the contents of the offer document.

(2) Every application form distributed by the issuer or any other person in relation to an issue shall be accompanied by a copy of the abridged prospectus.

ASBA

35. The issuer shall accept bids using only the ASBA facility in the manner specified by the Board.

Availability of issue material

36. The lead manager(s) shall ensure availability of the offer document and other issue material including application forms to stock exchanges, syndicate members, registrar to issue, registrar and share transfer agents, depository participants, stock brokers, underwriters, bankers to the issue, and self certified syndicate banks before the opening of the issue.

Prohibition on payment of incentives

37. Any person connected with the issue shall not 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 in the initial public offer, except for fees or commission for services rendered in relation to the issue.

Security deposit

38. (1) The issuer shall, before the opening of the subscription list, deposit with the designated stock exchange, an amount calculated at the rate of one per cent. of the issue size available for subscription to the public in the manner specified by Board and/or stock exchange(s).

(2) The amount specified in sub-regulation (1) shall be refundable or forfeitable in the manner specified by the Board.

IPO grading

39. The issuer may obtain grading for its initial public offer from one or more credit rating agencies registered with the Board.

Underwriting

40. (1) If the issuer making an initial public offer, other than through the book building process, desires to have the issue underwritten, [60][it shall appoint merchant bankers or stock brokers, registered with the Board, to act as underwriters.]

(2) If the issuer makes a public issue through the book building process,

a) the issue shall be underwritten by lead manager(s) and syndicate member(s):
   Provided that at least seventy five per cent. of the net offer 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 6, cannot be underwritten.

b) the issuer shall, prior to filing the prospectus, enter into underwriting agreement with the lead manager(s) and syndicate member(s), 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.

c) if the syndicate member(s) fail to fulfil their underwriting obligations, the lead manager(s) shall fulfil the underwriting obligations.

d) the lead manager(s) and syndicate member(s) shall not subscribe to the issue in any manner except for fulfilling their underwriting obligations.

e) in case of every underwritten issue, the lead manager(s) shall undertake minimum underwriting obligations as specified in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

f) where the issue is required to be underwritten, the underwriting obligations should at least to the extent of minimum subscription.

Monitoring agency

41. (1) If the issue size, excluding the size of offer for sale by selling shareholders, exceeds one hundred crore rupees, the issuer shall make arrangements for the use of proceeds of the issue to be monitored by a [61][credit rating agency registered with the Board:]

[60] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words, numbers and symbols "*it shall appoint underwriters in accordance with the Securities and Exchange Board of India (Underwriters) Regulations, 1993*".

[61] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbol "*public financial institution or by a scheduled commercial bank named in the offer document as bankers of the issuer:*".

Provided that nothing contained in this clause shall apply to an issue of specified securities made by a bank or public financial institution or an insurance company.

(2) The monitoring agency shall submit its report to the issuer in the format specified in **Schedule XI** on a quarterly basis, till [62][hundred per cent]. of the proceeds of the issue [63][***] have been utilised.

(3) The board of directors and the management of the issuer shall provide their comments on the findings of the monitoring agency as specified in **Schedule XI**.

(4) The issuer shall, within forty five days from the end of each quarter, publicly disseminate the report of the monitoring agency by uploading the same on its website as well as submitting the same to the stock exchange(s) on which its equity shares are listed.

Public communications, publicity materials, advertisements and research reports

42. All public communication, publicity materials, advertisements and research reports shall comply with the provisions of **Schedule IX**.

Issue-related advertisements

43. (1) Subject to the provisions of the Companies Act, 2013, the issuer shall, after [64][filing] 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 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 X**.

Provided that the disclosures in relation to price band or floor price and financial ratios contained therein shall only be applicable where the issuer opts to announce the price band or floor price along with the pre-issue advertisement pursuant to sub-regulation (4) of regulation 29.

(3) The issuer may release advertisements for issue opening and issue closing, which shall be in the formats specified in **Parts B and C** of **Schedule X.**

[62] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*at least ninety five per cent*".

[63] The words and symbols ", *excluding the proceeds raised for general corporate purposes*," omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[64] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

(4) During the period the issue is open for subscription, no advertisement shall be released giving an impression that the issue has been fully subscribed or oversubscribed or indicating investors' response to the issue.

Opening of the issue

44 . (1) Subject to the compliance with the provisions of the Companies Act, 2013, a public issue may be opened within twelve months from the date of issuance of the observations by the Board under regulation 25;

(2) An issue shall be opened after at least three working days from the date of [65][filing], the red herring prospectus, in case of a book built issue and the prospectus, in case of a fixed price issue, with the Registrar of Companies.

Minimum subscription

45. (1) The minimum subscription to be received in the issue shall be at least ninety per cent. of the offer through the offer document, except in case of an offer for sale of specified securities:

Provided that the minimum subscription to be received shall be subject to the allotment of minimum number of specified securities, as prescribed under the Securities Contracts (Regulation) Rules, 1957.

(2) In the event of non-receipt of minimum subscription referred to in sub-regulation (1), all application monies received shall be refunded to the applicants forthwith, but not later than [66][four days] from the closure of the issue**.**

Period of subscription

46. (1) Except as otherwise provided in these regulations, an initial public offer shall be kept open for at least three working days and not more than ten working days.

(2) In case of a revision in the price band, the issuer shall extend the bidding (issue) period disclosed in the red herring prospectus, for a minimum period of three working days, subject to the provisions of sub-regulation (1).

(3) In case of force majeure, banking strike or similar circumstances, the issuer may, for reasons to be recorded in writing, extend the bidding (issue) period disclosed in the red herring prospectus (in

[65] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

[66] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "fifteen days".

case of a book built issue) or the issue period disclosed in the prospectus (in case of a fixed price issue), for a minimum period of three working days, subject to the provisions of sub-regulation (1).

Application and minimum application value

47. (1) A person shall not make an application in the net offer category for a number of specified securities that exceeds the total number of specified securities offered to the public.

Provided that the maximum application by non-institutional investors shall not exceed total number of specified securities offered in the issue less total number of specified securities offered in the issue to qualified institutional buyers.

(2) 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 ten thousand rupees to fifteen thousand rupees.

(3) The issuer shall invite applications in multiples of the minimum application value, an illustration whereof is given in **Part B of Schedule XIV**.

(4) The minimum sum payable on application per specified security shall be at least twenty five per cent. of the issue price:

Provided that in case of an offer for sale, the full issue price for each specified security shall be payable 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.

Manner of calls

48. 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 arrears 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 41.

Allotment procedure and basis of allotment

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

(2) The issuer shall not make any allotment in excess of the specified securities offered through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the designated stock exchange.

Provided that in case of oversubscription, an allotment of not more than one per cent. of the net offer to public may be made for the purpose of making allotment in minimum lots.

(3) The allotment of specified securities to applicants other than to the retail individual investors [67][, *non-institutional investors*] and anchor investors shall be on a proportionate basis within the respective 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 in the offer document:

Provided that the value of specified securities allotted to any person, except in case of employees, in pursuance of reservation made under clause (a) of sub-regulation (1) or clause (a) of sub-regulation (2) of regulation 33, shall not exceed two lakhs rupees for retail investors or up to five lakhs rupees for eligible employees.

(4) The allotment of specified securities to each retail individual investor shall not be less than the minimum bid lot, subject to the availability of shares in retail individual investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

[68]*[(4A) The allotment of specified securities to each non-institutional investor shall not be less than the minimum application size, subject to the availability of shares in non-institutional investors' category, and the remaining shares, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII of these regulations.]*

(5) The authorised employees of the designated stock exchange, along with the lead manager(s) and registrars to the issue, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure as specified in **Part A of Schedule XIV**.

Allotment, refund and payment of interest

50. (1) The issuer and lead manager(s) shall ensure that the specified securities are allotted and/or application monies are refunded or unblocked within such period as may be specified by the Board.

[67] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 1.4.2022 for issues opening on or after 1.4.2022. Vide SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022, for public issues of a size equal to or more than ₹10,000 crore and opening on or after April 1, 2022, the amendment has been made effective from 1.7.2022.

[68] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 1.4.2022 for issues opening on or after 1.4.2022. Vide SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022, for public issues of a size equal to or more than ₹10,000 crore and opening on or after April 1, 2022, the amendment has been made effective from 1.7.2022.

(2) The lead manager(s) shall ensure that the allotment, credit of dematerialised securities and refund or unblocking of application monies, as may be applicable, are done electronically.

(3) Where the specified securities are not allotted and/or application monies are not refunded or unblocked within the period stipulated in sub-regulation (1) above, the issuer shall undertake to pay interest at the rate of fifteen per cent. per annum to the investors and within such time as disclosed in the offer document and the lead manager(s) shall ensure the same.

Post-issue advertisements

51. (1) The lead manager(s) shall ensure that an advertisement giving details relating to subscription, 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, as applicable, or instructions to self-certified syndicate banks by the registrar, date of credit of specified securities 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) Details specified in sub regulation (1) shall also be placed on the websites of the stock exchange(s).

Post-issue responsibilities of the lead manager(s)

52. (1) The responsibility of the lead manager(s) shall continue until completion of the issue process and for any issue related matter thereafter.

(2) The lead manager(s) shall regularly monitor redressal of investor grievances arising from any issue related activities.

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

(4) The lead manager(s) shall be responsible for and co-ordinate with the registrars to the issue and with various intermediaries at regular intervals after the closure of the issue to monitor the flow of applications from syndicate member(s) or 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, credit of the specified securities to the demat

accounts of the allottees and unblocking of ASBA accounts/ despatch of refund orders are completed and securities are listed, as applicable.

(5) Any act of omission or commission on the part of any of the intermediaries noticed by the lead manager(s) shall be duly reported by them to the Board.

(6) In case there is a devolvement on the underwriters, the lead manager(s) shall ensure that the notice for devolvement containing the obligation of the underwriters is issued within ten days from the date of closure of the issue.

(7) In the case of undersubscribed issues that are underwritten, the lead manager(s) shall furnish information in respect of underwriters who have failed to meet their underwriting devolvement to the Board, in the format specified in **Schedule XVIII**.

Release of subscription money

53. (1) The lead manager(s) 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.

(2) In case the issuer fails to obtain listing or trading permission from the stock exchanges where the specified securities were to be listed, it shall refund through verifiable means the entire monies received within [69][four days] of receipt of intimation from stock exchanges rejecting the application for listing of specified securities, and if any such money is not repaid within [70][four days] after the issuer becomes liable to repay it, the issuer and every director of the company who is an officer in default shall, on and from the expiry of the [71][fourth day], be jointly and severally liable to repay that money with interest at the rate of fifteen per cent. per annum.

(3) The lead manager(s) shall ensure that the monies received in respect of the issue are released to the issuer in compliance with the provisions of Section 40 (3) of the Companies Act, 2013, as applicable.

Reporting of transactions of the promoters and promoter group

[69] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*seven days*".

[70] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*eight days*".

[71] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*eighth day*".

54. The issuer shall ensure that all transactions in securities by the promoter and promoter group between the date of filing of the draft offer document or offer document, as the case may be, and the date of closure of the issue shall be reported to the stock exchange(s), within twenty four hours of such transactions.

Post-issue reports

55. The lead manager(s) shall submit a final post-issue report as specified in **Part A of Schedule XVII**, along with a due diligence certificate as per the format specified in **Form F** of **Schedule V,** within seven days of the date of finalization of basis of allotment or within seven days of refund of money in case of failure of issue.

PART IX: MISCELLANEOUS

Restriction on further capital issues

56. An issuer shall not 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, except pursuant to an employee stock option scheme, during the period between the date of filing the draft offer document and the listing of the specified securities offered through the offer document or refund of application monies, unless full disclosures regarding the total number of specified securities or amount proposed to be raised from such further issue are made in such draft offer document or offer document, as the case may be.

Price stabilisation through green shoe option

57. (1) An issuer may provide a 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 lead manager as a stabilising agent, who shall be responsible for the price stabilisation process;
c) prior to filing the draft offer document, 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 its responsibilities;

d) prior to filing the offer document, 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 manager, in consultation with the stabilising agent, shall determine the amount of specified securities to be over-allotted in the public issue;

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

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 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 stock exchanges where the specified securities allotted in the public issue are listed and the provisions of [72][Chapter V of these regulations] 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 XV**.

(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.

Alteration of rights of holders of specified securities

58. The issuer shall not 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.

Post-listing exit opportunity for dissenting shareholders

59. The promoters, or shareholders in control of an issuer, shall provide an exit offer to dissenting shareholders as provided for in the Companies Act, 2013, in case of change in objects or variation in the terms of contract related to objects referred to in the offer document as per conditions and manner is provided in **Schedule XX**;

[72] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the word and symbol “Chapter VII”.

Provided that the exit offer shall not apply where there are neither any identifiable promoters nor any shareholders in control of the issuer.

[73][CHAPTER IIA
INITIAL PUBLIC OFFER ON MAIN BOARD THROUGH PRE-FILING OF DRAFT OFFER DOCUMENT

Definitions

59A. In this Chapter, unless the context otherwise requires,—

(a) "pre-filed draft offer document" shall mean draft offer document filed with the Board under this Chapter;

(b) "pre-filed offer document" shall mean pre-filed draft offer document or updated draft red herring prospectus-I or updated draft red herring prospectus-II with the Board under this Chapter;

(c) "updated draft red herring prospectus-I" shall mean the updated pre-filed draft offer document filed with the Board after complying with the observations issued by the Board on such pre-filed draft offer document;

(d) "updated draft red herring prospectus-II" shall mean the updated draft red herring prospectus-I filed with the Board after incorporating the comments of the public received on such updated draft red herring prospectus-I.

Application of this Chapter

59B. (1) In lieu of an initial public offer of specified securities on the Main Board under Chapter-II of these regulations, the issuer may make an initial public offer of specified securities in accordance with the provisions of this Chapter.

(2) Except for anything contrary provided in this Chapter, the provisions of Chapter-II shall *mutatis mutandis* apply in relation to the initial public offer made under the provisions of this Chapter:

Provided that regulation 8 and regulation 15 of these regulations shall apply at the stage of filing of the updated draft red herring prospectus-I.

[73] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.

Pre-filing of draft offer document with the Board and Stock Exchanges

59C. (1) Prior to making an initial public offer, the issuer may file three copies of the draft offer document with the Board, in accordance with **Schedule IV**, along with fees as specified in **Schedule III**, through the lead manager(s).

(2) The issuer shall also file the pre-filed draft offer document with the stock exchange(s) where the specified securities are proposed to be listed and submit to the stock exchange(s); the Permanent Account Number, bank account number and passport number of its promoters where they are individuals and the Permanent Account Number, bank account number, company registration number or equivalent and the address of the Registrar of Companies with which the promoter is registered; where the promoter is a body corporate.

(3) The pre-filed draft offer document filed under sub-regulation (1) shall not be available in the public domain.

(4) The lead manager(s) shall submit the following to the Board along with the pre-filed draft offer document:

(a) a certificate, confirming that an agreement has been entered into between the issuer and the lead manager(s);

(b) a due diligence certificate as per **Form AA** of **Schedule V**;

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

(d) an undertaking from the issuer and the lead manager that they shall not conduct marketing or advertisement for the intended issue, in the format as may be specified by the Board from time to time:

Provided that all public communications 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 is approved till the date of filing of updated draft red herring prospectus-I or withdrawal of pre-filed draft offer document shall be consistent with its past practices.

(5) The issuer shall, within two days of pre-filing the draft offer document, 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 the fact of filing of pre-filing of the draft offer document without providing any other details in relation to the intended issue:

Provided that the issuer shall state in the public announcement that the pre-filing of offer document shall not necessarily mean that the issuer shall undertake the initial public offering.

(6) The Board may recommend changes or issue observations, if any, on the pre-filed draft offer document within thirty days from the later of the following dates:

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

(b) the date of receipt of satisfactory reply from the lead manager(s), 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 stock exchange(s);or

(e) date of intimation of completion of interaction with the qualified institutional buyers in terms of regulation 59D of these regulations; or

(f) date of intimation to the Board about the conversion of outstanding convertible securities or exercise of any other right which would entitle any person with any option to receive equity shares in terms of regulation 59E of these regulations.

(7) If the Board recommends any changes or issues observations on the pre-filed draft offer document, the issuer and the lead manager(s) shall carry out such changes in the pre-filed draft offer document and shall submit to the Board an updated draft red herring prospectus-I complying with the observations issued by the Board:

Provided that there shall be a minimum gap of seven working days between the date of intimation to the Board about the completion of interaction with the qualified institutional buyers in accordance with regulation 59D of these regulations and the date of filing of the updated draft red herring prospectus-I.

Explanation: For the purpose of this regulation, an updated draft red herring prospectus-I shall be complete in all respects and shall be in compliance with the provisions of these regulations and to the other applicable laws as the case may be.

(8) The lead manager(s) shall submit the following documents to the Board after issuance of observations by the Board:

(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 CA** of **Schedule V**, at the time of filing of the offer document;

(9) The updated draft red herring prospectus-I shall be made public for comments, if any, for a period of at least twenty one days from the date of filing, by hosting it on the websites of the Board, the stock exchanges where the specified securities are proposed to be listed and that of the lead manager(s) associated with the issue:

Provided that pursuant to the filing of the updated draft red herring prospectus-I, all public communication, publicity material, advertisements and research reports shall comply with the provisions of **Schedule IX**.

(10) The issuer shall, within two days of filing the updated draft red herring prospectus-I, 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 the fact of filing of the updated draft red herring prospectus-I and inviting the public to provide their comments to the Board, the issuer or the lead manager(s) in respect of the disclosures made in the updated draft red herring prospectus-I.

(11) The lead manager(s) shall, after expiry of the period stipulated in sub-regulation (9), file with the Board, the details of the comments received by them or the issuer from the public, on the updated draft red herring prospectus-I, during that period and the consequential changes, if any, that are required to be made in the updated draft red herring prospectus-I.

(12) The issuer and the lead manager(s) shall carry out such changes in the updated draft red herring prospectus-I and shall submit to the Board an updated draft red herring prospectus-II before filing the offer document with the Registrar of Companies or an appropriate authority, as applicable.

(13) The lead manager(s) shall submit the following documents to the Board before filing the offer document with the Registrar of Companies:

(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 CA** of **Schedule V**, at the time of filing of the offer document;

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

(d) a certificate from a statutory auditor, 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 to the promoters' contribution and the amount paid and credited to the issuer's bank account by each of them towards such contribution;

(e) a due diligence certificate as per **Form DA** of **Schedule V**, in the event the issuer has made a disclosure of any material development by issuing a public notice pursuant to para 4 of **Schedule IX**.

(14) The copy of the offer document shall also be filed promptly with the Board and the stock exchange(s) through the lead manager(s) after filing the offer documents with the Registrar of Companies.

(15) The pre-filed draft offer document and the offer document shall also be furnished to the Board in a soft copy.

(16) The issuer and the lead manager(s) shall ensure that the offer documents are hosted on the websites as required under these regulations and that its contents are the same as the versions filed with the Registrar of Companies, the Board and the stock exchanges, as may be applicable.

(17) The lead manager(s) and the stock exchanges shall provide the copies of the offer document to the public as and when requested and may charge a reasonable sum for providing the same.

Interaction with qualified institutional buyers

59D. (1) Notwithstanding anything to the contrary contained in the provisions of this Chapter, an issuer may interact with the qualified institutional buyers for limited marketing of the intended issue from the time of pre-filing the draft offer document till the Board issues any observations on such pre-filed draft offer document.

(2) The interaction specified under sub-regulation (1) shall be restricted to the information contained in the pre-filed draft offer document.

(3) In case the issuer interacts with the qualified institutional buyers in terms of sub-regulation (1) and sub-regulation (2) above, the issuer and lead manager(s) shall prepare a list of the qualified institutional buyers who have participated in such interaction(s).

(4) The issuer and the lead manager(s) shall submit to the Board confirmation of closure of interaction(s) with the qualified institutional buyers.

General Conditions

59E. (1) Notwithstanding anything contained in any other provisions of these regulations, subject to intimation to the Board and the stock exchanges, an issuer opting for initial public offer through pre-filing the draft offer document in terms of the provisions of this Chapter shall, till the Board recommends any changes or issues observations on the pre-filed draft offer document, be permitted the following:

(a) Existence of outstanding convertible securities or any other right which would entitle any person with any option to receive equity shares of the issuer:

Provided that the issuer shall mandatorily convert such outstanding convertible securities or exercise any other right which would entitle any person with any option to receive equity shares of the issuer and intimate such act of conversion to the Board before the Board recommends any changes or issues observations on the pre-filed draft offer document:

Provided further that the following shall be permitted even after the issuance of observations by the Board on the pre-filed draft offer document:

(i) Existence of outstanding options granted to employees, whether currently an employee or not, pursuant to an employee stock option scheme in compliance with the Companies Act, 2013, the relevant Guidance Note or accounting standards, if any, issued by the Institute of Chartered Accountants of India or pursuant to the Companies Act, 2013, in this regard;

(ii) Existence of 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;

(b) Issue of specified securities;

(c) Issue such convertible securities that are mandatorily and compulsorily convertible into equity shares at the time of filing of offer document, provided the details for such securities are given in the updated draft red herring prospectus-I in relation to the maximum number of shares in which such convertible securities shall be converted.

(2) If there are any changes in the pre-filed draft offer document after the Board recommends any changes or issues observations on such pre-filed draft offer document in relation to the matters specified in **Schedule XVI-A**, an updated pre-filed draft offer document or a fresh pre-filed draft offer document, as the case may be, shall be filed with the Board along with fees specified in **Schedule III**.

Explanation: For the purpose of this regulation, changes made in the pre-filed draft offer document in relation to the matters specified in clause (1) of **Schedule XVIA** before the Board recommends any changes or issues observations on the pre-filed draft offer document shall not require fresh filing of such pre-filed draft offer document.

(3) If there are any changes in the updated draft red herring prospectus-I in relation to the matters specified in **Schedule XVI**, an updated pre-filed offer document or a fresh draft offer document under Chapter II or fresh pre-filed draft offer document, as the case may be, shall be filed with the Board along with fees specified in **Schedule III**.

(4) Subject to the compliance with the provisions of the Companies Act, 2013, a public issue may be opened within eighteen months from the date of issuance of the observations by the Board under regulation 59C of these regulations:

Provided that the issuer shall file updated draft red herring prospectus-I with the Board and the stock exchanges in terms of regulation 59C of these regulations within sixteen months from the date of issuance of the observations by the Board.]

CHAPTER III - RIGHTS ISSUE

PART I: ELIGIBILITY REQUIREMENTS

Reference date

60. Unless otherwise provided in this Chapter, an issuer offering specified securities of aggregate value of [74][fifty crores] rupees or more, through a rights issue shall satisfy the conditions of this Chapter at the time of filing the draft letter of offer with the Board and also at the time of filing the final letter of offer with the stock exchanges, as the case may be.

Entities not eligible to make a rights issue

61. An issuer shall not be eligible to make a rights issue of specified securities:

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

b) if any of the promoters or directors of the issuer is a promoter or director of any other company which is debarred from accessing the capital market by the Board.

c) if any of its promoters or directors is a fugitive economic offender.

Explanation: The restrictions under (a) and (b) above will not apply to the [75][persons or entities mentioned therein] who were debarred in the past by the Board and the period of debarment is already over as on the date of filing of the draft letter of offer with the Board.

General conditions

62. (1) The issuer making a rights issue of specified securities shall ensure that:

(a) it has made an application to one or more stock exchanges to seek an in-principle approval for listing of its specified securities on such stock exchanges and has chosen one of them as the designated stock exchange, in terms of **Schedule XIX**.

[74] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to its substitution, it read as "ten crores".

[75] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to its substitution, it read as "promoters or directors of the issuer".

(b) all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited;

(c) it has made firm arrangements of finance through verifiable means towards seventy five per cent. of the stated means of finance for the specific project proposed to be funded from issue proceeds, excluding the amount to be raised through the proposed rights issue or through existing identifiable internal accruals.

[76][**Explanation** - For the purpose of this regulation 'finance for the specific project' shall mean finance of capital expenditures only.]

(2) The amount for general corporate purposes, as mentioned in objects of the issue in the draft letter of offer and the letter of offer, shall not exceed twenty five per cent. of the amount raised by the issuer.

[77][(2A) The amount for**:**

(i) general corporate purposes, and

(ii) such objects where the issuer company has not identified acquisition or investment target, as mentioned in objects of the issue in the draft offer document and the offer document,

shall not exceed thirty five per cent. of the amount being raised by the issuer:

Provided that the amount raised for such objects where the issuer company has not identified acquisition or investment target, as mentioned in objects of the issue in the draft offer document and the offer document, shall not exceed twenty five per cent. of the amount being raised by the issuer:

Provided further that such limits shall not apply if the proposed acquisition or strategic investment object has been identified and suitable specific disclosures about such acquisitions / investments are made in the draft offer document and the offer document at the time of filing of offer documents.]

(3) Where the issuer or any of its promoters or directors is a [78][wilful defaulter or a fraudulent borrower], the promoters or promoter group of the issuer shall not renounce their rights except to the extent of renunciation within the promoter group.

[76] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020.

[77] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[79][(4) Where the issuer has issued SR equity shares to its promoters or founders, then such a SR shareholder shall not renounce their rights and the SR shares received in a rights issue shall remain under lock-in until conversion into equity shares having voting rights same as that of ordinary equity shares along with existing SR equity shares.]

PART II: ISSUE OF CONVERTIBLE DEBT INSTRUMENTS AND WARRANTS

Additional requirements for issue of convertible debt instruments

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

a) it has obtained credit rating from at least one credit rating agency;

b) it has appointed at least one debenture trustee in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

c) it shall create a debenture redemption reserve in accordance with the provisions of the Companies Act, 2013 and rules made thereunder;

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 any existing lender or security trustee or the issue of convertible debt instruments is proposed to be secured by creation of security on a leasehold land, the consent of such lender or security trustee 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 or asset cover shall be arrived at after reduction of the liabilities having a first or 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 letter of offer.

Roll over of non-convertible portion of partly convertible debt instruments

[78] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*wilful defaulter*".

[79] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

64. (1) The non-convertible portion of partly convertible debt instruments issued by a listed issuer, the value of which exceeds ten crore rupees, may be rolled over, subject to compliance with the provisions of the Companies Act, 2013 and the following conditions:

(a) seventy five per cent. of the holders (in value) 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 one month prior to the due date of redemption and has been communicated to the holders of the convertible debt instruments, before the roll over;

(3) 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 shares

65. (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 listed convertible debt instruments issued by an issuer exceeds ten crores 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.

Provided that the provisions 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

66. An issuer shall not issue convertible debt instruments for financing or for providing loans to or for acquiring shares of any person who is part of the promoter group or group companies:

Provided that an issuer shall be eligible to 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.

Issue of warrants

67. An issuer shall be eligible to issue warrants subject to the following:

a) the tenure of such warrants shall not exceed eighteen months from their date of allotment in the rights issue;

b) a specified security may have one or more warrants attached to it;

c) the price or formula for determination of exercise price of the warrants shall be determined upfront and disclosed in the letter of offer and at least twenty-five per cent. of the consideration amount based on the exercise price shall also be received upfront;

   Provided that in case the exercise price of warrants is based on a formula, twenty-five per cent. consideration amount calculated as per the formula with reference date being the record date shall be received upfront.

d) in case the warrant holder does not exercise the option to take equity shares against any of the warrants held by the warrant holder, within three months from the date of payment of consideration, such consideration made in respect of such warrants shall be forfeited by the issuer.

PART III: RECORD DATE

68. (1) The issuer shall announce a record date for the purpose of determining the shareholders eligible to apply for specified securities in the proposed rights issue for such period as may be specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(2) The issuer shall not withdraw its rights issue after announcement of the record date. However, if the issuer withdraws the rights issue after announcing the record date, it shall not be eligible to make an application for listing of any of its specified securities on any 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, ESOPs or exercise of warrants issued prior to the announcement of the record date, on the stock exchange where its securities are listed.

PART IV – [80][APPOINTMENT OF LEAD MANAGERS AND OTHER INTERMEDIARIES]

69. (1) The issuer shall appoint one or more merchant bankers, which are registered with the Board, as lead manager(s) to the issue.

(2) Where the issue is managed by more than one lead manager, the rights, obligations and responsibilities, relating *inter alia* to disclosures, allotment, refund and underwriting obligations, if any, of each lead manager shall be predetermined and be disclosed in the draft letter offer and the letter of offer as specified in **Schedule I**:

(3) At least one lead manager to the issue shall not be an associate (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) of the issuer and if any of the lead manager is an associate of the issuer, it shall disclose itself as an associate of the issuer and its role shall be limited to marketing of the issue.

(4) The issuer shall, in consultation with the lead manager(s), appoint other intermediaries which are registered with the Board after the lead manager(s) have independently assessed the capability of other intermediaries to carry out their obligations.

(5) The issuer shall enter into an agreement with the lead manager(s) in the format specified in **Schedule II** and also enter into agreements 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 intermediaries may deem fit without diminishing or limiting in any way the liabilities and obligations of the lead manager(s), other intermediaries and the issuer under the Act, the Companies Act, 2013 [81][***],

[80] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to its substitution, it read as "APPOINTMENT OF LEAD MANAGERS, OTHER INTERMEDIARIES AND COMPLIANCE OFFICER".

[81] The words, numbers, and symbols "*or the Companies Act, 1956 (to the extent applicable)*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

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 the self-certified syndicate banks.

(6) The issuer shall appoint bankers to an issue, at centres as specified in **Schedule XII**.

(7) The issuer shall appoint a registrar to the issue registered with the Board, which has connectivity with all the depositories:

Provided that if the issuer itself is a registrar, it shall not appoint itself as a registrar to the issue;

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

(8) [82][***]

PART V: DISCLOSURES IN AND FILING OF LETTERS OF OFFER

Disclosures in the draft letter of offer and letter of offer

70. (1) The draft letter of offer and letter of offer shall contain all material disclosures which are true and adequate to enable the applicants to take an informed investment decision.

(2) Without prejudice to the generality of sub-regulation (1), the draft letter of offer and letter of offer shall contain disclosures as specified in [83][**Part B or Part B-1**] of **Schedule VI, as applicable**.

(3) The lead manager(s) shall exercise due diligence and satisfy themselves about all aspects of the issue including the veracity and adequacy of disclosure in the draft letter of offer and the letter of offer.

(4) The lead manager(s) shall call upon the issuer, its promoters and its directors to fulfil their obligations as disclosed by them in the draft letter of offer and letter of offer and as required in terms of these Regulations.

(5) The lead manager(s) shall ensure that the information contained in the draft letter of offer and letter of offer and the particulars as per audited financial statements in the letter of offer are not more than six months old from the issue opening date.

[82] Omitted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to its omission, it read as:
"(8) 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.".

[83] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020 for the words "Part A or Part B".

(6) An issuer shall make disclosures in the draft letter of offer, letter of offer and abridged letter of offer, if the issuer or any of its promoters or directors is a [84][wilful defaulter or a fraudulent borrower].

[85][(7) In the letter of offer and the abridged letter of offer, the issuer shall disclose the process of credit of rights entitlements in the demat account and renunciation thereof.]

Filing of the draft letter of offer and letter of offer

71. (1) Prior to making a rights issue, the issuer shall, except in case of a fast track issue, file a draft letter of offer, [86][with the Board], in accordance with **Schedule IV**, along with fees as specified in **Schedule III**, with the Board and with the stock exchange(s), through the lead manager(s).

Provided that the issuer shall, in case of fast track issue, [87][file] a letter of offer and pay fees as specified in Schedule III with the Board.

(2) The lead manager(s) shall submit the following to the Board along with the draft letter of offer:

a) a certificate, confirming that an agreement has been entered into between the issuer and the lead manager(s) and includes content specified in **Schedule II**;
b) a due diligence certificate as per **Form A** of **Schedule V**;
c) in case of an issue of convertible debt instruments, a due diligence certificate from the debenture trustee as per **Form B** of **Schedule V**;
d) A certificate confirming compliance of the conditions specified in [88]**[Part F]** of **Schedule VI**, if applicable.

(3) The issuer shall also file the draft letter of offer with the stock exchange(s) and shall submit to such stock exchange(s), the Permanent Account Number, bank account number and passport number of its promoters where they are individuals, and Permanent Account Number, bank account number, company registration number or equivalent and the address of the Registrar of Companies with which the promoter is registered, where the promoter is a body corporate.

[84] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*wilful defaulter*".
[85] Omitted by by the SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2019 w.e.f. 26.12.2019.
[86] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022 for the words *"with the concerned regional office of the Board under the jurisdiction of which the registered office of the issuer company is located"*.
[87] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to its substitution, it read as "shall file".
[88] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to its substitution, it read as "Part E".

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

(a) the date of receipt of the draft letter of offer, as applicable, under sub-regulation (1); or

(b) the date of receipt of satisfactory reply from the lead manager(s), 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 stock exchanges.

(5) If the Board specifies any changes or issues observations on the draft letter of offer the issuer and lead manager(s) shall carry out such changes in the draft letter of offer and shall submit to the Board an updated draft letter of offer complying with the observations issued by the Board and highlighting all changes made in the draft letter of offer before filing the letter of offer with the stock exchanges.

(6) If there are any changes in the draft letter of offer in relation to the matters specified in **Schedule XVI**, an updated letter of offer or a fresh draft letter of offer, as the case may be, shall be filed with the Board along with fees specified in **Schedule III**.

(7) The lead manager(s) 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 (4) of regulation 71 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 letter of offer;

(b) a due diligence certificate as per **Form C** of **Schedule V**, at the time of submission of the letter of offer with stock exchange(s);

(c) a due diligence certificate as per **Form D** of **Schedule V**, in the event the issuer has made a disclosure of any material development by issuing a public notice.

(8) Copy of the letter of offer shall also be filed with the Board and the stock exchanges through the lead manager simultaneously with filing of the letter of offer with the designated stock exchange.

(9) The draft letter of offer and letter of offer shall also be furnished to the Board in a soft copy.

Draft letter of offer and letter of offer to be available to the public

72. (1) The draft letter of offer 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 filing, by hosting it on the websites of the

Board, stock exchanges where specified securities are proposed to be listed and the lead manager(s) associated with the issue.

(2) The issuer shall, within two days of filing of the draft letter of offer with the Board, 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 the draft letter of offer with the Board and inviting the public to provide their comments to the Board, the issuer or to the lead manager(s) in respect of the disclosures made in the draft letter of offer.

(3) The lead manager(s) shall, after expiry of the period stipulated in sub-regulation (1), file with the Board, details of the comments received by them or the issuer from the public, on the draft offer document, during that period and the consequential changes, if any, that are required to be made in the draft offer document.

(4) The issuer and the lead manager(s) shall ensure that the letters of offer are hosted on the websites as required under these regulations and its contents are the same as the versions as filed with the Board and the stock exchanges, as applicable.

(5) The lead manager(s) and the stock exchanges shall provide copies of the draft letter of offer to the public as and when requested and may charge a reasonable sum for providing a copy of the same.

PART VI: PRICING

73. (1) The issuer shall decide the issue price, in consultation with the lead manager(s), before determining the record date, which shall be determined in consultation with the designated stock exchange.

(2) The issue price shall not be less than the face value of the specified securities.

(3) The issuer shall disclose the issue price in the letter of offer filed with the Board and the stock exchange(s).

PART VII: ISSUANCE CONDITIONS AND PROCEDURE

Reservations

74. (1) The issuer shall make a rights issue of equity shares only if it has made reservation of equity shares of the same class in favour of the holders of outstanding compulsorily convertible debt instruments, if any, in proportion to the convertible part thereof.

(2) The equity shares so reserved for the holders of fully or partly compulsorily convertible debt instruments shall be issued to the holder of such convertible debt instruments [89][***] at the time of conversion of such convertible debt instruments, on the same terms at which the equity shares offered in the rights issue were issued.

[90][Provided that for the purposes of offering such rights entitlements, the issuer company shall not be required to credit rights entitlements.]

(3) Subject to other applicable provision of these regulations, the issuer may make reservation for its employees along with rights issue subject to the condition that the value of allotment to any employee shall not exceed two lakhs rupees.

Provided that in the event of under-subscription in the employee reservation portion, the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of two lakhs rupees, subject to the total allotment to an employee not exceeding five lakhs rupees.

Abridged letter of offer

75. (1) The abridged letter of offer shall contain the disclosures as specified by the Board in **Part F** of **Schedule VI** and shall not contain any matter extraneous to the contents of the letter of offer.

(2) Every application form distributed by the issuer or any other person in relation to the issue shall be accompanied by a copy of the abridged letter of offer.

[91][ASBA.

76. An applicant to the rights issue shall do so only through the ASBA facility, which facility shall be provided by the issuer in the manner specified by the Board:

Provided that payment through any other electronic banking mode shall be permitted in respect of an application made for any reserved portion outside the issue period.**]**

Availability of letter of offer and other issue materials

[89] The words "*or warrants*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[90] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020.

[91] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2019 w.e.f. 26.12.2019. Prior to its substitution, Reg. 76 read as follows,-

"**ASBA**

76. The issuer shall provide the ASBA facility in the manner specified by the Board where not more than one payment option is provided.

Provided that the applicants in a rights issue shall be eligible to make applications through ASBA facility only if such applicant: (i) is holding equity shares in dematerialised mode; (ii) has not renounced entitlement in part or in full; and (iii) is not a renouncee.

Provided further that payment made for application for any reserved portion outside the issue period can be through electronic banking modes."

77. (1) The lead manager(s) shall ensure availability of the letter of offer and other issue material including application forms with stock exchanges, registrar to issue, registrar and share transfer agents, depository participants, stock brokers, underwriters, bankers to the issue, investors' associations and self certified syndicate banks before the opening of the issue.

(2) The abridged letter of offer, along with application form, shall be despatched through registered post or speed post or by courier service or by electronic transmission to all the existing shareholders at least three days before the date of opening of the issue.

(3) The letter of offer shall also be provided by the issuer or lead manager(s) to any existing shareholder who makes a request in this regard.

[92][Credit of rights entitlements and allotment of specified securities.

77A. (1) The rights entitlements shall be credited to the demat account of the shareholders before the date of opening of the issue.

(2) Allotment of specified securities shall be made in the dematerialised form only.**]**

Conditions for making applications on plain paper

78. (1) Shareholders who have not received the application form may make an application in writing on a plain paper, along with the requisite application money.

[93][Provided that SCSBs shall accept such application forms only if all details required for making the application as per these regulations are specified in the plain paper application.]

(2) Shareholders making an application on plain paper shall not be entitled to renounce their rights and shall not utilise the application form for any purpose including renunciation even if it is received subsequently.

(3) If a shareholder makes an application both in an application form as well as on a plain paper, both applications are liable to be rejected.

Prohibition on payment of incentives

79. Any person connected with the issue, shall not 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 in the rights issue, except for fees or commission for services rendered in relation to the issue.

[92] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2019 w.e.f. 26.12.2019.

[93] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020.

Security deposit

80. (1) The issuer shall, before the opening of the subscription list, deposit with the designated stock exchange, an amount calculated at the rate of one per cent. of the issue size in the manner specified by the Board and/or stock exchange(s).

(2) The amount specified in sub-regulation (1) shall be refundable or forfeitable in the manner specified by the Board.

Underwriting

81. (1) If the issuer desires to have the issue underwritten, [94][it shall appoint merchant bankers or stock brokers, registered with the Board, to act as underwriters:]

Provided that the issue can be underwritten only to the extent of entitlement of shareholders other than the promoters and promoter group.

(2) In case of every underwritten issue, the lead manager(s) shall undertake minimum underwriting obligations as specified in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

Monitoring agency

82. (1) If the issue size exceeds one hundred crore rupees, the issuer shall make arrangements for the use of proceeds of the issue to be monitored by a [95][credit rating agency registered with the Board:]

Provided that nothing contained in this clause shall apply to an issue of specified securities made by a bank or public financial institution or an insurance company.

(2) The monitoring agency shall submit its report to the issuer in the format specified in **Schedule XI** on a quarterly basis, till [96][hundred per cent]. of the proceeds of the issue [97][actually raised][98][***] have been utilised.

[94] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words, numbers and symbols "*it shall appoint underwriters in accordance with the Securities and Exchange Board of India (Underwriters) Regulations, 1993*.".

[95] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbol "*public financial institution or by a scheduled commercial bank named in the letter of offer as a banker of the issuer*:".

[96] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*at least ninety five per cent*".

[97] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020.

[98] The words and symbols *", excluding the proceeds raised for general corporate purposes*," omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(3) The board of directors and the management of the issuer shall provide their comments on the findings of the monitoring agency as specified in **Schedule XI**.

(4) The issuer shall, within forty five days from the end of each quarter, publicly disseminate the report of the monitoring agency by uploading the same on its website as well as submitting the same to the stock exchange(s) on which its equity shares are listed.

Public communications, publicity materials, advertisements and research reports.

83. All public communication, publicity materials, advertisements and research reports shall comply with the provisions of **Schedule IX**.

Issue-related advertisements

84. (1) The issuer shall issue an advertisement 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 [99][and also give an intimation to the stock exchanges for dissemination on their websites], at least [100][two] days before the date of opening of the 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 form in case they do not receive the application form within a reasonable time after opening of the rights issue;
c) [101][a statement that if the shareholders entitled to receive the rights entitlements have neither received the original application forms nor are in a position to obtain the form; they may make an application through the form available on the website of Registrar, stock exchanges or lead managers or in writing on a plain paper to subscribe to the Rights Issue along with a format specifying therein the necessary particulars such as name,

[99] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2019 w.e.f. 26.12.2019.

[100] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2019 for the word "three", w.e.f. 26.12.2019.

[101] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to substitution clause (c) read as follows,-

> "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 form, they may make application in writing on a plain paper to subscribe to the rights issue along with a format 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"

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, and the amount to be blocked with SCSB along with the application];

d) [102][***]

e) a statement to the effect that if the shareholder makes an application using the application form as well as plain paper, both the applications shall be liable to be rejected at the option of the issuer.

(2) During the period the issue is open for subscription, no advertisement shall be released giving an impression that the issue has been fully subscribed or oversubscribed, or indicating investors' response to the issue.

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

Provided that such an announcement shall not be made before the date on which the issue is to be closed except for issue closing advertisement made in the format prescribed in these regulations.

Opening of the issue

85. Subject to the compliance with the provisions of the Companies Act, 2013, a rights issue may be opened within twelve months from the date of issuance of the observations by the Board under regulation 71.

Provided that in case of a fast track issue, the issue shall open within twelve months from the record date.

Minimum subscription

86. (1) The minimum subscription to be received in the issue shall be at least ninety per cent. of the offer through the offer document.

[103][Provided that minimum subscription criteria shall not be applicable to an issuer if:

(a) the object of the issue involves financing other than financing of capital expenditure for a project; and

[102] Omitted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to its omission, it read as:
"(d) a statement that the applications can be directly sent by the shareholders through registered post together with the application monies to the issuer's designated official at the address given in the advertisement;".

[103] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020.

(b) the promoters and the promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement and do not renounce their rights except to the extent of renunciation within the promoter group.]

(2) In the event of non-receipt of minimum subscription referred to in sub-regulation (1), all application monies received shall be refunded to the applicants forthwith, but not later than [104][four days] from the closure of the issue.

Period of subscription

87. The rights issue shall be kept open for subscription for a minimum period of [105][seven days] and for a maximum period of thirty days [106][and no withdrawal of application shall be permitted after the issue closing date].

Payment options

88. The issuer shall give one of the following payment options to all the shareholders for each type of instrument:

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

b) full payment on application:

Provided that the part payment, if any, on application shall not be less than twenty five per cent. of the issue price and such issuer shall obtain the necessary regulatory approvals to facilitate the same:

[107][Provided further that payment of balance money in calls, outside the issue period, may be through electronic banking modes.]

Manner of calls

89. 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:

[104] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*fifteen days*".

[105] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*fifteen days*".

[106] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2019 w.e.f. 26.12.2019.

[107] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2019 w.e.f. 26.12.2019.

Provided further 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 82.

Allotment procedure and basis of allotment

90. (1) The issuer shall not make any allotment in excess of the specified securities offered through the letter of offer[108][, except as provided in regulation 74(1) and (2)].

(2) Allotment shall be made in the following manner:

a) Full allotment to those eligible shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s), who has/have applied for the specified securities renounced in their favour, in full or in part, as adjusted for fractional entitlement

b) Allotment to eligible shareholders who having applied for the specified securities in full to the extent of their rights entitlement and have also applied for additional specified securities, shall be made as far as possible on an equitable basis having due regard to the number of specified securities held by them on the record date, provided there is an under-subscribed portion after making allotment in (a) above.

c) Allotment to the renouncees, who having applied for the specified securities renounced in their favour and also applied for additional specified securities, provided there is an under-subscribed portion after making full allotment specified in (a) and (b) above. The allotment of such additional specified securities may be made on a proportionate basis.

(4) The authorised employees of the designated stock exchange along with the lead manager(s) and registrars to the issue shall ensure that the basis of allotment is finalised in a fair and proper manner as may be prescribed by the Board.

Allotment, refund and payment of interest

91. (1) The issuer and lead manager(s) shall ensure that the specified securities are allotted and/or application monies are refunded or unblocked within such period as may be specified by the Board.

(2) The lead manager(s) shall ensure that the allotment, credit of dematerialised securities, refunding or unblocking of application monies, as may be applicable, are done electronically.

(3) Where the specified securities are not allotted and/or application monies are not refunded or unblocked within the period stipulated in sub-regulation (1) above, the issuer shall undertake to pay interest at the rate of fifteen per cent. per annum to the shareholders within such time as

[108] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020.

disclosed in the draft letter of offer and the letter of offer and the lead manager(s) shall ensure the same.

Post-issue advertisements

92. (1) The lead manager(s) shall ensure that an advertisement giving details relating to subscription, 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, as applicable, or instructions to self- certified syndicate banks by the Registrar, date of despatch of certificates or date of credit of specified securities, as applicable, 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) Details specified in sub regulation (1) shall also be placed on the websites of the stock exchanges where the securities are listed.

Post-issue responsibilities of the lead manager(s)

93. (1) The responsibility of the lead manager(s) shall continue until completion of the issue process and for any issue related matter thereafter.

(2) The lead manager(s) shall regularly monitor redressal of investor grievances arising from any issue related activities.

(3) The lead manager(s) shall continue to be responsible for post-issue activities till the applicants have received [109][***], credit to their demat account or refund of application monies and [110][***] listing or trading permission is obtained.

(4) The lead manager(s) shall be responsible for and co-ordinate with the registrars to the issue and with various intermediaries at regular intervals after the closure of the issue to monitor the flow of applications from [111][***] self-certified syndicate banks, processing of the applications including application form for ASBA and other matters till the basis of allotment is finalised,

[109] The words "*the securities certificates*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[110] The words "*the listing agreement is entered into by the issuer with the stock exchange and*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[111] Omitted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to omission it read as "collecting bank branches and/ or".

[112][***] credit of the specified securities to the dematerialised accounts of the allottees, as applicable and unblocking of ASBA accounts/ despatch of refund orders are completed and securities are listed, as applicable.

(5) Any act of omission or commission on the part of any of the intermediaries noticed by the lead manager(s) shall be duly reported by them to the Board.

(6) In case there is a devolvement on underwriters, the lead manager(s) shall ensure that the notice for devolvement containing the obligation of the underwriters is issued within ten days from the date of closure of the issue.

(7) In case of undersubscribed issues that are underwritten, the lead manager(s) shall furnish information to the Board in respect of underwriters who have failed to meet their underwriting devolvement in the format specified in **Schedule XVIII**.

Release of subscription money

94. (1) The lead manager(s) 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.

(2) In case the issuer fails to obtain listing or trading permission from the stock exchanges where the specified securities were listed, it shall refund through verifiable means the entire monies received within [113][four days] of receipt of intimation from stock exchanges rejecting the application for listing of specified securities, and if any such money is not repaid within [114][four days] after the issuer becomes liable to repay it the issuer and every director of the company who is an officer in default shall, on and from the expiry of the [115][fourth day], be jointly and severally liable to repay that money with interest at the rate of fifteen per cent. per annum.

(3) The lead manager(s) shall ensure that the monies received in respect of the rights issue are released to the issuer in compliance with the provisions of sub-section (3) of section 40 of the Companies Act, 2013, as applicable.

Reporting of transactions of the promoters and promoter group

[112] Omitted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to omission it read as "despatch of security certificates or".

[113] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*seven days*".

[114] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*eight days*".

[115] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*eighth day*".

95. The issuer shall ensure that all transactions in securities by the promoters and promoter group between the date of filing of the draft letter of offer or letter of offer, as the case may be, and the date of closure of the issue shall be reported to the stock exchanges where the specified securities of the issuer are to be listed, within twenty four hours of such transactions.

Post-issue reports

96. The lead manager(s) shall submit post-issue reports as follows:

a) initial post-issue report as specified in **Part B** of **Schedule XVII**, within three working days of closure of the issue;

b) final post-issue report as specified in **Part C** of **Schedule XVII**, within fifteen days of the date of finalization of basis of allotment or within fifteen days of refund of money in case of failure of the issue.

PART VIII: MISCELLEANEOUS

Restriction on further capital issues

97. An issuer shall not 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, except pursuant to an employee stock option scheme:

a) in case of a fast track issue, during the period between the date of filing the letter of offer with the stock exchanges where the securities are proposed to be listed and the listing of the specified securities offered through the letter of offer or refund of application monies; or

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

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

Alteration of rights of holders of specified securities

98. The issuer shall not alter the terms (including the terms of issue) of specified securities which may adversely affect the interests of the holders of those 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.

PART IX: FAST TRACK RIGHTS ISSUE

Eligibility conditions

99. Unless otherwise specified, nothing contained in sub-regulations (1), (2), (4) and (5) of regulation 71 shall apply if the issuer satisfies the following conditions for making a rights issue through the fast track route -

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

b) the entire shareholding of the promoter group of the issuer is held in dematerialised form on the reference date;

c) the average market capitalisation of public shareholding of the issuer is at least two hundred and fifty crore rupees [116][in at least one of the recognized stock exchanges with nationwide trading terminal, where its securities are listed;]

d) 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:

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

e) the annualized delivery-based trading turnover of the equity shares during six calendar months immediately preceding the month of the reference date has been at least ten per cent. of the annualized trading turnover of equity shares during such six months‘ period;

f) the issuer has been in compliance with the equity listing agreement or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, for a period of at least three years immediately preceding the reference date:

   Provided that if the issuer has not complied with the provisions of the listing agreement or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, 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 letter of offer, and adequate disclosures are made in the

[116] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

letter of offer about such non-compliances during the three years immediately preceding the reference date, it shall be deemed as compliance with the condition;

Provided further that imposition of only monetary fines by stock exchanges on the issuer shall not be a ground for ineligibility for undertaking issuances under this regulation;

g) 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;

h) [117][that no show-cause notices, excluding proceedings for imposition of penalty, have been issued by the Board and pending against the issuer or its promoters or whole-time directors as on the reference date.;

In cases where against the issuer or its promoters or whole-time directors,

i) show-cause notice(s) has been issued by the Board [118][or the Adjudicating Officer,] in a proceeding for imposition of penalty; or

ii) prosecution proceedings have been initiated by the Board;

necessary disclosures in respect of such action(s) along-with its potential adverse impact on the issuer shall be made in the letter of offer.];

i) [119][if the issuer or the promoter or the promoter group or the director of the issuer has settled any alleged violations of securities laws through the settlement mechanism of the Board in the past three years immediately preceding the reference date, then the disclosure of such compliance of the settlement order, shall be made in the letter of offer;]

j) the equity shares of the issuer have not been suspended from trading as a disciplinary measure during last three years immediately preceding the reference date;

k) there shall be no conflict of interest between the lead manager(s) and the issuer or its group companies in accordance with the applicable regulations.

l) the promoters and promoter group shall mandatorily subscribe to their rights entitlement and shall not renounce their rights, except to the extent of renunciation within the promoter group or for the purpose of complying with minimum public shareholding norms prescribed under the Securities Contracts (Regulation) Rules, 1957;

[117] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to its substitution, it read as "that no show-cause notices have been issued or prosecution proceedings have been initiated by the Board and pending against the issuer or its promoters or whole-time directors as on the reference date".

[118] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[119] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022. Before substitution, clause (i) read as follows:

"(i) the issuer or promoter or promoter group or director of the issuer has not settled any alleged violation of securities laws through the consent or settlement mechanism with the Board during three years immediately preceding the reference date;"

m) [120][for audit qualifications, if any, in respect of any of the financial years for which accounts are disclosed in the letter of offer, the issuer shall provide the restated financial statements adjusting for the impact of the audit qualifications.

Further, [121][***] for the qualifications wherein impact on the financials cannot be ascertained the same shall be disclosed appropriately in the letter of offer.]

Explanation: For the purpose of this regulation:

(i) "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.

(ii) "public shareholding" shall have the same meaning as assigned to it under the Securities Contracts (Regulation) Rules, 1957.

(iii) "reference date" means the date of filing the letter of offer with the designated stock exchange.

(iv) "audit qualifications" for this regulation shall be those disclosed under applicable accounting standard relating to modification to the opinion in the independent auditor's report and requires a qualified opinion, adverse opinion or disclaimer of opinion for material misstatements.

Issue conditions

100. (1) The issuer shall file the letter of offer in accordance with sub-regulation 8 and 9 of regulation 71 and shall pay fees to the Board as specified in **Schedule III**.

(2) The lead manager(s) shall submit to the Board, the following documents along with the letter of offer:

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

(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 V**.

[120] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to its substitution, it read as "there are no audit qualifications on the audited accounts of the issuer in respect of those financial years for which such accounts are disclosed in the letter of offer".

[121] The word "*that*" omitted by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

CHAPTER IV - FURTHER PUBLIC OFFER

PART I: ELIGIBILITY REQUIREMENTS

Reference date

101. Unless otherwise provided in this Chapter, an issuer making a further public offer of specified securities shall satisfy the conditions of this Chapter as on the date of filing of the draft offer document with the Board and also as on the date of [122][filing] the offer document with the Registrar of Companies.

Entities not eligible to make a further public offer

102. An issuer shall not be eligible to make a further public offer:

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

(b) if any of the promoters or directors of the issuer is a promoter or director of any other company which is debarred from accessing the capital market by the Board;

(c) if the issuer or any of its promoters or directors is a [123][wilful defaulter or a fraudulent borrower];

(d) if any of its promoters or directors is a fugitive economic offender.

Explanation: The restrictions under (a) and (b) above shall not apply to the persons or entities mentioned therein, who were debarred in the past by the Board and the period of debarment is already over as on the date of filing of the draft offer document with the Board.

Eligibility requirements for further public offer

103. [124][(1) An issuer shall be eligible to make a further public offer, if it has not changed its name in the last one year period immediately preceding the date of filing the relevant offer document:

[122] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

[123] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*wilful defaulter*".

[124] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022. Prior to the substitution, sub-regulations (1) and (2) read as follows:

> *"(1) An issuer may make a further public offer, 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 its new name.*
>
> *(2) An issuer not satisfying the condition stipulated in sub-regulation (1) may make a further public offer only if the issue is made through the book-building process and the issuer undertakes to*

Provided that if an issuer has changed its name in the last one year period immediately preceding the date of filing the relevant offer document, such an issuer shall make further public offer if at least fifty per cent. of the revenue for the preceding one full year has been earned by it from the activity indicated by its new name.

(2) An issuer not satisfying the condition stipulated in the proviso to sub-regulation (1), shall make a further public offer only if the issue is made through the book building process and the issuer undertakes to allot at least seventy five per cent. of the net offer, to qualified institutional buyers and to refund full subscription money if it fails to make the said minimum allotment to qualified institutional buyers.]

General conditions

104. (1) An issuer making a further public offer shall ensure that -

(a) it has made an application to one or more stock exchanges to seek an in-principle approval for listing of its specified securities on such stock exchanges and has chosen one of them as the designated stock exchange, in terms of **Schedule XIX**;

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

(c) all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited;

(d) it has made firm arrangements of finance through verifiable means towards seventy five per cent. of the stated means of finance for the specific project proposed to be funded from the issue proceeds, excluding the amount to be raised through the proposed public issue or through existing identifiable internal accruals.

[125][Explanation. - For the purposes of this regulation "finance for the specific project" shall mean finance for capital expenditures only.]

(2) The amount for general corporate purposes, as mentioned in objects of the issue in the draft offer document and the offer document, shall not exceed twenty five per cent. of the amount being raised by the issuer.

[126][(3) The amount for:

(i) general corporate purposes, and

allot at least seventy five per cent. of the net offer, to qualified institutional buyers and to refund full subscription money if it fails to make the said minimum allotment to qualified institutional buyers."

[125] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[126] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(ii) such objects where the issuer company has not identified acquisition / investment target, as mentioned in objects of the issue in the draft offer document and the offer document,

shall not exceed thirty five per cent. of the amount being raised by the issuer:

Provided that the amount raised for such objects where the issuer company has not identified acquisition or investment target, as mentioned in objects of the issue in the draft offer document and the offer document, shall not exceed twenty five per cent. of the amount being raised by the issuer:

Provided further that such limits shall not apply if the proposed acquisition or strategic investment object has been identified and suitable specific disclosures about such acquisitions or investments are made in the draft offer document and the offer document at the time of filing of offer documents.]

Explanation: For the purposes of this regulation, "project" means the object for which monies are proposed to be raised to cover the objects of the issue.

Additional conditions for an offer for sale

105. Only such fully paid-up equity shares may be offered for sale to public which have been held by the selling shareholder(s) for a period of at least one year prior to the filing of the draft offer document:

[127][Provided that in case the 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, including depository receipts, 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.

Provided further that such holding period of one year shall be required to be complied with at the time of filing of the draft offer document.]

Explanation: If the equity shares arising out of the conversion or exchange of the fully paid-up compulsorily convertible securities are being offered for sale, the conversion or exchange should be completed prior to filing of the offer document (i.e. red herring prospectus in the case of a book

[127] The existing second proviso was placed before the existing first proviso by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

built issue and prospectus in the case of a fixed price issue), provided full disclosures of the terms of conversion or exchange are made in the draft offer document.

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

a) in case of an offer for sale 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 the infrastructure sector;

b) if the equity shares offered for sale were acquired pursuant to any scheme approved by a High Court [128][***] or approved by a tribunal or the Central Government under the sections 230 to 234 of the Companies Act, 2013, as applicable, in lieu of business and invested capital which had been in existence for a period of more than one year prior to approval of such scheme;

c) if the equity [129][shares] offered for sale were issued under a bonus issue on securities held for a period of at least one year prior to the filing of the draft offer document with the Board and further subject to the following:

   (i) such specified securities being issued out of free reserves and share premium existing in the books of account as at the end of the financial year preceding the financial year in which the draft offer document is filed with the Board; and

   (ii) such equity shares not being issued by utilisation of revaluation reserves or unrealized profits of the issuer.

PART II: ISSUE OF CONVERTIBLE DEBT INSTRUMENTS AND WARRANTS

106. An issuer shall be eligible to make a further public offer of convertible debt instruments if its equity shares are already listed;

Provided that it is not in default in 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.

Additional requirements for issue of convertible debt instruments

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

[128] The words, numbers and symbols "*under the sections 391 to 394 of the Companies Act, 1956*," omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[129] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the word "*shared*".

a) it has obtained credit rating for such convertible debt instrument from one or more credit rating agencies;

b) it has appointed at least one debenture trustee in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

c) it shall create a debenture redemption reserve in accordance with the provisions of the Companies Act, 2013 and rules made thereunder;

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 public financial institutions or scheduled commercial 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 public financial institution, scheduled commercial 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 or asset cover shall be arrived at after reduction of the liabilities having a first or 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

108. The non-convertible portion of partly convertible debt instruments issued by a listed issuer, the value of which exceeds ten crore rupees, may be rolled over, subject to compliance with the provisions of the Companies Act, 2013 and the following conditions:

(a) seventy five per cent. of the holders (in value) 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 one month 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 the debenture trustee shall decide if the issuer is required to create fresh security and to execute fresh trust deed.

Conversion of optionally convertible debt instruments into equity share capital

109. (1) The 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 listed convertible debt instruments issued by an issuer exceeds ten crore 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 or conversion formula 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 provisions 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

110. An issuer shall not issue convertible debt instruments for financing or for providing loans to or for acquiring shares of any person who is part of the promoter group or group companies:

Provided that an issuer shall be eligible to 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.

Issue of warrants

111. An issuer shall be eligible to issue warrants in a further public offer subject to the following conditions:

(a) the tenure of such warrants shall not exceed eighteen months from the date of their allotment in the public issue;

(b) a specified security may have one or more warrants attached to it;

(c) the price or formula for determination of exercise price of the warrants shall be determined upfront and at least twenty-five per cent. of the consideration amount based on the exercise price shall also be received upfront;

Provided that in case the exercise price of warrants is based on a formula, twenty-five per cent. consideration amount based on the cap price of the price band determined for the linked equity shares or convertible securities shall be received upfront.

(d) in case the warrant holder does not exercise the option to take equity shares against any of the warrants held by the warrant holder, within three months from the date of payment of consideration, such consideration made in respect of such warrants shall be forfeited by the issuer.

PART III: PROMOTERS' CONTRIBUTION

Requirement of minimum promoters' contribution not applicable in certain cases

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

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

[130][(b) where the equity shares of the issuer are frequently traded on a stock exchange for a period of at least three years immediately preceding the reference date, and:

[130] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2021, w-e-f 08.01.2021. Prior to its substitution, the provision read as under:
"(b) where the equity shares of the issuer are frequently traded on a stock exchange for a period of at least three years and the issuer has a track record of dividend payment for at least three immediately preceding years:
Provided that where the promoters propose to subscribe to the specified securities offered to the extent greater than higher of the two options available in clause (a) of sub-regulation (1) of regulation 113, the subscription in excess of such percentage shall be made at a price determined in terms of the provisions of regulation 164 or the issue price, whichever is higher."

i) 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, and;

ii) the issuer has been in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for a minimum period of three years immediately preceding the reference date:

Provided that if the issuer has not complied with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relating to composition of board of directors, for any quarter during the last three years immediately preceding the date of filing of draft offer document/offer document, but is compliant with such provisions at the time of filing of draft offer document/offer document, and adequate disclosures are made in the offer document about such non-compliances during the three years immediately preceding the date of filing the draft offer document/offer document, it shall be deemed as compliance with the condition:

Provided further that where the promoters propose to subscribe to the specified securities offered to the extent greater than higher of the two options available in clause (a) of sub-regulation (1) of regulation 113, the subscription in excess of such percentage shall be made at a price determined in terms of the provisions of regulation 164 or the issue price, whichever is higher.]

Explanation: 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, and before opening of the issue.

Minimum promoters' contribution

113. (1) The promoters shall contribute in the public issue as follows:

a) 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;

b) in case of a composite issue (i.e. further public offer cum rights 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, the minimum promoters' contribution shall be as follows:

a) the promoters shall contribute twenty per cent. as stipulated in clause (a) or (b) 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.

(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 164 or the issue price, whichever is higher.

(4) In case the promoters have to subscribe to equity shares or convertible securities towards promoters' contribution, 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 further that where the minimum promoters' contribution is more than one hundred crore rupees and the further public offer is for partly paid shares, 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 a pro-rata basis before the calls are made to the public.

[131][(5) The SR equity shares of promoters, if any, shall be eligible towards computation of minimum promoters' contribution.]

Explanation:

(I) For the purpose of this regulation, promoters' contribution shall be computed on the basis of the post-issue expanded capital:

[131] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

(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 further public offer.

(II) For computation of "weighted average price":

(a) "weight" 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

114. (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 these 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 pledged with any creditor other than those for borrowings by the issuer or its subsidiaries.

(2) Specified securities referred to in clauses (a) 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 by the High Court [132][***] or approved by a tribunal or the Central Government under section 230 to 234 of the Companies Act, 2013.

PART IV: LOCK-IN AND RESTRICTIONS ON TRANSFERABILITY

Lock-in of specified securities held by the promoters

115. The specified securities held by the promoters shall not be transferable (hereinafter referred to as "locked-in") for the periods as stipulated hereunder:

[132] The words, numbers and symbols "under section 391 to 394 of the Companies Act, 1956" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(a) minimum promoters' contribution including contribution made by alternative investment funds, or foreign venture capital investors, as applicable, shall be locked-in for a period of [133][eighteen months from the date of allotment of the further public offer:]

[134][Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be three years from the date of allotment in the initial public offer.]

(b) promoters' holding in excess of minimum promoters' contribution shall be locked-in for a period of [135][six months:]

[136][Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be one year from the date of allotment in the initial public offer.]

[137][(c) The SR equity shares shall be under lock-in until their conversion to equity shares having voting rights same as that of ordinary shares, provided they are in compliance with the other provisions of these regulations.]

[138][***]

[139]**[Explanation:** For the purpose of this regulation, "capital expenditure" shall include civil work, miscellaneous fixed assets, purchase of land, building and plant and machinery, etc.]

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

116. The lock-in provisions of this part 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

[133] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021, for the words "three years from the date of commencement of commercial production or from the date of allotment in the further public offer, whichever is later;"

[134] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021.

[135] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021, for the words "one year".

[136] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021.

[137] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

[138] Omitted by the the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2021, w-e-f 08.01.2021. Prior to the omission the proviso read as under:

"Provided that the excess promoters' contribution as provided in the proviso to clause (b) of regulation 112 shall not be subject to lock-in."

[139] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021, for the following –

"Explanation: For the purposes of this regulation, the expression "date of commencement of commercial production" means the last date of the month in which commercial production of the project in respect of which the funds raised are proposed to be utilised as stated in the offer document, is expected to commence."

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 153:

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

Lock-in of party-paid securities

117. 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 [140][eighteen months] after such specified securities have become pari passu with the specified securities issued to the public.

Inscription or recording of non-transferability

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

Pledge of locked-in specified securities

119. Specified securities [141][, except SR equity shares,] held by the promoters and locked in may be pledged as collateral security for a loan granted by a scheduled commercial bank or a public financial institution or a systemically important non-banking finance company or a housing finance company, subject to the following:

a) if the specified securities are locked-in in terms of clause (a) of regulation 115, the loan has been granted to the issuer company or its subsidiary/subsidiaries 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 115 and the pledge of specified securities is one of the terms of sanction of the loan.

[140] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021, for the words "three years".

[141] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

Transferability of locked-in specified securities

120. Subject to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011, the specified securities[142][, except SR equity shares,] held by the promoters and locked-in as per regulation 115 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:

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: APPOINTMENT OF LEAD MANAGERS, OTHER INTERMEDIARIES AND COMPLIANCE OFFICER

121. (1) The issuer shall appoint one or more merchant bankers, which are registered with the Board, as lead manager(s) to the issue.

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

(3) At least one lead manager to the issue shall not be an associate [as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992] of the issuer and if any of the lead managers is an associate of the issuer, it shall disclose itself as an associate of the issuer and its role shall be limited to the marketing of the issue.

(4) The issuer shall, in consultation with the lead manager(s), appoint other intermediaries which are registered with the Board after the lead manager(s) have independently assessed the capability of other intermediaries to carry out their obligations.

(5) The issuer shall enter into an agreement with the lead manager(s) in the format specified in **Schedule II** and enter into agreements 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 intermediaries may deem fit without diminishing or limiting in any way the liabilities and obligations of the lead manager(s), other intermediaries and the issuer under the Act, the Companies Act, 2013 or the Companies Act, 1956 (to the extent applicable), the Securities

[142] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

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 the self-certified syndicate banks.

(6) The issuer shall, in the case of an issue made through the book building process, appoint syndicate member(s) and in the case of any other issue, appoint bankers to an issue, at centres as specified in **Schedule XII**.

(7) The issuer shall appoint a registrar to the issue, registered with the Board, which has connectivity with all the depositories:

Provided that if issuer itself is a registrar, it shall not appoint itself as a registrar to the issue:

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

(8) 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.

PART VI: DISCLOSURES IN AND FILING OF OFFER DOCUMENTS

Disclosures in the draft offer document and the offer document

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

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

(i) disclosures specified in the Companies Act, 2013; and

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

(3) The lead manager(s) shall exercise due diligence and satisfy themselves about all aspects of the issue including the veracity and adequacy of disclosures made in the draft offer document and the offer document.

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

(5) The lead manager(s) 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.

Filing of the draft offer document and offer documents

123. (1) Prior to making a further public offer, the issuer shall file three copies of the draft offer document [143][with the Board], in accordance with **Schedule IV**, along with fees as specified in **Schedule III**, through the lead manager(s).

(2) The lead manager(s) shall submit the following to the Board along with the draft offer document:

a) a certificate, confirming that an agreement has been entered into between the issuer and the lead manager(s)
b) a due diligence certificate as per **Form A** of **Schedule V;**
c) in case of an issue of convertible debt instruments, a due diligence certificate from the debenture trustee as per **Form B** of **Schedule V;**
d) a certificate confirming compliance of the conditions specified in **Part C** of **Schedule VI**.

(3) The issuer shall also file the draft offer document with the stock exchange(s) where the specified securities are proposed to be listed, and shall submit to the stock exchange(s), the Permanent Account Number, bank account number and passport number of its promoters where they are individuals, and Permanent Account Number, bank account number, company registration number or equivalent and the address of the Registrar of Companies with which the promoter is registered, where the promoter is a body corporate.

(4) The Board may specify changes or issue observations on the draft offer document within a period of 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 manager(s), 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 stock exchange(s).

(5) If the Board specifies changes or issues observations on the draft offer document, the issuer and the lead manager(s) shall carry out such changes in the draft offer document and shall submit to the Board an updated draft offer document complying with the observations issued by the

[143] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022 for the words *"with the concerned regional office of the Board under the jurisdiction of which the registered office of the issuer company is located"*.

Board and highlighting all changes made in the draft offer document before [144][***] filing the offer documents with the Registrar of Companies or the appropriate authority, as applicable.

(6) If there are any changes in the draft offer document in relation to the matters specified in **Schedule XVI**, the updated offer document or a fresh draft offer document, as the case may be, shall be filed with the Board along with fees specified in **Schedule III**.

(7) Copy of the offer documents shall also be filed with the Board and the stock exchanges through the lead manager(s) simultaneously while [145][filing] the offer documents with Registrar of Companies.

(8) The draft offer document and the offer document shall also be furnished to the Board in a soft copy in the manner as may be specified.

(9) The lead manager(s) 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 (4) of regulation 123 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 V**, at the time of [146][filing] of the offer document;
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 to the promoters' contribution and the amount paid and credited to the bank account of the issuer by each of them towards such contribution;
e) a due diligence certificate as per **Form D** of **Schedule V**, in the event the issuer has made a disclosure of any material development by issuing a public notice.

[144] Word "registering or" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020.
[145] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".
[146] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

Draft offer document and offer document to be available to the public

124. (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 filing, by hosting it on the websites of the Board, stock exchanges where specified securities are proposed to be listed and lead manager(s) associated with the issue.

(2) The issuer shall, within two days of filing the draft offer document with the Board, 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 the draft offer document with the Board and inviting the public to provide their comments to the Board, the issuer or the lead manager(s) in respect of the disclosures made in the draft offer document.

(3) The lead manager(s) shall, after expiry of the period stipulated in sub-regulation (1), file with the Board, details of the comments received by them or the issuer from the public, on the draft offer document, during that period and the consequential changes, if any, that are required to be made in the draft offer document.

(4) The issuer and the lead manager(s) shall ensure that the offer documents are hosted on the websites as required under these regulations and its contents are the same as the versions as filed with the Registrar of Companies, the Board and the stock exchanges, as applicable.

(5) The lead manager(s) and the stock exchanges shall provide copies of the offer documents, to the public as and when requested and may charge a reasonable sum for providing a copy of the same.

PART VII - PRICING

Face value of equity shares

125. The disclosure about the face value of equity shares shall be made in the draft offer document, offer document, advertisements and application forms, along with the price band or the issue price in identical font size.

Pricing

126. (1) The issuer may determine the price of equity shares, and in case of convertible securities, the coupon rate and the conversion price, in consultation with the lead manager(s) or through the book building process, as the case may be.

(2) The issuer shall undertake the book building process in the manner specified in **Schedule XIII**.

Price and price band

127. (1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before [147][filing] the prospectus with the Registrar of Companies:

Provided that the prospectus [148][filed] with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.

(2) The cap on the price band, and the coupon rate in case of convertible debt instruments, shall be less than or equal to one hundred and twenty per cent. of the floor price.

[149][Provided that the cap of the price band shall be at least one hundred and five percent of the floor price.]

(3) The floor price or the final price shall not be less than the face value of the specified securities.

(4) Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus, the issuer shall announce the floor price or the price band at least one working day before the opening of the bid in the same newspapers in which the pre-issue advertisement was released or together with the pre-issue advertisement in the format prescribed under Part A of **Schedule** X.

(5) The announcement referred to in sub-regulation (4) 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 title "basis of issue price" of the offer document.

(6) The announcement referred to in sub-regulation (4) and the relevant financial ratios referred to in sub-regulation (5) shall be disclosed on the websites of the stock exchange(s) and shall also be pre-filled in the application forms to be made available on the websites of the stock exchange(s).

Differential pricing

128. (1) The issuer may offer its specified securities at different prices, subject to the following:

[147] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

[148] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registered".

[149] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

a) retail individual investors or retail individual shareholders or employees entitled for reservation made under regulation 130 may be offered specified securities at a price not lower than by more than ten per cent. of the price at which net offer is made to other categories of applicants, excluding anchor investors;

b) in case of a book built issue, the price of the specified securities offered to the anchor investors 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.

d) in case the issuer opts for the alternate method of book building in terms of **Part D** of **Schedule XIII**, the issuer may offer the specified securities to its employees at a price not lower by more than ten per cent. of the floor price.

(2) Discount, if any, shall be expressed in rupee terms in the offer document.

PART VIII: ISSUANCE CONDITIONS AND PROCEDURE

Allocation in the net offer

129. (1) In an issue made through the book building process under sub-regulation (1) of regulation 103, the allocation in the net offer category shall be 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 the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in any other category:

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.

(2) In an issue made through the book building process under sub-regulation (2) of regulation 103, the allocation in the net offer category shall be as follows:

(a) not more than ten per cent. to retail individual investors;

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

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

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

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 up to sixty per cent. of the portion available for allocation to qualified institutional buyers to anchor investors in accordance with the conditions specified in this regard in **Schedule XIII**.

[150]*[(3A) In an issue made through book building process, the allocation in the non-institutional investors' category shall be as follows:*

(a) *one third of the portion available to non-institutional investors shall be reserved for applicants with application size of more than two lakh rupees and up to ten lakh rupees;*

(b) *two third of the portion available to non-institutional investors shall be reserved for applicants with application size of more than ten lakh rupees:*

Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b) may be allocated to applicants in the other sub-category of non-institutional investors.]

(4) In an issue made other than through the book building process, allocation in the net offer 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;

Provided that 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. of the issue size on a proportionate basis, the retail individual investors shall be allocated that higher percentage.

Reservation on a competitive basis

130. (1) The issuer may make reservations on a competitive basis out of the issue size excluding promoters' contribution in favour of the following categories of persons:

(a) employees;

[150] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 1.4.2022 for issues opening on or after 1.4.2022. Vide SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022, for public issues of a size equal to or more than ₹10,000 crore and opening on or after April 1, 2022, the amendment has been made effective from 1.7.2022.

(b) shareholders (other than promoters and promoter group) of listed subsidiaries or listed promoter companies:

Provided that the issuer shall not make any reservation for the lead manager(s), registrar, syndicate member(s), their promoters, directors and employees and for the group or associate companies (as defined under the Companies Act, 2013) of the lead manager(s), registrar and syndicate member(s) and their promoters, directors and employees.

(2) In a further public offer, other than in a composite issue, the issuer may make a reservation on a competitive basis out of the issue size excluding promoters' contribution r for the existing retail individual shareholders of the issuer.

(3) The reservations on competitive basis shall be subject to following conditions:

(a) the aggregate of reservation for employees shall not exceed five per cent. of the post-issue capital of the issuer and the value of allotment to any employee shall not exceed two lakhs rupees:

Provided that in the event of under-subscription in the employee reservation portion, the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of two lakhs rupees, subject to the total allotment to an employee not exceeding five lakhs rupees.

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

(c) no further application for subscription in the net offer can be made by persons (except an employee and retail individual shareholder of the listed issuer and retail individual shareholders of listed subsidiaries of listed promoter companies) in favour of whom reservation on a competitive basis is made;

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

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

(4) An applicant in any reserved category may make an application for any number of specified securities, but not exceeding the reserved portion for that category.

Abridged prospectus

131. (1) The abridged prospectus shall contain the disclosures as specified in **Part E** of **Schedule VI** and shall not contain any matter extraneous to the contents of the offer document.

(2) Every application form distributed by the issuer or any other person in relation to an issue shall be accompanied by a copy of the abridged prospectus.

ASBA

132. The issuer shall accept bids using only the ASBA facility in the manner specified by the Board.

Availability of issue material

133. The lead manager(s) shall ensure availability of the offer document and other issue material including application forms to stock exchanges, syndicate members, registrar to issue, registrar and share transfer agents, depository participants, stock brokers, underwriters, bankers to the issue, investors' associations and self certified syndicate banks before the opening of the issue.

Prohibition on payment of incentives

134. Any person connected with the issue, shall not 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 in the initial public offer, except for fees or commission for services rendered in relation to the issue.

Security deposit

135. (1) The issuer shall, before the opening of the subscription list, deposit with the designated stock exchange, an amount calculated at the rate of one per cent. of the issue size available for subscription to the public in the manner specified by the Board and/or the stock exchange(s).

(2) The amount specified in sub-regulation (1) shall be refundable or forfeitable in the manner specified by the Board.

Underwriting

136. (1) If the issuer making a further public offer, other than through the book building process, desires to have the issue underwritten, [151][it shall appoint merchant bankers or stock brokers, registered with the Board, to act as underwriters].

(2) If the issuer makes a public issue through the book building process,

(a) the issue shall be underwritten by lead manager(s) and syndicate member(s):

[151] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words, numbers and symbols "*it shall appoint the underwriters in accordance with the Securities and Exchange Board of India (Underwriters) Regulations, 1993*".

Provided that at least seventy five per cent. of the net offer 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 103, shall not be underwritten.

(b) the issuer shall, prior to filing the prospectus, enter into underwriting agreement with the lead manager(s), and syndicate member(s), 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.

(c) if the syndicate member(s) fail to fulfil their underwriting obligations, the lead manager(s) shall fulfil the underwriting obligations.

(d) the lead manager(s) and syndicate member(s) shall not subscribe to the issue in any manner except for fulfilling their underwriting obligations.

(e) in case of every underwritten issue, the lead manager(s) shall undertake minimum underwriting obligations as specified in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

(f) where the issue is required to be underwritten, the underwriting obligations should at least be to the extent of minimum subscription.

Monitoring agency

137. (1) If the issue size, excluding the size of offer for sale by selling shareholders, exceeds one hundred crore rupees, the issuer shall make arrangements for the use of proceeds of the issue to be monitored by a [152][credit rating agency registered with the Board:]

Provided that nothing contained in this clause shall apply to an issue of specified securities made by a bank or public financial institution or an insurance company.

(2) The monitoring agency shall submit its report to the issuer in the format specified in **Schedule XI** on a quarterly basis, till [153][hundred per cent] of the proceeds of the issue [154][***] have been utilised.

(3) The board of directors and the management of the issuer shall provide their comments on the findings of the monitoring agency as specified in **Schedule XI**.

[152] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbol "*public financial institution or by a scheduled commercial bank named in the offer document as the bankers of the issuer*:"

[153] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*at least ninety five per cent*."

[154] The words and symbols *", excluding the proceeds raised for general corporate purposes,"* omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(4) The issuer shall, within forty five days from the end of each quarter, publicly disseminate the report of the monitoring agency by uploading the same on its website as well as submitting the same to the stock exchange(s) on which its equity shares are listed.

Public communications, publicity materials, advertisements and research reports

138. All public communication, publicity materials, advertisements and research reports shall comply with provisions of **Schedule IX**.

Issue-related advertisements

139. (1) Subject to the provisions of the Companies Act, 2013, the issuer shall, after [155][filing] 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 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 X**.

Provided that the disclosures in relation to price band or floor price and financial ratios contained therein shall be applicable only where the issuer opts to announce the price band or floor price along with the pre-issue advertisement pursuant to sub-regulation (4) of regulation 127.

(3) The issuer may release advertisements for issue opening and issue closing, which shall be in the formats specified in **Parts B and C** of **Schedule X.**

(4) During the period the issue is open for subscription, no advertisement shall be released giving an impression that the issue has been fully subscribed or oversubscribed or indicating investors' response to the issue.

Opening of the issue

140. (1) Subject to the compliance with the provisions of the Companies Act, 2013, a public issue may be opened within twelve months from the date of issuance of the observations by the Board under sub-regulation (4) of regulation 123; or

Provided that in case of a fast track issue, the issue shall open within the period specifically stipulated under the Companies Act, 2013.

[155] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

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

(3) The issue shall be opened after at least three working days from the date of [156][filing] the red herring prospectus with the Registrar of Companies in case of book built issues and prospectus with the Registrar of Companies in case of fixed price issues.

Minimum subscription

141. (1) The minimum subscription to be received in the issue shall be at least ninety per cent. of the offer through the offer document, except in case of an offer for sale of specified securities.

(2) In the event of non-receipt of minimum subscription referred to in sub-regulation (1), all application monies received shall be refunded to the applicants forthwith, but not later than [157][four days] from the closure of the issue.

Period of subscription

142. (1) Except as otherwise provided in these regulations, a further public issue shall be kept open for at least three working days and not more than ten working days.

(2) In case of a revision in the price band, the issuer shall extend the bidding (issue) period disclosed in the red herring prospectus, for a minimum period of three working days, subject to the provisions of sub-regulation (1).

(3) In case of force majeure, banking strike or similar circumstances, the issuer may, for reasons to be recorded in writing, extend the bidding (issue) period disclosed in the red herring prospectus (in case of a book built issue) or the issue period disclosed in the prospectus (in case of a fixed price issue), for a minimum period of three working days, subject to the provisions of sub-regulation (1).

Application and minimum application value

143. (1) A person shall not make an application in the net offer category for a number of specified securities that exceeds the total number of specified securities offered to public.

Provided that the maximum application by non-institutional investors shall not exceed total number of specified securities offered in the issue less total number of specified securities offered in the issue to qualified institutional buyers.

[156] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

[157] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*fifteen days*".

(2) 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 ten thousand rupees to fifteen thousand rupees.

(3) The issuer shall invite applications in multiples of the minimum application value, an illustration whereof is given in **Part B of Schedule XIV**.

(4) The minimum sum payable on application per specified security shall be at least twenty five per cent. of the issue price:

Provided that in case of an offer for sale, the full issue price for each specified security shall be payable 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.

Manner of calls

144. 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 137.

Allotment procedure and basis of allotment

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

(2) The issuer shall not make any allotment in excess of the specified securities offered through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the designated stock exchange.

Provided that in case of oversubscription, an allotment of not more than one per cent. of the net offer to public may be made for the purpose of making allotment in minimum lots.

(3) The allotment of specified securities to applicants other than retail individual investors [158][, *non-institutional investors]* and anchor investors shall be on proportionate basis within the

[158] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 1.4.2022 for issues opening on or after 1.4.2022. Vide SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022, for public issues of a size equal to or more than ₹10,000 crore and opening on or after April 1, 2022, the amendment has been made effective from 1.7.2022.

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:

Provided that value of specified securities allotted to any person, except in case of employees, in pursuance of reservation made under clause (a) of sub-regulation (1) or clause (a) of sub-regulation (2) of regulation 130, shall not exceed two lakhs rupees.

(4) The allotment of specified securities to each retail individual investor shall not be less than the minimum bid lot, subject to availability of shares in retail individual investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

[159]*[(4A) The allotment of specified securities to each non-institutional investor shall not be less than the minimum application size, subject to the availability of shares in non-institutional investors' category, and the remaining shares, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII of these regulations.]*

(5) The authorised employees of the designated stock exchange along with the lead manager(s) 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 **Part A of Schedule XIV**.

Allotment, refund and payment of interest

146. (1) The issuer and lead manager(s) shall ensure that specified securities are allotted and/or application monies are refunded or unblocked within such period as may be specified by the Board.

(2) The lead manager(s) shall ensure that the allotment, credit of dematerialised securities, refunding or unblocking of application monies, as may be applicable, are done electronically.

(3) Where specified securities are not allotted and/or application monies are not refunded or unblocked within the period stipulated in sub-regulation (1) above, the issuer shall undertake to pay interest at the rate of fifteen per cent. per annum to the investors and within such time as disclosed in the offer document and the lead manager(s) shall ensure the same.

Post-issue Advertisements

147. (1) The lead manager(s) shall ensure that advertisement giving details relating to subscription, basis of allotment, number, value and percentage of all applications including ASBA, number, value and percentage of successful allottees for all applications including ASBA,

[159] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 1.4.2022 for issues opening on or after 1.4.2022. Vide SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022, for public issues of a size equal to or more than ₹10,000 crore and opening on or after April 1, 2022, the amendment has been made effective from 1.7.2022.

date of completion of despatch of refund orders, as applicable, or instructions to self-certified syndicate banks by the registrar, date of credit of specified securities 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) Details specified in sub regulation (1) shall also be placed on the websites of the stock exchanges.

Post-issue responsibilities of the lead manager(s)

148. (1) The responsibility of the lead manager(s) shall continue until completion of issue process and for any issue related matter thereafter.

(2) The lead manager(s) shall regularly monitor redressal of investor grievances arising from any issue related activities.

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

(4) The lead manager(s) shall be responsible for and co-ordinate with the registrars to the issue and with various intermediaries at regular intervals after the closure of the issue to monitor the flow of applications from syndicate member(s) or 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, credit of the specified securities to the demat accounts of the allottees and unblocking of ASBA accounts/ despatch of refund orders are completed and securities are listed, as applicable.

(5) Any act of omission or commission on the part of any of the intermediaries noticed by the lead manager(s) shall be duly reported by them to the Board.

(6) In case there is a devolvement on underwriters, the lead manager(s) 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.

(7) In case of undersubscribed issues that are underwritten, the lead manager(s) shall furnish information to the Board in respect of underwriters who have failed to meet their underwriting devolvement in the format specified in **Schedule XVIII**.

Release of subscription money

149. (1) The lead manager(s) 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**.**

(2) In case the issuer fails to obtain listing or trading permission from the stock exchanges where the specified securities were listed, it shall refund, through verifiable means, the entire monies received within [160][four days] of receipt of intimation from stock exchanges rejecting the application for listing of specified securities and if monies are not repaid within the specified period**,** the issuer and every director of the company who is an officer in default shall, on and from the expiry of the [161][fourth day], be jointly and severally liable to repay that money with interest at the rate of fifteen per cent. per annum.

(3) The lead manager(s) shall ensure that the monies received in respect of the issue are released to the issuer in compliance with the provisions of the Section 40 (3) of the Companies Act, 2013, as applicable.

Reporting of transactions by the promoters and promoter group

150. The issuer shall ensure that all transactions in securities by the promoters and promoter group between the date of filing of the draft offer document or offer document, as the case may be, and the date of closure of the issue shall be reported to the stock exchanges, within twenty four hours of such transactions.

Post- issue reports

151. The lead manager(s) shall submit a final post-issue report as specified in **Part A of Schedule XVII**, along with a due diligence certificate as per the format specified in **Form F** of **Schedule V**, within seven days of the date of finalization of basis of allotment or within seven days of refund of money in case of failure of issue.

PART IX: MISCELLANEOUS

Restriction on further capital issues

[160] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*seven days*".

[161] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*eighth day*".

152. An issuer shall not 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, except pursuant to an employee stock option scheme:

a) in case of a fast track issue, during the period between the date of [162][filing] the offer document (in case of a book built issue) or prospectus (in case of a fixed price issue) with the Registrar of Companies and the listing of the specified securities offered through the offer document or refund of application monies; or

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

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

Price stabilisation through green shoe option

153. (1) An issuer 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 lead manager as a stabilising agent, who shall be responsible for the price stabilisation process;

c) prior to filing the draft offer document, 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 its responsibilities;

d) prior to filing the offer document, 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 manager, in consultation with the stabilising agent, shall determine the amount of specified securities to be over-allotted in the public issue;

[162] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

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

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 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 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 XV**.

(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.

Alteration of rights of holders of specified securities

154. An issuer shall not 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.

PART X: FAST TRACK FURTHER PUBLIC OFFER

Eligibility conditions

155. Sub-regulations (1), (2), (3), (4) and (5) and (9) of regulation 123 shall not apply if the issuer satisfies the following conditions for making a further public offer through the fast track route:

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

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

c) average market capitalisation of public shareholding of the issuer is at least one thousand crore rupees in case of public issue;

"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.

"public shareholding" shall have the same meaning as assigned to it under the Securities Contracts (Regulation) Rules, 1957.

d) 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:

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

e) annualized delivery-based trading turnover of the equity shares during six calendar months immediately preceding the month of the reference date has been at least ten per cent. of the annualised trading turnover of the equity shares during such six months' period;

f) issuer has been in compliance with the equity listing agreement or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, for a period of at least three years immediately preceding the reference date:

Provided that if the issuer has not complied with the provisions of the listing agreement or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, 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 [163][the red herring prospectus with the Registrar of Companies], and adequate disclosures are made in the [164][the red herring prospectus] about such non-compliances during the three years immediately preceding the reference date, it shall be deemed as compliance with the condition;

Provided further that imposition of only monetary fines by stock exchanges on the issuer shall not be a ground for ineligibility for undertaking issuances under this regulation;

g) 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;

[163] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*letter of offer*".

[164] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*letter of offer*".

h) [165][that no show-cause notices, excluding proceedings for imposition of penalty, have been issued by the Board and pending against the issuer or its promoters or whole time directors as on the reference date:

In cases where against the issuer or its promoters or whole time directors,

(i) show-cause notice(s) has been issued by the Board or the Adjudicating Officer, in a proceeding for imposition of penalty; or

(ii) prosecution proceedings have been initiated by the Board;

necessary disclosures in respect of such action(s) along with its potential adverse impact on the issuer shall be made in the offer document;]

i) [166][if the issuer or the promoter or the promoter group or the director of the issuer has settled any alleged violations of securities laws through the settlement mechanism of the Board in the past three years immediately preceding the reference date, then the disclosure of such compliance of the settlement order, shall be made in the offer document;]

j) equity shares of the issuer have not been suspended from trading as a disciplinary measure during last three years immediately preceding the reference date;

k) there shall be no conflict of interest between the lead manager(s) and the issuer or its group companies in accordance with the applicable regulations.

l) [167][for audit qualifications, if any, in respect of any of the financial years for which accounts are disclosed in the offer document, the issuer shall provide the restated financial statements adjusting for the impact of the audit qualifications.

Further, for the qualifications wherein impact on the financials cannot be ascertained, the same shall be disclosed appropriately in the offer document.]

Submission of offer document and due diligence certificate

[165] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022. Prior to the substitution, clause (h) read as follows:

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

[166] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022. Prior to the substitution, clause (i) read as follows:

"(i) issuer or promoter or promoter group or director of the issuer has not settled any alleged violation of securities laws through the consent or settlement mechanism with the Board during three years immediately preceding the reference date;"

[167] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022. Prior to the substitution, clause (l) read as follows:

"(l) impact of audit qualifications, if any and where quantifiable, on the audited accounts of the issuer in respect of those financial years for which such accounts are disclosed in the letter of offer does not exceed five per cent. of the net profit or loss after tax of the issuer for the respective years."

156. (1) The issuer shall file the offer document with the Board and the stock exchanges in accordance with sub-regulations (7) and (8) of regulation 123 and shall pay fees to the Board as specified in **Schedule III**.

(2) The lead manager(s) shall submit to the Board, the following documents along with the offer document:

a) a due diligence certificate as per **Form A** of **Schedule V** including additional confirmations as specified in **Form E of Schedule V**;

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 V.**

Explanation: For the purposes of this regulation: "reference date" means the date of [168][filing] 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.

Post-listing exit opportunity for dissenting shareholders

157. In case of further public offers, including under the fast track route**,** the promoters or shareholders in control of an issuer shall provide an exit offer to dissenting shareholders as provided for in the Companies Act, 2013, in case of change in objects or variation in the terms of contract related to objects referred to in the offer document as per conditions and manner is provided in **Schedule XX**;

Provided that the exit offer shall not apply where there are neither identifiable promoters nor shareholders in control of the listed issuer.

[168] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

CHAPTER V – PREFERENTIAL ISSUE

Provisions of this chapter not to apply in certain cases

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

a) conversion of a loan or an option attached to convertible debt instruments in terms of sub-sections [169][***] (3) and (4) of section 62 of the Companies Act, 2013, whichever is applicable;

[170][Provided that the provisions of this chapter shall apply to conversion of a loan or an option attached to convertible debt instruments into equity shares as mentioned in clause (a) subject to the provisions of the proviso to sub-section (3) of section 62 of the Companies Act, 2013.]

b) a scheme approved by a High Court under section 391 to 394 of the Companies Act, 1956 or approved by a tribunal or the Central Government under sections 230 to 234 of the Companies Act, 2013, as applicable;

Provided that the pricing provisions of this Chapter shall apply to the issuance of shares under schemes mentioned in clause (b) in case of allotment of shares only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes;

c) a qualified institutions placement in accordance with Chapter VI of these regulations.

(2) The provisions of this Chapter, except the lock-in provisions, shall not apply where the preferential issue of specified securities is made in terms of the rehabilitation scheme approved by the Board of Industrial and Financial Reconstruction under the Sick Industrial Companies (Special Provisions) Act, 1985 [1 of 1986] or the resolution plan approved under Section 31 of the Insolvency & Bankruptcy Code, 2016 [No. 31 of 2016], whichever is applicable.

(3) 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).

(4) The provisions of regulation 163 and sub-regulations (1), (2), (3) and (4) of regulation 164 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

[169] The words, numbers and symbols *"(3) and (4) of sections 81 of the Companies Act, 1956 or sub-section*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[170] Inserted by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

of regulation 11 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, 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 the shareholders.

(5) The provisions of sub-regulation (1) of regulation 159 and sub-regulation (6) of regulation 167 shall not apply to a preferential issue of specified securities where the proposed allottee is a mutual fund registered with the Board or insurance company registered with Insurance Regulatory and Development Authority of India or a scheduled commercial bank or a public financial institution.

(6) The provisions of this Chapter shall not apply where the preferential issue of specified securities is made to the lenders pursuant to conversion of their debt, as part of a debt restructuring [***][171] implemented in accordance with the guidelines specified by the Reserve Bank of India, subject to the following conditions:

a) guidelines for determining the conversion price have been specified by the Reserve Bank of India in accordance with which the conversion price shall be determined and which shall be in compliance with the applicable provisions of the Companies Act, 2013;

b) conversion price shall be certified by two independent valuers;

c) specified securities so allotted shall be locked-in for a period of one year from the date of their allotment

   Provided that for the purpose of transferring the control, the lenders may transfer the specified securities allotted to them before completion of the lock-in period subject to continuation of the lock-in on such securities for the remaining period, with the transferee;

d) the lock-in of equity shares allotted pursuant to conversion of convertible securities issued on preferential basis shall be reduced to the extent the convertible securities have already been locked-in;

e) the applicable provisions of the Companies Act, 2013 are complied with, including the requirement of a special resolution.

[171] Word "scheme" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2019, w-e-f 29.03.2019.

a.

[*Explanation.* – For the purpose of this sub-regulation, "lenders" shall mean all scheduled commercial banks (excluding Regional Rural Banks) and All India Financial Institutions.][172]

[***][173]

PART I: ISSUERS INELIGIBLE TO MAKE A PREFERENTIAL ISSUE

159. (1) Preferential issue of specified securities shall not be made to any person who has sold or transferred any equity shares of the issuer during the [174][90 trading days] 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 sub-regulation (2) of regulation

[172] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2019, w-e-f 29.03.2019.

[173] Omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2019, w-e-f 29.03.2019. Prior to its omission, sub-regulation (7) read as follows,-

"(7) The provisions of this Chapter shall not apply where the preferential issue of specified securities is made to person(s) at the time of lenders selling their holding of specified securities or enforcing change in ownership in favour of such person(s) pursuant to a debt restructuring scheme implemented in accordance with the guidelines specified by the Reserve Bank of India, subject to the following conditions:

a) guidelines for determining the issue price have been specified by the Reserve Bank of India in accordance with which the issue price shall be determined and which shall be in compliance with the applicable provisions of the Companies Act, 2013;

b) issue price shall be certified by two independent valuers;

c) specified securities so allotted shall be locked-in for a period of at least three years from the date of their allotment;

d) lock-in of equity shares allotted pursuant to conversion of convertible securities issued on preferential basis shall be reduced to the extent the convertible securities have already been locked-in;

e) special resolution has been passed by shareholders of the issuer before the preferential issue;

f) issuer shall, in addition to the disclosures required under the Companies Act, 2013 or any other applicable law, disclose the following information pertaining to the proposed allottee(s) in the explanatory statement to the notice for the general meeting proposed for passing the special resolution as stipulated at clause (e) of this sub-regulation:

b. identity, including that of the natural persons, who are the ultimate beneficial owners of the shares proposed to be allotted and/ or who ultimately control the proposed allottee(s);

c. business model;

d. statement on growth of business over a period of time;

e. summary of audited financial statements of previous three financial years;

f. track record, if any, in turning around companies;

g. proposed roadmap for effecting turnaround of the issuer.

h. applicable provisions of the Companies Act, 2013 are complied with."

[174] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*six months*".

11 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 to such a preferential allotment.

Explanation: Where any person belonging to promoter(s) or the promoter group has sold/ transferred their equity shares in the issuer during the [175][90 trading days] preceding the relevant date, the promoter(s) and promoter group shall be ineligible for allotment of specified securities on preferential basis.

Provided that the above restriction shall not apply to any sale of equity shares by any person belonging to promoter(s) of the promoter group which qualifies for inter-se transfer amongst qualifying persons under clause (a) of sub-regulation (1) of regulation 10 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover Regulations), 2011 or in case of transfer of shares held by the promoters or promoter group on account of invocation of pledge by a scheduled commercial bank or public financial institution or a systemically important non- banking finance company or mutual fund or insurance company registered with the Insurance Regulatory and Development Authority.

(2) Where any person belonging to promoter(s) or the promoter group has previously subscribed to warrants of an issuer but has 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.

(3) An issuer shall not be eligible to make a preferential issue if any of its promoters or directors is a fugitive economic offender.

[176][(4) An issuer shall not be eligible to make a preferential issue if it has any outstanding dues to the Board, the stock exchanges or the depositories:

Provided that sub-regulation (4) shall not be applicable in a case where such outstanding dues are the subject matter of a pending appeal or proceeding(s), which has been admitted by the relevant Court, Tribunal or Authority, as the case may be.]

PART II: CONDITIONS FOR PREFERENTIAL ISSUE

[175] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "six months".

[176] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

Conditions for preferential issue

160. A listed issuer making a preferential issue of specified securities shall ensure that:

a) all equity shares allotted by way of preferential issue shall be made fully paid up at the time of the allotment;

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

c) all equity shares held by the proposed allottees in the issuer are in dematerialised form [177][before an application seeking in-principle approval is made by the issuer to the stock exchange(s) where its equity shares are listed];

d) the issuer is in compliance with the conditions for continuous listing of equity shares as specified in the listing agreement with the stock exchange where the equity shares of the issuer are listed and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, as amended, and any circular or notification issued by the Board thereunder;

e) the issuer has obtained the Permanent Account Numbers of the proposed allottees, except those allottees which may be exempt from specifying their Permanent Account Number for transacting in the securities market by the Board [178][before an application seeking in-principle approval is made by the issuer to the stock exchange(s) where its equity shares are listed].

[179][(f) the issuer has made an application seeking in-principle approval to the stock exchange(s), where its equity shares are listed, on the same day when the notice has been sent in respect of the general meeting seeking shareholders' approval by way of special resolution.]

Relevant date

161. 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 a preferential issue of specified securities pursuant to any resolution of stressed assets under a framework specified by the Reserve Bank of India or a resolution plan approved by the National Company Law Tribunal under the Insolvency and

[177] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[178] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[179] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

Bankruptcy Code 2016,, the date of approval of the corporate debt restructuring package or resolution plan shall be the relevant date.

b) in case of a 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.

Explanation: Where the relevant date falls on a weekend or a holiday, the day preceding the weekend or the holiday will be reckoned to be the relevant date.

Tenure of convertible securities

162. [180](1) The tenure of the convertible securities of the issuer shall not exceed eighteen months from the date of their allotment.

[181]**[**(2) Upon exercise of the option by the allottee to convert the convertible securities within the tenure specified in sub-regulation (1), the issuer shall ensure that the allotment of equity shares pursuant to exercise of the convertible securities is completed within 15 days from the date of such exercise by the allottee.**]**

[182][Monitoring agency

162A. (1) If the issue size exceeds one hundred crore rupees, the issuer shall make arrangements for the use of proceeds of the issue to be monitored by a credit rating agency registered with the Board:

Provided that nothing contained in this clause shall apply to an issue of specified securities made by a bank or public financial institution or an insurance company.

(2) The monitoring agency shall submit its report to the issuer in the format specified in Schedule XI on a quarterly basis, till hundred percent of the proceeds of the issue have been utilised.

(3) The board of directors and the management of the issuer shall provide their comments on the findings of the monitoring agency as specified in Schedule XI.

(4) The issuer shall, within forty five days from the end of each quarter, upload the report of the monitoring agency on its website and also submit the same to the stock exchange(s) on which its equity shares are listed.]

[180] The existing text of regulation 162 renumbered as sub-regulation (1) of regulation 162 by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[181] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[182] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.

PART III: DISCLOSURES TO SHAREHOLDERS

163. (1) The issuer shall, in addition to the disclosures required under the Companies Act, 2013 or any other applicable law, disclose the following in the explanatory statement to the notice for the general meeting proposed for passing the special resolution:

a) objects of the preferential issue;

b) maximum number of specified securities to be issued;

c) intent of the promoters, directors[183][, key managerial personnel or senior management] of the issuer to subscribe to the offer;

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

e) time frame within which the preferential issue shall be completed;

f) identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees [184][***]:

Provided that if there is any listed company, mutual fund, scheduled commercial bank, insurance company registered with the Insurance Regulatory and Development Authority of India in the chain of ownership of the proposed allottee, no further disclosure will be necessary.

Explanation: For the purpose of identification of the ultimate beneficial owners of the allottees, where the allottees are institutions/entities, the identification of such ultimate beneficial owners, shall be in accordance with the guidelines prescribed by the Board, if any.

[185][(fa) the percentage of post preferential issue capital that may be held by the allottee(s) and change in control, if any, in the issuer consequent to the preferential issue]

g) 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;

h) 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.

i) disclosures specified in **Schedule VI**, if the issuer or any of its promoters or directors is a [186][wilful defaulter or a fraudulent borrower].

[183] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023 for the words "or key managerial personnel".

[184] The symbols and words ", *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*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[185] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[187][(j) the current and proposed status of the allottee(s) post the preferential issues namely, promoter or non-promoter.]

(2) The issuer shall place a copy of the certificate of [188][a practicing company secretary] 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.

[189][Explanation.—For the purposes of sub-regulation (2), the issuer shall also host the certificate on its website and provide a link for the same in the notice for the general meeting of the shareholders considering the proposed preferential issue.]

[190][(3) Specified securities may be issued on a preferential basis for consideration other than cash:

Provided that consideration other than cash shall comprise only swap of shares pursuant to a valuation report by an independent registered valuer, which shall be submitted to the stock exchange(s) where the equity shares of the issuer are listed:]

Provided [191][further] that if the stock exchange(s) 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 seek 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.

PART IV: PRICING

Pricing of frequently traded shares

164. (1) If the equity shares of the issuer have been listed on a recognised stock exchange for a period of [192][90 trading days] or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

[186] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*wilful defaulter*".

[187] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[188] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*its statutory auditors*".

[189] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[190] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022. Prior to the substitution, sub-regulation (3) read as follows:

> *"(3) Where the specified securities are issued on a preferential basis 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 valuer, which shall be submitted to the stock exchanges where the equity shares of the issuer are listed:"*

[191] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

a. the [193][90 trading days'] volume weighted average price of the related equity shares quoted on the recognised stock exchange [194][***] preceding the relevant date; or

b. the [195][10 trading days'] volume weighted average prices of the related equity shares quoted on a recognised stock exchange [196][***] preceding the relevant date.

[197][Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.]

(2) If the equity shares of the issuer have been listed on a recognised stock exchange for a period of less than [198][90 trading days] as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be 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 compromise, arrangement and amalgamation under [199][***] sections 230 to 234 the Companies Act, 2013, as applicable, pursuant to which the equity shares of the issuer were listed, as the case may be; or

b) the average of the [200][***] volume weighted average prices of the related equity shares quoted on the recognised stock exchange during the period the equity shares have been listed preceding the relevant date; or

c) the average of the [201][10 trading days'] volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

[192] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*twenty six weeks*".

[193] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*average of the weekly high and low of the*".

[194] The words "*during the twenty six weeks*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[195] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*average of the weekly high and low of the*".

[196] The words "*during the two weeks*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[197] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[198] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*twenty six weeks*".

[199] The words, numbers and symbols "*sections 391 to 394 of the Companies Act, 1956 or*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[200] The words "*weekly high and low of the*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[201] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*weekly high and low of the*".

[202][Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.]

(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 [203][90 trading days] from the date of listing on a recognised stock exchange with reference to the [204][90 trading days'] volume weighted average prices of the related equity shares quoted on the recognised stock exchange during these [205][90 trading days] and if such recomputed price is higher than the price paid on allotment, the difference shall be paid by the allottees to the issuer.

[206][Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.]

(4) [207][(a)] A preferential issue of specified securities to qualified institutional buyers, not exceeding five in number, shall be made at a price not less than the [208][10 trading days'] volume weighted average prices of the related equity shares quoted on a recognised stock exchange [209][***] preceding the relevant date.

[210][Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue:]

[202] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[203] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*twenty six weeks*".

[204] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*average of the weekly high and low of the*".

[205] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*twenty six weeks*".

[206] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[207] The existing text of sub-regulation (4) renumbered as clause (a) of sub-regulation (4) by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[208] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*average of the weekly high and low of the*".

[209] The words "*during the two weeks*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[210] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

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

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

Explanation. — For the purpose of this clause, 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 promoter group;

(b) veto rights; or

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

(5) For the purpose of this Chapter, "frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the [212][240 trading days] preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer:

Provided that where the share capital of a particular class of shares of the issuer is not identical throughout such period, the weighted average number of total shares of such class of the issuer shall represent the total number of shares.

Explanation: For the purpose of this regulation, 'stock exchange' means any of the recognised stock exchange(s) in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding [213][90 trading days] prior to the relevant date.

[214][**Pricing in preferential issue of shares of companies having stressed assets**

164A. (1) In case of frequently traded shares, the price of the equity shares to be allotted pursuant to the preferential issue shall not be less than the [215]{10 trading days'} volume weighted average

[211] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[212] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*twelve calendar months*".

[213] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*twenty six weeks*".

[214] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2020, w-e-f 22.06.2020.

[215] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*average of the weekly high and low of the*".

price of the related equity shares quoted on a recognised stock exchange [216]{***} preceding the relevant date.

(2) No allotment of equity shares shall be made unless the issuer company meets any two of the following criteria:

a) the issuer has disclosed all the defaults relating to the payment of interest/ repayment of principal amount on loans from banks / financial institutions/ Systemically Important Non-Deposit taking Non-banking financial companies/ Deposit taking Non-banking financial companies and /or listed or unlisted debt securities in terms of SEBI Circular dated November 21, 2019 and such payment default is continuing for a period of at least 90 calendar days after the occurrence of such default;

b) there is an Inter-creditor agreement in terms of Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 dated June 07, 2019;

c) the credit rating of the financial instruments (listed or unlisted), credit instruments / borrowings (listed or unlisted) of the listed company has been downgraded to "D".

(3) The issuer company making the preferential issue shall ensure compliance with the following conditions:

a) The preference issue shall be made to a person not part of the promoter or promoter group as on the date of the board meeting to consider the preferential issue. The preference issue shall not be made to the following entities:

(i) undischarged insolvent in terms of the Insolvency and Bankruptcy Code, 2016;

(ii) '[217]{wilful defaulter or a fraudulent borrower}' as per the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949;

(iii) person disqualified to act as a director under the Companies Act,2013;

(iv) a person debarred from trading in securities or accessing the securities market by the Board;

Explanation: The restriction under (iv) shall not apply to the persons or entities mentioned therein who were debarred in the past by the Board and the period of debarment is already over as on the date of the board meeting considering the preferential issue.

(v) a person declared as a fugitive economic offender;

[216] The words "*during the two weeks*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[217] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*wilful defaulter*".

(vi) a person who has been convicted for any offence punishable with imprisonment-

A. For two years or more under any Act specified under the Twelfth Schedule of the Insolvency and Bankruptcy Code, 2016

B. For seven years or more under any law for the time being in force:

Provided that such restriction shall not be applicable to a person after the expiry of a period two years from the date of his release from imprisonment.

(vii) A person who has executed a guarantee in favour of a lender of the issuer and such guarantee has been invoked by the lender and remains unpaid in full or part.

(4) The resolution for the preferential issue and exemption from open offer shall provide for the following:

a) The votes cast by the shareholders in the 'public' category in favour of the proposal shall be more than the number of votes cast against it. The proposed allottee(s) in the preferential issue that already hold specified securities shall not be included in the category of 'public' for this purpose:

Provided that where the company does not have an identifiable promoter; the resolution shall be deemed to have been passed if the votes cast in favour are not less than three times the number of the votes, if any, cast against it.

(5) The proceeds of such preferential issue shall not be used for any repayment of loans taken from promoters/ promoter group/ group companies. The proposed use of proceeds shall be disclosed in the explanatory statement sent for the purpose of the shareholder resolution.

(6) (a) The issuer shall make arrangements for monitoring the use of proceeds of the issue by a [218][credit rating agency registered with the Board]:

(i) The monitoring agency shall submit its report to the issuer in the format specified in terms of Schedule XI (with fields as applicable) on a quarterly basis [219][till hundred percent] of the proceeds of the issue have been utilized.

(ii) (The board of directors and the management of the issuer shall provide their comments on the findings of the monitoring agency as specified in Schedule XI.

(iii) The issuer shall, within forty five days from the end of each quarter, publicly disseminate the report of the monitoring agency by uploading the same on its website

[218] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022 for the words *"public financial institution or by a scheduled commercial bank, which is not a related party to the issuer".*

[219] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022 for the words *"until at least ninety five percent".*

as well as submit the same to the stock exchange(s) on which the equity shares of the issuer are listed.

(b) The proceeds of the issue shall also be monitored by the Audit Committee till utilization of the proceeds.

(7) The allotment made shall be locked-in for a period of three years from the last date of trading approval.

(8) The statutory auditor and the audit committee shall certify that all conditions under sub-regulations (1), (2), (3), (4) and (5) of regulation 164A are met at the time of dispatch of notice for general meeting proposed for passing the special resolution and at the time of allotment.]

[220][Optional pricing in preferential issue

164B. (1) In case of frequently traded shares, the price of the equity shares to be allotted pursuant to the preferential issue shall be determined by regulation 164 or regulation 164B, as opted for.

(2) The price of the equity shares to be allotted pursuant to the preferential issue shall not be less than the higher of the following:

(a) the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twelve weeks preceding the relevant date; or

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

(3) Specified securities allotted on a preferential basis using the pricing method determined under sub-regulation (2) shall be locked-in for a period of three years.

(4) The pricing method determined at sub-regulation (2) shall be availed in case of allotment by preferential issue made between July 01, 2020 or from the date of notification of this regulation, whichever is later and December 31, 2020.

(5) All allotments arising out of the same shareholders approval shall follow the same pricing method.]

Pricing of infrequently traded shares

[220] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2020, w-e-f 01.07.2020.

165. Where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies:

Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent [221][registered] valuer to the stock exchange where the equity shares of the issuer are listed.

Adjustments in pricing - Frequently and Infrequently traded shares

166. The price determined for a preferential issue in accordance with [222][, regulations 164, 164A, 164B or 165,], 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 an issue of equity shares after completion of a demerger wherein the securities of the resultant demerged entity are listed on a stock exchange;
c) makes a rights issue of equity shares;
d) consolidates its outstanding equity shares into a smaller number of shares;
e) divides its outstanding equity shares including by way of stock split;
f) re-classifies any of its equity shares into other securities of the issuer;
g) is involved in such other similar events or circumstances, which in the opinion of the concerned stock exchange, require adjustments.

[223][**Other conditions for pricing**

166A. (1) Any preferential issue, which may result in a change in control or allotment of more than five per cent. of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under

[221] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.
[222] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*regulation 164 or regulation 165*".
[223] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable:

Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso:

Provided further that the valuation report from the registered valuer shall be published on the website of the issuer and a reference of the same shall be made in the notice calling the general meeting of shareholders.

(2) Any preferential issue, which may result in a change in control of the issuer, shall only be made pursuant to a reasoned recommendation from a committee of independent directors of the issuer after considering all the aspects relating to the preferential issue including pricing, and the voting pattern of the said committee's meeting shall be disclosed in the notice calling the general meeting of shareholders.

Explanation.—The meeting of the independent directors referred in sub-regulation (2) shall be attended by all the independent directors on the board of the issuer.]

PART V: LOCK-IN AND RESTRICTIONS ON TRANSFERABILITY

Lock-in

167. (1) The specified securities, allotted on a preferential basis to the promoters or promoter group and the equity shares allotted pursuant to exercise of options attached to warrants issued on a preferential basis to the promoters or the promoter group, shall be locked-in for a period of [224][18 months] from the date of trading approval granted for 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 [225][18 months] from the date of trading approval:

Provided further that equity shares allotted in excess of the twenty per cent. shall be locked-in for [226][six months] from the date of trading approval pursuant to exercise of options or otherwise, as the case may be.

[224] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*three years*".

[225] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*three years*".

Provided further that in case of convertible securities or warrants which are not listed on stock exchanges, such securities shall be locked in for a period of one year from the date of allotment.

(2) The specified securities allotted on a preferential basis to persons other than the promoters 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 [227][six months] from the date of trading approval.

Provided that in case of convertible securities or warrants which are not listed on stock exchanges, such securities shall be locked in for a period of one year from the date of allotment.

(3) Lock-in of the 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 a preferential basis pursuant to any resolution of stressed assets under a framework specified by the Reserve Bank of India or a resolution plan approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code 2016, shall be locked-in for a period of one year from the trading approval:

[228][Provided that the lock-in provision shall not be applicable to the specified securities to the extent to achieve 10% public shareholding.]

(5) If the amount payable by the allottee, in case of re-calculation of price under sub-regulation (3) of regulation 164 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 up to a period of [229][90 trading days] from the date of trading approval:

Provided that in case of convertible securities or warrants which are not listed on stock exchanges, the entire pre-preferential allotment shareholding of the allottees, if any, shall be locked-in from the relevant date up to a period of [230][90 trading days] from the date of allotment of such securities.

[226] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*one year*".

[227] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*one year*".

[228] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2021, w-e-f 08.01.2021.

[229] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*six months*".

[230] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*six months*".

[231][(7) Lock-in requirements for an allottee who has become a promoter due to change in control consequent to the preferential issue shall be the same as those applicable to the promoters and promoter group under this regulation.]

Explanation 1: 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 the promoters or the promoters group.

(II) 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.

(III) The minimum promoters' contribution shall not be put under fresh lock-in again, 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.

Explanation 2: For the purposes of this regulation, the date of trading approval shall mean the latest date when trading approval has been granted by all the stock exchanges where the equity shares of the issuer are listed, for specified securities allotted as per the provisions of this Chapter.

[232][Pledge of locked-in specified securities

167A. Specified securities, except SR equity shares, held by the promoters and locked-in under the provisions of these regulations, may be pledged as collateral for a loan granted by a scheduled commercial bank or a public financial institution or a systemically important non-banking finance company or a housing finance company:

[231] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[232] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

Provided that the loan has been granted to the issuer or its subsidiary(ies) for the purpose of financing one or more of the objects of the issue and pledge of specified securities is one of the conditions for sanction of the loan:

Provided further that the lock-in on the specified securities shall continue pursuant to the invocation of the pledge and the entity invoking the pledge shall not be eligible to transfer the specified securities till the lock-in period stipulated in these regulations has expired.**]**

Transferability

168. (1) Subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011, specified securities held by promoters and locked-in in terms of sub-regulation (1) of regulation 167, may be transferred among the promoters or the promoter group or to a new promoter or persons in control of the issuer:

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

(2) The specified securities allotted on a preferential basis shall not be transferable by the allottees till the trading approval is granted for such securities by all the recognised stock exchanges where the equity shares of the issuer are listed.

PART VI: CONSIDERATION AND ALLOTMENT

Payment of consideration

169. (1) Full consideration of specified securities other than warrants, shall be paid by the allottees at the time of allotment of such specified securities except in case of shares issued for consideration other than cash.

Provided that in case of a preferential issue of specified securities pursuant to any resolution of stressed assets under a framework specified by the Reserve Bank of India or a resolution plan approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code 2016, the consideration may be in terms of such scheme.

(2) In the case of warrants, an amount equivalent to at least twenty five per cent. of the consideration determined in terms of regulation 164 shall be paid against each warrant on the date of allotment of warrants and the balance seventy five per cent. of the consideration shall be paid at the time of allotment of the equity shares pursuant to exercise of options against each such warrant by the warrant holder.

Provided that in case the exercise price of the warrants is based on the formula, at least twenty-five per cent. of the consideration amount calculated as per the formula with conversion date

being the relevant date shall be paid against each warrant on the date of allotment of warrants and the balance consideration shall be paid at the time of allotment of the equity shares pursuant to exercise of options against each such warrant by the warrant holder.

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

(4) The issuer shall ensure that the consideration of specified securities, if paid in cash, shall be received from respective allottee's bank account and in the case of joint holders, shall be received from the bank account of the person whose name appears first in the application.

(5) The issuer shall submit a certificate from the statutory auditors to the stock exchanges where the equity shares of the issuer are listed stating that the issuer is in compliance of sub-regulation (4) and the relevant documents thereof are maintained by the issuer as on the date of certification.

Allotment

170. (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, 2011 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 the 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 the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, 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 any resolution of stressed assets under a framework specified by the Reserve Bank of India or a resolution plan approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code 2016.

(2) If the allotment of the 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 shall be taken with reference to the date of the latter special resolution.

(3) Notwithstanding anything contained in this regulation, where a preferential allotment is made that attracts an obligation to make an open offer for shares of the issuer under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011, and there is no offer made under sub-regulation (1) of regulation 20 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011, the period of fifteen days shall be considered from the expiry of the period specified in sub-regulation (1) of regulation 20 or date of receipt of all statutory approvals required for the completion of an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011:

Provided that if an offer is made under sub-regulation (1) of regulation 20 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011, the period of fifteen days shall be counted from the expiry of the offer period as defined in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011:

Provided further that the provisions of this sub-regulation shall not apply to an offer made under sub-regulation (1) of regulation 20 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011, pursuant to a preferential allotment."

(4) Allotment of the specified securities shall be made only in dematerialised form.

Explanation: The requirement of allotment in dematerialised form shall also be applicable for the equity shares to be allotted pursuant to exercise of option attached to warrant or conversion of convertible securities.

CHAPTER VI – QUALIFIED INSTITUTIONS PLACEMENT

Definitions

171. 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;

[233][(b)] "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.

PART I: CONDITIONS FOR QUALIFIED INSTITUTIONS PLACEMENT

Eligibility conditions

172. (1) A listed issuer may make a qualified institutions placement of eligible securities if it satisfies the following conditions:

a) a special resolution approving the qualified institutions placement has been passed by its shareholders, and the special resolution shall, among other relevant matters, specify that the allotment is proposed to be made through qualified institutions placement and the relevant date referred to in [234][***] clause (b) of regulation 171;

Provided that no shareholders' resolution will be required in case the qualified institutions placement is through an offer for sale by promoters or promoter group for compliance with minimum public shareholding requirements specified in the Securities Contracts (Regulation) Rules, 1957;

[233] Renumbered as "(b)" by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[234] The words and symbols "*sub-clause (ii) of*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

Provided further that allotment pursuant to the special resolution referred to in this clause (a) of regulation 172 shall be completed within a period of 365 days from the date of passing of the resolution.

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 stock exchange 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 compromise, arrangement and amalgamation sanctioned by a High Court [235][***] or approved by a tribunal or the Central Government under sections 230 to 234 of the Companies Act, 2013, whichever is applicable 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.

Provided further that this clause shall not be applicable to an issuer proposing to undertake qualified institutional placement for complying with the minimum public shareholding requirements specified in the [236][Securities Contracts (Regulation) Rules, 1957].

Explanation: For the purpose of clause (b), "equity shares of the same class" shall mean equity shares which rank pari-passu in relation to rights as to dividend, voting or otherwise.

c) An issuer shall be eligible to make a qualified institutions placement if any of its promoters or directors is not a fugitive economic offender.

(2) All eligible securities issued through a qualified institutions placement shall be listed on the recognised stock exchange where the equity shares of the issuer are listed.

Provided that the issuer shall seek approval under rule 19(7) of the Securities Contracts (Regulation) Rules, 1957, if applicable.

(3) The issuer shall not make any subsequent qualified institutions placement until the expiry of [two weeks][237] from the date of the prior qualified institutions placement made pursuant to one or more special resolutions.

[235] The words, numbers and symbols "*under sections 391-394 of the Companies Act, 1956*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[236] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words, numbers and symbols "Securities Contracts (Regulation) 1957".

[237] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2020, w-e-f 16.06.2020 for the words "six months".

Conditions for offer for sale by promoters for compliance with minimum public shareholding requirements specified in the Securities Contracts (Regulation) Rules, 1957.

173. The promoters and members of the promoter group may make an offer for sale of fully paid up equity shares, through a qualified institutions placement, for the purpose of achieving minimum public shareholding in terms of the Securities Contracts (Regulation) Rules, 1957.

Provided that the promoters or members of the promoter group shall not make such offer for sale if the promoter or member of the promoter group has purchased or sold any equity shares of the issuer during twelve weeks period prior to the date of the opening of the issue and they shall not purchase or sell any equity shares of the issuer during the twelve weeks period after the date of closure of the issue:

Provided further that such promoters or members of the promoter group may, within the twelve week periods provided above, sell equity shares of the issuer held by them through offer for sale through stock exchange mechanism specified by the Board or through an open market sale, in accordance with the conditions specified by the Board from time to time, subject to the condition that there shall be a gap of minimum two weeks between the two successive offer(s).

[238][Monitoring agency

173A. (1) If the issue size, excluding the size of offer for sale by selling shareholders, exceeds one hundred crore rupees, the issuer shall make arrangements for the use of proceeds of the issue to be monitored by a credit rating agency registered with the Board:

Provided that nothing contained in this clause shall apply to an issue of specified securities made by a bank or public financial institution or an insurance company.

(2) The monitoring agency shall submit its report to the issuer in the format specified in Schedule XI on a quarterly basis, till hundred percent of the proceeds of the issue have been utilised.

(3) The board of directors and the management of the issuer shall provide their comments on the findings of the monitoring agency as specified in Schedule XI.

(4) The issuer shall, within forty five days from the end of each quarter, upload the report of the monitoring agency on its website and also submit the same to the stock exchange(s) on which its equity shares are listed.]

PART II: APPOINTMENT OF LEAD MANAGERS

[238] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.

174. (1) An issuer shall appoint one or more merchant bankers, which are registered with the Board, as lead manager(s) to the issue.

(2) At least one lead manager to the issue shall not be an associate (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) of the issuer and if any of the lead manager is an associate of the issuer, it shall disclose itself as an associate of the issuer and its role shall be limited to marketing of the issue.

(3) The lead manager(s) shall, while seeking in-principle listing approval for the eligible securities, 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, and also furnish a copy of the preliminary placement document along with any other document required by the stock exchange.

PART III: PLACEMENT DOCUMENT

175. (1) The lead manager(s) shall exercise due diligence and shall satisfy themselves with all aspects of the Issue including the veracity and adequacy of disclosures in the offer document.

(2) The qualified institutions placement shall be made on the basis of a [239][preliminary placement document and] placement document which shall contain all material information, including those specified in the Companies Act, 2013, if any, and disclosures as specified in **Schedule VII** shall be made, including as specified therein if the issuer or any of its promoters or directors is a [240][wilful defaulter or a fraudulent borrower].

(3) The preliminary placement document and the placement document shall be serially numbered and copies the same shall be circulated only to select investors.

(4) The preliminary placement document and the placement document shall be placed on the websites of the relevant stock exchange(s) 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.

[239] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[240] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*wilful defaulter*".

PART IV: PRICING

176. (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:

Provided that the issuer may offer a discount of not more than five per cent. on the price so calculated, subject to approval of shareholders as specified in clause (a) of regulation 172 of these regulations, except that no shareholders' approval will be required in case of a qualified institutions placement made through an offer for sale by promoters for compliance with minimum public shareholding requirements specified in the Securities Contracts (Regulation) Rules, 1957.

(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 disclosed in the special resolution referred to in clause (a) of sub regulation (1) of regulation 172.

(3) The issuer shall not issue or 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 issue price 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.

PART V: TENURE OF CONVERTIBLE SECURITIES

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

PART VI: TRANSFERABILITY

178. The eligible securities allotted under the 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.

PART VII: APPLICATION AND ALLOTMENT

179. (1) The applicants in qualified institutions placement shall not withdraw or revise downwards their bids after the closure of the issue.

(2) Allotment of specified securities 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 any unsubscribed portion of the said minimum percentage or any 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 the 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 the promoters.

Explanation: For the purpose of this clause, 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 promoter group;

(b) veto rights; or

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

(3) 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.

Minimum number of allottees

180. (1) The minimum number of allottees for each placement of eligible securities made under this Chapter shall at least be:

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) 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 mean entities where, - (i) any 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) any of them directly or indirectly, by itself, or in combination with other persons exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors amongst the investor, its subsidiary or holding company and any other investor.

CHAPTER VII - INITIAL PUBLIC OFFER OF INDIAN DEPOSITORY RECEIPTS

APPLICABILITY

181. The provisions of this Chapter shall apply to an issue of Indian Depository Receipts (hereinafter referred to as "IDR") made in terms of the Companies Act, 2013 and Companies (Registration of Foreign Companies) Rules, 2014.

PART I: ELIGIBILITY REQUIREMENTS

Reference date

182. Unless otherwise provided in this Chapter, an issuer making a public issue of IDRs 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 [241][filing] the offer document with the Registrar of Companies.

Eligibility conditions

183. (1) An issuer shall be eligible to make an issue of IDRs only if:

[241] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

a) the issuing company is listed in its home country for at least three immediately preceding years;

b) the issuer is not prohibited to issue securities by any regulatory body;

c) the issuer has a track record of compliance with the securities market regulations in its home country;

d) any of its promoters or directors is not a fugitive economic offender.

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

(2) The issue shall be subject to the following conditions:

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

b) at any given time, there shall be only one denomination of IDRs of the issuer.

c) issuer shall ensure that the underlying equity shares against which IDRs are issued have been or will be listed in its home country before listing of IDRs in stock exchange(s).

d) issuer shall ensure that the underlying shares of IDRs shall rank pari passu with the existing shares of the same class.

(3) The issuer shall ensure that:

a) it has made an application to one or more stock exchanges to seek an in-principle approval for listing of the IDRs on such stock exchanges and has chosen one of them as the designated stock exchange, in terms of **Schedule XIX**;

b) it has entered into an agreement with a depository for dematerialisation of the IDRs proposed to be issued;

c) it has made firm arrangements of finance through verifiable means towards seventy five per cent. of the stated means of finance for the project proposed to be funded from issue proceeds, excluding the amount to be raised through the proposed issue of IDRs or through existing identifiable internal accruals, have been made.

(4) The amount for general corporate purposes, as mentioned in objects of the issue in the draft offer document and the offer document, shall not exceed twenty five per cent. of the amount being raised by the issuer.

PART II: APPOINTMENT OF LEAD MANAGERS, OTHER INTERMEDIARIES AND COMPLIANCE OFFICER.

184. (1) The issuer shall appoint one or more merchant bankers, which are registered with the Board, as lead manager(s) to the issue and shall also appoint other intermediaries, in consultation

with the lead manager and shall enter into an agreement with the lead manager on the lines of format of agreement as specified in **Schedule II**.

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

(3) At least one lead manager to the issue shall not be an associate (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) of the issuer and if any of the lead manager(s) is an associate of the issuer, it shall disclose itself as an associate of the issuer and its role shall be limited to marketing of the issue.

(4) The issuer shall appoint a registrar to the issue, registered with the Board, which has connectivity with all the depositories.

(5) The issuer shall enter into an agreement with an overseas custodian bank and a domestic depository.

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

(7) 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.

PART IV: DISCLOSURES IN AND FILING OF OFFER DOCUMENTS

Disclosures in the draft offer document and offer document

185. (1) The offer document shall contain all material disclosures which are true, correct and adequate to enable the applicants to take an informed investment decision.

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

(a) disclosures specified in the Companies (Registration of Foreign Companies) Rules, 2014; and

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

(3) The lead manager(s) shall exercise due diligence and satisfy themselves about all aspects of the issue including the veracity and adequacy of disclosure in the draft offer document and the offer documents.

(4) The lead manager(s) shall call upon the issuer, its promoters or directors to fulfil their obligations as disclosed by them in the draft offer document or offer document, as the case may be, and as required in terms of these Regulations.

Filing of the draft offer document and offer document

186. (1) Prior to making an initial public offer, the issuer shall file three copies of the draft offer document with the Board, in accordance with **Schedule IV**, along with fees as specified in **Schedule III**, through the lead manager(s).

(2) The draft offer document and the offer documents filed with the Board shall also be furnished to the Board in a soft copy.

(3)The lead manager(s) shall:

a) submit a certificate confirming that an agreement has been entered into between the issuer and the lead manager(s)

b) submit a due diligence certificate as per format given in **Part H** of **Schedule V** to the Board along with the draft offer document**;**

c) certify that all amendments, suggestions or observations made by the Board have been incorporated in the offer document;

d) submit a due diligence certificate as per format given in **Part C** of **Schedule V**, at the time of filing the offer document with the Registrar of the Companies.

e) a due diligence certificate as per **Form D** of **Schedule V**, in the event the issuer has made a disclosure of any material development by issuing a public notice.

(4) The issuer shall, before filing the offer document with the Registrar of Companies, file with the Board through the lead manager(s), an updated draft offer document highlighting all changes made in the draft offer document.

(5) If there are any changes in the draft offer document in relation to the matters specified in **Schedule XVI**, an updated offer document or a fresh draft offer document, as the case may be, shall be filed with the Board along with fees specified in **Schedule III**.

(6) Copy of the offer documents shall also be filed with the Board and the stock exchange(s) through the lead manager(s) promptly after [242][filing] the offer documents with the registrar of companies.

Draft offer document and offer document to be available to the public

187. (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 filing, by hosting it on the websites of the Board, stock exchanges where specified securities are proposed to be listed and lead manager(s) associated with the issue.

[242] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

(2) The issuer shall, within two days of filing of the draft offer document with the Board, make a public announcement in one English national daily newspaper with wide circulation and one Hindi national daily newspaper with wide circulation, disclosing to the public the fact of filing of the draft offer document with the Board and inviting the public to provide their comments to the Board, the issuer or the lead manager(s) in respect of the disclosures made in the draft offer document.

(3) The lead manager(s) shall, after expiry of the period stipulated in sub-regulation (1), file with the Board, details of the comments received by them or the issuer from the public, on the draft offer document, during that period and the consequential changes, if any, that are required to be made in the draft offer document.

(4) The issuer and the lead manager(s) shall ensure that the offer documents are hosted on the websites as required under these regulations and its contents are the same as the versions as filed with the registrar of companies, Board and the stock exchanges, as applicable.

(5) The lead manager(s) and the stock exchanges shall provide copies of the offer document to the public as and when requested and may charge a reasonable sum for providing a copy of the same.

PART V - PRICING

Pricing

188. (1) The issuer may determine the price of the IDRs in consultation with the lead manager(s) or through the book building process, as the case may be.

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

Price and price band

189. (1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before [243][filing] the prospectus with the Registrar of Companies:

Provided that the prospectus [244][filed] with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.

[243] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

[244] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registered".

(2) The cap on the price band shall be less than or equal to one hundred and twenty per cent of the floor price.

(3) The floor price or the final price shall not be less than the face value of the IDRs.

(4) Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus, the issuer shall announce the floor price or the price band at least two working days before the opening of the issue in the same newspapers in which the pre-issue advertisement was released or together with the pre-issue advertisement in the format prescribed under Part A of **Schedule** X.

(5) The announcement referred to in sub-regulation (4) 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" of the offer document.

(6) The announcement referred to in sub-regulation (4) and the relevant financial ratios referred to in sub-regulation (5) shall be disclosed on the websites of the stock exchange(s) and shall also be pre-filled in the application forms to be made available on the websites of the stock exchange(s).

Differential pricing

190. (1) The issuer may offer its IDRs at different prices, subject to the following:

a) retail individual investors or employees entitled for reservation may be offered specified securities at a price not lower by more than ten per cent. of the price at which net offer is made to other categories of applicants, excluding anchor investors.

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

i) is a resident of India, and

ii) 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.

b) In case the issuer opts for the alternate method of book building in terms of Part D of **Schedule XIII**, the issuer may offer specified securities to its employees at a price not lower by more than ten per cent. of the floor price.

(2) Discount, if any, shall be expressed in rupee terms in the offer document.

PART VI: ISSUANCE CONDITIONS AND PROCEDURE

Issuance conditions

191. (1) The procedure to be followed by each class of applicant shall be mentioned in the offer document.

(2) The minimum application amount shall be twenty thousand rupees.

Allocation in the issue

192. (1) The allocation in the issue shall be as follows:

(a) at least fifty per cent. of the issue shall be allotted to qualified institutional buyers on proportionate basis as per illustration given in **Part A of Schedule XIV**;

(b) the remaining portion of the issue 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 offer document. Allotment to investors within a category shall be on proportionate basis:

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, spill over to other categories to the extent of under subscription may be permitted.

(2) A person shall not make an application in the net offer category for a number of IDRs which exceeds the total number of IDRs offered to the public.

Abridged prospectus

193. (1)The abridged prospectus shall contain the disclosures as specified in **Part B** of **Schedule VIII** and shall not contain any matter extraneous to the contents of the offer document.

(2) Every application form distributed by the issuer or any other person in relation to an issue shall be accompanied by a copy of the abridged prospectus.

ASBA

194. The issuer shall accept bids using only the ASBA facility in the manner specified by the Board.

Availability of issue material

195. The lead manager(s) shall ensure availability of the offer document and other issue material including application forms to stock exchanges, syndicate members, registrar to issue, registrar and share transfer agents, depository participants, stock brokers, underwriters, bankers to the issue, investors' associations and self certified syndicate banks before the opening of the issue.

Prohibition on payment of incentives

196. Any person connected with the issue shall not 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 in the initial public offer, except for fees or commission for services rendered in relation to the issue.

Security deposit

197. (1) The issuer shall, before the opening of subscription list, deposit with the designated stock exchange, an amount calculated at the rate of one per cent. of the issue size available for subscription to the public in the manner specified by Board and/or stock exchange(s).

(2) The amount specified in sub-regulation (1) shall be refundable or forfeitable in the manner specified by the Board.

Underwriting

198. (1) If the issuer making an initial public offer of IDRs, other than through the book building process, desires to have the issue underwritten, [245][it shall appoint merchant bankers or stock brokers, registered with the Board, to act as underwriters].

(2) If the issuer makes a public issue through the book building process,

a) The issue shall be underwritten by lead manager(s) and syndicate member(s):

b) The issuer shall, prior to filing the prospectus, enter into underwriting agreement with the lead manager(s), and syndicate member(s), 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.

c) If the syndicate member(s) fail to fulfil their underwriting obligations, the lead manager(s) shall fulfil such underwriting obligations.

d) The lead manager(s) and the syndicate member(s) shall not subscribe to the issue in any manner except for fulfilling their underwriting obligations.

[245] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words, numbers and symbols "*it shall appoint underwriters in accordance with the Securities and Exchange Board of India (Underwriters) Regulations, 1993*".

e) In case of every underwritten issue, the lead manager(s) shall undertake minimum underwriting obligations as specified in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

f) where the issue is required to be underwritten, the underwriting obligations should at least to the extent of minimum subscription.

Public communications, publicity materials, advertisements and research reports.

199. All public communication, publicity materials, advertisements and research reports shall comply with the provisions of **Schedule IX**, subject to the following:

a) the applicability of clauses (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 clauses (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 clauses (4) and (5) 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 clause (10) shall be restricted to any product advertisement of the issuer issued or published in any media in India;

e) all other provisions of **Schedule IX** shall be applicable.

Issue-related advertisements

200. (1)The issuer may release advertisements for issue opening and issue closing, which shall be in the formats specified in **Parts B and C of Schedule X.**

(2) During the period the issue is open for subscription, no advertisement shall be released giving an impression that the issue has been fully subscribed or oversubscribed or indicating investors' response to the issue.

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

Provided that such an announcement shall not be made before the date on which the issue is to be closed except for issue closing advertisement made in the format prescribed in these regulations.

Opening of the issue

201. [246][(1) Subject to the compliance with the provisions of the Companies Act, 2013, a public issue shall be opened within twelve months from the date of issuance of the observations by the Board under regulation 6.]

[247][]

(2) [248][The] issue shall be opened after at least three working days from the date of [249][filing] the prospectus with the Registrar of Companies.

Minimum subscription

202. (1) The minimum subscription to be received in the issue shall be at least ninety per cent. of the offer through the offer document.

(2) For non-underwritten issues:

a) 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, the issuer shall forthwith refund through verifiable means the entire subscription amount received.

b) If the issuer fails to refund the entire subscription amount within [250][four 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.

(3) For underwritten issues:

(a) If the issuer does not receive the minimum subscription of ninety per cent. of the offer through offer document including devolvement of underwriters, all application monies received shall be refunded through verifiable means to the applicants forthwith, but not later than [251][four days] from the closure of the issue.

[246] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022. Prior to the substitution, sub-regulation (1) read as follows:

"(1)Subject to the compliance with the provisions of the Companies Act, 2013, a public issue may be opened:"

[247] Clause (a) of sub-regulation (1) of regulation 201 omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022. Prior to the omission, clause a) read as follows:

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

[248] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the word "*an*".

[249] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

[250] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*fifteen days*".

[251] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*fifteen days*".

(b) If the issuer fails to refund the entire subscription amount within [252][four 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.

(4) In case of an undersubscribed issue that is underwritten, the lead manager(s) shall furnish information to the Board in respect of underwriters who have failed to meet their underwriting devolvement in the format specified in **Schedule XVIII**.

Period of subscription

203. (1) Except as otherwise provided in these regulations, an initial public offer of IDRs shall be kept open for at least three working days and not more than ten working days.

(2) In case of a revision in the price band, the issuer shall extend the bidding (issue) period disclosed in the red herring prospectus, for a minimum period of three working days, subject to the provisions of sub-regulation (1).

(3) In case of force majeure, banking strike or similar circumstances, the issuer may, for reasons to be recorded in writing, extend the bidding (issue) period disclosed in the red herring prospectus (in case of a book built issue) or the issue period disclosed in the prospectus (in case of a fixed price issue), for a minimum period of three working days, subject to the provisions of sub-regulation (1).

Allotment procedure and basis of allotment

204. (1) The issuer shall not make any allotment in excess of the specified securities offered through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the designated stock exchange.

Provided that in case of oversubscription, an allotment of not more than one per cent. of the net offer to public may be made for the purpose of making allotment in minimum lots.

(2) The allotment of specified securities to applicants other than retail individual investors shall be on proportionate basis within the respective 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 in the offer document:

Provided that value of specified securities allotted to retail individual investors shall not exceed two lakhs rupees.

(3) The allotment of specified securities to each retail individual investor shall not be less than the minimum bid lot, subject to availability of shares in retail individual investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

[252] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*fifteen days*".

(4) The authorised employees of the designated stock exchange, along with the lead manager(s) 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 **Part A of Schedule XIV**.

Allotment, refund and payment of interest

205. (1) The issuer shall ensure that the letters of allotment for the IDRs are issued simultaneously to all allottees and that in the event of it being impossible to issue letters of regret at the same time, a notice to that effect shall be issued in the media so that it appears on the morning after the letters of allotment have been despatched.

(2) The issuer and lead manager(s) shall ensure that the IDRs are allotted and/or application monies are refunded or unblocked within such period as may be specified by the Board.

(3) The lead manager(s) shall ensure that the allotment, credit of dematerialised securities, refunding or unlocking of application monies, as may be applicable, are done electronically.

(4) Where the specified securities are not allotted and/or application monies are not refunded or unblocked within the period stipulated in sub-regulation (1) above, the issuer shall undertake to pay interest at the rate of fifteen per cent per annum to the investors and within such time as disclosed in the offer document and the lead manager(s) shall ensure the same.

Post-issue advertisements

206. (1) The lead manager(s) shall ensure that advertisement giving details relating to subscription, 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, as applicable, or instructions to self-certified syndicate banks by the registrar, date of credit of the IDRs 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.

(2) Details specified in sub regulation (1) shall also be placed on the websites of the stock exchanges where the securities are listed.

Post-issue responsibilities of the lead manager(s)

207. (1) The responsibility of the lead manager(s) shall continue until completion of the issue process and for any issue related matter thereafter.

(2) The lead manager(s) shall regularly monitor redressal of investor grievances arising from any issue related activities.

(3) The lead manager(s) shall continue to be responsible for post-issue activities till the applicants have received the credit of IDRs to their account or refund of application monies and the listing agreement is entered into by the issuer with the stock exchange and listing or trading permission is obtained.

(4) The lead manager(s) shall be responsible for and co-ordinate with the registrars to the issue and with various intermediaries at regular intervals after the closure of the issue to monitor the flow of applications from syndicate member(s) or 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, credit of the specified securities to the demat accounts of the allottees and unblocking of ASBA accounts/ despatch of refund orders are completed and securities are listed, as applicable.

(5) Any act of omission or commission on the part of any of the intermediaries noticed by the lead manager(s) shall be duly reported by them to the Board.

(6)In case there is a devolvement on the underwriters, the lead manager(s) shall ensure that the notice for devolvement containing the obligation of the underwriters is issued within ten days from the date of closure of the issue.

(7) In case of undersubscribed issues that are underwritten, the lead manager(s) shall furnish information to the Board in respect of underwriters who have failed to meet their underwriting devolvement in the format specified in **Schedule XVIII**.

Release of subscription money

208. (1) The lead manager(s) 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**.**

(2) In case the issuer fails to obtain listing or trading permission from the stock exchanges where the specified securities were listed, it shall refund through verifiable means the entire monies received within [253][four days] of receipt of intimation from stock exchanges rejecting the application for listing of IDRs, if any such money is not repaid within [254][four days] after the issuer becomes liable to repay it the issuer and every director of the company who is an officer in

[253] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*seven days*".

[254] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*eight days*".

default shall, on and from the expiry of the [255][fourth day], be jointly and severally liable to repay that money with interest at the rate of fifteen per cent. per annum.

(3) The lead manager(s) shall ensure that the monies received in respect of the issue are released to the issuer in compliance with the provisions of the Section 40 (3) of the Companies Act, 2013, as applicable.

Reporting of transactions by the promoters and promoter group

209. (1) The issuer shall ensure that transactions in securities by the promoters and promoter group during the period between the date of filing of the draft offer document or offer document, as the case may be, and the date of closure of the issue shall be reported to the stock exchange(s) within twenty four hours of such transactions.

Post-issue reports

210. The lead manager(s) shall submit a final post-issue report on the lines of **Parts A** of **Schedule XVII**, along with a due diligence certificate as per the format specified in **Form F** of **Schedule V**, within seven days of the date of finalisation of basis of allotment or within seven days of refund of money in case of failure of issue.

Fungibility

211. The IDRs shall be fungible into the underlying equity shares of the issuer in the manner specified by the Board and Reserve Bank of India, from time to time.

CHAPTER VIII - RIGHTS ISSUE OF INDIAN DEPOSITORY RECEIPTS

Applicability

212. In addition to compliance with Chapter VII, wherever applicable, a listed issuer offering IDRs 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) regulation 191
b) sub-regulation (1) of regulation 192
c) clause (a) of sub regulation (2) of regulation 183
d) regulation 205; and

[255] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*eighth day*".

e) sub-regulation (2) of regulation 185.

Entities not eligible to make a rights issue

213. An issuer shall not be eligible to make a rights issue of IDRs if –

(a) at the time of undertaking the rights issue, the issuer is in breach of ongoing material obligations under the listing agreement and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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;

(b) any of its promoters or directors is a fugitive economic offender.

General conditions

214. The issuer shall ensure that it has made an application to all the 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, in terms of **Schedule** XIX.

Renunciation by an IDR holder

215. Unless the laws of the home jurisdiction of the issuer otherwise provide, the rights issue 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

216. The domestic depository shall, in accordance with the depository agreement executed with the issuer at the time of initial offering of IDR, 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 or renouncees or arrange for the IDR holders or renouncees to subscribe for any additional rights which are available due to lack of take-up by other holders of underlying shares.

Record date

217. (1) An issuer making a rights issue of IDRs shall, in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the issuer shall 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

218. (1*)* The offer document for the rights offering shall contain disclosures as required under the home country regulations of the issuer.

(2) 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 C** of **Schedule VIII** 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.

Appointment of lead managers and compliance officer

219. (1) The issuer shall appoint one or more merchant bankers, which are registered with the Board, as a lead manager(s) to the issue and shall also appoint other intermediaries, in consultation with the lead manager, to carry out the obligations relating to the issue.

(2) 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.

Filing of draft offer document and the addendum for rights offering

220. (1) The issuer shall, through the lead manager(s), file the draft offer document prepared in accordance with the home country requirements along with an addendum containing disclosures as specified in **Part C** of **Schedule VIII** with the Board, as a confidential filing accompanied with fees as specified in **Schedule III**.

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

(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 manager(s), 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 stock exchanges.

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

(4) 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.

Pricing

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

Availability of Issue Material

222. (1) The abridged letter of offer, containing disclosures as specified in Part B of **Schedule** IX, for a rights offering, along with application form, shall be dispatched through registered post or speed post or by courier service or by electronic mode 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 manager 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.

Issue-related advertisement

223. (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 monies 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 the 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.

Period of subscription and issue of allotment letter

224. (1) 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 ten days.

(2) The issuing company shall ensure that it sends the allotment letter of rights to IDR holders at the time these are sent to shareholders of the issuing company as per the requirement of its home country or other jurisdictions where its securities are listed.

Utilisation of funds

225. The issuer shall utilise funds raised in relation to the IDRs pursuant to the rights offering only upon completion of the allotment process.

Fast track issue

226. (1) Nothing contained in sub-regulations (1) of regulation 221, (1), (2) and (3) of regulation 222 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 C** of **Schedule VIII** with the Board for record purposes, before filing the same with the stock exchanges.

CHAPTER IX - INITIAL PUBLIC OFFER BY SMALL AND MEDIUM ENTERPRISES

Reference date

227. Unless otherwise provided in this Chapter, an issuer making an initial public offer of specified securities shall satisfy the conditions of this Chapter as on the date of filing of the draft

offer document with the SME exchange and also as on the date of [256][filing] the offer document with the Registrar of Companies.

PART I: ELIGIBILITY REQUIREMENTS

Entities not eligible to make an initial public offer

228. An issuer shall not be eligible to make an initial public offer:

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

(b) if any of the promoters or directors of the issuer is a promoter or director of any other company which is debarred from accessing the capital market by the Board;

(c) if the issuer or any of its promoters or directors is a [257][wilful defaulter or a fraudulent borrower].

(d) if any of its promoters or directors is a fugitive economic offender.

Explanation: The restrictions under clauses (a) and (b) shall not apply to the persons or entities mentioned therein, who were debarred in the past by the Board and the period of debarment is already over as on the date of filing of the draft offer document with the SME Exchange.

Eligibility requirements for an initial public offer

229. (1) An issuer shall be eligible to make an initial public offer only if its post-issue paid-up capital is less than or equal to ten crore rupees.

(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) An issuer may make an initial public offer, if it satisfies track record and/or other eligibility conditions of the SME Exchange(s) on which the specified securities are proposed to be listed.

Provided that In case of an issuer which had been a partnership firm or a limited liability partnership, the track record of operating profit of the partnership firm or the limited liability partnership shall be considered only if the financial statements of the partnership business for the period during which the issuer was a partnership firm or a limited liability partnership, conform to

[256] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

[257] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*wilful defaulter*".

and are revised in the format prescribed for companies under the Companies Act, 2013 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** III of the Companies Act, 2013;

b) the financial statements are duly certified by 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, stating that: (i) the accounts and the disclosures made are in accordance with the provisions of **Schedule** III of the Companies Act, 2013; (ii) the accounting standards prescribed under the Companies Act, 2013 have been followed; (iii) the financial statements present a true and fair view of the firm‘s accounts;

Provided further that in case of an issuer formed out of merger or a division of an existing company, the track record of the resulting issuer shall be considered only if the requirements regarding financial statements as specified above in the first proviso are complied with.

General conditions

230. (1) An issuer making an initial public offer shall ensure that:

(a) it has made an application to one or more SME exchanges for listing of its specified securities on such SME exchange(s) and has chosen one of them as the designated stock exchange, in terms of Schedule XIX:

(b) it has entered into an agreement with a depository for dematerialisation of its specified securities already issued and proposed to be issued;

(c) all its existing partly paid-up equity shares have either been fully paid-up or forfeited;

(d) all specified securities held by the promoters are in the dematerialised form;

(e) it has made firm arrangements of finance through verifiable means towards seventy five per cent. of the stated means of finance for the project proposed to be funded from the issue proceeds, excluding the amount to be raised through the proposed public offer or through existing identifiable internal accruals.

Explanation: “project” means the object for which monies are proposed to be raised to cover the objects of the issue

(2) The amount for general corporate purposes, as mentioned in objects of the issue in the draft offer document and the offer document shall not exceed twenty five per cent. of the amount being raised by the issuer.

[258][(3) The amount for:

(i) general corporate purposes, and

(ii) such objects where the issuer company has not identified acquisition or investment target, as mentioned in objects of the issue in the draft offer document and the offer document,

shall not exceed thirty five per cent. of the amount being raised by the issuer:

Provided that the amount raised for such objects where the issuer company has not identified acquisition or investment target, as mentioned in objects of the issue in the draft offer document and the offer document, shall not exceed twenty five per cent. of the amount being raised by the issuer:

Provided further that such limits shall not apply if the proposed acquisition or strategic investment object has been identified and suitable specific disclosures about such acquisitions or investments are made in the draft offer document and the offer document at the time of filing of offer documents.]

PART II: ISSUE OF CONVERTIBLE DEBT INSTRUMENTS AND WARRANTS

231. An issuer shall be eligible to make an initial public offer of convertible debt instruments even without making a prior public issue of its equity shares and listing thereof.

Provided that an issuer shall not be eligible if 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.

Additional requirements for issue of convertible debt instruments

232. (1) In addition to other requirements laid down in these regulations, an issuer making an initial public offer of convertible debt instruments shall also comply with the following conditions:

a) it has obtained credit rating from at least one credit rating agency;

b) it has appointed at least one debenture trustees in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

[258] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

c) it shall create a debenture redemption reserve in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder;

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 any existing lender or security trustee or the issue of convertible debt instruments is proposed to be secured by creation of security on a leasehold land, the consent of such lender or security trustee 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 or asset cover shall be arrived at after reduction of the liabilities having a first or 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 as stipulated in the offer document.

Conversion of optionally convertible debt instruments into equity share capital

233. (1) The 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 listed convertible debt instruments issued by a 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

234. An issuer shall not issue convertible debt instruments for financing or for providing loans to or for acquiring shares of any person who is part of the promoter group or group companies;

Provided that an issuer shall be eligible to 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.

Issue of warrants

235. An issuer shall be eligible to issue warrants in an initial public offer subject to the following:

a) the tenure of such warrants shall not exceed eighteen months from their date of allotment in the initial public offer;

b) A specified security may have one or more warrants attached to it;

c) the price or formula for determination of exercise price of the warrants shall be determined upfront and disclosed in the offer document and at least twenty-five per cent. of the consideration amount based on the exercise price shall also be received upfront;

   Provided that in case the exercise price of warrants is based on a formula, twenty-five per cent. consideration amount based on the cap price of the price band determined for the linked equity shares or convertible securities shall be received upfront.;

d) in case the warrant holder does not exercise the option to take equity shares against any of the warrants held by the warrant holder, within three months from the date of payment of consideration, such consideration made in respect of such warrants shall be forfeited by the issuer.

PART III: PROMOTERS' CONTRIBUTION

Minimum promoters' contribution

236. (1) The promoters of the issuer shall hold at least twenty per cent. of the post-issue capital:

Provided that in case the post-issue shareholding of the promoters is less than twenty per cent., alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India may contribute to meet the shortfall in minimum contribution as

specified for the promoters, subject to a maximum of ten per cent. of the post-issue capital without being identified as promoter(s);

Provided further that the requirement of minimum promoters' contribution shall not apply in case an issuer does not have any identifiable promoter.

(2) The minimum promoters' contribution shall be as follows:

a) the promoters shall contribute twenty per cent. as stipulated 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 offer 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 its 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 offer.

d) The promoters shall satisfy the requirements of this regulation at least one day prior to the date of opening of the issue.

e) In case the promoters have to subscribe to equity shares or convertible securities towards minimum promoters' contribution, the amount of promoters' contribution shall be kept in an escrow account with a scheduled commercial bank, which 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;

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.

(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

237. (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 the promoters and alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India, during the preceding one year at a price lower than the price at which specified securities are being offered to the public in the initial public offer:

Provided that nothing contained in this clause shall apply:

(i) [259][if the promoters and alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India,] as applicable, pay to the issuer the difference between the price at which the specified securities are offered in the initial public offer and the price at which the specified securities had been acquired;

[259] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*if the promoters and alternative investment funds*".

(ii) if such specified securities are acquired in terms of the scheme under [260][***] sections 230 to 234 of the Companies Act, 2013, as approved by a High Court or a tribunal, as applicable, by the 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 the infrastructure sector;

c) specified securities allotted to the promoters and alternative investment funds 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 or limited liability partnerships, where the partners of the erstwhile partnership firms or limited liability partnerships are the promoters of the issuer and there is no change in the management:

Provided that specified securities, allotted to the promoters against the 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 the Companies Act, 2013 or any previous company law.

PART IV: LOCK-IN AND RESTRICTIONS ON TRANSFERRABILITY

Lock-in of specified securities held by the promoters

238. The specified securities held by the promoters shall not be transferable (hereinafter referred to as 'lock-in') for the periods as stipulated hereunder:

a) minimum promoters' contribution including contribution made by alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India, as applicable, shall be locked-in for a period of three years from the date of commencement of commercial production or date of allotment in the initial public offer, whichever is later;

b) promoters' holding in excess of minimum promoters' contribution shall be locked-in for a period of one year from the date of allotment in the initial public offer

[260] The numbers, words and symbols "*391 to 394 of the Companies Act, 1956 or*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

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 of the project in respect of which the funds raised are proposed to be utilised as stated in the offer document, is expected to commence.

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

239. The entire pre-issue capital held by persons other than the promoters shall be locked-in for a period of one year from the date of allotment in the initial public offer:

Provided that nothing contained in this regulation shall apply to:

a) equity shares allotted to employees, whether currently an employee or not, 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 VI**;

b) equity shares held by an employee stock option trust or transferred to the employees by an employee stock option trust pursuant to exercise of options by the employees, whether currently employees or not, in accordance with the employee stock option plan or employee stock purchase scheme.

   Provided that the equity shares allotted to the employees shall be subject to the provisions of lock-in as specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

c) equity shares held by a venture capital fund or alternative investment fund of category I or Category II or a foreign venture capital investor:

   Provided that such equity shares shall be locked in for a period of at least one year from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

   Explanation: For the purpose of clause (c), 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 the green shoe option

240. The lock-in provisions 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 279:

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

Inscription or recording of non-transferability

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

Pledge of locked-in specified securities

242. Specified securities held by the promoters and locked-in may be pledged as a collateral security for a loan granted by a scheduled commercial bank or a public financial institution or a systemically important non-banking finance company or a housing finance company, subject to the following:

a) if the specified securities are locked-in in terms of clause (a) of regulation 238, the loan has been granted to the issuer company or its subsidiary(ies) 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 238 and the pledge of specified securities is one of the terms of sanction of the loan.

Provided that such lock-in shall continue pursuant to the invocation of the pledge and such transferee shall not be eligible to transfer the specified securities till the lock-in period stipulated in these regulations has expired.

Transferability of locked-in specified securities

243. Subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011, the specified securities held by the promoters and locked-in as per regulation 238 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 the promoters and locked-in as per regulation 239 may be transferred to any other person (including promoter or promoter group) holding the specified securities which are locked-in along with the securities proposed to be transferred:

Provided that the 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: APPOINTMENT OF LEAD MANAGERS, OTHER INTERMEDIARIES AND COMPLIANCE OFFICER

244. (1) The issuer shall appoint one or more merchant bankers, which are registered with the Board, as lead manager(s) to the issue.

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

(3) At least one lead manager to the issue shall not be an associate (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) of the issuer and if any of the lead manager is an associate of the issuer, it shall disclose itself as an associate of the issuer and its role shall be limited to marketing of the issue.

(4) The issuer shall, in consultation with the lead manager(s), appoint other intermediaries which are registered with the Board after the lead manager(s) have independently assessed the capability of other intermediaries to carry out their obligations.

(5) The issuer shall enter into an agreement with the lead manager(s) in the format specified in **Schedule II** and enter into agreements 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 lead manager(s), other intermediaries and the issuer under the Act, the Companies Act, 2013 [261][***], 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.

[261] The words, numbers and symbol "*or the Companies Act, 1956 (to the extent applicable)*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(6) The issuer shall, in case of an issue made through the book building process, appoint syndicate member(s) and in the case of any other issue, appoint bankers to issue, at centres specified in **Schedule XII**.

(7) The issuer shall appoint a registrar to the issue, registered with the Board, which has connectivity with all the depositories:

Provided that if issuer itself is a registrar, it shall not appoint itself as registrar to the issue;

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

(8) 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.

PART VI: DISCLOSURES IN AND FILING OF OFFER DOCUMENTS

Disclosures in the draft offer document and offer document

245. (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), the offer document shall contain:

a) disclosures specified in the Companies Act, 2013; and

b) disclosures specified in **Part A** of **Schedule VI**.

(3) The lead manager(s) shall exercise due diligence and satisfy themselves about all aspects of the issue including the veracity and adequacy of disclosure in the draft offer document and the offer document.

(4) The lead manager(s) shall call upon the issuer, its promoters and its directors or in case of an offer for sale, also the selling shareholders, to fulfil their obligations as disclosed by them in the draft offer document or offer document, as the case may be, and as required in terms of these regulations.

(5) The lead manager(s) 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.

Filing of the offer document

246. (1) The issuer shall file a copy of the offer document with the Board through the lead manager(s), immediately upon [262][filing] of the offer document with the Registrar of Companies:

(2) The Board shall not issue any observation on the offer document.

(3) The lead manager(s) shall submit a due-diligence certificate as per **Form A** of **Schedule V** including additional confirmations as provided in **Form G of Schedule V** along with the offer document to the Board.

(4) The offer document shall be displayed from the date of filing in terms of sub-regulation (1) on the websites of the Board, the lead manager(s) and the SME exchange(s).

(5) The [263][***] offer documents shall also be furnished to the Board in a soft copy.

Offer document to be made available to public

247. (1) The issuer and the lead manager(s) shall ensure that the offer documents are hosted on the websites as required under these regulations and its contents are the same as the versions as filed with the Registrar of Companies, Board and the SME exchange(s).

(2) The lead manager(s) and the SME exchange(s) shall provide copies of the offer document to the public as and when requested and may charge a reasonable sum for providing a copy of the same.

PART VII - PRICING

Face value of equity shares

248. The disclosure about the face value of equity shares shall be made in the draft offer document, offer document, advertisements and application forms, along with the price band or the issue price in identical font size.

Pricing

249. (1) The issuer may determine the price of equity shares, and in case of convertible securities, the coupon rate and the conversion price, in consultation with the lead manager(s) or through the book building process, as the case may be.

(2) The issuer shall undertake the book building process in the manner specified in **Schedule XIII**.

[262] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registration".

[263] The words "*draft offer document and the*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

Price and price band

250. (1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before [264][filing] the prospectus with the Registrar of Companies:

Provided that the prospectus [265][filed] with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.

(2) The cap on the price band, and the coupon rate in case of convertible debt instruments shall be less than or equal to one hundred and twenty per cent. of the floor price.

(3) The floor price or the final price shall not be less than the face value of the specified securities.

(4) Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus, the issuer shall announce the floor price or the price band at least two working days before the opening of the issue in the newspapers in which the pre-issue advertisement was released or together with the pre-issue advertisement in the format prescribed under Part A of **Schedule** X.

(5) The announcement referred to in sub-regulation (4) 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" of the offer document.

(6) The announcement referred to in sub-regulation (4) and the relevant financial ratios referred to in sub-regulation (5) shall be disclosed on the websites of the SME exchange(s) and shall also be pre-filled in the application forms to be made available on the websites of the SME exchange(s).

Differential pricing

251. (1) The issuer may offer its specified securities at different prices, subject to the following:

a) retail individual investors or retail individual shareholders[or employees entitled for reservation made under regulation 254 may be offered specified securities at a price not lower than by more than ten per cent. of the price at which net offer is made to other categories of applicants, excluding anchor investors.

[264] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

[265] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registered".

b) the differential pricing and the price at which net offer is proposed to be made to other categories of applicants shall be within the range such that the minimum application lot size shall remain uniform for all the applicants.

c) in case of a book built issue, the price of the specified securities offered to the anchor investors shall not be lower than the price offered to other applicants.

(2) Discount, if any, shall be expressed in rupee terms in the offer document.

PART VIII: ISSUANCE CONDITIONS AND PROCEDURE

Minimum offer to public

252. The minimum offer to the public shall be as per the provisions of clause (b) of sub-rule (2) of rule 19 of Securities Contracts (Regulations) Rules, 1957.

Allocation in the net offer

253. [266][(1)]The allocation in the net offer category shall be 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 the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in any other category:

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.

[267][***]

[268][(2) In an issue made other than through the book building process, the allocation in the net offer category shall be made as follows:

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

[266] Re-numbered by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2018 w-e-f- 31.12.2018.

[267] Omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2018 w-e-f- 31.12.2018. Prior to its omission,-

"**Explanation:** If the retail individual investor category is entitled to more than the allocated portion on proportionate basis, the retail individual investors shall be allocated that higher percentage."

[268] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2018 w-e-f- 31.12.2018.

(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;

Provided that 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 (2), if the retail individual investor category is entitled to more than fifty per cent. of the issue size on a proportionate basis, the retail individual investors shall be allocated that higher percentage.]

Reservation on a competitive basis

254. (1) The issuer may make reservations on a competitive basis out of the issue size excluding promoters' contribution in favour of the following categories of persons:

a) employees;

b) shareholders (other than promoters and promoter group) of listed subsidiaries or listed promoter companies

Provided that the issuer shall not make any reservation for the lead manager(s), registrar, syndicate member(s), their promoters, directors and employees and for the group or associate companies (as defined under the Companies Act, 2013) of the lead manager(s), registrar, and syndicate member(s) and their promoters, directors and employees.

(2) The reservations on a competitive basis shall be subject to following conditions:

a) the aggregate of reservations for employees shall not exceed five per cent. of the post-issue capital of the issuer and the value of allotment to any employee shall not exceed two lakhs rupees:

Provided that in the event of under-subscription in the employee reservation portion, the unsubscribed portion may be allotted on a proportionate basis, for a value in excess of two lakhs rupees, subject to the total allotment to an employee not exceeding five lakhs rupees.

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

c) no further application for subscription in the net offer can be made by persons (except an employee and retail individual shareholder) in favour of whom reservation on a competitive basis is made;

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

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

(3) An applicant in any reserved category may make an application for any number of specified securities but not exceeding the reserved portion for that category.

Abridged prospectus

255. (1) The abridged prospectus shall contain the disclosures as specified in [269][Part E of Schedule VI] and shall not contain any matter extraneous to the contents of the offer document.

(2) Every application form distributed by the issuer or any other person in relation to an issue shall be accompanied by a copy of the abridged prospectus.

ASBA

256. The issuer shall accept bids using only the ASBA facility in the manner specified by the Board.

Availability of issue material

257. The lead manager(s) shall ensure availability of the offer document and other issue material including application forms to stock exchanges, syndicate members, registrar to issue, registrar and share transfer agents, depository participants, stock brokers, underwriters, bankers to the issue, investors' associations and self certified syndicate banks before the opening of the issue.

Prohibition on payment of incentives

258. Any person connected with the distribution of the issue, shall not 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 in the initial public offer, except for fees or commission for services rendered in relation to the issue.

Security deposit

[269] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbols "***Part E of Schedule VIII*".**

259. (1) The issuer shall, before the opening of subscription list, deposit with the designated stock exchange, an amount calculated at the rate of one per cent. of the issue size available for subscription to the public in the manner specified by Board and/or stock exchange(s).

(2) The amount specified in sub-regulation (1) shall be refundable or forfeitable in the manner specified by the Board.

Underwriting

260. (1) The initial public offer shall be underwritten for hundred per cent of the offer and shall not be restricted upto the minimum subscription level.

(2) The lead manager(s) shall underwrite at least fifteen per cent. of the issue size on their own account(s).

(3) The issuer, in consultation with lead manager(s), [270][shall appoint merchant bankers or stock brokers, registered with the Board, to act as underwriters,] and the lead manager(s) may enter into an agreement with the nominated investors indicating therein the number of specified securities which they agree to subscribe at the issue price in case of under-subscription.

(4) The lead manager(s) shall file an undertaking to the Board that the issue has been hundred per cent. underwritten along with the list of underwriters, nominated investors and sub-underwriters indicating the extent of underwriting or subscription commitment made by each of them, one day before the opening of issue.

(5) If any of the underwriters fail to fulfill their underwriting obligations or the nominated investors fail to subscribe to the unsubscribed portion, the lead manager(s) shall fulfill the underwriting obligations.

(6) The underwriters/ sub-underwriters, other than the lead manager(s) 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 lead manager(s) in this regard.

(7) All underwriting and subscription arrangements made by the lead manager(s) shall be disclosed in the offer document.

Market making

[270] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words, numbers and symbols "*may appoint underwriters in accordance with Securities and Exchange Board of India (Underwriters) Regulations, 1993*".

261. (1) The lead manager(s) shall ensure compulsory market making through the stock brokers of the SME exchange(s) appointed by the issuer, in the manner specified by the Board for a minimum period of three years from the date of listing of the specified securities or from the date of migration from the Main Board in terms of regulation 276.

(2) The market maker or issuer, in consultation with the lead manager(s) may enter into agreements with the nominated investors for receiving or delivering the specified securities in market making, subject to the prior approval of the SME exchange.

(3) The issuer shall disclose the details of the market making arrangement in the offer document.

(4) The specified securities being bought or sold in the process of market making may be transferred to or from the nominated investors with whom the lead manager(s) and the issuer have entered into an agreement for 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 the 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) The market maker shall not buy the shares from the promoters or persons belonging to the promoter group of the issuer or any person who has acquired shares from such promoter or person belonging to the promoter group during the compulsory market making period.

(7) The promoters' holding shall not be eligible for offering to the market maker during the compulsory market making period:

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) The lead manager(s) may be represented on the board of directors of the issuer subject to the agreement between the issuer and the lead manager(s) who have the responsibility of market making.

Monitoring agency

262. (1) If the issue size, excluding the size of offer for sale by selling shareholders, exceeds one hundred crore rupees, the issuer shall make arrangements for the use of proceeds of the issue to be monitored by a [271][credit rating agency registered with the Board:]

Provided that nothing contained in this clause shall apply to an issue of specified securities made by a bank or public financial institution or an insurance company.

(2) The monitoring agency shall submit its report to the issuer in the format specified in **Schedule XI** on a quarterly basis, till [272][hundred per cent]. of the proceeds of the issue [273][***] have been utilised.

(3) The board of directors and the management of the issuer shall provide their comments on the findings of the monitoring agency as specified in **Schedule XI**.

(4) The issuer shall, within forty five days from the end of each quarter, publicly disseminate the report of the monitoring agency by uploading the same on its website as well as submitting the same to the stock exchange(s) on which its equity shares are listed.

Public communications, publicity materials, advertisements and research reports

263. All public communications, publicity materials, advertisements and research reports shall comply with provisions of **Schedule IX**.

Issue-related advertisements

264. (1) Subject to the provisions of the Companies Act, 2013, the issuer shall, after [274][filing] the prospectus 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 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 X**.

[271] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbol "*public financial institution or by one of the scheduled commercial banks named in the offer document as bankers of the issuer*:".

[272] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*at least ninety five per cent*".

[273] The symbols and words ", *excluding the proceeds raised for general corporate purposes*," omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[274] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

Provided that the disclosures in relation to price band or floor price and financial ratios contained therein shall only be applicable where the issuer opts to announce the price band or floor price along with the pre-issue advertisement pursuant to sub-regulation (4) of regulation 250.

(3) The 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 X.**

(4) During the period the issue is open for subscription, no advertisement shall be released giving an impression that the issue has been fully subscribed or oversubscribed or indicating investors' response to the issue.

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

Provided that such an announcement shall not be made before the date on which the issue is to be closed except for issue closing advertisement made in the format prescribed in these regulations.

Opening of the issue

265. The issue shall be opened after at least three working days from the date of [275][filing] the offer document with the Registrar of Companies.

Period of subscription

266. (1) Except as otherwise provided in these regulations, a public issue shall be kept open for at least three working days and not more than ten working days.

(2) In case of a revision in the price band, the issuer shall extend the bidding (issue) period disclosed in the red herring prospectus, for a minimum period of three working days, subject to the provisions of sub-regulation (1).

(3) In case of force majeure, banking strike or similar circumstances, the issuer may, for reasons to be recorded in writing, extend the bidding (issue) period disclosed in the red herring prospectus (in case of a book built issue) or the issue period disclosed in the prospectus (in case of a fixed price issue), for a minimum period of three working days, subject to the provisions of sub-regulation (1).

Application and minimum application value

[275] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w-e-f 01.01.2020 for the word "registering".

267. (1) A person shall not make an application in the net offer category for a number of specified securities that exceeds the total number of specified securities offered to the public.

Provided that the maximum application by non-institutional investors shall not exceed total number of specified securities offered in the issue less total number of specified securities offered in the issue to qualified institutional buyers.

(2) The minimum application size shall be one lakh rupees per application.

(3) The issuer shall invite applications in multiples of the minimum application amount, an illustration whereof is given in **Part B of Schedule XIV**.

(4) The minimum sum payable on application per specified security shall at least be twenty five per cent. of the issue price:

Provided that in case of an offer for sale, the full issue price for each specified security shall be payable on 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

268. (1) The issuer shall not make an allotment pursuant to a public issue if the number of allottees in an initial public offer is less than fifty.

(2) The issuer shall not make any allotment in excess of the specified securities offered through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the designated stock exchange.

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.

(3) The allotment of specified securities to applicants other than retail individual investors and 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 in the offer document:

Provided that the value of specified securities allotted to any person, except in case of employees, in pursuance of reservation made under clause (a) of sub-regulation (1) or clause (a) of sub-regulation (2) of regulation 254, shall not exceed two lakhs rupees.

(4) The authorised employees of the stock exchange, along with the lead manager(s) 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 **Part A of Schedule XIV**.

Allotment, refund and payment of interest

269. (1) The registrars to the issue, in consultation with the issuer and lead manager(s) shall ensure that the specified securities are allotted and/or application monies are refunded or unblocked within such time as may be specified by the Board.

(2) The lead manager(s) shall ensure that the allotment, credit of dematerialised securities, refunding or unlocking of application monies, as may be applicable, are done electronically.

(3) Where the specified securities are not allotted and/or application monies are not refunded or unblocked within the period stipulated in sub-regulation (1) above, the issuer shall undertake to pay interest at the rate of fifteen per cent. per annum and within such time as disclosed in the offer document and the lead manager(s) shall ensure the same.

Post-issue advertisements

270. (1) The lead manager(s) shall ensure that advertisement giving details relating to subscription, 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 dispatch of refund orders, as applicable, or instructions to self certified syndicate banks by the Registrar, date of credit of specified securities 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) Details specified in sub regulation (1) shall also be placed on the website of the stock exchanges.

Post-issue responsibilities of the lead manager(s)

271. (1) The responsibility of the lead manager(s) shall continue until completion of the issue process and for any issue related matter thereafter.

(2) The lead manager(s) shall regularly monitor redressal of investor grievances arising from any issue related activities.

(3) The lead manager(s) shall be responsible for and co-ordinate with the registrars to the issue and with various intermediaries at regular intervals after the closure of the issue to monitor the

flow of applications from syndicate member(s) or 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, credit of the specified securities to the demat accounts of the allottees and unblocking of ASBA accounts/ despatch of refund orders are completed and securities are listed, as applicable.

(4) Any act of omission or commission on the part of any of the intermediaries noticed by the lead manager(s) shall be duly reported by them to the Board.

(5)In case there is a devolvement on underwriters, the lead manager(s) 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.

(6) In the case of undersubscribed issues that are underwritten, the lead manager(s) shall furnish information in respect of underwriters who have failed to meet their underwriting devolvement to the Board in the format specified in **Schedule XVIII**.

Release of subscription money

272. (1) The lead manager(s) 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**.**

(2) In case the issuer fails to obtain listing or trading permission from the stock exchanges where the specified securities were to be listed, it shall refund through verifiable means the entire monies received within [276][four days] of receipt of intimation from stock exchanges rejecting the application for listing of specified securities, and if any such money is not repaid within [277][four days] after the issuer becomes liable to repay it the issuer and every director of the company who is an officer in default shall, on and from the expiry of the [278][fourth day], be jointly and severally liable to repay that money with interest at the rate of fifteen per cent. per annum.

[276] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*seven days*".

[277] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*eight days*".

[278] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*eighth day*".

(3) The lead manager(s) shall ensure that the monies received in respect of the issue are released to the issuer in compliance with the provisions of the Section 40 (3) of the Companies Act, 2013, as applicable.

Post-issue reports

273. The lead manager(s) shall submit a final post-issue report as specified in **Part A** of **Schedule XVII**, along with a due diligence certificate as per the format specified in **Form F** of **Schedule V,** within seven days of the date of finalization of basis of allotment or within seven days of refund of money in case of failure of issue.

Reporting of transactions of the promoters and promoter group

274. The issuer shall ensure that all transactions in securities by the promoters and promoter group between the date of filing of the draft offer document or offer document, as the case may be, and the date of closure of the issue shall be reported to the stock exchanges, within twenty four hours of such transactions.

Listing

275. Where any listed issuer issues specified securities in accordance with provisions of this Chapter, it shall migrate the specified securities already listed on any recognised stock exchange(s) to the SME exchange.

Migration to the SME exchange

276. 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 the main board

277. 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 up to twenty five crore rupees, may migrate its specified securities to the main board of the stock exchanges if its shareholders approve such a

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.

PART IX: MISCELLANEOUS

Restriction on further capital issues

278. An issuer shall not 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, except pursuant to an employee stock option scheme, during the period between the date of filing the draft offer document and the listing of the specified securities offered through the offer document or refund of application monies unless full disclosures regarding the total number of specified securities or amount proposed to be raised from such further issue are made in such draft offer document or offer document, as the case may be.

Price stabilisation through green shoe option

279. (1) The issuer 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 lead manager(s) 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, 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 its responsibilities;

d) prior to filing the offer document, 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 manager(s), in consultation with the stabilising agent, shall determine the amount of specified securities to be over-allotted in the public issue;

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

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 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 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 XV**.

(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.

Alteration of rights of holders of specified securities

280. (1) The issuer shall not 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.

(2) Where the post-issue face value capital of an issuer listed on a 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 a SME exchange to the Main Board and seek listing of the 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 an in-principle approval from the Main Board for listing of its entire specified securities on it.

Further Issues

281. An issuer listed on a SME exchange making a further issue of capital by way of a rights issue, or further public offer or preferential issue or bonus issue etc. may do so by adhering to applicable requirements mentioned in these regulations.

CHAPTER X – [279][INNOVATORS GROWTH PLATFORM]

PART I: APPLICABILITY

282. (1) The provisions of this Chapter shall apply to issuers seeking listing of their specified securities pursuant to an initial public offer or for only trading on a stock exchange of their specified securities without making a public offer.

(2) The provisions of these regulations, in respect of the matters not specifically dealt or excluded under this Chapter, shall apply *mutatis mutandis* to any listing or trading of specified securities under this Chapter.

Provided that the following shall not apply:

(a) sub-regulation (2) of regulation 7 on restrictions on the amount of general corporate purposes; and

(b) sub-regulation (1) and (2) of regulation 6 on eligibility requirements

(3) The [280][Innovators Growth Platform] shall be accessible only to institutional investors and non-institutional investors [281][*].

[282][(4) If an issuer has issued SR equity shares to its promoters/ founders, the said issuer shall be allowed to make an initial public offer of only ordinary shares for listing on the Innovators Growth Platform subject to compliance with the provisions of this Chapter and continued compliance with the provisions for SR equity shares in accordance with sub-regulation (3) of regulation 6.]

Eligibility

[279] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as "INSTITUTIONAL TRADING PLATFORM".

[280] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021. Prior to its substitution, it read as, "institutional trading platform".

[281] Omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its omission, it read as "and not to retail individual investors".

[282] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021.

283. [283]**[**(1) An issuer which is intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value addition shall be eligible for listing on the innovators growth platform, provided that as on the date of filing of draft information document or draft offer document with the Board, as the case may be, twenty five per cent of the pre-issue capital of the Issuer Company for at least a period of [284][one year], should have been held by:

I. Qualified Institutional Buyers;

[285][*]

[286][II.] [287][Innovators Growth Platform Investors] for the purpose of Innovators Growth Platform;

[288][III.] The following regulated entities:

a. [289][Foreign Portfolio Investor];

b. An entity meeting all the following criteria:

i. It is a pooled investment fund with minimum assets under management of one hundred and fifty million USD;

ii. It is registered with a financial sector regulator in the jurisdiction of which it is a resident;

iii. It is resident of a country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to Bilateral Memorandum of Understanding with the Board;

[283] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as:
"(1) The following issuers shall be eligible for listing on the institutional trading platform:

a) an issuer which is intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value addition and at least twenty five per cent of its pre-issue capital is held by qualified institutional buyer(s) as on the date of filing of draft information document or draft offer document with the Board, as the case may be; or

b) any other issuer in which at least fifty per cent of the pre-issue capital is held by qualified institutional buyers as on the date of filing of draft information document or draft offer document with the Board, as the case may be.

(1) No person, individually or collectively with persons acting in concert, shall hold twenty five per cent or more of the post-issue share capital in an entity specified in sub-regulation (1)."

[284] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021. Prior to its substitution, it read as, "two years".

[285] Omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021. Prior to its omission, it read as:
"II. Family trust with net-worth of more than five hundred crore rupees, as per the last audited financial statements;"

[286] Renumbered by the by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021. Prior to its renumbering, it read as "(III)".

[287] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021. Prior to its substitution, it read as, "Accredited Investors".

[288] Renumbered by the by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021. Prior to its renumbering, it read as "(IV)".

[289] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2019 w.e.f.23.09.2019. Prior to its substitution it read as, "Category III Foreign Portfolio Investor".

iv. It is not resident in a country identified in the public statement of Financial Action Task Force as:

a) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or

b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.

[290][IV. Any other class of investors as specified by Securities and Exchange Board of India from time to time.]

Explanation:

(a) The following entities shall be eligible to be considered as [291][Innovators Growth Platform Investors] for the purpose of innovators growth platform:

(i) any individual with total gross income of fifty lakhs rupees annually and who has minimum liquid net worth of five crore rupees; or

(ii) any body corporate with net worth of twenty five crore rupees.

[292][(iii) any family trust with net worth of twenty five crore rupees.]

(b) [293][Pre-issue capital held by promoters/promoter groups, even if they are registered as Innovators Growth Platform Investors, shall not be considered for the 25% pre-issue capital eligibility requirement specified under sub-regulation (1) of regulation 283].

(c) For the purpose of accreditation: The persons /corporate bodies who wish to get accreditation for the purpose of innovators growth platform, shall approach the stock exchanges or depositories and follow the procedures prescribed by the Board and / or such stock exchange or depository for the purpose of accreditation as an [294][Innovators Growth Platform Investor], from time to time.]

[290] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021.

[291] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021. Prior to its substitution, it read as, "Accredited Investors".

[292] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021.

[293] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021. Prior to its substitution, it read as, "Not more than ten per cent of the pre-issue capital may be held by Accredited Investors".

[294] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021. Prior to its substitution, it read as, "Accredited Investor".

[295][(2)] An issuer shall be eligible for listing on the [296][Innovators Growth Platform] if none of the promoters or directors of the issuer company is a fugitive economic offender.

PART II: LISTING WITHOUT A PUBLIC ISSUE

Listing without a public issue

284. (1) An issuer seeking listing of its specified securities without making a public offer, shall file a draft information document along with the necessary documents with the Board in accordance with these regulations along with the fee as specified in **Schedule III** of these regulations.

(2) The draft information document shall contain disclosures as specified for the draft offer documents in these regulations as specified in **Part A** of **Schedule VI**.

(3) The regulations relating to the following as stated under the Chapter of Initial Public Offer on Main Board shall not be applicable:

a) allotment;
b) issue opening or closing;
c) advertisements;
d) underwriting;
e) sub-regulation (2) of regulation 5;
f) pricing;
g) dispatch of issue material; and
h) other such provisions related to offer of specified securities to the public.

(4) The issuer shall obtain an in-principle approval from the stock exchanges on which it proposes to get its specified securities listed.

(5) The issuer shall list its specified securities on the recognised stock exchange(s within thirty days:

a) from the date of issuance of observations by the Board; or
b) from the expiry of the period stipulated in sub-regulation (4) of regulation 25, if the Board has not issued any such observations.

[295] Renumbered by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its renumbering, it read as sub-regulation (3).
[296] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021. Prior to its substitution, it read as, "institutional trading platform".

(6) The issuer which has received an in-principle approval from the stock exchange for listing of its specified securities, shall be deemed to have been waived by the Board under sub-rule (7) of rule 19 from the requirement of minimum offer to the public as per the provisions of clause (b) of sub-rule (2) of rule 19 of Securities Contracts (Regulation) Rules, 1957 for the limited purpose of listing on the [297][innovators growth platform].

(7) Provisions relating to minimum public shareholding shall not be applicable.

(8) The draft and final information 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, 2013 and the Chief Financial Officer, i.e., the Whole-time Finance Director or any other person heading the finance function and discharging that function.

(9) The signatories shall also certify that all disclosures made in the information document are true and correct.

(10) In case of mis-statement in the information document or any omission therein, any person who has authorized the issue of information document shall be liable in accordance with the provisions of the Act and regulations made thereunder.

Explanation: Under this Part, the phrases 'pre-issue' and 'post-issue', wherever they occur shall be construed as 'pre-listing' and 'post-listing', respectively.

PART III: LISTING PURSUANT TO AN INITIAL PUBLIC OFFER

Disclosures in draft offer document and offer document

285. (1) An issuer seeking to issue and list its specified securities shall file a draft offer document along with necessary documents with the Board in accordance with these regulations along with the fees as specified in **Schedule III** of these regulations.

(2) The draft offer document shall disclose the broad objects of the issue.

(3) The basis of issue price shall include disclosures, except projections, as deemed fit by the issuer in order to enable the investors to take informed decisions and the disclosures shall suitably contain the basis of valuation.

[297] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as "institutional trading platform".

[298]**[Minimum public shareholding norms and minimum offer size**

285A.(1) The issuer shall be in compliance with minimum public shareholding requirements specified in the Securities Contracts (Regulation) Rules, 1957.

(2) The minimum offer size shall be ten crore rupees."]

Minimum application size

286. The minimum application size shall be [299][two lakh rupees and in multiples thereof].

Allocation and allotment

287. (1) The number of allottees in the initial public offer shall at least be [300][fifty].

[301][(2) The allotment to institutional investors as well as non-institutional investors shall be on a proportionate basis.]

[302][*]

[303][(3)] Any under-subscription in the non-institutional investor category shall be available for subscription under the institutional investors' category.

[304][(4) The issuer may allocate up to sixty per cent of the issue size on a discretionary basis, prior to the issue opening, to eligible investors as identified under sub-regulation (1) of regulation 283, in accordance with the requirements with respect to anchor investors for public issue made on the SME exchange as specified in Part A of Schedule XIII:

[298] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019.

[299] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as "ten lakh rupees".

[300] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as "two hundred".

[301] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as:

"(2)The allocation in the net offer to public category shall be as follows:

(a) seventy-five per cent to institutional investors:
Provided that there shall be no separate allocation for anchor investors;
(b) twenty-five per cent to non-institutional investors"

[302] Omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its omission, it read as:

"(3) The allotment to institutional investors may be on a discretionary or a proportionate basis whereas the allotment to non-institutional investors shall be on a proportionate basis.

(4) The mode of allotment to institutional investors, i.e., whether discretionary or proportionate, shall be disclosed prior to or at the time of filing of the offer document.

(5) In case of discretionary allotment to institutional investors, no institutional investor shall be allotted more than ten per cent. of the issue size."

[303] Renumbered by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its renumbering, it read as sub-regulation "(6)".

[304] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021.

Provided that the price of the specified securities offered to eligible investors shall not be lower than the price offered to other applicants.

Provided further that eligible investors shall make an application of a value of at least fifty lakh rupees.]

PART IV: GENERAL CONDITIONS

Lock-in

288. (1) The entire pre-issue capital of the shareholders shall be locked-in for a period of six months from the date of allotment in case of listing pursuant to a public issue or date of listing in case of listing without a public issue:

Provided that nothing contained in this regulation shall apply to:

a) equity shares allotted to employees, whether currently an employee or not, 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 VI**;

b) equity shares held by an employee stock option trust or transferred to the employees by an employee stock option trust pursuant to exercise of options by the employees, whether currently employees or not, in accordance with the employee stock option plan or employee stock purchase scheme.

   Provided that the equity shares allotted to the employees shall be subject to the provisions of lock-in as specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

c) equity shares held by a venture capital fund or alternative investment fund of Category I [305][or Category II] or a foreign venture capital investor:

   Provided that such equity shares shall be locked-in for a period of at least one year from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

d) equity shares held by persons other than the promoters, continuously for a period of at least one year prior to the date of listing in case of listing without a public issue:

   Explanation: For the purpose of clause (c) and (d), 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

[305] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021.

together shall be considered for the purpose of calculation of one year period and the convertible securities shall be deemed to be fully paid-up, if the entire consideration payable thereon has been paid at the time of their conversion.

(2) The specified securities held by the promoters and locked-in may be pledged with any scheduled commercial bank or public financial institution or systemically important non-banking finance company as a collateral security for a loan granted by such bank or institution or systemically important non-banking finance company if the pledge of specified securities is one of the terms of sanction of the loan.

(3) The specified securities that are locked-in may be transferable in accordance with regulation 288 of these regulations.

(4) All specified securities allotted on a discretionary basis shall be locked-in in accordance with the requirements for lock-in for the anchor investors on the main board of the stock exchange, as specified under Part A of **Schedule XIII**.

[306][(5) The SR equity shares shall be locked-in till conversion into equity shares with voting rights similar to that of ordinary shares or shall be locked-in for a period specified in sub-regulations (1), whichever is later.]

Trading lot

289. The minimum trading lot on the stock exchange shall be [307][two lakh rupees and in multiples thereof].

Exit of issuers whose securities are trading without making a public offer

290. An issuer whose specified securities are traded on the [308][innovators growth platform] without making a public issue may exit from that platform, if

a) its shareholders approve such an exit by passing a special resolution through postal ballot where ninety per cent of the total votes and the majority of non-promoter votes have been cast in favor of such proposal; and

b) the recognised stock exchange where its shares are listed approves of such an exit.

[306] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021.

[307] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as "ten lakh rupees".

[308] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as "institutional trading platform".

[309][***]

[309] Regulation 290A omitted by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022. Prior to the omission, regulation 290A read as follows:

*"**Exit of issuers whose securities are listed and trading on the Innovators Growth Platform pursuant to an initial public offer.***

***290A** (1) The provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, in respect of the matters not specifically dealt or excluded under this regulation, shall apply mutatis mutandis to delisting of specified securities under these regulations:*

Provided that the following provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 shall not apply:

(a) clause (a) and (b) of sub-regulation (1) of regulation 8 of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, relating to conditions and procedure for delisting where exit opportunity is required;

(b) regulation 15 of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, relating to offer price; and

(c) regulation 17 of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, relating to minimum number of equity shares to be acquired.

(2) An issuer company whose specified securities are traded on the Innovators Growth Platform pursuant to an initial public offer may exit from the Innovators Growth Platform, if -

(a) such an exit is approved by the board of directors of the company in its meeting;

(b) such an exit is approved by the shareholders of the company by a special resolution passed through postal ballot or e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution:

Provided further that the special resolution shall be acted upon only if the votes cast by the majority of public shareholders are in favor of such exit proposal;

(c) delisting price is based on a floor price determined in terms of regulation 8 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as may be applicable, and an additional delisting premium justified by the acquirer / promoter;

(d) the post offer acquirer / promoter shareholding (along with the persons acting in concert with the acquirer / promoter), taken together with the shares tendered reaches seventy five per cent of the total issued shares of that class and at least fifty per cent shares of the public shareholders as on date of the meeting referred to in clause (a) of this sub-regulation are tendered and accepted; and

(e) recognised stock exchange(s) where its shares are listed approves of such an exit."

Withdrawal of approval by the stock exchange

291. (1) The recognised stock exchange may delist the specified securities of an issuer listed without making a public issue upon non-compliance of the conditions of listing and in the manner as specified by the stock exchange.

(2) No issuer promoted by the promoters and directors of an entity delisted under sub-regulation (1), shall be permitted to list on the [310][innovators growth platform] for a period of five years from the date of such delisting:

Provided that the provisions of this regulation shall not apply to another issuer promoted by any of the independent directors of such a delisted issuer.

[311][PART V: MIGRATION TO THE MAIN BOARD

Granting companies listed on the Innovators Growth Platform pursuant to an initial public offer, an option to trade under the regular category of the main board of the stock exchange

292. (1) A company shall be eligible to trade under the regular category of the main board of the stock exchanges, subject to fulfillment of the conditions of the stock exchanges, if any, and the fulfillment of the following conditions:

(a) It has listed its specified securities for a minimum period of one year on the Innovators Growth Platform of a recognised stock exchange;

(b) It has minimum of two hundred shareholders, at the time of making the application for trading under the regular category;

(c) The company, any of its promoters, promoter group or directors are not debarred from accessing the capital market by the Board;

(d) None of the promoters or directors of the company is a promoter or director of any other company which is debarred from accessing the capital market by the Board;

[310] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as "institutional trading platform".

[311] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2019 w.e.f.23.09.2019. Prior to its substitution, it read as;

"Migration to the main board

292.An issuer that has listed its specified securities on a recognised stock exchange may at its option migrate to the main board of that recognised stock exchange after expiry of three years from the date of listing subject to compliance with the eligibility requirements of the stock exchange."

(e) The company or any of its promoters or directors is not a [312][wilful defaulter or a fraudulent borrower]; and

(f) None of the promoters or directors of the Company is a fugitive economic offender.

Explanation: The restrictions under (c) and (d) above shall not apply to persons or entities mentioned therein, who were debarred in the past by the Board and the period of debarment is over as on the date of application for migration of trading to the regular category of the main board of the stock exchange.

Eligibility requirements

(2) A company shall be eligible to trade under the regular category of the main board of the stock exchanges, only if:

(a) it has net tangible assets of at least three crore rupees, calculated on a consolidated basis, 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;

(b) it has an average operating profit of at least fifteen crore rupees, calculated on a consolidated basis, during the preceding three years (of twelve months each), with operating profit in each of these preceding three years;

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

(d) in case it has changed its name within the last one year, at least fifty per cent of the revenue, calculated on a consolidated basis, for the preceding one full year has been earned by it from the activity indicated by its new name.

(3) [313][A company not satisfying the conditions laid down under sub-regulation (2) of regulation 292, shall, as on date of application for migration under the regular category, have fifty per cent of its capital held by Qualified Institutional Buyers.]

Minimum promoters' contribution

(4) The promoters of the company shall hold at least twenty per cent of the total capital:

Provided that in case the total capital held by the promoters is less than twenty per cent, alternative investment funds or foreign venture capital investors or scheduled commercial

[312] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*wilful defaulter*".

[313] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f.05.05.2021. Prior to its substitution, it read as;

"A company not satisfying the conditions laid down under sub-regulation (2) of regulation 292, shall, at the time of applying to trade under the regular category, have seventy five per cent. of its capital, as on date of application for migration, held by Qualified Institutional Buyers."

banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India may contribute to meet the shortfall in minimum contribution as specified, subject to a maximum of ten per cent of the total capital without being identified as promoter(s):

Provided further that the requirement of minimum promoters 'contribution shall not apply in case a company does not have any identifiable promoter.

Lock-in period

(5) (a) The minimum promoters' contribution including contribution made by alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with the Insurance Regulatory and Development Authority of India, shall be locked in for a period of three years from the date on which trading approval in regular category of main board is granted, and any excess over and above the 20% of promoter's holding shall be locked-in for a period of one year.

(b) Wherever the contributions made by such entities had been locked-in for a period of six months at the time of listing of shares of the Company on the Innovators Growth Platform, and the company is desirous of migrating to the regular trade category of the main board after completion of listing on the Innovators Growth Platform for one year, such period shall be deducted from the stipulated lock-in requirement of three years and one year, as may be applicable.

(c) The condition of lock in would not apply to a Company which has been listed on the Innovators Growth Platform for a minimum period of three years or more.]

[314][CHAPTER X-A

SOCIAL STOCK EXCHANGE

Definitions.

292A In this Chapter, unless the context otherwise requires,—

(a) "draft fund raising document" means the draft fund raising document filed with a Social Stock Exchange in relation to a public issue of Zero Coupon Zero Principal Instruments by a Not for Profit Organization registered with the Social Stock Exchange;

[314] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2022 w.e.f. 25.7.2022.

(b) "final fund raising document" means the final fund raising document filed with the Social Stock Exchange pursuant to incorporation of observations issued in respect of the draft fund raising document by the Social Stock Exchange;

(c) "For Profit Social Enterprise" means a company or a body corporate operating for profit, which is a Social Enterprise for the purposes of these regulations and does not include a company incorporated under section 8 of the Companies Act, 2013 (18 of 2013);

(d) "fund raising document" means the draft fund raising document and the final fund raising document;

(e) "Not for Profit Organization" means a Social Enterprise which is any of the following entities:
  (i) a charitable trust registered under the Indian Trusts Act, 1882 (2 of 1882);
  (ii) a charitable trust registered under the public trust statute of the relevant state;
  (iii) a charitable society registered under the Societies Registration Act, 1860 (21 of 1860);
  (iv) a company incorporated under section 8 of the Companies Act, 2013 (18 of 2013);
  (v) any other entity as may be specified by the Board;

(f) "Social Auditor" means an individual registered with a self-regulatory organization under the Institute of Chartered Accountants of India or such other agency, as may be specified by the Board, who has qualified a certification program conducted by National Institute of Securities Market and holds a valid certificate;

(g) "Social Audit Firm" means any entity which has employed Social Auditors and has a track record of minimum three years for conducting social impact assessment;

(h) "Social Enterprise" means either a Not for Profit Organization or a For Profit Social Enterprise that meets the eligibility criteria specified in this Chapter;

(i) "Social Stock Exchange" means a separate segment of a recognized stock exchange having nationwide trading terminals permitted to register Not for Profit Organizations and / or list the securities issued by Not for Profit Organizations in accordance with provisions of these regulations.

Applicability of the Chapter.

292B The provisions of this Chapter shall apply to:

(a) a Not for Profit Organization seeking to only get registered with a Social Stock Exchange;
(b) a Not for Profit Organization seeking to get registered and raise funds through a Social Stock Exchange;
(c) a For Profit Social Enterprise seeking to be identified as a Social Enterprise under the provisions of this Chapter.

Access to Social Stock Exchange.

292C A Social Stock Exchange shall be accessible only to institutional investors and non-institutional investors:
Provided that the Board may permit other class(es) of investors, as it deems fit, for the purpose of accessing Social Stock Exchange.

Social Stock Exchange Governing Council.

292D (1) Every Social Stock Exchange shall constitute a Social Stock Exchange Governing Council to have an oversight on its functioning.

(2) The composition and terms of reference for such Governing Council shall be specified by the Board from time to time.

Eligibility conditions for being identified as a Social Enterprise.

292E (1) For the purposes of these regulations, a Not for Profit Organization or a For Profit Social Enterprise, to be identified as a Social Enterprise, shall establish primacy of its social intent.

(2) In order to establish the primacy of its social intent, such Social Enterprise shall meet the following eligibility criteria:-

(a) the Social Enterprise shall be indulged in at least one of the following activities:
(i) eradicating hunger, poverty, malnutrition and inequality;
(ii) promoting health care including mental healthcare, sanitation and making available safe drinking water;
(iii) promoting education, employability and livelihoods;
(iv) promoting gender equality, empowerment of women and LGBTQIA+ communities;
(v) ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation;
(vi) protection of national heritage, art and culture;
(vii) training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
(viii) supporting incubators of Social Enterprises;

(ix) supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building;
(x) promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector;
(xi) slum area development, affordable housing and other interventions to build sustainable and resilient cities;
(xii) disaster management, including relief, rehabilitation and reconstruction activities;
(xiii) promotion of financial inclusion;
(xiv) facilitating access to land and property assets for disadvantaged communities;
(xv) bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection;
(xvi) promoting welfare of migrants and displaced persons;
(xvii) any other area as identified by the Board or Government of India from time to time

(b) the Social Enterprise shall target underserved or less privileged population segments or regions recording lower performance in the development priorities of central or state governments;

(c) the Social Enterprise shall have at least 67% of its activities, qualifying as eligible activities to the target population, to be established through one or more of the following:
(i) at least 67% of the immediately preceding 3-year average of revenues comes from providing eligible activities to members of the target population;
(ii) at least 67% of the immediately preceding 3-year average of expenditure has been incurred for providing eligible activities to members of the target population;
(iii) members of the target population to whom the eligible activities have been provided constitute at least 67% of the immediately preceding 3-year average of the total customer base and/or total number of beneficiaries.

(3) Corporate foundations, political or religious organizations or activities, professional or trade associations, infrastructure and housing companies, except affordable housing, shall not be eligible to be identified as a Social Enterprise.

Requirements relating to registration for a Not for Profit Organization.

292F (1) A Not for Profit Organization shall mandatorily seek registration with a Social Stock Exchange before it raises funds through a Social Stock Exchange:
Provided that a Not for Profit Organization may choose to register on a Social Stock Exchange and not raise funds through it.

(2) The minimum requirements for registration of a Not for Profit Organization on a Social Stock Exchange shall be specified by the Board from time to time.

(3) The Social Stock Exchange may specify the eligibility requirements for registration of a Not for Profit Organization in addition to the minimum requirements specified by the Board.

Fund raising by Social Enterprises.

292G A Social Enterprise may raise funds through following means:-

(a) a Not for Profit Organization may raise funds on a Social Stock Exchange through:

(i) issuance of Zero Coupon Zero Principal Instruments to institutional investors and/or non-institutional investors in accordance with the applicable provisions of this Chapter;
(ii) donations through Mutual Fund schemes as specified by the Board;
(iii) any other means as specified by the Board from time to time.

(b) A For Profit Social Enterprise may raise funds through:

(i) issuance of equity shares on the main board, SME platform or innovators growth platform or equity shares issued to an Alternative Investment Fund including a Social Impact Fund;
(ii) issuance of debt securities;
(iii) any other means as specified by the Board from time to time

Explanation.—Securities issued by For Profit Social Enterprises shall be listed and traded under the applicable segment of the stock exchange with an identifier stating that the scrip is that of a For Profit Social Enterprise and such For Profit Social Enterprises shall meet the eligibility criteria for the main board, SME Platform or innovators growth platform, as applicable, in addition to the criteria provided in this Chapter.

Ineligibility for raising of funds.

292H A Social Enterprise shall not be eligible to register or raise funds through a Social Stock Exchange or Stock Exchange, as the case may be:

(a) if the Social Enterprise, any of its promoters, promoter group or directors or selling shareholders or trustees are debarred from accessing the securities market by the Board;

(b) if any of the promoters or directors or trustees of the Social Enterprise is a promoter or director of any other company or Social Enterprise which has been debarred from accessing the securities market by the Board;

(c) if the Social Enterprise or any of its promoters or directors or trustees is a wilful defaulter or a fraudulent borrower;
(d) if any of its promoters or directors or trustees is a fugitive economic offender;
(e) if the Social Enterprise or any of its promoters or directors or trustees has been debarred from carrying out its activities or raising funds by the Ministry of Home Affairs or any other ministry of the Central Government or State Government or Charitable Commissioner or any other statutory body.

Explanation.—The restrictions under clauses (a) and (b) above shall not apply to the persons or entities mentioned therein, who were debarred in the past by the Board and the period of debarment is already over as on the date of filing of application for registration with the Social Stock Exchange or filing of draft fund raising document or draft offer document, as may be applicable, with the Social Stock Exchange or the Stock Exchange or the Board.

Issuance of Zero Coupon Zero Principal Instruments

292I (1) Zero Coupon Zero Principal Instruments shall be issued only by a Not for Profit Organization registered on a Social Stock Exchange and shall have a specific tenure.

(2) Zero Coupon Zero Principal Instruments shall be issued without any coupon and no principal amount shall be payable on its maturity.

Eligibility for issuance of Zero Coupon Zero Principal Instruments.

292J (1) A Social Enterprise which is a Not for Profit Organization registered with a Social Stock Exchange may make an issue of Zero Coupon Zero Principal Instruments and list them on such Social Stock Exchange.

(2) The Not for Profit Organization may issue Zero Coupon Zero Principal Instruments only for a specific project or activity to be completed within a duration specified in the fund raising document:
Provided that the specific project or activity falls under the list of eligible activities specified under regulation 292E of these regulations

Procedure for public issuance of Zero Coupon Zero Principal Instruments by a Not for Profit Organization

292K (1) A Not for Profit Organization shall file the draft fund raising document with the Social Stock Exchange where it is registered along with the fees as specified by the Social Stock Exchange and an application seeking in-principle approval for listing of its Zero Coupon Zero Principal Instruments on the Social Stock Exchange:
Provided that Social Stock Exchange shall specify the details to be incorporated in the fund raising document:

Provided further that the Board shall specify the minimum disclosure requirements in respect of the fund raising document from time to time.

(2) The draft fund raising document shall be made available on the website of the Social Stock Exchange and the Not for Profit Organization for a period of at least 21 days for public comments.

(3) The Social Stock Exchange shall provide its observation on the draft fund raising document to the Not for Profit Organization, within 30 days from the filing of the draft fund raising document or receipt of clarification, if any, sought by the Social Stock Exchange from Not for Profit Organization, whichever is later.

(4) The Not for Profit Organization shall incorporate the observations of the Social Stock Exchange in draft fund raising document and file the final fund raising document with the Social Stock Exchange prior to opening the issue.

Procedure for private issuance of Zero Coupon Zero Principal Instruments by a Not for Profit Organization

292L (1) The Not for Profit Organization registered on a Social Stock Exchange, may also make private issuance of Zero Coupon Zero Principal Instruments to Social Impact Fund(s) registered under the applicable provisions of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations 2012.

(2) The provisions related to public issuance of Zero Coupon Zero Principal Instruments specified in this Chapter shall *mutatis mutandis* apply to private issuance of Zero Coupon Zero Principal Instruments to Social Impact Fund(s).

Contents of the fund raising document.

292M (1) The draft fund raising document and the final fund raising document shall contain all material disclosures which are true and adequate to enable the applicants to take an informed decision.

(2) Without prejudice to the generality of sub-regulation (1), the draft fund raising document and the final fund raising document shall contain disclosures as may be specified by the Board from time to time:
Provided that the Social Stock Exchange may specify additional disclosures in respect of the draft fund raising document and the final fund raising document.

Other conditions relating to issuance of Zero Coupon Zero Principal Instruments

292N (1) Zero Coupon Zero Principal Instruments shall be issued in dematerialized form only.

(2) The minimum issue size shall be rupees one crore.

(3) The minimum application size shall be rupees two lakhs.

(4) The minimum subscription required to be achieved shall be 75% of the funds proposed to be raised through issuance of Zero Coupon Zero Principal Instruments.

(5) In case of any under subscription, the Not for Profit Organization shall, in the fund raising document, provide details on the following:

(a) manner of raising balance capital in case of such under subscription between 75% and 100%;
(b) possible impact on achieving the social objective(s) in case such under subscription is not arranged:
Provided that the funds shall be refunded in case the subscription is less than 75% of the issue size

(6) The Social Stock Exchange shall maintain the details of the allotment pursuant to issuance of Zero Coupon Zero Principal Instruments by a Not for Profit Organization.

(7) The Social Stock Exchange shall specify the additional norms in respect of issue procedure including on agreements with depositories, banks, etc., ASBA related matters, duration for public issuance, allocation methodology and any other ancillary matter related to issue procedure.

Deemed compliance with Securities Contracts (Regulation) Rules, 1957.

292O The public issuance of Zero Coupon Zero Principal Instruments by a registered Not for Profit Organization in accordance with these regulations shall be deemed to be in compliance with rule 19 of the Securities Contracts (Regulation) Rules, 1957.

Termination of listing of Zero Coupon Zero Principal Instruments from the Social Stock Exchange.

292P The listing of Zero Coupon Zero Principal Instruments of a Not for Profit Organization on the Social Stock Exchange shall terminate in the following events:
(a) The object for which the funds were raised has been achieved and a certificate to this effect is submitted to the Social Stock Exchange; or
(b) The tenure to achieve the object for which the funds were raised as provided in the fund raising document has expired.]

CHAPTER XI - BONUS ISSUE

Conditions for a bonus issue

293. Subject to the provisions of the Companies Act, 2013 or any other applicable law, a listed issuer shall be eligible to 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 not defaulted in respect of the payment of statutory dues of the employees such as contribution to provident fund, gratuity and bonus;

d) any outstanding partly paid shares on the date of the allotment of the bonus shares, are made fully paid-up;

e) any of its promoters or directors is not a fugitive economic offender.

Restrictions on a bonus issue

294. (1) An issuer shall make a bonus issue of equity shares only if it has made reservation of equity shares of the same class in favour of the holders of outstanding compulsorily convertible debt instruments if any, in proportion to the convertible part thereof.

(2)The equity shares so reserved for the holders of fully or partly compulsorily convertible debt instruments, shall be issued to the holder of such convertible debt instruments or warrants at the time of conversion of such convertible debt instruments, optionally convertible instruments, warrants, as the case may be, on the same terms or same proportion at which the bonus shares were issued.

(3) A bonus issue shall be made only out of free reserves, securities premium account or capital redemption reserve account and built out of the genuine profits or securities premium collected in cash and reserves created by revaluation of fixed assets shall not be capitalised for this purpose.

(4) Without prejudice to the provisions of sub-regulation (3), bonus shares shall not be issued in lieu of dividends.

[315][(5) If an issuer has issued SR equity shares to its promoters or founders, any bonus issue on the SR equity shares shall carry the same ratio of voting rights compared to ordinary shares and the SR equity shares issued in a bonus issue shall also be converted to equity shares having voting rights same as that of ordinary equity shares along with existing SR equity shares.]

[315] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

Completion of a bonus issue

295. (1) An issuer, announcing a bonus issue after approval by 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.

Explanation: For the purpose of a bonus issue to be considered as 'implemented' the date of commencement of trading shall be considered.

(2) A bonus issue, once announced, shall not be withdrawn.

[316][CHAPTER XI-A
POWER TO RELAX STRICT ENFORCEMENT OF THE REGULATIONS

Exemption from enforcement of the regulations in special cases.

295A. (1) The Board may, exempt any person or class of persons from the operation of all or any of the provisions of these regulations for a period as may be specified but not exceeding twelve months, for furthering innovation [317][***] relating to testing new products, processes, services, business models, etc. in live environment of regulatory sandbox in the securities markets.

(2) Any exemption granted by the Board under sub-regulation (1) shall be subject to the applicant satisfying such conditions as may be specified by the Board including conditions to be complied with on a continuous basis.

Explanation. — For the purposes of these regulations, "regulatory sandbox" means a live testing environment where new products, processes, services, business models, etc. may be deployed on a limited set of eligible customers for a specified period of time, for furthering innovation in the securities market, subject to such conditions as may be specified by the Board.]

CHAPTER XII - MISCELLANEOUS

Directions by the Board

[316] Inserted by the SEBI (Regulatory Sandbox) (Amendment) Regulation, w.e.f. 17-04-2020.

[317] The words "in technological aspects" is omitted by the Securities and Exchange Board of India (Regulatory Sandbox) (Amendment) Regulations, 2021 w-e-f- 03-08-2021.

296. 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, 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.

Liability for contravention of the Act, rules or the regulations

297. (1) The listed issuer or any other person thereof who contravenes any of the provisions of these regulations, shall, in addition to the liability for action in terms of the securities laws, be liable for the following actions by the respective stock exchange(s), in the manner specified by the Board:

(a) imposition of fines;

(b) suspension of trading;

(c) freezing of promoter/promoter group holding of designated securities, as may be applicable in coordination with depositories;

(d) any other action as may be specified by the Board from time to time.

(2) The manner of revocation of actions specified in clauses (b) and (c) of sub-regulation (1), shall be in the manner specified by the Board.

Failure to pay fine

298. If the listed issuer fails to pay any fine imposed upon it by the recognised stock exchange(s), within the period as specified from time to time, the stock exchange may initiate such other action in accordance with the bye-laws of such Stock Exchange after giving a notice in writing.

Power to remove difficulty

299. 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

300. (1) 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.

(2) For seeking relaxation under sub-regulation (1), an application, giving details and the grounds on which such relaxation has been sought, shall be filed with the Board.

(3) The application referred to under sub-regulation (2) shall be accompanied by a non-refundable fee of rupees one lakh payable by way of direct credit in the bank account through NEFT/ RTGS/ IMPS or any other mode allowed by RBI or by way of a demand draft in favour of the Board payable in Mumbai.

Repeal and Savings

301. (1) On and from the commencement of these regulations, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2009 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 Regulations 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 Regulations and pending before it shall be deemed to have been filed or made under the corresponding provisions of these regulations.

SCHEDULE I – LEAD MANAGERS' INTER-SE ALLOCATION OF RESPONSIBILITIES

[See regulations 23(2), 69(2), 121(2), 184(2) and 245(2)]

(1) The lead manager(s) shall prepare a schedule, listing the activity-wise allocation of responsibilities relating to the issue, the name of the lead manager responsible for each set of activities or sub-activities, and disclose the same in the offer document.

(2) Where circumstances warrant the joint and several responsibility of the lead manager(s) for any particular activity, a co-ordinator designated from amongst the lead manager(s) (hereinafter referred to as the "designated lead manager") shall furnish to the Board, when called for, information, report, rationales, etc. on matters relating to such activity.

(3) The activities and 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, application form and abridged prospectus, and of the advertisement or publicity material including newspaper advertisements.

(c) Selection of various intermediaries/agencies connected with the issue, such as registrars to the issue, printers, advertising agencies, bankers to the issue, collection centres as per schedule XII, etc.

(d) Marketing of the issue, which shall cover, *inter alia*, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) media, (ii) centres for holding conferences of media, stock brokers, investors, etc., (iii) brokers to the issue, and (iv) underwriters and underwriting arrangement, quantum and distribution of publicity and issue material including offer documents, application form and abridged prospectus.

(e) Post-issue activities, including essential follow-up with bankers to the issue and self certified syndicate banks to get quick estimates of subscription and advising the issuer about the closure of the issue, finalisation of the basis of allotment after weeding out multiple applications, listing of instruments, despatch of certificates or demat credit and refunds/unblocking 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 and underwriters.

(4) The designated lead manager shall be responsible for ensuring compliance with these regulations and other requirements and formalities specified by the Registrar of Companies, the Board and the stock exchanges.

(5) The designated lead manager shall be responsible for ensuring that all intermediaries fulfil their obligations and functions as specified in their agreements with the issuer.

(6) In case of under-subscription in an issue, the lead manager 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.

SCHEDULE II - CONTENTS OF AGREEMENT BETWEEN LEAD MANAGER(S) AND ISSUER

[See regulations 23(5), 69(5), 71(2), 121(5), 184 (1) and 245(5)]

The agreement between the issuer and the lead manager(s) may contain various clauses governing their relationship with respect to the issue, including the following:

(1) Representation by the issuer to include representations in respect of the following matters:

a) Compliance with all statutory formalities under these regulations, [318][***] the Companies Act, 2013, as applicable and other conditions, instructions and advices issued by the Board and other relevant statutes relating to an issue.

b) All statements made in the draft offer document or the draft letter of offer and the offer document shall be complete in all respects and shall be true and correct.

(2) Covenants by the issuer shall include covenants in respect of the following matters:

a) All necessary information shall be made available to the lead manager(s) and under no circumstances, the issuer shall neither give nor withhold any information which is likely to mislead the investors.

b) All documents to enable the lead manager(s) to corroborate the information given in the draft offer document or the draft letter of offer have been provided.

c) All necessary facilities shall be extended by the issuer to the lead manager(s) to interact on any matter relevant to the issue with the solicitors or legal advisors, auditors, consultants, advisors to the issue, public financial institutions, scheduled commercial banks or any other organisation and any other intermediary associated with the issue.

d) Details and particulars of statutory compliances which have to be fulfilled before the issue.

(3) The issuer shall ensure that all advertisements released in connection with the issue conform to these regulations and the instructions given by the lead manager(s) from time to time and that it shall not make any misleading or incorrect statement in any public communication or publicity material including corporate, and issue advertisements of the issuer. The interviews by the issuer's promoters, directors, duly authorized employees or representatives of the issuer, documentaries about the issuer or its promoters, periodical

[318] The words, numbers and symbols "*the Companies Act, 1956 and/ or*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

reports and press releases issued by the issuer or research report made by the issuer, any intermediary connected with the issue or their associates or at any press, stock brokers' or investors' conferences, shall also conform to these regulations .

(4) The issuer shall appoint other intermediaries (except self certified syndicate banks) and other persons associated with the issue only with the prior consent of the lead manager(s).

(5) The issuer shall, whenever required and wherever applicable, in consultation with the lead manager, 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 manager.

(6) The issuer shall take such steps as are necessary to ensure completion of allotment and despatch of letters of allotment/credit to demat accounts and refund orders/unblocking of funds to the applicants within the prescribed time.

(7) The issuer shall take steps to pay fees, underwriting commission, brokerage to the underwriters, stock brokers, SCSBs, registered intermediaries, lead manager(s) etc. within the time specified in the agreement with such intermediaries or within a reasonable time.

(8) The issuer undertakes to furnish such information and details regarding the issue as may be required by the lead manager(s), to enable them to file a report with the Board or place it on their websites.

(9) The issuer shall keep the lead manager(s) informed if it encounters any problem 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, despatch of certificate, demat credit, making refunds/ unblocking of funds, share/debenture certificates etc.

(10) 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 manager(s).

(11) The issuer shall refund/unblock the monies of 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.

(12) The agreement shall specify any offer related rights of lead manager(s) with respect to the issuer.

(13) The agreement shall specify the grounds for breach of the agreement and consequences of any breach.

SCHEDULE III - FEES TO BE PAID ALONG WITH DRAFT OFFER DOCUMENT/ DRAFT LETTER OF OFFER OR OFFER DOCUMENT

[See regulations 25(1), 25(6) [319]{59C (1), 59E (2), 59E (3)}, 71(1), 71(6), 100(1), 123(1), 123(6), 156(1), 186(5), 220(1), 287(1) and 288(1)]

(1) In respect of every draft offer document, offer document in case of a fast track issue and draft letter of offer as also in cases of updation of any draft offer document, fees at the rate as specified below, shall be payable to the Board.

(2) The fees shall be paid in advance by way of direct credit in the Board's bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or by means of a demand draft drawn in favour of 'the Securities and Exchange Board of India' payable at the place of office of the Board, in terms of Schedule IV, where the draft offer document or offer document or updated draft offer document, as the case may be, is filed.

(a) **Public issue:**

Size of the issue, including intended retention of oversubscription	**Amount / Rate of fees**	**[320][Amount / Rate of fees for filing within one year after expiry of SEBI Observation letter**

[319] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.
[320] Inserted by the Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2019 w-e-f-01.04.2019.

Less than or equal to ten crore rupees.	A flat charge of one lakh rupees (₹1,00,000/-).	A flat charge of fifty thousand rupees (₹50,000/-).
More than ten crore rupees, but less than or equal to five thousand crore rupees.	0.1 per cent. of the issue size.	0.05 per cent of the issue size.
More than five thousand crore rupees.	Five crore rupees (₹5,00,00,000/-) plus 0.025 per cent. of the portion of the issue size in excess of five thousand crore rupees (₹5000,00,00,000/-).	Two crore fifty lakh rupees (₹2,50,00,000/-) plus 0.0125 per cent. of the portion of the issue size in excess of five thousand crore rupees (₹5000,00,00,000/-).]

[321]**[Size of the issue, including intended retention of oversubscription**	**Amount / Rate of fees**	**Amount / Rate of fees for filing within one year after expiry of SEBI Observation letter**
Less than or equal to ten crore rupees.	A flat charge of fifty thousand rupees (50,000/-).	A flat charge of twenty five thousand rupees (25,000/-).
More than ten crore rupees, but less than or equal to five thousand crore rupees.	0.05 per cent. of the issue size.	0.025 per cent of the issue size.
More than five thousand crore rupees.	Two crore fifty lakh rupees (2,50,00,000/-) plus 0.0125 per cent. of the portion of the issue size in excess of five thousand crore rupees (5000,00,00,000/-).	One crore twenty five lakh rupees (1,25,,00,000/-) plus 0.00625 per cent. of the portion of the issue size in excess of five thousand crore rupees (5000,00,00,000/-).]

(b) **Rights issue:**

Size of the issue, including intended	**Amount / Rate of fees**	[322]**[Amount / Rate of fees for filing within one year after**

[321] Inserted by the Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2020 for the period from 01.06.2020 to 31.12.2020.
[322] Inserted by the Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2019 w-e-f-01.04.2019.

retention of oversubscription		**expiry of SEBI Observation letter**
Less than or equal to ten crore rupees	A flat charge of fifty thousand rupees (₹50,000/-).	A flat charge of twenty five thousand rupees (₹25,000/-).
More than ten crore rupees	0.05 per cent. of the issue size.	0.025 per cent of the issue size.]

[323][Size of the issue, including intended retention of oversubscription	Amount / Rate of fees	Amount / Rate of fees for filing within one year after expiry of SEBI Observation letter
Less than or equal to ten crore rupees[#]	A flat charge of twenty five thousand rupees (25,000/-).	A flat charge of twelve thousand five hundred rupees (12,500/-).
More than ten crore rupees[#]	0.025 per cent. of the issue size.	0.0125 per cent of the issue size.]
# to be read as twenty-five crores with effect from April 21, 2020		

(c) **Listing without a public issue**:

Paid-up capital of the entity	Amount / Rate of fees
Less than or equal to ten crore rupees.	A flat charge of one lakh rupees (₹1,00,000/-).
More than ten crore rupees, but	0.1 per cent. of the paid-up capital

[323] Inserted by the Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2020 for the period from 01.06.2020 to 31.12.2020.

less than or equal to five thousand crore rupees.	
More than five thousand crore rupees.	Five crore rupees (₹5,00,00,000/-) plus 0.025 per cent. of the portion of the paid-up capital in excess of five thousand crore rupees (₹5000,00,00,000/-).

(d) **Updation of an offer document**:

	Amount / Rate of fees
Where updations or changes are made in any of the sections specified in Para 2 of **Schedule XVI** of these regulations	Ten thousand rupees (`10,000/-) for updations or changes per section, subject to total fee not exceeding one fourth ($1/4^{th}$) of the filing fees paid at the time of filing the draft document with the Board or fifty thousand rupees (` 50,000/-), whichever is higher.

NOTES

(1) Where the issue size is not determinable 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 (2), based on the estimated issue size.

(2) If the issue size estimated by the issuer differs from the eventual issue size and thereby:–

(a) the fees paid by the issuer is deficient, the balance fee shall be paid by the issuer within seven days of finalisation of the basis of allotment; or

(b) the fees paid by the issuer is in excess, excess fee shall be refunded by the Board to the issuer.

SCHEDULE IV – FILING OF OFFER DOCUMENTS WITH THE BOARD

[See regulations: 25(1) [324]{59C (1)}, 71(1), 123(1), 186(1)]

Draft offer documents/ letters of offer/ offer documents shall be filed by the lead manager(s) [325][at the Head Office of the Board, situated at: SEBI Head Office, SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai –400051.]

SCHEDULE V - FORMATS OF DUE DILIGENCE CERTIFICATES

Form A - Format of due diligence certificate to be given by the lead manager(s) along with draft offer document or draft letter of offer

[See regulations 25(2)(b) [326]{59C (4), 59C (13)}, 71(2)(b), 100(2)(a), 123(2)(b), 156(2)(a) and 247(2)]

To,

Securities and Exchange Board of India

Dear Sirs,

Sub.: Public/Rights Issue of …… by……. (Name of the issuer)

We confirm that:

(1) We have examined various documents including those relating to litigation, including commercial disputes, patent disputes, disputes with collaborators, etc. and other material while finalising the offer document of the subject issue;

(2) On the basis of such examination and discussions with the issuer, its directors and other officers, other agencies, and independent verification of the statements concerning the objects

[324] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.

[325] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022, for the words *"with the relevant office of the Board under the jurisdiction of which the registered office of the issuer company is located, based on the estimated issue size as may be specified by the Board from time to time"*

[326] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.

of the issue, price justification, contents of the documents and other papers furnished by the issuer, we confirm that:

(a) the draft offer document/ draft letter of offer filed with the Board is in conformity with the documents, materials and papers which are material to the issue;

(b) all material legal requirements relating to the issue as specified by the Board, the Central Government and any other competent authority in this behalf have been duly complied with; and

(c) the material disclosures made in the draft offer document/draft letter of offer are true 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, 2013, these regulations and other applicable legal requirements.

(3) Besides ourselves, all intermediaries named in the draft offer document/ 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) Written consent from the promoters has been obtained for inclusion of their specified securities as part of the promoters' contribution subject to lock-in and the specified securities proposed to form part of the promoters' contribution subject to lock-in shall not be disposed or sold or transferred by the promoters during the period starting from the date of filing the draft offer document/ draft letter of offer with the Board till the date of commencement of lock-in period as stated in the draft offer document/ draft letter of offer.

(6) All applicable provisions of these regulations, which relate to specified securities ineligible for computation of promoters' contribution, have been and shall be duly complied with and appropriate disclosures as to compliance with the said regulation(s) have been made in the draft offer document.

(7) All applicable provisions of these regulations which relate to receipt of promoters'' contribution prior to opening of the issue , shall be complied with. Arrangements have been made to ensure that the promoters' contribution shall be received at least one day before the opening of the issue and that the auditors' certificate to this effect shall be duly submitted to the Board. We further confirm that arrangements have been made to ensure that the 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 issue.

(8) Necessary arrangements shall be made to ensure that the monies received pursuant to the issue are credited or transferred to in a separate bank account as per the provisions of sub-section (3) of section 40 of the Companies Act, 2013 and that such monies shall be released

by the said bank only after permission is obtained from all the stock exchanges, and that the agreement entered into between the bankers to the issue and the issuer specifically contains this condition.

(9) The existing business as well as any new business of the issuer for which the funds are being raised fall within the 'main objects' in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried in the last ten years are valid in terms of the object clause of the Memorandum of Association.

[327][****]

[328][(10)] Following disclosures have been made in the draft offer document/ 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 [329][, excluding SR equity shares, where an issuer has outstanding SR equity shares], and

(b) An undertaking from the issuer that it shall comply with all disclosure and accounting norms specified by the Board.

[330][(11)] We shall comply with the regulations pertaining to advertisements in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

[331][(12)] If applicable, the entity is eligible to list on the [332][innovators growth platform] in terms of the provisions of Chapter X of these regulations.

[333]{[****]}

We enclose a note explaining the process of due diligence that has been exercised by us including in relation to the business of the issuer, the risks in relation to the business, experience of the promoters

[327] Omitted by the SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2019 w.e.f. 26.12.2019. Prior to its omission, clause (10) read as follows,-

"(10) In case of a rights issue disclosure has been made in the draft letter of offer that investors shall be given an option to receive the shares in demat or physical mode"

[328] Clause 11 re-numbered by the SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2019 w.e.f. 26.12.2019.

[329] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

[330] Clause 12 re-numbered by the SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2019 w.e.f. 26.12.2019.

[331] Clause 11 re-numbered by the SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2019 w.e.f. 26.12.2019.

[332] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as "institutional trading platform".

[333] Omitted by the SEBI (Issue of Capital and Disclosure Requirements) (Sixth Amendment) Regulations, 2019 w.e.f. 26.12.2019. Prior to its omission, the omitted provison read as follows,-

"[*The option to receive physical security certificates in a rights issue shall be available only for a period of six months from the date of coming into force of these regulations.]"

and that the related party transactions entered into for the period disclosed in the offer document have been entered into by the issuer in accordance with applicable laws.

We enclose a checklist confirming regulation-wise compliance with the applicable provisions of these regulations, containing details such as the regulation number, its text, the status of compliance, page number of the draft offer document/ draft letter of offer where the regulation has been complied with and our comments, if any.

Place: **Lead Manager(s) to the Issue**

Date: **with Official Seal(s)**

Note:

The requirements in items 5, 6, 7 are not applicable in case of a rights issue.

[334][Form AA - Format of due diligence certificate to be given by the lead manager(s) along with the pre-filed draft offer document

[See regulation 59A]

To,

Securities and Exchange Board of India

Dear Sirs,

Sub.: Public Issue of …… by……. (Name of the issuer)

We confirm that:

(1) We have examined various documents including those relating to litigation, commercial disputes, patent disputes, disputes with collaborators, etc. and other material while finalising the pre-filed draft offer document of the subject issue;

(2) On the basis of such examination and discussions with the issuer, its directors and other officers, other agencies, and independent verification of the statements concerning the objects of

[334] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.

the issue, price justification, contents of the documents and other papers furnished by the issuer, we confirm that:

(a) the pre-filed draft offer document is in conformity with the documents, materials and papers which are material to the issue;

(b) all material legal requirements relating to the issue as specified by the Board, the Central Government and any other competent authority in this behalf have been duly complied with; and

(c) the material disclosures made in the pre-filed draft offer document are true 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, 2013, these regulations and other applicable legal requirements.

(3) Besides us, all intermediaries named in the pre-filed draft offer document are registered with the Board and till date; such registration is valid.

(4) We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments.

(5) Written consent from the promoters has been obtained for inclusion of their specified securities as part of the promoters' contribution subject to lock-in and the specified securities proposed to form part of the promoters' contribution that are subject to lock-in shall not be disposed or sold or transferred by the promoters during the period starting from the date of pre-filing the draft offer document with the Board till the date of commencement of lock-in period as stated in the draft offer document.

(6) All applicable provisions of these regulations, which relate to specified securities ineligible for computation of promoters' contribution, have been and/or shall be duly complied with and appropriate disclosures as to compliance with the said regulation(s) have been made in the pre-filed draft offer document.

(7) All applicable provisions of these regulations which relate to receipt of promoters'' contribution prior to opening of the issue, shall be complied with. Arrangements have been made to ensure that the promoters' contribution shall be received at least one day before the opening of the issue and that the auditors' certificate to this effect shall be duly submitted to the Board. We further confirm that arrangements have been made to ensure that the 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 issue.

(8) Necessary arrangements shall be made to ensure that the monies received pursuant to the issue are credited or transferred to in a separate bank account as per the provisions of sub-section (3) of section 40 of the Companies Act, 2013 and that such monies shall be released by the said bank

only after permission is obtained from all the stock exchanges, and that the agreement entered into between the bankers to the issue and the issuer specifically contains this condition.

(9) The existing business as well as any new business of the issuer for which the funds are being raised fall within the 'main objects' in the Object Clause of the Memorandum of Association or other Charter of the issuer and that the activities which have been carried in the last ten years are valid in terms of the object clause of the Memorandum of Association.

(10) Following disclosures have been made in the pre-filed draft offer document:

(a) An undertaking from the issuer that at any given time, there shall be only one denomination for the equity shares of the issuer, excluding SR equity shares, where an issuer has outstanding SR equity shares, and

(b) An undertaking from the issuer that it shall comply with all disclosures and accounting norms specified by the Board.

(11) We shall comply with the regulations pertaining to advertisements in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

We enclose a note explaining the process of due diligence that has been exercised by us including in relation to the business of the issuer, the risks in relation to the business, experience of the promoters and that the related party transactions entered into for the period disclosed in the offer document have been entered into by the issuer in accordance with applicable laws.

We enclose a checklist confirming regulation-wise compliance with the applicable provisions of these regulations, containing details such as the regulation number, its text, the status of compliance, page number of the pre-filed draft offer document where the regulation has been complied with and our comments, if any.

We also enclose plan of action for compliance with Regulation 8 and Regulation 15.

Place: **Lead Manager(s) to the Issue**

Date: **with Official Seal(s)]**

Form B - Format of due diligence certificate to be given by the debenture trustee along with draft offer document

[See regulations 25(2)(c), 71(2)(c), 100(2)(b), 123(2)(c) and 156(2)(b)]

To,

Securities and Exchange Board of India

Dear Sirs,

Sub.: Public/Rights Issue of ……. by …….. (Name of the issuer)

We confirm that:

(1) We have examined all relevant documents pertaining to the said issue.

(2) We have examined the relevant documents pertaining to the security to be created.

(3) On the basis of discussions with the issuer, its directors and other officers, other agencies/intermediaries and on examination and 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 or asset cover for the secured convertible debt instruments to be issued.

   (b) The issuer has obtained the permissions or consents necessary for creating security on the property as second charge or pari pasu charge (wherever applicable)

   (c) The issuer has made all relevant disclosures about the security or asset cover.

   (d) The issuer has made all relevant disclosures about its continuing 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 Official Seal**

Note: With respect to the issue of unsecured convertible debt instruments, the debenture trustee shall not be required to certify the requirements stated in item 2 and sub-item (a), (b) and (c) of item 3 above.

Form C - Format of due diligence certificate to be given by the lead manager(s) at the time of filing offer document/filing letter of offer

[See regulation25(9)(b) [335]{59C (13)}, 71(7)(b) and 123(9)(b)]

To,

Securities and Exchange Board of India

Dear Sirs,

Sub.: Public/Rights Issue of …….. by …… (Name of the issuer)

We confirm that:

(1) The offer document (in case of a public issue) filed with the Registrar of Companies / letter of offer (in case of a rights issue) filed with the designated stock exchange on …. (date) was suitably updated under intimation to the Board and that the said offer document or letter of offer contains all the material disclosures in respect of the issuer as on the said date.

(2) The registrations of all intermediaries named in the offer document 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) Written consent from the promoter(s) has been obtained for inclusion of their securities as part of promoters' contribution, subject to lock-in.

(4) The securities proposed to form part of the promoters' contribution and subject to lock-in, have not been disposed or sold or transferred by the promoters during the period starting from the date of filing the draft offer document [336][or pre-filing offer document with the Board till date.]

(5) Agreements have been entered into with the depositories for dematerialisation of the securities of the issuer.

[335] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.

[336] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022 for the words *"with the Board till date".*

Place: **Lead Manager(s) to the Issue**

Date: **with Official Seal(s)**

Note: The requirements in items 3 and 4 above are not applicable in case of a rights issue.

[337][FORM CA - FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE LEAD MANAGER(S) AT THE TIME OF FILING THE UPDATED DRAFT RED HERRING PROSPECTUS-I

[See regulation 59C (8) and 59C (13)]

To,

Securities and Exchange Board of India

Dear Sirs,

Sub.: Public/Rights Issue of …….. by …… (Name of the issuer)

We confirm that:

(1) The updated draft red herring prospectus-I/updated draft red herring prospectus-II, as the case may be, filed with the Board contains all the material disclosures in respect of the issuer as on the said date.

(2) The registration of all intermediaries named in the offer document are valid as on date and that none of these intermediaries have been debarred by any regulatory authority.

(3) Written consent from the promoter(s) has been obtained for inclusion of their securities as part of promoters' contribution, subject to lock-in.

(4) The securities proposed to form part of the promoters' contribution and subject to lock-in, have not been disposed or sold or transferred by the promoters during the period starting from the date of filing the pre-filed draft offer document with the Board till date.

(5) Agreements have been entered into with the depositories for dematerialisation of the securities of the issuer.

Place: **Lead Manager(s) to the Issue**

Date: **with Official Seal(s)]**

[337] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.

Form D - Format of due diligence certificate to be given by the lead manager(s) in the event of disclosure of material events after the filing of the offer document

[See regulation 25(9)(e), 71(7)(c), 123(9)(e) and 186(3)(e)]

To,

Securities and Exchange Board of India

Dear Sirs,

Sub.: Public/Rights Issue of …….. by ……. (Name of the issuer)

We confirm that all material disclosures in respect of the issuer as on date have been made through the offer document (in case of a public issue) filed with the Registrar of Companies / letter of offer (in case of a rights issue) filed with the designated stock exchange on ….. (date) read with subsequent amendments/ public notice dated …..... (Copy of the advertisement enclosed).

Place: **Lead Manager(s) to the Issue**

Date: **with Official Seal(s)**

[338][FORM DA - FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY THE LEAD MANAGER(S) IN THE EVENT OF DISCLOSURE OF MATERIAL EVENTS AFTER THE FILING OF THE OFFER DOCUMENT

[See regulation 59C (13)]

To,

Securities and Exchange Board of India

Dear Sirs,

Sub.: Public/Rights Issue of …….. by ……. (Name of the issuer)

[338] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.

We confirm that all material disclosures in respect of the issuer as on date have been made through the pre-filed offer document filed with the Registrar of Companies on ….. (date) read with subsequent amendments/public notice dated……(copy of the advertisement enclosed).

Place: **Lead Manager(s) to the Issue with**

Date: **Official Seal(s)]**

Form E - Additional confirmations/ certification to be given by the lead manager(s) in the due diligence certificate to be given along with the offer document/ letter of offer for a fast track issue

[See regulation 100(2)(a) and 156(2)(a)]

To,

Securities and Exchange Board of India

Dear Sirs,

Sub.: Public/Rights Issue of …….. by ……. (Name of the issuer)

We confirm that:

(1) None of the intermediaries named in the offer document (in case of a public issue)/letter of offer (in case of a rights issue) have been debarred from functioning by any regulatory authority.

(2) The issuer is eligible to make a fast track issue in terms of (regulation 99 in case of rights issues and regulation 155 in case of further public offers, as applicable) of these regulations. The fulfilment of the eligibility criteria as specified in that regulation by the issuer has also been disclosed in the offer document/letter of offer.

(3) The abridged prospectus/abridged letter of offer contains all disclosures as specified in these regulations.

(4) All material disclosures in respect of the issuer have been made in the offer document/letter of offer 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.

(5) Agreements have been entered into with the depositories for dematerialisation of the specified securities of the issuer.

Place: **Lead Manager(s) to the Issue**

Date: **with Official Seal(s)**

Form F - Format of due diligence certificate to be given by the lead manager(s) along with the final post-issue report

[See regulation 151, 210 and 277]

To,

Securities and Exchange Board of India

Dear Sirs,

Sub.: Public issue of …… by …… (Name of issuer)

We confirm that:

(1) The certificates in respect of locked-in specified securities have been stamped 'not transferable' indicating the period of non-transferability and for locked-in specified securities in dematerialised form, non-transferability details have been provided to the depositories and the details of lock-in have been provided, before the listing of the specified securities, to all the stock exchanges.

(2) The specified securities included as minimum promoters' contribution and the specified securities in excess of minimum promoters' contribution have been locked-in in terms of these Regulations.

(3) The provisions regarding lock-in of specified securities held by persons other than promoters have been duly complied with in accordance with these Regulations.

Place: **Lead Manager(s) to the Issue**

Date: **with Official Seal(s)**

Form G - Additional confirmations/ certification to be given by the lead manager(s) in due diligence certificate to be given along with offer document regarding issues on the SME exchanges

[See regulation 247(2)]

To,

Securities and Exchange Board of India

Dear Sirs,

Sub.: Public/Rights issue of …… by …… (Name of issuer)

We confirm that:

(1) None of the intermediaries named in the offer document (in case of public issue)/letter of offer (in case of a rights issue) are debarred from functioning by any regulatory authority.

(2) The abridged prospectus/abridged letter of offer contains all disclosures as specified in these regulations.

(3) All material disclosures in respect of the issuer have been made in the offer document/letter of offer and 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) Agreements have been entered into with the depositories for dematerialisation of the specified securities of the issuer.

(5) The underwriting and market making arrangements as per requirements of regulation 261 and 262 of these regulations have been made.

(6) 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 offer document with the Registrar of Companies or letter of offer with the SME Exchange.

Place: **Lead Manager(s) to the Issue**

Date: **with Official Seal(s)**

Form H - Format of the due diligence certificate to be filed by the lead manager for IDR issues

[See regulation [186(3)]

To,

Securities and Exchange Board of India

Dear Sirs,

Sub.: Issue of …… (hereinafter referred to as 'IDRs') by …… (hereinafter referred to as the 'issuing company')

We confirm that:

(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 the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 read with the Companies (Registration of Foreign Companies) Rules, 2014 (hereinafter referred to as "the IDR Rules"), on a public basis.

(2) We have examined the disclosures made by the issuer in the 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 the draft offer document.

(3) We have examined various documents including those relating to litigation, including commercial disputes, patent disputes, disputes with collaborators, etc. and other material while finalising the offer document of the subject issue.

(4) On the basis of such examination and the discussions with the issuer, its directors and other officers, other independent agencies/ experts/ reports, and independent verification of the statements concerning the objects of the issue, price justification, contents of the documents and other papers furnished by the issuer, we confirm that:

(a) the draft offer document/ draft letter of offer forwarded to the Board is in conformity with the documents, materials and papers relevant to the issue;

(b) the requirements under the IDR Rules and these regulations 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) the disclosures made in the draft offer document/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, 2013, IDR Rules, these regulations and other applicable legal requirements.

(5) Besides ourselves, all the other intermediaries named in the draft offer document/ draft letter of offer are registered with the Board and that till date, such registration is valid.

(6) We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments.

(7) The existing business as well as any new business of the issuer for which the funds are being raised fall within the 'main objects' in the object clause of the Memorandum of Association or other charter of the issuer.

(8) Necessary arrangements shall be made to ensure that the monies received pursuant to the issue are credited or transferred to in a separate bank account as per the provisions of sub-section (3) of section 40 of the Companies Act, 2013 and that such monies shall be released by the said bank only after permission is obtained from all the stock exchanges, and that the agreement entered into between the bankers to the issue and the issuer specifically contains this condition.

(9) Disclosure has been made in the draft offer document that the investors shall be given an option* to receive the IDR in demat or physical mode.

[*The option to receive physical security certificates in a rights issue shall be available only for a period of six months from the date of coming into force of these regulations.]

(10) Following disclosures have been made in the draft offer document/ draft letter of offer:

(a) An undertaking from the issuer that at any given time, there shall be only one denomination for the IDR, and

(b) An undertaking from the issuer that it shall comply with all disclosure and accounting norms specified by the Board.

(11) None of the intermediaries named in the red herring prospectus / prospectus have been debarred from functioning by any regulatory authority.

(12) We enclose a note explaining the process of due diligence that has been exercised by us including in relation to the business of the issuer, the risks in relation to the business, and experience of the promoters.

(13) We enclose a checklist confirming regulation-wise compliance with the applicable provisions of these regulations, containing details such as the regulation number, its text, the status of compliance, page number of the draft offer document/ draft letter of offer where the regulation has been complied with and our comments, if any.

(14) Agreements have been entered into with the depositories for dematerialisation of the IDRs of the issuer.

Place: **Lead Manager(s) to the Issue**

Date: **with Official Seal(s)**

SCHEDULE VI - DISCLOSURES IN THE OFFER DOCUMENT, ABRIDGED PROSPECTUS AND ABRIDGED LETTER OF OFFER

[See regulations 17, 24(2)(b), 34(1), 57(1)(f), 70(2), 71(2)(d), 75, 122(2)(ii), 123(2)(d), 131(1), 153(1)(f), 186(3)(d), 218(2), 220(1)], 239, 246(2)(b), 282(1)(f), 287(2), 291]

Part A – Disclosures in offer document/letter of offer

[See regulations17, 24(2)(b), 57(1)(f), 70(2), 122(2)(ii), 153(1)(f), 239, 246(2)(b), 282(1)(f), 287(2), 291]

All disclosures specified under this Part shall be made in the draft offer document or the draft letter of offer and the offer document or the letter of offer, as applicable.

Instructions:

(a) All information shall be relevant and updated. The source and basis of all statements and claims shall be disclosed. Terms such as “market leader”, “leading player”, etc. shall be used only if these can be substantiated by citing a proper source.

(b) All blank spaces in the draft offer document shall be filled up with appropriate data before filing the offer document, as applicable, with the Registrar of Companies or filing the same with the recognised stock exchanges.

(c) Simple English shall be used to enable easy understanding of the contents. Technical terms, if any, used in explaining the business of the issuer shall be clarified in simple terms.

(d) Wherever it is mentioned that details are given elsewhere in the document, the same shall be adequately cross-referenced by indicating the paragraph heading and page number.

(e) There shall be no forward-looking statements that cannot be substantiated.

(f) Consistency shall be ensured in the style of disclosures. If first person is used, the same may be used throughout. Sentences that contain a combination of first and third persons may be avoided.

(g) For currency of presentation, only one standard financial unit shall be used.

Applicability

An issuer making a public issue or a rights issue of specified securities shall make disclosures specified in this Schedule.

Provided that:

(a) an issuer making a fast track [339][public issue] may not make the disclosures specified in [340][Part D] of this Schedule.

(b) an issuer making a further public offer of specified securities may not make the disclosures specified in Part C of this Schedule if it satisfies the conditions specified in paragraph 2 of that Part.

(c) an issuer making a rights issue may only make the disclosures specified in Part B of this Schedule if it satisfies the conditions specified in paragraph 1 of such Part.

(1) **Cover pages:** The cover pages shall be of adequate thickness (minimum hundred GSM quality) and shall be white in colour with no patterns.

(a) **Front cover pages:**

(1) [341][Front outside cover page shall contain issue and issuer details, details of selling shareholders in tabular format along with their average cost of acquisition

[339] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the word "*issue*".

[340] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*Part B*".

[341] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022. Prior to the substitution, point (1) read as follows:

and offer for sale details, and other details as may be specified by the Board from time to time.]

(2) Front [342][inside] cover page shall contain only the following issue details:

a) The type of the offer document ("Draft Red Herring Prospectus"/"Draft Letter of Offer", "Red Herring Prospectus", "Shelf Prospectus", "Prospectus", "Letter of Offer", as applicable).

b) Date of the draft offer document or offer document.

c) Type of issuance ("book built" or "fixed price").

d) In case of a public issue, the following clause shall be incorporated in a prominent manner, below the title of the offer document:

"Please read Section 32 of the Companies Act, 2013"

e) Name of the issuer, its logo, date and place of its incorporation, corporate identity number, address of its registered and corporate offices, telephone number, contact person, website address and e-mail address (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).

f) Names of the promoter(s) of the issuer.

g) Nature, number and price of specified securities offered and issue size, as may be applicable, including any offer for sale by promoters or members of the promoter group or other shareholders.

h) Aggregate amount proposed to be raised through all the stages of offers made through a shelf prospectus.

i) In the case of the first issue of the issuer, the following clause on 'Risks in relation to the First Issue' shall be incorporated in a box format:

"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 (-----). The issue price/floor price/price band 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 shares of the issuer nor regarding the price at which the equity shares will be traded after listing."

"(1) Front inside cover page shall be kept blank."

[342] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the word "*outside*".

j) 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 ….. under the section ‘General Risks’."

k) 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 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. The selling shareholders accept responsibility for and confirm the statements made by them in this offer document to the extent of information specifically pertaining to them and their respective portion of the offered shares and assume responsibility that such statements are true and correct in all material respects and not misleading in any material respect"

l) Names, logos and addresses of all the lead manager(s) with their titles who have signed the due diligence certificate and filed the offer document with the Board, along with their telephone numbers, website addresses and e-mail addresses. (Where any of the lead manager(s) is an associate of the issuer, it shall disclose itself as an associate of the issuer and that its role is limited to marketing of the issue.)

m) Name, logo and address of the registrar to the issue, along with its telephone number, website address and e-mail address.

n) Issue schedule:

(i) Anchor bid period, if any

(ii) Date of opening of the issue

(iii) Date of closing of the issue

(iv) Date of earliest closing of the issue, if any

o) Credit rating, if applicable.

p) IPO grading, if any

q) Name(s) of the stock exchanges where the specified securities are proposed to be listed and the details of their in-principle approval for listing obtained from these stock exchange(s).

(b) **Back cover pages:** The back inside cover page and back outside cover page shall be kept blank.

(2) **Table of Contents:** The table of contents shall appear immediately after the front inside cover page.

(3) **Definitions and abbreviations:**

(A) Conventional or general terms

(B) Issue related terms

(C) Issuer and industry related terms

(D) Abbreviations

(4) **Offer Document summary:** This section shall contain summary of the following information, as applicable:

(A) Primary business of the Issuer and the industry in which it operates, in not more than 100 words each;

(B) Names of the promoters;

(C) Size of the issue disclosing separately size of the fresh issue and offer for sale;

(D) Objects of the issue in a tabular format;

(E) Aggregate pre-issue shareholding of the promoter and promoter group, selling shareholder(s) as a percentage of the paid-up share capital of the issuer;

(F) Following details as per the restated consolidated financial statements for past 3 years and stub period in tabular format:

a. Share capital;

b. Net Worth;

c. Revenue;

d. Profit after tax;

e. Earnings per share;

f. Net Asset Value per equity share; and

g. Total borrowings (as per balance sheet).

(G) Auditor qualifications which have not been given effect to in the restated financial statements.

(H) Summary table of outstanding litigations and a cross-reference to the section titled '*Outstanding Litigations and Material Developments*'.

(I) Cross-reference to the section titled '*Risk Factors*'.

(J) Summary table of contingent liabilities and a cross-reference to contingent liabilities of the issuer as disclosed in restated financial statements.

(K) Summary of related party transactions for last 3 years and cross-reference to related party transactions as disclosed in restated financial statements.

(L) Details of all financing arrangements whereby the promoters, members of 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 the draft offer document/offer document.

(M) Weighted average price at which specified security was acquired by each of the promoters and selling shareholders in the last one year.

(N) Average cost of acquisition of shares for promoter and selling shareholders.

(O) Size of the pre-IPO placement and allottees, upon completion of the placement

(P) Any issuances of equity shares made in the last one year for consideration other than cash.

(Q) Any split/consolidation of equity shares in the last one year.

[343][(R) Exemption from complying with any provisions of securities laws, if any, granted by SEBI shall be disclosed.]

(5) **Risk factors:**

[343] Inserted by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(A) Risk factors shall be printed in a clear readable font (preferably of minimum point ten size).

(B) 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) Risk factors shall be determined on the basis of their materiality. In doing so, 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) Each risk factor shall appear in the following manner:

(1) The risk as envisaged by the issuer.

(2) Proposals, if any, to address the risk.

(E) Proposals to address the risks shall not contain any speculative statement on the positive outcome of any matter or litigation, etc. and shall not be given for any matter that is sub-judice before any court/tribunal.

(F) Risk factors shall be disclosed in the descending order of materiality. Wherever risks about material impact are stated, likely or potential implications, including financial implication, wherever quantifiable shall be disclosed. If it cannot be quantified, a distinct statement about the fact that the implications cannot be quantified shall be made.

(G) Risk factors covering the following subjects, shall necessarily be disclosed wherever applicable:

(1) Material statutory clearances and approval that are yet to be received by the issuer;

(2) Seasonality of the business of the issuer;

(3) Any issue of the specified securities by the issuer within the last twelve months at a price lower than the issue price (other than bonus issues);

(4) Where an object of the issue is to finance acquisitions and the acquisition targets have not been identified, details of interim use of funds and the probable date of completing the acquisitions;

(5) Risk associated with orders not having been placed for plant and machinery in relation to the objects of the issue, indicating the percentage and value terms of the plant and machinery for which orders are yet to be placed

(6) Lack of significant experience of the issuer or its promoters in the industry segment for which the issue is being made;

(7) If the issuer has incurred losses in the last three financial years;

(8) 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 may have a material adverse effect on the issuer.

(9) Refusal of listing of any securities of the issuer or any of its subsidiaries [344][***] during last ten years by any of the stock exchanges in India or abroad.

(10) Failure of the issuer or any of its subsidiary [345][***] to meet the listing requirements of any stock exchange in India or abroad and the details of penalty, if any, including suspension of trading, imposed by such stock exchanges.

(11) Limited or sporadic trading of any specified securities of the issuer on the stock exchanges.

(12) In case of outstanding debt instruments, any 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.

(13) Unsecured loans, if any, taken by the issuer and its subsidiaries that can be recalled at any time.

(14) Default in repayment of deposits or payment of interest thereon by the issuer and subsidiaries, and the roll over of liability, if any.

(15) Potential conflict of interest of the promoters or directors of the issuer if involved with one or more ventures which are in the same line of activity or business as that of the issuer.

(16) Shortfall in performance vis-à-vis the objects stated in any of the issues made by the listed issuer or listed subsidiaries in the last ten years, as disclosed under the heading "Performance vis-à-vis Objects" in the section "Other Regulatory and Statutory Disclosures", quantifying such shortfalls or delays.

(17) Shortfall in performance vis-à-vis the objects stated in the issues made by any of its listed subsidiaries or listed promoter(s) in the previous five years, as

[344] The words “or group companies” omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021.
[345] The words “or group companies” omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021.

disclosed under the heading "Performance vis-à-vis Objects" in the section "Other Regulatory and Statutory Disclosures", quantifying such shortfalls or delays.

(18) Interests of the promoters, directors [346][, key managerial personnel or senior management] of the issuer, other than reimbursement of expenses incurred or normal remuneration or benefits.

(19) Any portion of the issue proceeds that is proposed to be paid by the issuer to the promoter, directors [347][, key managerial personnel or senior management] of the issuer.

(20) Relationship of the promoter or directors of the issuer with the entities from whom the issuer has acquired or proposes to acquire land in the last 5 years, along with the relevant details.

(21) Excessive dependence on any key managerial personnel [348][or senior management] for the project for which the issue is being made.

(22) Any material investment in debt instruments by the issuer which are unsecured.

(23) Non-provision for decline in the value of investments.

(24) Summary of all outstanding litigations and other matters disclosed in the section titled 'Outstanding Litigations and Material Developments' in a tabular format along with amount involved, where quantifiable. Issuer shall also separately highlight any criminal, regulatory or taxation matters which may have any material adverse effect on the issuer.

(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) If monitoring agency is not required to be appointed as per these Regulations, the statement that deployment of the issue proceeds is entirely at the discretion of the issuer.

(27) Negative cash flow from operating activities in the last three financial years.

(28) If the land proposed to be acquired from proceeds of the issue is not registered in the name of the issuer.

[346] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023 for the words "or key management personnel".

[347] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023 for the words "or key managerial personnel".

[348] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

(29) Any restrictive covenants as regards the interests of the equity shareholders in any shareholders' agreement, promoters' agreement or any other agreement for short term (secured and unsecured) and long term borrowings.

(30) Existence of a large number of pending investor grievances against the issuer [349][and] listed subsidiaries [350][***].

(31) In case of issue of secured convertible debt instruments, risks associated with second or residual charge or subordinated obligation created on the asset cover.

[351][32. In case the proforma financial statements / restated consolidated financial statements has been provided by a peer reviewed Chartered Accountants who is not statutory auditor of the Company, the Issuer Company shall put this as a Top 10 Risk Factor in its offer document (DRHP/RHP/Prospectus).]

(6) **Introduction:**

(A) Issue details in brief.

(B) Summary of consolidated financial information.

(7) **General information:**

(A) Name and address of the registered and corporate offices, the registration number of the issuer, and the address of the Registrar of Companies where the issuer is registered.

(B) Name, designation, address and DIN of each member of the board of directors of the issuer

(C) Names, addresses, telephone numbers and e-mail addresses of the Company Secretary, legal advisor and bankers to the issuer.

(D) Name, address, telephone number and e-mail address of the compliance officer.

(E) Names, addresses, telephone numbers, contact person, website addresses and e-mail addresses of the lead manager(s), registrars to the issue, bankers to the issue, brokers to the issue and syndicate member(s); URL of SEBI website listing out the details of self certified syndicate banks, registrar to the issue and share transfer agents, depository participants, etc.

[349] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021 for the symbol ",".

[350] The words "and top 5 listed group companies by market capitalisation" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021.

[351] Inserted by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(F) Names, addresses, telephone numbers peer review number, firm registration number and e-mail addresses of the auditors of the issuer.

(G) Statement of inter-se allocation of responsibilities among lead manager(s).

(H) 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) Details of all credit ratings, including unaccepted ratings, obtained for the public issue of convertible debt instruments.

(c) All credit ratings obtained during the preceding three years prior to the filing the draft offer document/offer document for any of the issuer's listed convertible debt instruments at the time of accessing the market through a convertible debt instrument.

(I) Following details of IPO grading, if obtained:

(a) Names of all credit rating agencies from which IPO grading has been obtained.

(b) Details of all grades obtained from such credit rating agencies.

(c) Rationale or description of the grading(s), as furnished by the credit rating agencies.

(J) Name, address, telephone number, website address and e-mail address of the debenture trustee, in case of a public issue of convertible debt instruments.

(K) Name, address, telephone number and e-mail address of the monitoring agency, if appointed, and disclosure as to whether such appointment is pursuant to these regulations.

(L) Name, address, telephone number and e-mail address of the appraising entity in case the project has been appraised.

(M) Filing the draft offer document/draft letter of offer/offer document:

(a) Under this head, the office of the Board where the draft offer document/draft letter of offer/offer document has been filed.

(b) 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 filed.

(N) Where the issue is being made through the book building process, the brief explanation of the book building process.

(O) Details of underwriting:

(a) Names, addresses, telephone numbers, and e-mail addresses of the underwriters and the amount underwritten by each of 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 such underwriting.

(d) Details of the final underwriting arrangement indicating actual number of specified securities underwritten, to be provided in the prospectus before it is filed with the Registrar of Companies.

(P) Changes in the auditors during the last three years along with name, address, email address, peer review number and firm registration number of auditors and reasons thereof.

(Q) Green Shoe Option, if applicable**:**

(a) Name of the stabilising agent.

(b) Maximum number of equity shares in number and as a percentage of the proposed issue size, proposed to be over-allotted by the issuer.

(c) Maximum period for which the issuer proposes to avail of the stabilisation mechanism;

(d) the stabilising agent shall disclose if it proposes to close the stabilisation mechanism prior to the maximum period.

(e) Maximum increase in the equity share capital of the issuer and the post-issue shareholding pattern, in case the issuer is required to allot further equity shares to the extent of over-allotment in the issue.

(f) Maximum amount of funds to be received by the issuer in case of further allotment and the use of these additional funds.

(g) 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.

(h) Exact number of equity shares to be allotted/transferred 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.

(8) **Capital structure:**

(A) The capital structure in the following order in a tabular form:

(a) 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, if any, reservation for specified categories, if any, and net offer (number of securities, description, aggregate nominal value and issue amount (to be disclosed in that order) and applicable percentages 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).

(B) The following tables/notes shall be included after the table of the capital structure:

(a) 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 name of allottee, nature of allotment, the number of shares allotted, the face value of the shares, the issue price 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, details in a separate table, indicating the date of issue, date of revaluation of assets, persons to whom issued, price, reasons for the issue and whether any benefits have accrued to the issuer out of the issue.

(c) If shares have been allotted in terms of any scheme of arrangement approved under sections 391-394 of the Companies Act, 1956 or sections 230-234 of the Companies Act, 2013, as applicable, the details of such shares allotted, along with the page numbers where details of such scheme is given.

(d) 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.

(e) 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 the promoter group, reasons for such issue and the price.

(f) Shareholding pattern of the issuer in the format as prescribed under [352][regulation 31] of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(i) Following details regarding major shareholders: Names of the shareholders of the issuer holding 1% or more of the paid-up capital of the issuer as on the date of filing of the draft offer document/ or end of last week from the date of draft letter of offer and the offer document, as the case may be.

Provided that details of shareholding aggregating at least 80% of capital of company shall be disclosed.

(ii) 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) Particulars specified in items (i) and (ii) as on a date two years prior to the date of filing of the draft offer document/ draft letter of offer and the offer document, as the case may be.

(iv) Particulars specified in items (i) and (ii) as on a date one year prior to the date of filing of the draft offer document/ draft letter of offer and the offer document, as the case may be.

(v) The particulars specified in items (i) and (ii) as on a date ten days prior to the date of date of filing of the draft offer document/ draft letter of offer and the offer document, as the case may be.

(vi) If the issuer has made an initial public offer of specified securities in the preceding two years, 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 through private placement.

(g) 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 offer of specified securities, within a period of six months from the date of opening of the issue.

[352] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words “Regulation 33”.

(h) Total shareholding of each of the promoters in a tabular form, with the name of the promoter, nature of issue, date of allotment/transfer, 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, if any and the number and percentage of pledged shares, if any, held by each promoter.

(i) The number of members/shareholders of the issuer.

(j) 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 relatives in the preceding six months.

(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 in the six months immediately preceding the date of filing of the draft offer document/offer document.

(iv) In case it is not possible to obtain information regarding sales and purchases of specified securities by any relatives of the promoter, details 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.

(k) Promoters' contribution:

(i) Details of promoters' contribution and lock-in period in a tabular form, separately in respect of each promoter by name, with 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 up to which the specified securities are subject to lock-in.

(ii) In the case of an initial public offer, details of all individual allotments from the date of incorporation of the issuer and in case of a further public offer by a listed issuer, such details for the preceding five years.

(iii) In case of further public offers or rights issues, shares acquired by the promoters through a public issue, rights issue, preferential issue, bonus

issue, conversion of depository receipts or under any employee stock option scheme or employee stock purchase scheme to be shown separately from the shares acquired in the secondary market and its aggregate cost of shares acquired in the secondary market, if available.

(iv) Details of compliance with applicable provisions of these regulations with respect to promoters'' contribution and lock-in requirements.

(v) If the issuer is exempt from the requirements of promoters' contribution, the relevant provisions under which it is so exempt.

(vi) A statement that the promoter undertakes 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.

(l) A statement that the issuer, its directors or the lead manager(s) have not entered into any buy-back arrangements for purchase of the specified securities of the issuer.

(m) A statement that all securities offered through the issue shall be made fully paid-up, if applicable, or may be forfeited for non-payment of calls within twelve months from the date of allotment of securities.

(n) Details of shareholding, if any, of the lead manager(s) and their associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) in the issuer.

(o) Details of options granted or equity shares issued under any scheme of employee stock option or employee stock purchase of issuer, in the preceding 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.

(p) 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) options vested;

(iii) options exercised;

(iv) the exercise price;

(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:

- key managerial personnel [353][and senior management];
- 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 the issue of equity shares on exercise of options calculated in accordance with applicable accounting standard on '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) description of the pricing formula and 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.

(xiv) 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 Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, in respect of options granted in the last three years.

(xv) intention of the key managerial personnel [354][, senior management] and whole-time directors who are holders of 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

[353] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

[354] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

(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 the equity shares arise out of options exercised before or after the initial public offer.

(xvi) 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, [355][key managerial personnel, senior management] 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.

(xvii) details of the number of shares issued in employee share purchase scheme, the price at which such shares are issued, employee-wise details of the shares issued to

- key managerial personnel [356][and senior management];
- any other employee who is issued shares in any one year amounting to 5 per cent. or more shares issued during that year;
- identified employees who were issued shares during any one year equal to or exceeding 1 per cent. of the issued capital of the company at the time of issuance;

(xviii) diluted Earnings Per Share (EPS) pursuant to issuance of shares under employee share purchase scheme; and consideration received against the issuance of shares.

(q) In case of a further public offer by a listed issuer, which has earlier (after being a listed issuer) made any preferential allotment or bonus issue or qualified institutions placement of specified securities in the ten years preceding the date of the draft offer document/offer document, a confirmation that the relevant provisions of the regulations have been complied with.

[355] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023 for the words “senior managerial personnel”.
[356] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

(9) **Particulars of the issue:**

(A) **Objects of the issue:**

(1) Objects of the issue.

(2) If one of the objects of the issue is loan repayment:

(a) details of loan proposed to be repaid such as name of the lender, brief terms and conditions and amount outstanding;

(b) certificate from the statutory auditor certifying the utilization of loan for the purposed availed.

(3) If one of the objects is investment in a joint venture or a subsidiary or an acquisition, following additional disclosures:

(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) Nature of benefit expected to accrue to the issuer as a result of the investment

(4) If one of the objects of the issue is to grant a loan to an entity other than a subsidiary, 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 a loan is to be granted to any of the group companies, details of the same.

(5) If one of the objects of the issue is utilisation of the issue proceeds for long term working capital, the following additional disclosures on a standalone basis:

(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 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) 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) 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.

(f) If no working capital is shown as a part of project for which the issue is being made, the reasons for the same.

(6) **Land:**

(a) Names of the entities from whom land has been acquired/ proposed to be acquired along with the cost of acquisition, and the relationship, if any, of such entities to any promoter or director of the issuer, in case the proceeds of the issue are being utilised for acquisition of land.

(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) Figures appearing under this section shall be consistent with the figures appearing under the section "Cost of the Project".

(7) **Project:**

If one of the objects of the issue is to fund a project, details of:

(a) location of the project;

(b) plant and 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.

(c) 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. collaboration, performance guarantee if any, 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.

(8) **Property:**

If one of the object of the issue is to purchase any property, where arrangements have been made, details of:

(a) names address, descriptions and occupations of the vendors;

(b) 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;

(c) nature of the title or interest in such property acquired or to be acquired by the issuer;

(d) 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.

(e) The property to which [357][sub-clauses (a) to (d) apply] 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 or the purchase or

[357] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbols "*sub-clause (a) applies*".

acquisition of which has not been completed as of the date of the draft offer document or offer document, as the case may be.

(9) **Plant/ Equipment/ Technology/ Process:**

If one of the objects of the issue is to purchase any plant, machinery, technology, process, etc.

(i) Details in a tabular form, which shall include the details of the equipment required to be bought by the issuer, cost of the equipment, name of the suppliers, date of placement of order and the date or expected date of supply, etc.

(ii) In case the order for the equipment is yet to be placed, the date of quotations relied upon for the cost estimates given.

(iii) The percentage and value terms of the equipment for which orders are yet to be placed.

(iv) The details of the second hand equipment bought or proposed to be bought, if any, including the age of the machines, balance estimated life, etc.

(10) In case of a public issue of secured convertible debt instruments,: description of the assets on which the security shall be created/asset cover, if required, shall be created, the basis for computation of the security cover, the valuation methods, the periodicity of such valuation and the ranking of the charge(s).

(11) If warrants are issued, the objects for which the funds from conversions of warrants are proposed to be used.

(B) **Requirement of funds:**

(1) Where the issuer proposes to undertake more than one activity or project, such as diversification, modernisation, expansion, etc., the total project cost activity-wise or project wise, as the case may be.

(2) 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.

(3) Details of all material existing or anticipated transactions in relation to utilisation of the issue proceeds or project cost with promoters, promoter group, directors, key

managerial personnel, [358][senior management] 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 by the issuer confirming that firm arrangements of finance have been made through verifiable means towards seventy five per cent. of the stated means of finance for the project proposed to be funded from issue proceeds, excluding the amount to be raised through proposed issue and existing identifiable internal accruals.

(2) Balance portion of the means of finance for which no firm arrangement has been made without specification.

(3) Details of funds tied up and the avenues for deployment of excess proceeds, if any.

(D) **Appraisal:**

(1) Scope and purpose of the appraisal, if any, along with the date of appraisal.

(2) Cost of the project and means of finance shall be as per the appraisal report.

(3) Explanation of revision, if any, in the project cost and the means of finance after the date of issue of the appraisal report.

(4) Weaknesses and threats, if any, given in the appraisal report, by way of risk factors.

(5) Disclaimer clauses of the appraisal report, as applicable.

(E) **Schedule of implementation:** 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) 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 of the offer document, as certified by a statutory auditor of the issuer and the date of the certificate.

[358] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

(2) Where the promoters' contribution has been brought prior to the public issue, which is utilised towards means of finance for the stated objects and has already been deployed by the issuer, a cash flow statement from the statutory auditor, disclosing the use of such funds received as promoters' contribution.

(G) **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.

(H) **Deployment of Balance Funds:** Year-wise break-up of the expenditure proposed to be incurred on the project.

(I) **Interim Use of Funds:** A statement that net issue proceeds pending utilization (for the stated objects) shall be deposited only in the scheduled commercial banks.

(J) **Expenses of the Issue:** Expenses of the issue along with a break up for each item of expense, including details of the fees payable to separately as under (in terms of amount, as a percentage of total issue expenses and as a percentage of total issue size):

(1) Lead manager(s) fees including underwriting commission
(2) Brokerage, selling commission and upload fees
(3) Registrars to the issue
(4) Legal Advisors
(5) Advertising and marketing expenses
(6) Regulators including stock exchanges
(7) Printing and distribution of issue stationary
(8) Others, if any (to be specified).

(K) **Basis for Issue Price:**

(1) The basis for issue price, floor price or price band, as the case may be, on a consolidated basis, after giving effect to any bonus or split of shares undertaken after the last balance sheet date:

(a) Earnings Per Share and Diluted Earnings Per Share, pre-issue, for the last three years (as adjusted for changes in capital).
(b) Price to Earnings ratio pre-issue.
(c) Average Return on Net Worth in the last three years.

(d) Net Asset Value per share based on the last balance sheet.

(e) Net Asset Value per share after the issue and comparison thereof with the issue price.

(f) An illustrative format of disclosure in respect of the basis for issue price is given hereunder:

(1)	**Adjusted Earnings Per Share (EPS) and Adjusted Diluted EPS**	
	(a) Financial Year 1	` 0.41
	(b) Financial Year 2	` 8.39
	(c) Financial Year 3	` 13.82
	(d) Weighted Average	` 10.94
(2)	**Price to Earnings Ratio (P/E) in relation to Issue Price**	
	(a) Based on Financial Year 3 EPS	37.63
	(b) Industry P/E	
	(i) Highest	61.2
	(ii) Lowest	0.8
	(iii) Average	25.3
	(*Indicate relevant source)	
(3)	**Return on Net Worth**	
	(a) Financial Year 1	27.36 per cent.
	(b) Financial Year 2	28.77 per cent.
	(c) Financial Year 3	33.45 per cent.
	(d) Weighted Average	30.88 per cent.
(4)	**Net Asset Value**	
	(a) As at last day of Financial Year 3	` 46.40
	(b) After issue	` 94.29
	(c) Issue price	` 520.00

** Formula or basis for calculation of these financial ratios to also be disclosed.*

(g) Comparison of accounting ratios of the issuer as mentioned in items (a) to (f) above with the industry average and with the accounting ratios of the peer group (i.e. companies of comparable size in the same industry),

indicating the source from which industry average and accounting ratios of the peer group has been taken. 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 consolidated basis (wherever applicable) of issuer shall be compared with ratios on consolidated basis (wherever applicable) of peer group, respectively.

Financial information relating to companies in the peer group shall be extracted from the regulatory filings made by such companies to compute the corresponding financial ratios.

(h) 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 the expanded capital.

(i) The following statement in case of a book built issue :

"The price band/floor price/issue price has been determined by the issuer in consultation with the lead manager(s), on the basis of book-building."

(j) The following statement In case of a fixed price issue :

"The issue price has been determined by the issuer in consultation with the lead manager(s) and justified by the issuer in consultation with the lead manager(s) on the basis of the above information."

(k) Accounting ratios 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) Issue of debt instruments bearing interest less than the bank rate: Whenever fully convertible debt instruments are issued bearing interest at a rate less than the bank rate, 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 fully convertible debt instruments to the date(s) of conversions).

[359][(3) For all the Key Performance Indicators (KPIs) disclosed in the offer document, the Issuer Company and the lead merchant bankers (LMs) shall ensure the following:

(a) KPIs disclosed in the offer document and the terms used in KPIs shall be defined consistently and precisely in the "Definitions and Abbreviations" section of the offer document using simple English terms /phrases so as to enable easy understanding of the contents. Technical terms, if any, used in explaining the KPIs shall be further clarified in simple terms.

(b) KPIs disclosed in the offer document shall be approved by the Audit Committee of the Issuer Company.

(c) KPIs disclosed in the offer document shall be certified by the statutory auditor(s) or Chartered Accountants or firm of Charted Accountants, holding a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India or by Cost Accountants, holding a valid certificate issued by the Peer Review Board of the Institute of Cost Accountants of India.

(d) Certificate issued with respect to KPIs shall be included in the list of material documents for inspection.

(e) For each KPI being disclosed in the offer document, the details thereof shall be provided for period which will be co-terminus with the period for which the restated financial information is disclosed in the offer document.

(f) KPIs disclosed in the offer document should be comprehensive and explanation shall be provided on how these KPIs have been used by the management historically to analyse, track or monitor the operational and/or financial performance of the Issuer Company.

(g) Comparison of KPIs over time shall be explained based on additions or dispositions to the business, if any. For e.g. in case the Issuer Company has undertaken a material acquisition or disposition of assets / business for the periods that are covered by the KPIs, the KPIs shall reflect and explain the same.

(h) For 'Basis for Issue Price' section, the following disclosures shall be made:

(i) Disclosure of all the KPIs pertaining to the Issuer Company that have been disclosed to its investors at any point of time during the three years preceding to the date of filing of the DRHP / RHP.

[359] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022, and shall be applicable for all issues where Red Herring Prospectus is filed with the Registrars of Companies on or after the 21.11.2022.

(ii) Confirmation by the Audit Committee of the Issuer Company that verified and audited details for all the KPIs pertaining to the Issuer Company that have been disclosed to the earlier investors at any point of time during the three years period prior to the date of filing of the DRHP / RHP are disclosed under 'Basis for Issue Price' section of the offer document.

(iii) Issuer Company in consultation with the lead merchant banker may make disclosure of any other relevant and material KPIs of the business of the Issuer Company as it deems appropriate that have a bearing for arriving at the basis for issue price.

(iv) Cross reference of KPIs disclosed in other sections of the offer document to be provided in the 'Basis for Issue Price' section of the offer document.

(v) For the KPIs disclosed under the 'Basis for Issue Price' section, disclosure of the comparison with Indian listed peer companies and/ or global listed peer companies, as the case may be (wherever available). The set of peer companies shall include companies of comparable size, from the same industry and with similar business model (if one to one comparison is not possible, appropriate notes to explain the differences may be included).

(i) The Issuer Company shall continue to disclose the KPIs which were disclosed in the 'Basis for Issue Price' section of the offer document, on a periodic basis, at least once in a year (or for any lesser period as determined by the Issuer Company), for a duration that is at least the later of (i) one year after the listing date or period specified by the Board; or (ii) till the utilization of the issue proceeds as per the disclosure made in the objects of the issue section of the prospectus. Any change in these KPIs, during the aforementioned period, shall be explained by the Issuer Company. The ongoing KPIs shall continue to be certified by a member of an expert body as per clause 3(c).

(4) For issue price, floor price or price band, as the case may be, disclosed in the offer document, the Issuer Company and the lead merchant banker (LMs) shall disclose the details with respect to the following:

(a) Price per share of Issuer Company based on primary / new issue of shares (equity/convertible securities), excluding shares issued under ESOP/ESOS and issuance of bonus shares, during the 18 months preceding the date of filing of the DRHP / RHP, where such issuance is equal to or more than 5 per cent of the fully diluted paid-up share capital of the Issuer Company (calculated based on the pre-issue capital before such transaction/s and

excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days; and

(b) Price per share of Issuer Company based on secondary sale / acquisition of shares (equity/convertible securities), where promoter / promoter group entities or shareholder(s) selling shares through offer for sale in IPO or shareholder(s) having the right to nominate director(s) in the Board of the Issuer Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of filing of the DRHP / RHP, where either acquisition or sale is equal to or more than 5 per cent of the fully diluted paid-up share capital of the Issuer Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days .

Note: 1. In case there are no such transactions to report under (a) and (b), then the information shall be disclosed for price per share of the Issuer Company based on last 5 primary or secondary transactions (secondary transactions where promoter / promoter group entities or shareholder(s) selling shares through offer for sale in IPO or shareholder(s) having the right to nominate director(s) in the Board of the Issuer Company, are a party to the transaction), not older than 3 years prior to the date of filing of the DRHP / RHP, irrespective of the size of transactions.

2. Price per share disclosed, shall be adjusted for corporate actions e.g. split, bonus etc. done by the Issuer Company.

(c) Floor price and cap price being [●] times the weighted average cost of acquisition (WACA) based on primary/ secondary transaction(s) as disclosed in terms of clause (a) and (b) or Note 1 above, shall be disclosed in the following manner:

Past Transactions	**WACA (in Rs.)**	**IPO Floor Price in Rs. [●]**	**IPO Cap Price in Rs. [●]**
WACA of Primary issuance		[●] times	[●] times
WACA of Secondary		[●] times	[●] times

transactions			

(d) Detailed explanation for offer price / cap price being [●] times of WACA of Primary issuance price / Secondary transaction price, along with comparison of Issuer Company's KPIs and financials ratios for the last three full financial years and stub period (if any) included in the offer document.

(e) Explanation for offer price / cap price being [●] times of WACA of Primary issuance price / Secondary transaction price in view of the external factors which may have influenced the pricing of the issue, if any.

(f) Table at para (c) above shall be disclosed in the Price Band Advertisement under 'Risks to Investors' section. Recommendation of a Committee of Independent Directors to be included in the price band advertisement stating that the price band is justified based on quantitative factors / KPIs disclosed in 'Basis for Issue Price' section vis-à-vis the WACA of primary issuance / secondary transaction(s) disclosed in 'Basis for Issue Price' section.]

(L) **Tax Benefits:** Any special tax benefits (under direct and indirect tax laws) for the issuer and its shareholders and its material subsidiaries identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(10) **About the Issuer:**

(A) **Industry Overview**

(B) **Business Overview**

(1) **Details of the business of the issuer:**

(a) Primary business of the Issuer;

(b) Plant, machinery, technology, process, etc.

(c) Description of subsisting collaborations,, any performance guarantee or assistance in marketing by the collaborators, infrastructure facilities for raw materials and utilities like water, electricity, etc.

(d) Products or services of the issuer:

(i) Nature of the product(s)/services, and the end users.

(ii) Approach to marketing of products and services

(2) **Business Strategy:** Description of the business strategy of the issuer, without any forecast of projections relating to the financial performance of the issuer

(3) **Capacity and Capacity Utilisation**: A table shall be incorporated giving the existing installed capacities for each product, capacity utilisation for such products in the previous three years.

(4) **Intellectual Property Rights:**

(a) If the issuer is entitled to certain intellectual property rights such as trademarks, 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 any of the material intellectual property rights are not registered in the name of the issuer, the name of the entity with which these are registered.

(c) In case the intellectual property rights are registered in the name of an 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.

(5) **Property:** Details of its material properties

(C) **Key Industry-Regulations (if applicable):**

(D) **History and Corporate Structure of the issuer:**

(1) History 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 thereof.

(b) Details of the major events in the history of the issuer, such as:

(i) Significant financial or strategic partnerships

(ii) Time/cost overrun in setting up projects

(iii) Capacity/facility creation, location of plants

(iv) launch of key products or services, entry in new geographies or exit from existing markets

(v) Key awards, accreditations or recognition

(vi) Defaults or rescheduling/ restructuring of borrowings with financial institutions/ banks

(c) Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets etc., if any, in the last ten years.

(2) Main objects as set out in the Memorandum of Association of the issuer and dates on which the Memorandum of Association of the issuer has been amended citing the details of such amendments in the last ten years

(3) Details regarding holding company, subsidiary/subsidiaries and joint venture(s), if applicable, of the issuer including:

(a) Name of the holding company/subsidiary/joint venture;

(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.

(E) **Shareholders' agreements and other agreements:**

(a) Key terms of all 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) Any agreement entered into by a key managerial personnel [360][or senior management] or director or promoter or any other employee of the issuer, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the issuer.

(c) Guarantees, if any, given to third parties by the promoter offering its 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.

[360] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

(d) Key terms. dates, parties to and general nature of any other subsisting material agreements including with strategic partners, joint venture partners and/or financial partners, entered into, other than in the ordinary course of business of the issuer.

(e) All such shareholders' agreements and other agreements shall be included in the list of material contracts as required under [361][sub-item (1) of Item (18)].

(F) **Management:**

(a) **Board of Directors:**

(i) Name, Director Identification Number, date of birth, age, qualifications, experience, address, occupation and date of expiration of the current term of office of manager, managing director, and other directors (including nominee directors and, whole-time directors), period of directorship, and their directorships in other companies.

(ii) For each person, details of current and past directorship(s) in listed companies whose shares have been/were suspended from being traded on any of the stock exchanges, during his/her tenure, as follows:

(a) Name of the Company:

(b) Listed on (give names of the stock exchange(s)):

(c) Date of suspension on the stock exchanges:

(d) If trading suspended for more than three months, reasons for suspension and period of suspension.

(e) If the suspension of trading revoked, the date of revocation of suspension.

(f) Term (along with relevant dates) of the director in the above company(ies).

(The above details shall be given for the preceding five years. In case of fast track issues filed under the provisions of these regulations, the period of five years shall be reckoned on the date of filing of the offer document.)

(iii) For each person, details of current and past directorship(s) in listed companies which have been/were delisted from the stock exchange(s), during his/her tenure, as follows:

- Name of the Company:

[361] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words, numbers and symbols "*sub-item (1) of Item (17)*".

- Listed on [give name of the stock exchange(s)]:
- Date of delisting on the stock exchange(s):
- Compulsory or voluntary delisting:
- Reasons for delisting:
- If relisted, date of relisting on [give name of the stock exchange(s)]
- Term (along with relevant dates) of the director in the above company/companies.

(iv) Nature of any family relationship between any of the directors or any of the directors and key managerial personnel [362][or senior management].

(v) 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.

(vi) 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.

(vii) Details of borrowing powers.

(b) **Compensation of Managing Directors and/or Whole-time Directors:**

(i) 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 entered into in the preceding two years. 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 and remuneration paid or payable by subsidiary or associate company (as defined under the Companies Act, 2013). The disclosure shall also cover contingent or deferred compensation accrued for the year, even if the compensation is payable at a later date.

(ii) 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.

(iii) All such contracts shall be included in the list of material contracts required under [363][sub-item (1) of Item (18)].

[362] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

(c) **Shareholding** of directors, including details of qualification shares held by them, if applicable.

(d) **Interest of Directors:**

i) Nature and extent of interest, if any, of every director in the issuer, including in any property acquired or proposed to be acquired of the issuer or by the issuer or in the promotion or formation of the issuer.

ii) 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.

(e) Change, if any, in the directors during the last three years, and reasons, thereof.

(f) Management Organisation Structure.

(g) **Corporate Governance:**

(i) A statement that the issuer has complied with the requirements of corporate governance relating to the composition of its board of directors, constitution of committees such as audit committee, nomination and remuneration committee, stakeholders relationship committee, etc., as provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ii) Details relating to the issuer's audit committee, nomination and remuneration committee, stakeholders' relationship committee and risk management committee (if applicable) including the names of committee members and the terms of reference under which the committees operate.

(h) **Key Managerial Personnel** [364][**and Senior Management**]**:**

(i) Details of the key managerial personnel [365][and senior management] indicating name, date of joining, qualification, term of office with date of

[363] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words, numbers and symbols "*sub-item (1) of Item (17)*".

[364] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

[365] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

expiration of term and details of service contracts including termination/retirement benefits, if any, details of previous employment, etc.

(ii) Past business experience, and functions and areas of experience in the issuer. Nature of any family relationship between any of the key managerial personnel [366][and senior management].

(iii) Any arrangement or understanding with its major shareholders, customers, suppliers or others, pursuant to which any of the key managerial personnel [367][or senior management], was selected as a key managerial personnel.

(iv) During the last financial year, the amount of compensation paid, and benefits in kind granted, to the key managerial personnel [368][and senior management] on an individual basis, by the issuer for services in all capacities to the issuer, including contingent or deferred compensation accrued for the year, even if the compensation is payable at a later date.

(v) If any portion of the compensation or otherwise was paid pursuant to a bonus or profit-sharing plan, a brief description of the plan and the basis upon which the key managerial personnel [369][and senior management] participate in the plan.

(vi) Status of each key managerial personnel [370][and senior management], as a permanent employee or otherwise.

(vii) Shareholding of each key managerial personnel [371][and senior management] in the issuer.

(viii) Changes in the Key Managerial Personnel [372][or senior management]**:** Any change other than by way of retirement in the normal course in the key

[366] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.
[367] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.
[368] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.
[369] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.
[370] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.
[371] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.
[372] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

managerial personnel [373][or senior management] in the preceding three years

(ix) If the attrition of [374][key managerial personnel and senior management] is high compared to the industry, reasons should be disclosed.

(x) Employees**:**

- Refer the page where disclosures regarding employees stock option scheme/ employees stock purchase scheme of the 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.
- Payment or Benefit to key managerial personnel [375][and senior management] 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.

(G) **Promoters/ principal shareholders:**

(a) Where the promoters are individuals:

(i) A complete profile of all the promoters, including their name, date of birth, age, personal addresses, educational qualifications, experience in the business or employment, positions/posts held in the past, directorships held, other ventures of each promoter, special achievements, their business and financial activities, photograph [376][and Permanent Account Number].

(ii) A declaration confirming that the Permanent Account Number, Bank Account Number(s) and Passport Number [377][Aadhaar card number and driving license number] of the promoters have been submitted to the stock

[373] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.
[374] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023 for the words " key management personnel".
[375] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.
[376] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbols ", *Permanent Account Number, Aadhaar card number and driving license number*".
[377] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

exchanges on which the specified securities are proposed to be listed, at the time of filing the draft offer document [378][***]

(b) Where the promoters are companies:

(i) Brief history of the promoters such as date of incorporation, change in activities and present activities.

(ii) History of the companies and the promoters of the companies. 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.

(iii) Details of change in control of the promoter companies, if any, including details of the persons who held the controlling interest in the preceding three years.

(iv) 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 stock exchanges on which the specified securities are proposed to be listed, at the time of filing the draft offer document or draft letter of offer with them;

(c) Where alternative investment funds or foreign venture capital investors registered with the Board, are identified as promoters, the following shall be applicable,

(i) Details of the Fund Manager;

(ii) Generic details of the Fund, which is the investor in the issuer company;

(iii) Details such as total number of investors in the Fund, distribution of investors category - wise (institutional, corporate, individual etc.) and percentage stake held by each investor category;

(iv) Details of companies funded by the Funds, namely:-

(a) Total number of companies funded;

(b) Distribution of such companies - country wise, holding period wise, sector wise;

(c) Number of companies under the control of the Fund, directly or indirectly;

[378] The words "*or draft letter of offer*" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(d) In respect of companies where such Funds have offered their shares for lock-in as part of minimum promoter's contribution:-

- Name of the company
- Date of listing on each stock exchange
- Fund's shareholding in the company as on the date of listing
- Fund's shareholding in the company as on the date of filing of the DRHP of the company that now seeks to get listed

(v) Average holding period of the Fund's investments;

(vi) Sector focus/core specialization of the Fund, if applicable.

(d) If the present promoters are not the original promoters and control of the issuer was acquired in the preceding five years, details regarding the acquisition of control, date of acquisition, terms of acquisition, consideration paid for acquisition and compliance with the provisions of [379][***] the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable, and the Listing Agreement or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable.

(e) If there is no identifiable promoter, details 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.

(f) 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.

(g) If the promoters have any interest in the issuer other than as promoters, brief details of the interest.

(h) Full particulars of the nature and extent of the interest, if any, of promoter(s), directors or group companies:

(i) in the promotion of the issuer;

[379] The words, numbers and symbols "*the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or*" omitted by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(ii) in any property acquired by the issuer in the preceding three years or proposed to be acquired by it.

(iii) 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 such director or to the firm or company in cash or shares or otherwise by any person either to induce such person to become, or to qualify such person as a director, or otherwise for services rendered by such person or by the firm or company, in connection with the promotion or formation of the issuer.

(iv) 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

(i) **Payment or benefit to the Promoter of the Issuer:** Any amount or benefit paid or given in the preceding two years or intended to be paid or given to any promoter or promoter group and consideration for payment of giving of the benefit.

(j) Brief details of material guarantees, if any, given to third parties by the promoters with respect to specified securities of the issuer.

(k) A list of all individuals and entities forming part of the promoter group of the issuer.

(l) If the promoters have disassociated themselves from any of the companies or firms during the preceding three years, the reasons thereof and the circumstances leading to the disassociation together with the terms of such disassociation.

(H) **Dividend policy:** Dividend policy and mode of payment of dividend, details of dividend paid in the last three financial years and the stub period, as applicable, and the period between last audited period and the date of the filing the draft offer document / draft letter of offer/ offer document.

(11) **Financial Statements:**

(I) Requirements in case Indian Accounting Standards (Ind AS) is applicable in the latest period presented in Restated Financial Information

Financial information section of the offer document will be divided into two parts, viz., restated financial information and other financial information. The restated and other financial information

should be complete in all respects. To avoid duplication of disclosures in the offer document, appropriate use of cross reference may be made to the restated and other financial information.

(A) **Restated Financial information**

(i) Consolidated Financial Statements (CFS) prepared in accordance with Ind AS for three years and the stub period (if applicable) should be audited and certified by the [380][statutory auditor(s) or Chartered Accountants] who holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI). The stub period CFS shall be required, if Ind AS CFS for latest full financial year included in the offer document is older than six months from the date of filing of the draft offer document/offer document. The stub period should not end up to a date earlier than six months of the date of filing of the draft offer document/offer document. In accordance with Ind AS 34 *Interim Financial Reporting*, the group should present a complete Ind AS CFS for the stub period, except the issuer has been exempted from presenting comparatives for the stub period. CFS shall be prepared as per Companies Act, 2013 (as amended).

(a) The CFS (including for the stub period if applicable) should be restated to ensure consistency of presentation, disclosures and the accounting policies for all the periods presented in line with that of the latest financial year/ stub period presented. Similarly, significant errors, non-provisions, regrouping, other adjustments, if any, should be reflected in the corresponding period. The changes in accounting policies and the correction of errors, should be disclosed in accordance with the requirements of Ind AS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Changes in estimates, if any, need not to be restated, as they are events of that corresponding year. The issuer has an option to present comparatives for the stub period.

(b) SA 705 *Modification to the Opinion in the Independent Auditor's Report* requires a qualified opinion, adverse opinion or disclaimer of opinion for material misstatements. With respect to an eligible issuer, audit modifications, which are quantifiable or can be estimated shall be adjusted in the restated financial information in the appropriate period. In situations where the qualification cannot be quantified or estimated, appropriate disclosures should be made in the notes to account, explaining why the qualification cannot be quantified or estimated.

[380] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbols "*statutory auditor(s)".*

(c) A reconciliation explaining the differences between the audited CFS equity and profit (loss) and the restated CFS should be presented in a columnar format.

(d) The [381][auditor or Chartered Accountants] shall issue an examination report on the restated and audited financial information in accordance with the *Guidance Note* issued by the ICAI from time to time.

(e) Auditor should have a valid peer review certificate issued by the Peer Review Board of the ICAI as on the date of signing the restated financial information. If a new auditor holding a valid peer review certificate is appointed for the stub period, and the predecessor auditor did not hold a valid peer review certificate at the date of signing the last annual financial statement, then the last annual financial statement would need to be re-audited by the new auditor in accordance with applicable standards. The re-audit may exclude audit reporting matters on CARO, internal financial control and other pure regulatory matters. Where auditor earlier held a valid peer review certificate, but did not hold a valid certificate at the date of signing the restated financial information, the earlier certificate shall be considered valid provided there is no express refusal by the peer review board to renew the certificate and the process to renew the peer review certificate was initiated by the auditor.

(f) Where an issuer does not have a subsidiary, associate or joint venture, in any financial year, the issuer shall present separate financial statements for that financial year by following the applicable requirements of a restated CFS.

(g) List of the related parties and all related party transactions of the consolidated entities (whether eliminated on consolidation or not), which require disclosure under Ind AS 24 and/ or covered under section 188(2) of the Companies Act, 2013 (as amended), as disclosed in the separate financial statement of the consolidated entities, should be disclosed in the restated financial information.

- All funding arrangements including inter-se guarantees among the entities consolidated; except contribution to equity share capital, shall be disclosed. The important terms and conditions of the funding arrangement and fund transfer restrictions, if any, should be disclosed in the restated financial information.

[381] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the word "*auditor*".

(h) In case where Ind AS is not applicable to the Company for any of the years the principles laid down in Circular No SEBI/HO/CFD/DIL/CIR/P/2016/47 of March 31, 2016 or any other relevant circular issued by the Board from time to time, shall apply.

(ii) The separate audited financial statements for past three full financial years immediately preceding the date of filing of offer document of the issuer company and all its material subsidiaries should be made available on issuer's website in accordance with the materiality thresholds in (b) below. Alternatively, relevant link should be provided to the financial statement of subsidiaries on the Issuer's website. The link to the issuer's separate financial statement should be specified in the offer document. For this purpose, subsidiaries shall be identified based on definitions in the Companies Act, 2013. The above requirements shall apply for the periods of existence of the parent-subsidiary relationship.

(a) a certified English translated copy of the financial statements should be made available on the Company's website for every entity consolidated whose financial statements are not presented in English.

(b) The financial statements reported in any currency other than Indian Rupee shall be translated into Indian Rupee in accordance with Ind AS 21. The Effects of Changes in Foreign Exchange Rates. The financial statements of all foreign consolidated entities should be audited, unless they are not material to the CFS and the local regulation does not mandate audit. For this purpose, a consolidated entity shall be considered 'material' if it contributes 10% or more to the turnover or net-worth or profits before tax in the annual CFS of the respective year. Additionally, total unaudited information included in the in the CFS shall not exceed 20% of the turnover or net-worth or profits before tax of the CFS of the respective year. For the purpose of this clause, definition of turnover, net-worth and profits before tax should be as per Companies Act, 2013 (as amended).

(c) The financial statements of foreign entities consolidated may be audited as per the requirements of local regulation applicable in the respective jurisdiction. However, in cases where the local regulation does not mandate audit, financial statements should be audited as per the auditing standards/ requirements applicable in India.

(d) The financial statements of foreign subsidiaries may be acceptable in a GAAP other than Ind AS, if local laws require application of local GAAP.

(B) **Other Financial Information**

(i) The following information shall be computed as per the *Guidance Note* issued by the ICAI from time to time and disclosed in other financial information

- Earnings per share (Basic and Diluted)
- Return on net worth
- Net Asset Value per share
- EBITDA

(ii) If the proceeds, fully or partly, directly or indirectly, is to be used for acquisition of one or more material businesses or entities, the audited statements of balance sheets, profit and loss, cash flow for the latest three financial years and stub period (if available) prepared as per framework applicable to the business or subsidiary proposed to be acquired shall be included in the draft offer document/offer document. For this purpose, the proposed acquisition (covering all businesses or subsidiaries proposed to be acquired) shall be considered material if it will make 20% or more contribution in aggregate to either turnover, or net worth or profit before tax in the latest annual CFS. The issuer may voluntarily choose to provide financial statements of above acquisitions out of the proceeds of the issue even if they are below the above materiality threshold. In cases where the general purpose financial statement of the businesses/entities to be acquired/divested are not available, combined/carved-out financial statements for that business/entity shall be prepared in accordance with *Guidance Note* issued by the ICAI from time to time. The combined/carved-out financials statements shall be audited by the auditor of the seller in accordance with applicable framework.

(iii) Proforma financial statements – The Issuer shall provide Proforma financial statements, as certified by the [382][statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI)], of all the subsidiaries or businesses material to the consolidated financial statements where the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the latest period for which financial information is disclosed in the offer document but before the date of filing of the offer document. For this purpose, the acquisition/divestment would be considered as material if acquired/ divested business or subsidiary in aggregate contributes 20% or

[382] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*statutory auditor*".

more to turnover, net worth or profit before tax in the latest annual CFS of the issuer. The Proforma financial statements shall be prepared for the last completed financial year and the stub period (if any). The Proforma financial statements shall be prepared in accordance with Guidance Note issued by the ICAI from time to time and certified by the statutory auditor. The issuer Company may voluntarily choose to provide proforma financial statements of acquisitions even when they are below the above materiality threshold. In case of one or more acquisitions or divestments, one combined set of Proforma financial statements should be presented. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses shall be prepared in accordance with *Guidance Note* issued by the ICAI from time to time.. Further, in case of non-material acquisitions/divestments disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the [383][statutory auditor of the issuer company or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) appointed by the issuer company.] .

(C) Management's Discussion and Analysis of Financial Position and Results of Operations as reflected in the restated Ind AS CFS shall be provided in other financial information.

(i) Significant developments subsequent to the last financial year or when applicable subsequent to the stub period: 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 within the next twelve months:
    a. the trading or profitability of the issuer; or
    b. the value of its assets; or
    c. its ability to pay its liabilities.

(ii) Factors that may affect the results of operations.

(iii) Discussion on the results of operations: This information shall inter-alia contain the following:

[383] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*statutory auditor of the issuer company*".

a. A summary of the past financial results after adjustments as given in the restated financial statements for the past three full financial years and the stub period (if any) 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 audit period.
c. The income and sales on account of major product/ main activities.
d. In case, the 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 dependent upon a single customer/supplier or a few major customers/suppliers, disclosure of this fact along with relevant data. Similarly if any foreign customer/supplier 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 deviated from applicable accounting standards 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

(iv) Comparison of last three years and the stub period 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. expected 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, if applicable;
h. the extent to which business is seasonal;
i. any significant dependence on a single or few suppliers or customers;
j. competitive conditions.

(v) 'Management's Discussion and Analysis shall be based on the restated financial information for the last three years and the stub period.

(D) Capitalisation statement

(i) Capitalisation Statement showing total borrowings, total equity, and the borrowing/ equity ratios before and after the issue is made shall be incorporated. It shall be prepared on the basis of the restated CFS for the latest financial year or when applicable at the end of the stub period.

(ii) 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.

(iii) An illustrative format of the Capitalisation Statement is specified hereunder

Particulars	**Pre-issue at**	**As adjusted for the proposed issue**
		(` in crores)
Total borrowings		
Current borrowings*		
Non-current borrowings (including current maturity)*		
Total equity		
Equity share capital*		
Other equity*		
Total Capital		
Ratio: Non-current		

borrowings/ Total equity		

*These terms shall carry the meaning as per Schedule III of the Companies Act, 2013 (as amended).

(II) Requirements in case Indian GAAP is applicable in the latest period presented in Restated Financial Information

Financial information section of the offer document shall be divided into two parts, viz., restated financial information and other financial information. The restated and other financial information should be complete in all respects. To avoid duplication of disclosures in the offer document, appropriate use of cross reference may be made to the restated and other financial information.

(A) **Restated Financial information**

(i) Consolidated Financial Statements (CFS) prepared in accordance with Indian GAAP for three years and stub period (if applicable) should be audited and certified by the [384][statutory auditor(s) or Chartered Accountants] who holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI). The stub period CFS shall be required, if Indian GAAP CFS for latest full financial year included in the draft offer document/offer document is older than six months old from the date of filing of the draft offer document/offer document. The stub period should not end up to a date earlier than six months of the date of filing of the offer document. In accordance with AS 25 *Interim Financial Reporting*, the group should present a complete Indian GAAP CFS for the stub period, except the issuer has been exempted from presenting comparatives for the stub period. CFS shall be prepared as per the provisions of Companies Act, 2013 (as amended).

(a) The CFS (including for the stub period if applicable) should be restated to ensure consistency of presentation, disclosures and the accounting policies for all the periods presented in line with that of the latest financial year/stub period presented. Similarly, significant errors, non-provisions, regrouping, other adjustments, if any, should be reflected in the corresponding period. Changes in estimates, if any, need not to be restated, as they are events of that corresponding year. The issuer has an option to present comparatives for the stub period. Appropriate disclosures for correction of errors, changes in accounting policies and changes in accounting

[384] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*statutory auditor(s)*".

estimates should be made in accordance with *AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.*

(b) SA 705 *Modification to the Opinion in the Independent Auditor's Report* requires a qualified opinion, adverse opinion or disclaimer of opinion for material misstatements. With respect to an eligible issuer, audit modifications, which are quantifiable or can be estimated shall be adjusted in the restated financial information in the appropriate period. In situations where the qualification cannot be quantified or estimated, appropriate disclosures should be made, in the notes to account, explaining why the qualification cannot be quantified or estimated.

(c) A reconciliation explaining the difference between the audited CFS equity and profit (loss) and the restated CFS equity and profit (loss)should be presented in a columnar format.

(d) The [385][auditor or Chartered Accountants] shall issue an examination report on the restated and audited financial information in accordance with the *Guidance Note* issued by the ICAI from time to time.

(e) Auditor should have a valid peer review certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) as on the date of signing the restated financial information. If a new auditor holding a valid peer review certificate is appointed for the stub period, and the predecessor auditor did not hold a valid peer review certificate at the date of signing the last annual financial statement, then the last annual financial statement would need to be re-audited by the new auditor in accordance with applicable standards. The re-audit may exclude audit reporting matters on CARO, Internal financial control and other pure regulatory matters. Where auditor earlier held a valid peer review certificate, but did not hold a valid certificate at the date of signing the restated financial information, the earlier certificate shall be considered valid provided there is no express refusal by the peer review board to renew the certificate and the process to renew the peer review certificate was initiated by the auditor.

(f) Where an issuer does not have a subsidiary, associate or joint venture in any financial year, the issuer shall present separate financial statements for that financial year by following the applicable requirements of a restated CFS.

[385] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the word "*auditor*".

(g) List of the related parties and all related party transactions of the consolidated entities (whether eliminated on consolidation or not), which require disclosure under AS 18 and/ or covered under section 188(2) of the Companies Act, 2013 (as amended), as disclosed in the separate financial statement of the consolidated entities, should be disclosed in the restated financial information.

- All funding arrangements including inter-se guarantees among the entities consolidated; except contribution to equity share capital, shall be disclosed. The important terms and conditions of the funding arrangement and fund transfer restrictions, if any, should be disclosed in the restated financial information.

(h) The following disclosures shall be made in the restated financial information on the basis of amounts recognized and measured as per Indian GAAP and in accordance with the Guidance Note of the ICAI issued from time to time:

i. Disclosures as per AS 13

ii. Disclosures as per AS 14

(ii) The separate audited financial statements for past three full financial years immediately preceding the date of filing of offer document of the issuer company and all its material subsidiaries should be made available on issuer's website in accordance with the materiality thresholds in (b) below. Alternatively, relevant link should be provided to the financial statement of subsidiaries on the Issuer's website. The link to the issuer's separate financial statement should be specified in the offer document. For this purpose, subsidiaries shall be identified based on definitions in the Companies Act, 2013. The above requirements shall apply for the periods of existence of the parent-subsidiary relationship.

(a) a certified English translated copy of the financial statements should be made available on the Company's website for every entity consolidated whose financial statements are not presented in English.

(b) The financial statements reported in any currency other than Indian Rupee shall be translated into Indian Rupee in accordance with Ind AS 21 *The Effects of Changes in Foreign Exchange Rates*. The financial statements of all foreign consolidated entities should be audited, unless they are not material to the CFS and the local regulation does not mandate audit. For this purpose, a consolidated entity shall be considered 'material' if it contributes 10% or more to the turnover or net-worth or profits before tax in the annual CFS of the respective year. Additionally, total

unaudited CFS shall not exceed 20% of the turnover or net-worth or profits before tax of the CFS of the respective year. For the purpose of this clause, definition of turnover, net-worth and profits before tax should be as per Companies Act, 2013 (as amended).

(c) The financial statements of foreign entities consolidated may be audited as per the requirements of local regulation applicable in the respective jurisdiction. However, in cases where the local regulation does not mandate audit, financial statements should be audited as per the auditing standards/ requirements applicable in India.

(d) The financial statements of foreign subsidiaries may be acceptable in a GAAP other than Indian GAAP, if local laws require application of local GAAP.

(B) **Other Financial Information**

(i) The following information shall be computed as per the *Guidance Note* issued by the ICAI from time to time and disclosed in other financial information

- Earnings per share (Basic and Diluted)
- Return on net worth
- Net Asset Value per share
- EBITDA

(ii) If the proceeds, fully or partly, directly or indirectly, is to be used for acquisition of one or more material businesses or entities, the audited statements of balance sheets, profit and loss, cash flow for the latest three financial years and stub period (if available) prepared as per framework applicable to the business or subsidiary proposed to be acquired shall be included in the draft offer document/offer document. For this purpose, the proposed acquisition (covering all businesses or subsidiaries proposed to be acquired) shall be considered material if it will make 20% or more contribution in aggregate to either turnover, or net worth or profit before tax in the latest annual CFS. The issuer Company may voluntarily choose to provide financial statements of above acquisitions out of the proceeds of the issue even if they are below the above materiality threshold. In cases where the general purpose financial statement of the businesses/entities to be acquired/ divested are not available , combined/ carved-out financial statements for that business/entity shall be prepared in accordance with *Guidance Note* issued by the ICAI from time to time. The combined/carved-out financials statements shall be audited by the auditor of the seller in accordance with applicable framework.

(iii) Proforma financial statements – The Issuer shall provide Proforma financial statements, as certified by the [386][statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI),], of all the subsidiaries or businesses material to the consolidated financial statements where the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the latest period for which financial information is disclosed in the offer document but before the date of filing of the offer document. For this purpose, the acquisition/divestment would be considered as material if acquired/ divested business or subsidiary in aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual CFS of the issuer. The Proforma financial statements shall be prepared for the period covering last completed financial year and the stub period (if any). The Proforma financial statements shall be prepared in accordance with Guidance Note issued by the ICAI from time to time and certified by the statutory auditor. The issuer Company may voluntarily choose to provide proforma financial statements of acquisitions even when they are below the above materiality threshold. In case of one or more acquisitions or divestments, one combined set of Proforma financial statements should be presented. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses shall be prepared in accordance with *Guidance Note* issued by the ICAI from time to time. Further, in case of non-material acquisitions/divestments disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the [387][statutory auditor of the issuer company or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) appointed by the issuer company.].

(C) Management's Discussion and Analysis of Financial Position and Results of Operations as reflected in the restated Indian GAAP CFS shall be provided in other financial information.

[386] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*statutory auditor*".
[387] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*statutory auditor of the issuer company*".

(i) Significant developments subsequent to the last financial year or when applicable subsequent to the stub period: 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 within the next twelve months :

a. the trading or profitability of the issuer; or
b. the value of its assets; or
c. its ability to pay its liabilities.

(ii) Factors that may affect the results of operations.

(iii) 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 full financial years and the stub period (if any) 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 audit period
c. The income and sales on account of major product/ main activities.
d. In case the 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 dependent upon a single customer/supplier or a few major customers/suppliers, disclosure of this fact along with relevant data. Similarly if any foreign customer/supplier 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 deviated from statutorily prescribed manner 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, if applicable.

(iv) Comparison of last three years and the stub period 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. expected 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.

(v) Management's Discussion and Analysis shall be based on the restated financial information for the last three years and the stub period.

(D) Capitalisation statement

(i) Capitalisation Statement showing total borrowings, total equity, and the borrowing/ equity ratios before and after the issue is made shall be incorporated. It shall be prepared on the basis of the restated CFS for the latest financial year or when applicable at the end of the stub period.

(ii) 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.

(iii) An illustrative format of the Capitalisation Statement is specified hereunder

Particulars	**Pre-issue at**	**As adjusted for the proposed issue**
		(` in

		Crores)
Total borrowings		
Short term borrowings*		
Long term borrowings (including current maturity)*		
Total equity		
Share capital*		
Reserves and surplus*		
Money received against share warrants*		
Total Capital		
Ratio: Long term borrowings/ Total equity		

**These terms shall carry the meaning as per Schedule III of the Companies Act, 2013 (as amended).*

(III) Financial Information of the Issuer in further public offers:

(i) An issuer making a further public offer may disclose the financial information specified in clause (ii) of this sub-item, in lieu of information specified under sub-item (B) if:

a. the issuer is making a further public offer through the fast track route in accordance with applicable provisions of these regulations;

b. the specified securities offered in further public offer are of the same class of those already listed on a stock exchange;

c. financial reports of the issuer are available on the website of any stock exchange or on a common e-filing platform specified by the Board;

d. there has not been any change in management of the issuer;

e. 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.

(ii) The issuer satisfying the conditions specified in clause (i) may disclose consolidated financial statements as disclosed under Companies Act, 2013.

(iii) 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. For this purpose, 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 III of the Companies Act, 2013 have been provided. If an issuer is governed by a statute other than the Companies Act, 2013, 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 Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of quarterly financial information to be filed with the stock exchanges, has been provided.

(iv) Material changes and commitments, if any, affecting financial position of the issuer.

(v) 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. If the equity shares of the issuer are listed on more than one stock exchange, the above information shall be provided for each stock exchange separately.

(vi) 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). If the equity shares of the issuer are listed on more than one stock exchange, the above information shall be provided for each stock exchange separately.

(vii) Accounting and other ratios: The following accounting ratios for each of the accounting periods for which financial information is given:

- Earnings per share (Basic and Diluted)
- Return on net worth
- Net Asset Value per share
- EBITDA

(viii) Capitalisation Statement:

a. A Capitalisation Statement showing total debt, net worth, and the debt/ equity ratios before and after the issue is made.

b. 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.

c. An illustrative format of the Capitalisation Statement is specified hereunder:

Particulars	**Pre-issue at**	**As adjusted for the proposed issue**
		(` in Crores)
Total borrowings		
Current borrowings*		
Non-current borrowings (including current maturity)*		
Total equity		
Share capital*		
Reserves and surplus*		
Money received against share warrants*		
Total Capital		
Ratio: Non-current borrowings/ Total equity		

*These terms shall carry the meaning as per Schedule III of the Companies Act, 2013 (as amended).

(ix) Management's Discussion and Analysis of Financial Position and Results of Operations as reflected in the restated Indian GAAP CFS shall be provided in other financial information.

(x) Overview of the business of the issuer.

(xi) Significant developments subsequent to the last financial year or when applicable subsequent to the stub period: 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 within the next twelve months :

a. the trading or profitability of the issuer; or
b. the value of its assets; or
c. its ability to pay its liabilities.

(xii) Factors that may affect the results of operations.

(xiii) 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 full financial years and the stub period (if any) 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 audit period
c. The income and sales on account of major product/ main activities.
d. In case the 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 dependent upon a single customer/supplier or a few major customers/suppliers, disclosure of this fact along with relevant data. Similarly if any foreign customer/supplier 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 deviated from statutorily prescribed manner 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, if applicable.

(xiv) Comparison of last three years and the stub period 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. expected 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.

(12) **Legal and Other Information:**

(A) **Outstanding Litigations and Material Developments:**

(1) Pending Litigations involving the issuer/ its directors/ promoters/ subsidiaries:

(i) All criminal proceedings;

(ii) All actions by regulatory authorities and statutory authorities;

(iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;

(iv) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount;

(v) Other pending litigations - As per the policy of materiality defined by the board of directors of the issuer and disclosed in the offer document.

(2) Outstanding dues to creditors:

(i) Based on the policy on materiality defined by the board of directors of the issuer, details of creditors which include the consolidated number of creditors and the aggregate amount involved

(ii) Consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of cases and amount involved;

(iii) Complete details about outstanding overdues to material creditors along with the name and amount involved for each such material creditor shall be disclosed, on the website of the company with a web link thereto.

(3) If any of the above mentioned litigations, material developments, dues to creditors 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. Material developments since the date of the last balance sheet.

(4) **Disclosures pertaining to [388][wilful defaulters or fraudulent borrowers] in case of a further public offer or a rights issue**: If the issuer or any of its promoter or director has been declared as a [389][wilful defaulter or a fraudulent borrower], it shall make the following disclosures with respect to each such person separately:

(a) Name of the person declared as a [390][wilful defaulter or a fraudulent borrower];

(b) Name of the Bank declaring the person as a [391][wilful defaulter or a fraudulent borrower];

(c) Year in which the person was declared as a [392][wilful defaulter or a fraudulent borrower];

(d) Outstanding amount when the person was declared as a [393][wilful defaulter or a fraudulent borrower];

(e) Steps taken, if any, by the person for removal of its name from the list of [394][wilful defaulter or a fraudulent borrower];

(f) Other disclosures, as deemed fit by the issuer, in order to enable investors to take an informed decision;

(g) Any other disclosure as specified by the Board.

[388] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "**wilful defaulters".**

[389] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

[390] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

[391] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

[392] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

[393] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

[394] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulters".

(5) The fact that the issuer or any of its promoters or directors is a [395][wilful defaulter or a fraudulent borrower] shall be disclosed prominently on the cover page with suitable cross-referencing to the inside pages.

(6) Disclosures specified herein shall be made in a separate chapter or section, distinctly identifiable in the Index /Table of Contents.

(B) **Government approvals:**

(1) Investment approvals (GoI/ RBI, etc., as applicable), 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;

(2) All government and other approvals which are material and necessary for carrying on the business and operations of the issuer and material subsidiaries.

(13) **Information with respect to group companies**

(A) [396][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 names and registered office address of all the group companies shall be disclosed in the Offer Document.

The following information based on the audited statements in respect of top five group companies (based on market capitalization for listed/ based on turnover in case of unlisted) for the preceding three years shall be hosted on the website of the respective group company (listed/ unlisted):

i) reserves (excluding revaluation reserve);

[395] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

[396] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021. Prior to the substitution, it read as follows –

"(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, 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.

(i) Date of Incorporation;
(ii) Nature of activities;
(iii) Equity Capital;
(iv) Reserves (excluding revaluation reserve);
(v) Sales;
(vi) Profit after tax;
(vii) Earnings per share and Diluted Earnings Per Share;
(viii) Net Asset Value;
(ix) In case of listed group companies, the highest and lowest market price of shares during the preceding six months; and
(x) 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."

ii) sales;

iii) profit after tax;

iv) earnings per share;

v) diluted earnings per share; and

vi) net asset value.

The offer document shall refer the website where the details of the group companies shall be available.]

(B) [397][***]

(C) [398][***]

(D) Any pending litigation involving the group company which has a material impact on the issuer.

(E) [399](***)

(F) [400](***)

(G) Common Pursuits:

[397] Omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021. Prior to the omission, it read as follows –

"(B) 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 to sub-regulation (2) of regulation 99 and in Explanation to sub-regulation (2) of regulation 156. 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."

[398] Omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021. Prior to the omission, it read as follows –

"(C) In case there are no listed group companies, the financial information shall be given for the five largest unlisted group companies based on turnover."

[399] Omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021. Prior to the omission, it read as follows –

"(E) 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/insolvency proceedings;

(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."

[400] Omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w-e-f 13.08.2021. Prior to the omission, it read as follows –

"(F) 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."

(i) In case there are common pursuits amongst 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.

(ii) The related business transactions within the group and their significance on the financial performance of the issuer.

(iii) 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.

(14) **Other Regulatory and Statutory Disclosures:**

(A) Authority for the issue and details of resolution(s) passed for the issue.

(B) A statement by the issuer that the issuer, promoters, promoter group, directors, person(s) in control of the promoter or issuer, if applicable, or selling shareholders are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court.

(C) A confirmation that the issuer, ~~any of~~ its promoters, promoter group or selling shareholders is in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018.

(D) A confirmation whether any of the directors of the issuer are associated with the securities market in any manner, and if yes, any outstanding action against them initiated by the Board in the past five years.

(E) Eligibility of the issuer to enter the capital market in terms of these Regulations. (Details of compliance with eligibility requirements to make a fast track issue, if applicable.)

(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 the draft offer document/draft letter of offer/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 draft offer document/draft letter of offer/offer document. The lead manager(s), has certified that the disclosures made in the draft offer document/draft letter of offer/offer document are generally adequate and are in conformity with the Regulations. 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 draft offer document/draft letter of offer/offer document, the lead manager(s) is expected to exercise due diligence to ensure that the issuer discharges its responsibility adequately in this behalf and towards this purpose, the lead manager(s) _____ has furnished to SEBI a due diligence certificate dated _____ in the format prescribed under Schedule V(A) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, ~~2009~~ 2018.

The filing of the draft offer document/draft letter of offer/offer document does not, however, absolve the issuer from any liabilities under the [401][Companies Act, 2013] 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 manager(s) any irregularities or lapses in the draft offer document/draft letter of offer/offer document."

(2) Disclaimer Statement from the issuer and lead manager(s): A statement to the effect that the issuer and the lead manager(s) accept no responsibility for statements made otherwise than in the draft offer document/draft letter of offer/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 their own risk.

(H) 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 draft offer document/ draft letter of offer/ offer document.

[401] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbol "*Companies Act, 2013]*".

(I) Disclaimer clause of the stock exchanges.

(J) Disclaimer clause of the Reserve Bank of India, the Insurance Regulatory and Development Authority of India or of any other relevant regulatory authority.

(K) Listing: Names of the designated stock exchange and other stock exchanges to which application has been made for listing of the specified securities offered in the present issue.

(L) Consent of the directors, auditors, solicitors or advocates, lead manager(s), registrar to the issue, bankers to the issuer and experts.

(M) Expert opinion obtained, if any.

(N) 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 stock exchange(s).

(5) If the issue(s) was at premium or discount, the amount thereof.

(O) Commission or brokerage on previous issues in last five years.

(P) 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 allotment and date of credit of securities to the demat account.

(7) Date of completion of the project, where object of the issue was financing the project.

(8) Rate of dividend paid.

(Q) Performance vis-à-vis objects:

(1) Issuer:

(a) A list of all the public/rights issues made during the preceding five years, along with the year of issue.

(b) Details of non-achievement of objects, with quantification of shortfall and delays for such public/rights issues.

(2) Listed Subsidiaries/Listed Promoters:

(a) A separate paragraph entitled "Performance vis-à-vis objects - Last one public/rights issue of subsidiaries/Listed Promoters ", indicating whether all the objects mentioned in the offer document of the last one issue of each of such companies during the preceding five years were met.

(b) If not, details of non-achievement of objects, with quantification of shortfall and delays.

(R) Price information of past issues handled by the lead manager(s) in the format given below:

Format for Disclosure of Price Information of Past Issues Handled By Merchant Banker(s)

TABLE 1

Sr. No.	Issue Name	Issue Size (Rs. Cr.)	Issue Price (Rs.)	Listing Date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing

TABLE 2: SUMMARY STATEMENT OF DISCLOSURE

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Cr.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
20..-20..														
20..-20..														

Note:
1. Disclosures to be given for three financial years (current financial year and two financial years preceeding the current financial year)
2. Disclosures are subject to maximum 10 issues (initial public offerings) managed by Merchant Banker in Table 1
3. In Table 1, percentage change for benchmark indices to be provided in brackets with positive or negative sign, as applicable
4. Separate table for each merchant banker responsible for pricing the Issue

5. In case the 30th/60th/90th calendar day is a holiday, data from previous trading day to be considered.

[402][6. Designated Stock Exchange as disclosed by the respective Issuer at the time of the issue shall be considered for disclosing the price information.]

(S) **Stock market data for equity shares of the issuer, if listed:**

Particulars of:

(1) high, low and average market prices of the equity shares of the issuer during the preceding three years;

[402] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(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 filing 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 preceding six months and the average volume of equity shares traded during that period and a statement if the equity shares were not [403][frequently] traded;

(4) 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) market price of equity shares immediately after the date on which the resolution of the board of directors approving the issue;

(6) volume of securities traded in each month during the six months preceding the date on which the offer document is filed with the Registrar of Companies; and

(7) volume of shares traded along with high, low and average prices of shares of the issuer shall also be stated for respective periods.

Explanation: If the equity shares of the issuer are listed on more than one stock exchange, the above information shall be provided for each stock exchange separately. Average market prices in point (1) above should be calculated on closing price on the stock exchange.

(T) Mechanism evolved for redressal of investor grievances:

(1) arrangements or mechanism evolved by the issuer for redressal of investor grievances including through SEBI Complaints Redress System (SCORES)

(2) number of investor complaints received during the preceding three years and the number of complaints disposed off during that period

(3) number of investor complaints pending on the date of filing the draft offer document

(4) number of investor complaints pending on the date of filing the draft offer document in respect of the five largest (in terms of market capitalization) listed group companies.

[403] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the word "*actively*".

(5) time normally taken by the issuer for disposal of various types of investor grievances.

(6) Disclosures prescribed under sub-clauses (2) to (5) shall also be made in regard to the listed subsidiaries.

[404][(U) Exemption from complying with any provisions of securities laws, if any, granted by SEBI shall be disclosed.]

(15) **Offering Information:**

(A) **Terms of the Issue:**

(a) Statement that the shares issued in the issue shall be pari passu with the existing shares in all respects including dividends. [405][In case of companies having SR equity shares, a statement that the shares issued in the issue shall be pari passu with the existing shares (excluding SR equity shares) in all respects including dividends.]

(b) Statement that in the case of offer for sale, the dividend for the entire year shall be payable to the transferees.

(c) Face value and issue price/ floor price/ price band.

(d) Rights of the instrument holders. [406][In case of an issuer having SR equity shares, the special rights of such SR shareholders shall be disclosed alongwith the circumstances in which the SR equity shares shall be treated as ordinary equity shares.]

(e) Market lot.

(f) Nomination facility to investor.

(g) Period of subscription list of the public issue.

(h) Statement that "if, as prescribed, minimum subscription in the issue shall be 90% of the fresh issue portion" the issuer does not receive the minimum subscription of ninety per cent. of the offer through offer document (except in case of an offer for sale of specified securities) 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 (in case of rights issues) or withdrawal of applications, or after technical rejections, or if the listing or trading permission is

[404] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[405] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

[406] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019 w.e.f.29.07.2019.

not obtained from the stock exchanges for the securities so offered under the offer document, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond fifteen days after the issuer becomes liable to pay the amount, the issuer and every director of the issuer who are officers in default, shall pay interest at the rate of fifteen per cent. per annum."

(i) **For Composite Issues:** Statement that the requirement of 'minimum subscription' is satisfied both jointly and severally, i.e., independently for both rights and public issues, and that if the issuer does not receive the minimum subscription in either of the issues, the issuer shall refund the entire subscription received.

(j) **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.

(k) Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting.

(l) **New Financial Instruments:** Terms and conditions including 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.

(m) **Allotment only in Dematerialised Form:** A statement to the effect that specified securities shall be allotted only in dematerialised form [407][***].

[407] The symbol and words "*, subject to the availability of the option to receive physical certificates of specified securities in a rights issue for a period of six months from the date of coming into force of these regulations*" omitted by the

(B) **Issue Procedure:**

(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) Issue of securities in dematerialised form:

(a) In case of a public issue or rights issue (subject to sub-regulation (1) of regulation 91, the specified securities issued shall be issued only in dematerialized form in compliance with the Companies Act, 2013. A statement that furnishing the details of depository account is mandatory and applications without depository 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) Statement that the specified securities, on allotment, shall be traded on stock exchanges in demat mode only.

(c) Statement that single bid from any investor shall not exceed the investment limit/maximum number of specified securities that can be held by such investor under the relevant regulations/statutory guidelines.

(d) Statement that 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;

(e) Applications by mutual funds:

(i) Statement under the heads "Procedure for applications by mutual funds" and "Multiple Applications" 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.

(ii) Statement that applications made by an asset management company or a custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.

(f) Applications by non-resident Indians:

(i) 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."

(g) Application by ASBA investors:

(i) Details of Application Supported by Blocked Amount process including specific instructions for submitting Application Supported by Blocked Amount.

(ii) A statement that each application form shall bear the stamp of the syndicate member/SCSBs/registrar and share transfer agents/depository participants/stock brokers and if not, the same shall be rejected.

(3) Escrow mechanism for anchor investors: Escrow account of the issuer.

(4) Terms of payment and payment into the escrow collection account by anchor investors.

(5) Electronic registration of bids.

(6) Build-up of the book and revision of bids. In this regard, it may be specifically disclosed that qualified institutional buyers and non-institutional investors can neither lower or withdraw their bids at any stage and retail individual investors can withdraw or revise their bids till issue closure date

(7) Price discovery and allocation.

(8) Signing of underwriting agreement.

(9) Filing of the offer document.

(10) Announcement of pre-issue advertisement.

(11) Issuance of Confirmation of Allocation Note ("CAN") and allotment in the Issue.

(12) Designated date.

(13) 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 portfolio investors, foreign venture capital investors on repatriation basis

(14) Payment instructions:

(a) Payment into escrow account of the issuer.

(b) Payment instructions for Application Supported by Blocked Amount.

(15) Submission of bid form.

(16) Other instructions:

(a) Joint bids in the case of individuals.

(b) Multiple bids.

(c) Instructions to the applicants to mention the Permanent Account Number of the sole / first holder 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 except where the requirement to hold a permanent account number has been specifically exempt under applicable law.

(d) Instances when an application would be rejected on technical grounds

(e) Equity shares in demat form with the depositories.

(f) Investor's attention shall also be invited to contact the compliance officer in case of any pre-issue or post-issue related problems regarding share certificates/demat credit/refund orders/ unblocking etc.

(17) Disposal of applications.

(18) Provisions of the Companies Act, 2013, as applicable, relating to punishment for fictitious applications, including to any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his/her name or surname for acquiring or subscribing for its securities, shall be punishable with fine and/or imprisonment for such amount and/or term as may be prescribed under section 447 of the Companies Act 2013.

(19) Interest on refund of excess bid amount, in case of anchor investors.

(20) Names of entities responsible for finalising the basis of allotment in a fair and proper manner.

(21) Procedure and time of schedule for allotment and [408][***] demat credit.

(22) Method of allotment as may be prescribed by the Board from time to time.

(23) Letters of Allotment or refund orders or instructions to Self Certified Syndicate Banks in Application Supported by Blocked Amount process. The issuer shall ensure that "at par" facility is provided for encashment of refund orders for applications other than Application Supported by Blocked Amount process.

(24) Mode of making refunds:

(a) The mode in which the issuer shall refund the application money to applicants in case of an oversubscription or failure to list.

(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.

(c) The permissible modes of making refunds and unblocking of funds 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 or NACH (National Automated Clearing House), as applicable, 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;

(ii) In case of other applicants: by dispatch of refund orders by registered post/unblocking in case of ASBA

(25) Payment of Interest in case of delay in despatch of allotment letters or refund orders/instruction to self-certified syndicate banks by the registrar in the case of public issues:

(a) in case of a fixed price issue, a statement that the issuer shall allot securities offered to the public shall be made within the period prescribed by the Board. The issuer shall also 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 eight days from the date of the closure of the issue. However applications received

[408] The words and symbols "*issue of certificates (for rights issues)*/" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

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) In case of a book-built issue, a statement that the issuer shall allot securities offered to the public within the period prescribed by the Board. 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/ unblocking instructions 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 six days from the date of the closure of the issue.

(c) In case of a rights issue, a statement that the issuer shall allot securities offered to the shareholders within fifteen days of the closure of the rights 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/ unblocking instructions 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.

(26) **Undertaking by the issuer:**

a) The following undertaking by the issuer shall be disclosed:

(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 securities are to be listed are taken within the period prescribed by the Board;

(iii) that the issuer shall apply in advance for the listing of equities on the conversion of debentures/ bonds;

(iv) that the funds required for making refunds/unblocking 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 the

specified period 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 on a pro rata basis before the calls are made on public in accordance with applicable provisions in these regulations;

(vii) that no further issue of securities shall be made till the securities offered through the offer document are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than as disclosed in accordance with [409][regulation 56];

(viii) 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 the following additional undertakings:

(i) it 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) it shall disclose the complete name and address of the debenture trustee in the annual report.

(iii) it 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, duly certified by the debenture trustee.

(iv) it 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.

[409] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the word and numbers "*Regulation 19*".

(v) it shall extend necessary cooperation to the credit rating agency/agencies for providing true and adequate information till the debt obligations in respect of the instrument are outstanding.

c) A statement that the issuer reserves the right not to proceed with the issue after the bidding and if so, the reason thereof 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) a statement that if the issuer withdraws the issue at any stage including after closure of bidding, the issuer shall be required to file a fresh draft offer document with the Board.

(27) **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 the public shall be transferred to a separate bank account other than the bank account referred to in the Companies Act,2013;

(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) For an issue other than an offer for sale or a public issue made by any scheduled commercial bank or a public financial institution, 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

(28) **Restrictions on foreign ownership of Indian securities, if any:**

(a) Investment by non-resident Indians.

(b) Investment by foreign portfolio investors.

(c) Investment by other non-residents.

(C) **Description of Equity Shares and Terms of the Articles of Association:**

Main provisions of the Articles of Association including rights of the members regarding voting, dividend, lien on shares and the process for modification of such rights, forfeiture of shares and restrictions, if any, on transfer and transmission of securities and their consolidation or splitting.

(16) **Any other material disclosures, as deemed necessary.**

(17) **In case of a [410][fast track public issue], the disclosures specified in this Part, which have been indicated in [411][Part D], need not be made.**

(18) **Other Information:**

List of material contracts and inspection of documents for inspection:

(1) Material contracts.

(2) Material Documents

(3) Time and place at which the contracts, together with documents, will be available for inspection from the date of the offer document until the date of closing of the subscription list.

(4) IPO grading reports for each of the grades obtained

[410] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*fast track issue*".

[411] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*Part B*".

(5) The draft offer document/ draft letter of offer and offer document shall be approved by the Board of Directors of the issuer and shall be signed by all directors including the Managing Director within the meaning of the Companies Act, 2013 or Manager, within the meaning of the Companies Act, 2013 and the Chief Financial Officer or any other person heading the finance function and discharging that function. The signatories shall further certify that all disclosures are true and correct.

DECLARATION BY THE ISSUER: We hereby declare that all relevant provisions of the the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Red Herring Prospectus is contrary to the provisions of the the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements are true and correct.

[412][Part B - Disclosures in a letter of offer [See regulation 70(2)]

(1) An issuer, satisfying the following conditions, shall make the disclosures as specified in clause (4) of this Part, in the draft letter of offer/letter of offer:

(a) The periodic reports, statements and information are being filed in compliance with the listing agreement or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable for 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 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 stock exchange;

[412] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020.

(c) the issuer has investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship 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 issuer does not satisfy the conditions specified in clause (1), it shall make disclosures in the letter of offer as specified in Part B-1 of this Schedule.

(3) Following issuers shall mandatorily make disclosures in the draft letter of offer/letter of offer as specified in Part B-1 of this Schedule:

(a) an issuer whose management has undergone any 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 or the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable and is making a rights issue of specified securities for the first time subsequent to such change and a period of three full years has not elapsed since such a change;

(b) an issuer whose specified securities have been listed consequent to the 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 or approved by a tribunal under sections 230-234 of the Companies Act, 2013, as applicable, and is making a rights issue of specified securities for the first time subsequent to such listing and a period of three full years has not elapsed since such listing.

(4) An issuer proposing a rights issue shall make the following disclosures, as far as possible, in the letter of offer in the order in which the disclosures are specified in this clause:

(I) Cover Pages: The cover page paper shall be of adequate thickness

(minimum hundred GSM quality).

(A) Front Cover Pages:

i. Front inside cover page shall be kept blank.

ii. Front outside cover page shall contain only the following details:

(a) Type of letter of offer ("Draft Letter of Offer" or "Letter of Offer").

(b) Date of the draft letter of offer / letter of offer.

(c) Name of the issuer, its logo, date and place of its incorporation, corporate identity number, telephone number, address of its registered and corporate offices, website address and e-mail address (mention if 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).

(d) Nature, number and price of specified securities offered and issue size, as may be applicable.

(e) Name of the promoter.

(f) Details of the issuer or any of its promoters or directors being a [413][wilful defaulter or a fraudulent borrower].

(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 with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors shall rely on their own examination of the issuer and the offer including the risks involved. The securities have not

[413] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

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 ….. under the section 'General Risks'."

(h) 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, and 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."

(i) Names, logos and addresses of all the lead manager(s) with their titles who have signed the due diligence certificate and filed the letter of offer with the Board, along with their telephone numbers, website addresses and e-mail addresses. (Where any of the lead manager(s) is an associate of the issuer, it shall disclose itself as an associate of the issuer and that its role is limited to marketing of the issue.)

(j) Name, logo and address of the registrar to the issue, along with its telephone number, website address and e-mail address.

(k) Issue schedule:

- Date of opening of the issue
- Date of closing of the issue

(l) Name(s) of the stock exchanges where the specified

securities are listed and the details of their in-principle approval for listing obtained from these stock exchange(s).

(II) Back cover pages:

The back inside cover page and back outside cover page shall be kept blank.

(III) Table of contents: The table of contents shall appear immediately after the front inside cover page.

(IV) Definitions and abbreviations:

(A) Conventional or general terms

(B) Issue related terms

(C) Issuer and industry related terms

(D) Abbreviations

(V) Letter of offer summary: This section shall contain summary of the following information, as applicable:

(A) Primary business of the Issuer in not more than 50 words;

(B) Objects of the issue in a tabular format;

(C) Intention and extent of participation by promoter/promoter group with respect to:

a. their rights entitlement
b. their intention to subscribe over and above their right entitlement

(D) Summary table of outstanding litigations and a cross-reference to the section titled '*Outstanding Litigations and Defaults*';

(E) Cross-reference to the section titled '*Risk Factors*'.

(F) Cross-reference to contingent liabilities of the issuer as disclosed in audited financial statements.

(G) Cross-reference to related part transactions (RPT) as disclosed in audited financial statements.

(H) Any issuances of equity shares made in the last one year for consideration other than cash.

(VI) Risk factors:

(A) Risk factors shall be printed in clear readable font (preferably of minimum point ten size).

(B) Risk factors shall be in relation to the following:

(1) issue and objects of the issue;

(2) issuer and its ongoing business activities;

(3) summary of outstanding litigations as disclosed in the section on litigation in a tabular format along with amount involved, wherever quantifiable. Issuer shall also separately highlight any criminal and regulatory matters which may have any material adverse effect on the issuer.

(C) Risk factors shall be determined on the basis of their materiality. In doing so, the following shall be considered:

(1) Some risks 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 present but may have a material impact in the future.

(D) Each risk factor shall appear in the following manner:

(1) Risk as envisaged by the issuer.

(2) Proposals, if any, to address the risk.

(E) Proposals to address the risks shall not contain any speculative statement on the positive outcome to any matter or litigation, etc.

(F) Proposals to address the risks shall not be given for any matter that is sub-judice before any court or tribunal.

(G) Risk factors shall be disclosed in the descending order of materiality.

Wherever risks about material impact are stated, likely or potential implications, including any financial implication, on the Company for the same shall be disclosed.

(VII) Introduction:

(A) Summary:

(1) Issue details in brief.

(B) General Information:

(1) Name, addresses of the registered and corporate offices, corporate identity number and the registration number of the issuer, along with the address of the Registrar of Companies where the issuer is registered.

(2) Names, addresses, telephone numbers and e-mail addresses of the Company Secretary and compliance officer of the issuer.

(3) Name, address, telephone number and e-mail address of the Statutory Auditor(s) of the issuer.

(4) Names, addresses, telephone 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; URL of SEBI website listing out the details of self- certified syndicate banks, registrar to issue and share transfer agents, depository participants, etc.

(5) Statement of inter-se allocation of responsibilities among lead manager(s),

(6) Following details of credit rating in case of an issue of convertible debt instrument:

(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) Details of all credit ratings, including unaccepted ratings,

obtained for the issue of convertible debt instruments.

(c) All credit ratings obtained during the preceding three years for any of the issuer's listed convertible debt instruments at the time of accessing the market through a convertible debt instrument.

(7) Name, address, telephone number, website address and e-mail address of the debenture trustee in case of an issue of convertible debt instruments.

(8) Name, address, telephone number and e-mail address of the monitoring agency, if appointed, and disclosure as to whether such appointment is pursuant to these regulations.

(9) Details of underwriting:

(a) Names, address, telephone numbers, and e-mail address of the underwriters and the amount underwritten by each of 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 such underwriting.

(d) Details of the final underwriting arrangement, indicating actual number of specified securities underwritten, in the letter of offer filed with the designated stock exchange.

(10) 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.

(C) Capital Structure: The capital structure in the following manner in a tabular form:

(1) 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.

(a) After the issue.

(b) After conversion of convertible instruments (if applicable).

(3) The following details of outstanding instruments:

(a) Details of options, if any.

(b) Details of convertible securities, if any

(4) Details of specified securities held by the promoter and promoter group including the details of lock-in, pledge of and encumbrance on such specified securities. This information can be either incorporated by reference with specific website details of stock exchange(s) or by providing required details in the letter of offer.

(5) Details of specified securities acquired by the promoter and promoter group in the last one year immediately preceding the date of filing of 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 of the draft letter of offer with the Board.

(6) Intention and extent of participation by the promoter and promoter group in the issue with respect to:

(1) their rights entitlement.

(2) their intention to subscribe over and above their rights entitlement.

Provided that such participation shall not result in a breach of the minimum public shareholding requirement stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(7) Ex-rights price as referred under clause of (b) of sub-regulation 4 of regulation 10 of Securities and Exchange Board of India

(Substantial Acquisition of Shares and Takeovers) Regulation, 2011.

(8) Shareholding pattern as in the format prescribed in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as submitted to the stock exchanges. This information can be either incorporated by reference with specific website details of stock exchange(s) or by providing required details in the letter of offer.

(9) Details of the shareholders holding more than one per cent. of the share capital of the issuer. This information can be either incorporated by reference with specific website details of stock exchange(s) or by providing required details in the letter of offer.

(VIII) Particulars of the Issue

(A) Objects of the Issue:

(1) Objects of the issue for which funds are being raised

(2) If the objects of the issue is repayment of loan or any other debt, then the following disclosures shall be made:

(a) details of loan proposed to be repaid such as name of the lender, tenure, brief terms and conditions and amount outstanding;

(3) If one of the objects is investment in a joint venture or 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 the rate of interest, nature of security, terms of repayment, subordination, etc.;

(d) nature of benefit expected to accrue to the issuer as a result of the investment

(4) If one of the objects of the issue is to grant a loan to an entity other than a subsidiary, 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 a loan is to be granted to any of the group companies, details of the same.

(5) If one of the objects of the issue is utilisation of the issue proceeds for long term working capital, the following additional disclosures on a standalone basis:

(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) 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) 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.

(f) If no working capital is shown as a part of the project for which the issue is being made, the reasons for the same.

(6) If an object of the issue is to fund a project, the following details shall be given:

(a) break-up of the cost of the project for which the money is being raised;

(b) means of financing for the project.

(c) location of the project

(d) plant and machinery, technology, process, etc.

(e) collaboration, performance guarantee if any, or assistance in marketing by the collaborators.

(f) infrastructure facilities for raw materials and utilities like water, electricity, etc.

(7) If one of the objects of the issue is to purchase any plant, machinery, technology, process, etc., the following details shall be given:

(a) Details shall be given in a tabular form, which shall include the details of the equipment required to be bought by the issuer, cost of the equipment, name of the suppliers, date of placement of order and the date or expected date of supply, etc.

(b) In case the order for the equipment is yet to be placed, the date of quotations relied upon for the cost estimates given shall also be mentioned.

(c) The percentage and value terms of the equipment for which orders

are yet to be placed shall be stated.

(d) The details of the second hand equipment bought or proposed to be bought, if any, including the age of the machines, balance estimated life, etc. shall also be given.

(8) If warrants or partly paid shares are proposed to be issued in a rights issue, disclosure of the objects towards which the funds from conversions of warrants/call money for partly paid shares is proposed to be used.

(B) Requirement of Funds:

(1) Where the issuer proposes to undertake more than one activity or project, such as diversification, modernisation, expansion, etc., the total project cost activity-wise or project wise, as the case may be.

(2) 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.

(3) Details of all material existing or anticipated transactions in relation to the utlisation of the issue proceeds or project cost with promoters, directors, key managerial personnel, [414][senior management,] associate companies (as defined under the Companies Act, 2013). The relevant documents shall be included in the list of material documents for inspection.

(4) If any part of the proceeds of the issue 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

[414] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

reason of that purchase, or anything to be done in consequence thereof, or in connection therewith; the issuer will become entitled to an interest in respect to either the capital or profits and losses or both, in such business exceeding fifty per cent. 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, being a date not more than six months before the date of the issue of the letter of offer.

(5) If:

(A) any part of the proceeds of the issue 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.

(C) Strategic partners to the project or objects of the issue.

(D) Financial partners to the project or objects of the issue.

(E) Funding plan (Means of Finance):

(1) An undertaking 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 the proposed issue and existing identifiable internal accruals, have been made.

(2) Balance portion of the means of finance for which no firm arrangement has been made without specification.

(3) Details of funds tied up and the avenues for deployment of excess proceeds, if any.

(F) Appraisal (if applicable):

(1) Scope and purpose of the appraisal, if any, along with the date of appraisal.

(2) Cost of the project and means of finance as per the appraisal report.

(3) Explanation of revision, if any, in the project cost and the means of finance after the date of issue of the appraisal report.

(4) Weaknesses, qualifications and threats given in the appraisal report, by way of risk factors.

(G) Schedule of implementation: The schedule of implementation of the project 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.

(H) Deployment of funds:

(1) 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.

(I) **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.

(J) **Details of balance fund deployment:** Year wise break-up of the expenditure proposed to be incurred on the said project.

(K) **Interim use of funds:** A statement that net issue proceeds pending utilization (for the stated objects) shall be deposited only in the scheduled commercial banks.

(L) **Expenses of the issue:** Expenses of the issue (in terms of amount, as a percentage of total issue expenses and as a percentage of total issue size) under the following heads:

(1) Lead manager(s) fees including underwriting commission

(2) Brokerage, selling commission and upload fees

(3) Registrars to the issue

(4) Legal Advisors

(5) Advertising and marketing expenses

(6) Regulators including stock exchanges

(7) Printing and distribution of issue stationary

(8) Others, if any (to be specified).

(M) Any special tax benefits for the issuer and its shareholders and its material subsidiaries identified in accordance with the Securities and

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(N) Key Industry Regulations for the proposed objects of the issue (if different from existing business of the issuer).

(O) Interest of promoters, promoter group and directors, as applicable to the project or objects of the issue.

(IX) Details of Business: Description of the industry and nature of the company's operations and its principal activities, including the main categories of products sold and/or services performed, end-users of the issuer's products and/or services, plant, machinery, technology, process, principal markets in which the issuer competes, approach to marketing, business strategy and productive capacity and extent of utilization of the issuer's facilities.

(X) Management (Board of Directors and Senior Management) and Organisational Structure:

(A) Name, date of birth, age, Director Identification Number, address, occupation and date of expiration of the current term of office of manager, managing director and other directors (including nominee directors and whole-time directors), period of directorships and directorships in other companies.

(1) For each person, 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 any of the stock exchanges, during his/her tenure, as follows:

- Name of the Company:
- Listed on [give name of the stock exchange(s)
- Date of suspension on the stock exchanges:
- If trading suspended for more than three months, reasons for suspension and period of suspension:
- If the suspension of trading revoked, the date of revocation of

suspension:

- Term (along with relevant dates) of the director in the above company(ies). (The above details shall be given for the preceding five years. In case of offer documents for fast track issues filed under the provisions of these regulations, the period of five years shall be reckoned on the date of filing of the letter of offer.)

(2) For each person, details of current and past directorship(s) in listed companies who have been/were delisted from the stock exchange(s) during his/her tenure in the past ten years, 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
- If relisted, date of relisting on [give name of the stock exchange(s)
- Term (along with relevant dates) of the director in the above company(ies).

(B) Details of senior management and [415][key managerial personnel].

(C) Current organisational structure.

(XI) Financial Information of the issuer:

One standard financial unit shall be used in the Letter of Offer.

(A) Consolidated financial statements of the issuer:

The audited consolidated financial statements prepared in accordance with applicable accounting standards for the last financial year (with the comparative prior full year period). In addition, latest limited review financial statements

[415] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023 for the words "key management".

disclosed to the stock exchange with the comparative prior year period (this information should not be earlier than six months prior to the date of the opening of the issue).

Issuers may voluntarily include additional financial statements, including three years of audited financial statements (but not more than three years), additional stub periods and audited standalone financial statements.

The following shall be included in the letter of offer:

i. Report of statutory 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. Accounting Ratios

a) Earnings per share (Basic and Diluted)

b) Return on net worth

c) Net Asset Value per Share

d) EBITDA

(B) Proforma financial statements – The Issuer shall provide pro forma financial statements, as certified by the [416][statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI)], of all the subsidiaries or businesses material to the consolidated financial statements where the issuer or its subsidiaries

[416] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*statutory auditor*".

have made an acquisition or divestment including deemed disposal after the latest period for which financial information is disclosed in the letter of offer but before the date of filing of the letter of offer. For this purpose, the acquisition/divestment would be considered as material if acquired/ divested business or subsidiary in aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual consolidated financial statements of the issuer. The pro forma financial statements shall be prepared for the last completed financial year and the stub period (if any). The pro forma financial statements shall be prepared in accordance with the Guidance Note issued by the ICAI from time to time and certified by the statutory auditor. The issuer company may voluntarily choose to provide pro forma financial statements of acquisitions even when they are below the above materiality threshold. In case of one or more acquisitions or divestments, one combined set of pro forma financial statements should be presented. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses shall be prepared in accordance with the Guidance Note issued by the ICAI from time to time. Further, in case of non-material acquisitions/divestments, disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the [417][statutory auditor of the issuer company or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).].

(C) Audit Qualification. If the auditors' report for the latest full year or limited review report for the latest stub period on the financial statements is modified, the issuer shall comply with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to audit

[417] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*statutory auditor of the issuer company*".

report with modified opinion prior to issuing the final letter of offer, including issuing a Statement on Impact of Audit Qualifications in the format specified by the Board from time to time. The impact of any modification of auditors' opinion (where quantifiable), whether such modification is included in the audited report for the latest full year or limited review report for the latest stub period, shall be shown as adjustments in the line items specified by the Board from time to time to the extent possible for all the financial periods (full-year or stub) presented in the letter of offer, including any comparative prior year periods. Any type of audit modification (qualification, disclaimer or emphasis of matter) shall also be disclosed appropriately in the letter of offer, including as risk factor.

(XII) A statement to the effect that the price has been arrived at in consultation between the issuer and the lead manager(s).

(XIII) Management Discussion and Analysis of financial condition and results of operations.

(XIV) Disclosures pertaining to [418][wilful defaulters or fraudulent borrowers]: If the issuer or any of its promoter or director has been declared as a [419][wilful defaulter or a fraudulent borrower], it shall make the following disclosures with respect to each such person separately:

(a) Name of the person declared as a [420][wilful defaulter or a fraudulent borrower];

(b) Name of the bank declaring the person as a [421][wilful defaulter or a fraudulent borrower];

(c) Year in which the person was declared as a [422][wilful defaulter or a

[418] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulters".
[419] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".
[420] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".
[421] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".
[422] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

fraudulent borrower];

(d) Outstanding amount when the person was declared as a [423][wilful defaulter or a fraudulent borrower];

(e) Steps taken, if any, by the person for removal of its name from the list of [424][wilful defaulters or fraudulent borrowers];

(f) Other disclosures, as deemed fit by the issuer, in order to enable investors to take an informed decision;

(g) Any other disclosure as specified by the Board.

(XV) Outstanding Litigations and Defaults:

(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:

(1) Issues of moral turpitude or criminal liability on the part of the issuer,

(2) Material violations of the statutory regulations by the issuer.

(3) Economic offences where proceedings have been initiated against the issuer.

(C) For the purpose of determining materiality, the threshold shall be determined by the issuer as per requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(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 draft letter of offer or letter of offer, either separately or in a consolidated form.

[423] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".
[424] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulters".

(XVI) Government Approvals or Licensing Arrangements: All material pending government and regulatory approvals pertaining to the objects of the issue.

(XVII) Material Developments: Any material development after the date of the latest balance sheet and its impact on the performance and prospects of the issuer.

(XVIII) Other Regulatory and Statutory Disclosures:

(A) Authority for the issue and details of the resolution passed for the issue.

(B) A statement by the issuer that the issuer, promoters, promoter group, directors have not been or are not 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 statement by the issuer if any of the directors of the issuer are associated with the securities market in any manner, and if yes, details of any outstanding action initiated by the Board against the said entities with the relevant details.

(D) A statement by the issuer that it is in compliance with the provisions specified in Clause (1) of this Schedule.

(E) For a fast track issue, details of compliance with the eligibility requirements.

(F) 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 manager(s), …… 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, 2018 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 manager(s) is expected to exercise due diligence to ensure that the issuer discharges its responsibility adequately in this behalf and towards this purpose, the lead manager(s)
……. 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 the Companies Act, 2013 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 manager(s) any irregularities or lapses in letter of offer."

(2) Disclaimer statement from the issuer and lead manager(s):

A statement to the effect that the issuer and the lead manager(s) 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 their own risk.

Investors who invest in the issue will be deemed to have been represented by the issuer and lead manager(s) 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 the provisions of law and the rules and regulations are applicable to the letter of offer.

(4) Disclaimer clause of the stock exchanges.

(5) Disclaimer clause of the Reserve Bank of India, the Insurance Regulatory and Development Authority of India and of any other regulatory authority (if applicable).

(G) 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.

(H) 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.

(XIX) Offering Information:

(1) Terms of payments and procedure and time schedule for allotment and demat credit of securities.

(2) How to apply, availability of application forms and letter of offer and mode of payment, including the following:

(a) Applications by mutual funds:

1. A statement under the heads "Procedure for applications by mutual funds" and "Multiple Applications" 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.

2. A statement that the application made by an asset management company or by custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.

(b) Applications by non-resident Indians:

1. the name and address of at least one place in India from where individual non-resident Indian applicants can obtain the application forms.

(c) Application by ASBA investors: Details of Application Supported by Blocked Amount process including specific instructions for submitting Application Supported by Blocked Amount.

(d) A statement that the shareholders who have not received the application form can apply, along with the requisite application money, by making an application that is available on the website of registrar, stock exchanges, lead managers or on a plain paper with same details as per application form available online.

(e) The format to enable shareholders to make an application on a plain paper specifying therein necessary particulars such as name, address, ratio of rights issue, issue price, number of equity shares held, depository participant ID, client ID, number of equity shares applied for, amount to be blocked with SCSB for using ASBA facility. Application form available online on the website of registrar, stock exchanges, lead managers may be used for providing requisite details;

(f) A statement that shareholders making an application on a plain paper cannot renounce their rights and shall not utilise the application form for any purpose including renunciation even if

it is received subsequently.

(3) Dealing with Fractional Entitlement: Manner of dealing with fractional entitlement viz. payment of the equivalent of the value, if any, of the fractional rights in cash etc.

(4) Provisions of the Companies Act, 2013, as relating to punishment for fictitious applications, including the disclosures that any person who:

a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

b) makes or abets making of multiple applications to a company in different names or in different combinations of his/her name or surname for acquiring or subscribing for its securities; or

c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to such person, or to any other person in a fictitious name.

Provided that any penalty imposed pursuant to Companies Act, 2013 shall also be disclosed.

(5) A statement that credit of specified securities to the demat account/ issuing instructions for un- blocking of ASBA shall be done within a period of fifteen days and interest shall be payable in case of delay in [99] issuing instructions for un-blocking of ASBA at the prescribed rate. In cases where refunds are applicable, such refunds shall be made within a period of fifteen days and interest shall be payable in case of delay. Liability of issuer and its directors (who are officers in default) to issue instructions for unblocking/ make refunds along with specified rate of interest shall also be mentioned, in case refunds not made within the specified timeline.

(6) Mode of making refunds:

a) The mode in which the issuer shall make refunds to applicants in case of an oversubscription or failure to list or otherwise.

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.

c) The permissible modes of making refunds are as follows:

(i) Unblocking amounts blocked using ASBA facility;

(ii) 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 Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer) or NACH (National Automated Clearing House), as applicable, as is for the time being permitted by the Reserve Bank of India;

(iii) In case of other applicants: by despatch of refund orders by registered post, where the value is `1500/- or more, or under certificate of posting in other cases, (subject however to postal rules); and

(iv) In case of any category of applicants specified by the Board: crediting of refunds to the applicants in any electronic manner permissible by the Board.

(XX) Undertakings by the issuer in connection with the issue: The issuer shall undertake that:

(a) complaints received in respect of the issue shall be attended to by the issuer expeditiously and satisfactorily.

(b) 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 the time limit specified by the Board.

(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) 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) where release of block on the application amount for unsuccessful bidders or part of the application amount in case of proportionate allotment, a suitable communication shall be sent to the applicants.

(f) adequate arrangements shall be made to collect all ASBA applications

(g) in case of convertible debt instruments, the issuer shall additionally undertake that:

(1) it 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 trustee at the end of each half-year.

(2) it shall disclose the name and address of the debenture trustee in the annual report.

(3) it shall provide a compliance certificate to the convertible debt instrument holders on a 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) it 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 a default.

(5) it shall extend necessary cooperation to the credit rating agency(ies) in providing the requisite information in a true and adequate manner till the debt obligations in respect of the instrument are outstanding.

(XXI) Utilisation of Issue Proceeds: The letter of offer, other than for an issue made by a scheduled commercial bank or a 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 the public shall be transferred to a 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.

(XXII) Restrictions on foreign ownership of Indian securities, if any:

(A) Investment by NRIs.

(B) Investment by foreign portfolio investors and foreign venture capital investors.

(C) Investment by other non-residents.

(XXIII) Statutory and other information:

(A) Allotment of specified securities shall be in the dematerialised form.

(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.

(XXIV) Any other material disclosures, as deemed necessary.

(XXV) Declaration:

"No statement made in this letter of offer contravenes any of the provisions of the Companies Act, 2013 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."

The draft letter of offer (in case of issues other than fast track issues) and the letter of offer shall be approved by the Board of Directors of the issuer and shall be signed by all directors including the Managing Director within the meaning of the Companies Act, 2013 or Manager within the meaning of the Companies Act, 2013 and the Chief Financial Officer or any other person heading the finance function and discharging that function. The signatories shall further certify that all disclosures made in the letter of offer are true and correct.

(5) An issuer 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 these regulations and shall also make such document available as a material document for inspection.**]**

[425][Part B-1 – Disclosures in letter of offer

[See regulation 70(2)]

All disclosures specified under this Part shall be made in the draft letter of offer and the letter of offer.

Instructions:

(a) All information shall be relevant and updated. The source and basis of all statements and claims shall be disclosed. Terms such as "market leader", "leading player", etc. shall be used only if these can be substantiated by citing a proper source.

(b) All blank spaces in the draft letter of offer shall be filled up with appropriate data before filing the letter of offer with the designated stock exchanges.

(c) Simple English shall be used to enable easy understanding of the contents. Technical terms, if any, used in explaining the business of the issuer shall be clarified in simple terms.

[425] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020.

(d) Wherever it is mentioned that details are given elsewhere in the document, the same shall be adequately cross-referenced by indicating the paragraph heading and page number.

(e) There shall be no forward-looking statements that cannot be substantiated.

(f) Consistency shall be ensured in the style of disclosures. If first person is used, the same may be used throughout. Sentences that contain a combination of first and third persons may be avoided.

(g) For currency of presentation, only one standard financial unit shall be used.

(1) Cover pages: The cover pages shall be of adequate thickness (minimum hundred GSM quality) and shall be white in colour with no patterns.

(A) **Front cover pages:**

(1) Front inside cover page shall be kept blank.

(2) Front outside cover page shall contain only the following issue details:

a) The type of letter of offer ("Draft Letter of Offer" or "Letter of Offer").

b) Date of the draft letter of offer / letter of offer.

c) Name of the issuer, its logo, date and place of its incorporation, corporate identity number, address of its registered and corporate offices, telephone number, website address and e-mail address (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 letter of offer where details thereof are given).

d) Names of the promoter(s) of the issuer.

e) Details of the company or any of its promoters or directors being a [426][wilful defaulter or a fraudulent borrower].

f) Nature, number and price of specified securities offered and issue size, as may be applicable.

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

[426] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

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 under the section 'General Risks'."

h) 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."

i) Names, logos and addresses of all the lead manager(s) with their titles who have signed the due diligence certificate and filed the letter of offer with the Board, along with their telephone numbers, website addresses and e- mail addresses. (Where any of the lead manager(s) is an associate of the issuer, it shall disclose itself as an associate of the issuer and that its role is limited to marketing of the issue.)

j) Name, logo and address of the registrar to the issue, along with its telephone number, website address and e-mail address.

k) Issue schedule:

(i) Date of opening of the issue

(ii) Date of closing of the issue

l) Credit rating, if applicable.

m) Name(s) of the stock exchanges where the specified securities are listed and the details of their in-principle approval for listing obtained from these stock exchange(s).

(B) **Back cover pages:** The back inside cover page and back outside cover page shall be kept blank.

(2) Table of Contents: The table of contents shall appear immediately after the front inside cover page.

(3) Definitions and abbreviations:

(A) Conventional or general terms

(B) Issue related terms

(C) Issuer and industry related terms

(D) Abbreviations

(4) Letter of offer summary: This section shall contain summary of the following information, as applicable:

(A) Primary business of the Issuer and the industry in which it operates, in not more than 100 words each;

(B) Names of the promoters;

(C) Objects of the issue in a tabular format;

(D) Following details as per the restated consolidated financial statements for past 3 years and limited review stub period in tabular format:

a. Share capital;

b. Net Worth;

c. Revenue;

d. Profit after tax;

e. Earnings per share;

f. Net Asset Value per equity share; and

g. Total borrowings (as per balance sheet).

(E) Summary table of outstanding litigations and a cross-reference to the section titled '*Outstanding Litigations and Material Developments*'.

(F) Cross-reference to the section titled '*Risk Factors*'.

(G) Cross-reference to the contingent liabilities of the issuer as disclosed in the financial statements included in the letter of offer.

(H) Cross-reference to related party transactions as disclosed in the financial statements included in the letter of offer.

(I) Any issuances of equity shares made in the last one year for consideration other than cash.

(J) Any split/consolidation of equity shares in the last one year.

(5) Risk factors:

(A) Risk factors shall be printed in a clear readable font (preferably of minimum point ten size).

(B) 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) Risk factors shall be determined on the basis of their materiality. In doing so, 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) Each risk factor shall appear in the following manner:

(1) The risk as envisaged by the issuer.

(2) Proposals, if any, to address the risk.

(E) Proposals to address the risks shall not contain any speculative statement on the positive outcome of any matter or litigation, etc. and shall not be given for any matter that is sub- judice before any court/tribunal.

(F) Risk factors shall be disclosed in the descending order of materiality. Wherever risks about material impact are stated, likely or potential implications, including financial implication, wherever quantifiable shall be disclosed. If it cannot be quantified, a distinct statement about the fact that the implications cannot be quantified shall be made.

(G) Risk factors covering the following subjects, shall necessarily be disclosed wherever applicable:

(1) Material statutory clearances and approval that are yet to be received by the issuer.

(2) Seasonality of the business of the issuer.

(3) Where an object of the issue is to finance acquisitions and the acquisition targets have not been identified, details of interim use of funds and the probable date of completing the acquisitions.

(4) Risk associated with orders not having been placed for plant and machinery in relation to the objects of the issue, indicating the percentage and value terms of the plant and machinery for which orders are yet to be placed.

(5) Lack of significant experience of the issuer or its promoters in the industry segment for which the issue is being made.

(6) If the issuer has incurred losses in the last three financial years.

(7) 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 may have a material adverse effect on the issuer.

(8) Refusal of listing of any securities of the issuer or any of its subsidiaries during last ten years by any of the stock exchanges in India or abroad.

(9) Failure of the issuer or any of its subsidiary to meet the listing requirements of any stock exchange in India or abroad and the details of penalty, if any, including suspension of trading, imposed by such stock exchanges.

(10) Limited or sporadic trading of any specified securities of the issuer on the stock exchanges.

(11) In case of outstanding debt instruments, any default in compliance with the material covenants such as 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) Unsecured loans, if any, taken by the issuer and its subsidiaries that can be recalled at any time.

(13) Default in repayment of deposits or payment of interest thereon by the issuer and subsidiaries, and the roll-over of liability, if any.

(14) Potential conflict of interest of the promoters or directors of the issuer if involved with one or more ventures which are in the same line of activity or business as that of the issuer.

(15) Shortfall in performance vis-à-vis the objects stated in any of the issues made by the listed issuer or listed subsidiaries in the last five years, as disclosed under the heading "Performance vis-à-vis Objects" in the section "Other Regulatory and Statutory Disclosures", quantifying such shortfalls or delays.

(16) Interests of the promoters, directors [427][, key managerial personnel or senior management] of the issuer, other than reimbursement of expenses incurred or normal remuneration or benefits. Any portion of the issue proceeds that is proposed to be paid by the issuer to the promoter, directors [428][, key managerial personnel or senior management] of the issuer.

[427] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023 for the words “or key management personnel”.

[428] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023 for the words “or key managerial personnel”.

(17) Relationship of the promoter or directors of the issuer with the entities from whom the issuer has acquired or proposes to acquire land in the last 5 years, along with the relevant details.

(18) Excessive dependence on any key managerial personnel [429][or senior management] for the project for which the issue is being made.

(19) Any material investment in debt instruments by the issuer which are unsecured.

(20) Non-provision for decline in the value of investments.

(21) Summary of all outstanding litigations and other matters disclosed in the section titled '*Outstanding Litigations and Material Developments*' in a tabular format along with amount involved, where quantifiable. Issuer shall also separately highlight any criminal, regulatory or taxation matters which may have any material adverse effect on the issuer.

(22) The delay, if any, in the schedule of the implementation of the project for which the funds are being raised in the issue.

(23) If monitoring agency is not required to be appointed as per these Regulations, the statement that deployment of the issue proceeds is entirely at the discretion of the issuer.

(24) Negative cash flow from operating activities in the last three financial years.

(25) If the land proposed to be acquired from proceeds of the issue is not registered in the name of the issuer.

(26) Any restrictive covenants as regards the interests of the equity shareholders in any shareholders' agreement, promoters' agreement or any other agreement for short term (secured and unsecured) and long term borrowings.

(27) Existence of a large number of pending investor grievances against the issuer and listed subsidiaries.

(28) In case of issue of secured convertible debt instruments, risks associated with second or residual charge or subordinated obligation created on the asset cover.

(6) Introduction:

(A) Issue details in brief.

[429] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

(7) General information:

(A) Name and address of the registered and corporate offices, the registration number of the issuer, and the address of the Registrar of Companies where the issuer is registered.

(B) Name, Age, designation, address and DIN of each member of the Board of directors of the issuer.

(C) Names, addresses, telephone numbers and e-mail addresses of the Company Secretary, and legal advisor.

(D) Name, address, telephone number and e-mail address of the compliance officer.

(E) Names, addresses, telephone numbers, contact person, website addresses and e-mail addresses of the lead manager(s), registrars to the issue, bankers to the issue; URL of SEBI website listing out the details of self-certified syndicate banks, registrar to the issue and share transfer agents, etc.

(F) Names, addresses, telephone numbers peer review number, firm registration number and e-mail addresses of the auditors of the issuer.

(G) Statement of inter-se allocation of responsibilities among lead manager(s).

(H) Following details of credit rating in case of an issue of convertible debt instruments/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) Details of all credit ratings, including unaccepted ratings, obtained for the issue of convertible debt instruments.

(c) All credit ratings obtained during the preceding three years prior to the filing the draft letter of offer /letter of offer for any of the issuer's listed debt instruments at the time of accessing the market.

(I) Name, address, telephone number, website address and e-mail address of the debenture trustee, in case of issue of convertible debt instruments/debt instruments.

(J) Name, address, telephone number and e-mail address of the monitoring agency, if appointed, and disclosure as to whether such appointment is pursuant to these regulations. 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.

(K) Details of underwriting:

(a) Names, addresses, telephone numbers, and e-mail addresses of the underwriters and the amount underwritten by each of 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 such underwriting.

(d) Details of the final underwriting arrangement, indicating actual number of specified securities underwritten, in the letter of offer filed with the designated stock exchange.

(L) Changes in the auditors during the last three years along with name, address, email address, peer review number and firm registration number of auditors and reasons thereof.

(8) Capital structure:

(A) The capital structure in the following order in a tabular form:

(a) Authorised, issued, subscribed and paid-up capital (number of securities, description and aggregate nominal value).

(b) Paid-up capital:

(i) After the issue.

(ii) After conversion of convertible instruments (if applicable).

(c) Intention and extent of participation by the promoter and promoter group in the issue with respect to:

(i) their rights entitlement.

(ii) the intention to subscribe over and above their rights entitlement: Provided that such participation shall not result in a breach of the minimum public shareholding requirement stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(d) Ex-rights price as referred under clause of (b) of sub-regulation 4 of regulation 10 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011.

(e) Shareholding pattern of the issuer in the format as prescribed under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as last submitted to the stock exchanges. This information can either be incorporated by reference with specific website details of the stock exchange(s) or by providing the details in the letter of offer:

(i) Details of shareholders of the issuer holding 1% or more of the paid-up capital of the issuer as last disclosed to the stock exchanges. Details of

shares locked-in, pledged, encumbrance by promoters and promoter group. This information can either be incorporated by reference with specific website details of the stock exchange(s) or by providing the details in the letter of offer.

(9) Particulars of the issue:

(A) Objects of the issue:

(1) Objects of the issue.

(2) If one of the objects of the issue is loan repayment:

(a) details of loan proposed to be repaid such as name of the lender, brief terms and conditions and amount outstanding;

(b) certificate from the statutory auditor certifying the utilization of loan for the purposed availed.

(c) If one of the objects is investment in a joint venture or a subsidiary or an acquisition, following additional disclosures:

(d) details of the form of investment, i.e., equity, debt or any other instrument;

(e) If the form of investment has not been decided, a statement to that effect;

(f) If the investment is in debt instruments, complete details regarding rate of interest, nature of security, terms of repayment, subordination, etc.;

(g) 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 to grant a loan to an entity other than a subsidiary, 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.

(4) If one of the objects of the issue is utilisation of the issue proceeds for long term working capital, the following additional disclosures on a basis:

(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 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) 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) 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.

(f) If no working capital is shown as a part of project for which the issue is being made, the reasons for the same.

(5) Land:

(a) Names of the entities from whom land has been acquired/ proposed to be acquired along with the cost of acquisition, and the relationship, if any, of such entities to any promoter or director of the issuer, in case the proceeds of the issue are being utilised for acquisition of land.

(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) Figures appearing under this section shall be consistent with the figures appearing under the section "Cost of the Project".

(6) Project:

If one of the objects of the issue is to fund a project, details of:

(a) location of the project;

(b) plant and 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.

(c) 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.

(d) Collaboration, performance guarantee if any, 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.

(e) Infrastructure facilities for raw materials and utilities like water, electricity, etc.

(7) Property:

If one of the object of the issue is to purchase any property, where arrangements have been made, details of:

(a) names address, descriptions and occupations of the vendors;

(b) 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;

(c) nature of the title or interest in such property acquired or to be acquired by the issuer;

(d) 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;

(e) 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 or the purchase or acquisition of which has not been completed as of the date of the draft letter of offer or letter of offer, as the case may be.

(8) Plant/ Equipment/ Technology/ Process:

If one of the objects of the issue is to purchase any plant, machinery, technology, process, etc.

(i) Details in a tabular form, which shall include the details of the equipment required to be bought by the issuer, cost of the equipment, name of the suppliers, date of placement of order and the date or expected date of supply, etc.

(ii) In case the order for the equipment is yet to be placed, the date of quotations relied upon for the cost estimates given.

(iii) The percentage and value terms of the equipment for which orders are yet to be placed.

(iv) The details of the second hand equipment bought or proposed to be bought, if any, including the age of the machines, balance estimated life, etc.

(9) In case of issue of secured convertible debt instruments, description of the assets on which the security shall be created/asset cover, if required, shall be created, the basis for computation of the security cover, the valuation methods, the periodicity of such valuation and the ranking of the charge(s).

(10) If warrants are issued, the objects for which the funds from conversions of warrants are proposed to be used.

(B) Requirement of funds:

(1) Where the issuer proposes to undertake more than one activity or project, such as diversification, modernisation, expansion, etc., the total project cost activity-wise or project wise, as the case may be.

(2) 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.

(3) Details of all material existing or anticipated transactions in relation to utilisation of the issue proceeds or project cost with promoters, promoter group, directors [430][, key managerial personnel and senior management]. The relevant documents shall be included in the list of material documents for inspection.

(C) Funding plan (Means of Finance):

(1) An undertaking 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 the proposed issue and existing identifiable internal accruals, have been made.

(2) Balance portion of the means of finance for which no firm arrangement has been made without specification.

(3) Details of funds tied up and the avenues for deployment of excess proceeds, if any.

(D) Appraisal (if applicable):

(1) Scope and purpose of the appraisal, if any, along with the date of appraisal.

(2) Cost of the project and means of finance as per the appraisal report.

(3) Explanation of revision, if any, in the project cost and the means of finance after the date of issue of the appraisal report.

(4) Weaknesses, qualifications and threats given in the appraisal report, by way of risk factors.

(E) Schedule of implementation: The schedule of implementation of the project 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) 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.

[430] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023 for the words “and key managerial personnel”.

(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.

(G) 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.

(H) Details of balance fund deployment: Year wise break-up of the expenditure proposed to be incurred on the said project.

(I) Interim Use of Funds: A statement that net issue proceeds pending utilization (for the stated objects) shall be deposited only in the scheduled commercial banks.

(J) Expenses of the Issue: Expenses of the issue along with a break up for each item of expense, including details of the fees payable to separately as under (in terms of amount, as a percentage of total issue expenses and as a percentage of total issue size):

(1) Lead manager(s) fees including underwriting commission
(2) Brokerage, selling commission and upload fees
(3) Registrars to the issue
(4) Legal Advisors
(5) Advertising and marketing expenses
(6) Regulators including stock exchanges
(7) Printing and distribution of issue stationary
(8) Others, if any (to be specified).

(K) Interest of promoters, promoter group and directors, as applicable to the project or objects of the issue.

(10) Tax Benefits: Any special tax benefits (under direct and indirect tax laws) for the issuer and its shareholders and its material subsidiaries identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(11) About the Issuer:

(A) Industry Overview

(B) Business Overview

(1) Details of the business of the issuer:

(a) Primary business of the Issuer;

(b) Plant, machinery, technology, process, etc.

(c) Description of subsisting collaborations, any performance guarantee or assistance in marketing by the collaborators, infrastructure facilities for raw materials and utilities like water, electricity, etc. Products or services of the issuer:

(i) Nature of the product(s)/services, and the end users.

(ii) Approach to marketing of products and services.

(2) Business Strategy: Description of the business strategy of the issuer, without any forecast of projections relating to the financial performance of the issuer.

(3) Capacity and Capacity Utilisation: A table shall be incorporated giving the existing installed capacities for each product, capacity utilisation for such products in the previous three years.

(4) Intellectual Property Rights:

(a) If the issuer is entitled to certain intellectual property rights such as trademarks, 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 any of the material intellectual property rights are not registered in the name of the issuer, the name of the entity with which these are registered.

(c) In case the intellectual property rights are registered in the name of an 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.

(5) Property: Details of its material properties.

(C) Management:

(a) Board of Directors:

(i) Name, Director Identification Number, date of birth, age, qualifications, experience, address, occupation and date of expiration of the current term of office of manager, managing director, and other directors (including nominee directors and, whole-time directors), period of directorship, and their directorships in other companies.

(ii) For each person, details of current and past directorship(s) in listed companies whose shares have been/were suspended from being traded on any of the stock exchanges, during his/her tenure, as follows:

- Name of the Company:
- Listed on (give names of the stock exchange(s)):
- Date of suspension on the stock exchanges:
- If trading suspended for more than three months, reasons for suspension and period of suspension.
- If the suspension of trading revoked, the date of revocation of suspension.
- Term (along with relevant dates) of the director in the above company (ies).

(The above details shall be given for the preceding five years. In case of fast track issues filed under the provisions of these regulations, the period of five years shall be reckoned on the date of filing of the offer document.)

(iii) For each person, details of current and past directorship(s) in listed companies which have been/were delisted from the stock exchange(s), during his/her tenure, 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:
- If relisted, date of relisting on [give name of the stock exchange(s)]
- Term (along with relevant dates) of the director in the above company/companies.

(The above details shall be given for the preceding five years. In case of fast track issues filed under the provisions of these regulations, the period of five years shall be reckoned on the date of filing of the offer document.)

(b) Management Organisation Structure.

(c) Corporate Governance:

(i) A statement that the issuer has complied with the requirements of corporate governance relating to the composition of its board of directors, constitution of committees such as audit committee, nomination and remuneration committee, stakeholders relationship committee, etc., as provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(ii) Details relating to the issuer's audit committee, nomination and remuneration committee, stakeholders' relationship committee and risk management committee (if applicable) including the names of committee members and the terms of reference under which the committees operate.

(d) Key Managerial Personnel [431]**[and Senior Management]:**

(i) Details of the key managerial personnel [432][and senior management] 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.

(ii) Past business experience, and functions and areas of experience in the issuer. Nature of any family relationship between any of the key managerial personnel [433][and senior management].

(iii) Status of each key managerial personnel [434][and senior management], as a permanent employee or otherwise.

(12) Promoters/ principal shareholders: Brief profile of promoters including name and experience in the business, other directorships held in other companies. In case of corporate promoters' details including name, date of incorporation, brief financial details and market capitalization if such promoter is a listed entity. In case of AIF or venture capital fund is a promoter, name of the entity, date of incorporation, name of the fund manager and generic details of the fund.

(13) Dividend policy: Dividend policy and mode of payment of dividend, details of dividend paid in the last three financial years and the stub period, as applicable, and the

[431]Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.
[432]Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.
[433]Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.
[434]Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023.

period between last audited period and the date of the filing the draft letter of offer/ letter of offer.

(14) Financial Statements:

(A) Restated Consolidated financial statements of the issuer:

The audited and restated consolidated financial statements (CFS) prepared in accordance with applicable accounting standards for the last three financial years. In addition, latest limited review financial statements disclosed to the stock exchange with the comparative prior year period (this information should not be earlier than six months prior to the date of the opening of the issue).

The following shall be included in the letter of offer:

i. Report of statutory 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. List of the related parties and all related party transactions of the consolidated entities (whether eliminated on consolidation or not), which require disclosure under Ind AS 24 and/ or covered under section 188(2) of the Companies Act, 2013 (as amended), as disclosed in the separate financial statement of the consolidated entities, should be disclosed in the restated financial information.

(B) Other Financial Information

(i) The following information shall be computed as per the *Guidance Note* issued by the ICAI from time to time and disclosed in other financial information

- Earnings per share (Basic and Diluted)
- Return on net worth
- Net Asset Value per share
- EBITDA

(ii) If the proceeds, fully or partly, directly or indirectly, is to be used for acquisition of one or more material businesses or entities, the audited statements of balance

sheets, profit and loss, cash flow for the latest three financial years and stub period (if available) prepared as per framework applicable to the business or subsidiary proposed to be acquired shall be included in the draft letter of offer/letter of offer. For this purpose, the proposed acquisition (covering all businesses or subsidiaries proposed to be acquired) shall be considered material if it will make 20% or more contribution in aggregate to either turnover, or net worth or profit before tax in the latest annual CFS. The issuer may voluntarily choose to provide financial statements of above acquisitions out of the proceeds of the issue even if they are below the above materiality threshold. In cases where the general purpose financial statement of the businesses/entities to be acquired/divested are not available, combined/carved-out financial statements for that business/entity shall be prepared in accordance with *Guidance Note* issued by the ICAI from time to time. The combined/carved-out financials statements shall be audited by the auditor of the seller in accordance with applicable framework.

(iii)**Proforma financial statements** – The Issuer shall provide Proforma financial statements, as certified by the [435][statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI)], of all the subsidiaries or businesses material to the consolidated financial statements where the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the latest period for which financial information is disclosed in the letter of offer but before the date of filing of the letter of offer. For this purpose, the acquisition/divestment would be considered as material if acquired/ divested business or subsidiary in aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual CFS of the issuer. The Proforma financial statements shall be prepared for the last completed financial year and the stub period (if any). The Proforma financial statements shall be prepared in accordance with Guidance Note issued by the ICAI from time to time and certified by the statutory auditor. The issuer Company may voluntarily choose to provide proforma financial statements of acquisitions even when they are below the above materiality threshold. In case of one or more acquisitions or divestments, one combined set of Proforma financial statements should be presented. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be

[435] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*statutory auditor*".

available for such business. In such cases, combined/ carved-out financial statements for such businesses shall be prepared in accordance with *Guidance Note* issued by the ICAI from time to time. Further, in case of non-material acquisitions/divestments disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the [436][statutory auditor of the issuer company or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).]

(iv) **Audit Qualification.** If the auditors' report for the last three full years or limited review report for the latest stub period on the financial statements is modified, the issuer shall comply with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to audit report with modified opinion prior to issuing the final letter of offer, including issuing a Statement on Impact of Audit Qualifications in the format specified by the Board from time to time. The impact of any modification of auditors' opinion (where quantifiable), whether such modification is included in the audited report for the last three full year or limited review report for the latest stub period, shall be shown as adjustments in the line items specified by the Board from time to time to the extent possible for all the financial periods (full-year or stub) presented in the letter of offer, including any comparative prior year periods. Any type of audit modification (qualification, disclaimer or emphasis of matter) shall also be disclosed appropriately in the letter of offer, including as risk factor.

(C) Management's Discussion and Analysis of Financial Position and Results of Operations as reflected in the CFS shall be provided in other financial information.

(i) Significant developments subsequent to the last financial year or when applicable subsequent to the stub period: 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 letter of offer and which materially and adversely affect or is likely to affect within the next twelve months:

a. the trading or profitability of the issuer; or

b. the value of its assets; or

c. its ability to pay its liabilities.

[436] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*statutory auditor of the issuer company*".

(ii) Factors that may affect the results of operations.

(iii) Discussion on the results of operations: This information shall inter-alia contain the following:

a. A summary of the past financial results for the past three full financial years and the stub period (if any) 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 the stub period (if any).

c. The income and sales on account of major product/ main activities.

d. In case, the 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 dependent upon a single customer/supplier or a few major customers/suppliers, disclosure of this fact along with relevant data. Similarly, if any foreign customer/supplier 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 deviated from applicable accounting standards 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 preceding years.

(iv) Comparison of last three years and the stub period (if any) 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. expected 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, if applicable;

h. the extent to which business is seasonal;

i. any significant dependence on a single or few suppliers or customers;

j. competitive conditions.

(v) 'Management's Discussion and Analysis shall be based on the restated financial information for the last three years and the limited review financial information for the stub period (if any).

(D) Capitalisation statement

(i) Capitalisation Statement showing total borrowings, total equity, and the borrowing/ equity ratios before and after the issue is made shall be incorporated. It shall be prepared on the basis of the restated CFS for the latest financial year or when applicable at the end of the stub period.

(ii) In case of any change in the share capital since the date as of which the financial information has been disclosed in the letter of offer, a note explaining the nature of the change shall be given.

(iii)An illustrative format of the Capitalisation Statement is specified hereunder

Particulars	**Pre-issue at**	**As adjusted for the proposed issue**
(` in xxx)		
Total borrowings		
Current borrowings*		
Non-current borrowings (including current maturity)*		

Total equity		
Equity share capital*		
Other equity*		
Total Capital		
Ratio: Non-current borrowings/ Total equity		

*These terms shall carry the meaning as per Schedule III of the Companies Act, 2013 (as amended).

(15) Legal and Other Information:

(A) Outstanding Litigations and Material Developments:

(1) Pending Litigations involving the issuer/ its directors/ promoters/ subsidiaries:

(i) All criminal proceedings;

(ii) All actions by regulatory authorities and statutory authorities;

(iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;

(iv) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount;

(v) Other pending litigations - As per the policy of materiality defined by the board of directors of the issuer and disclosed in the letter of offer and/or in accordance with the materiality policy framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(2) If any of the above mentioned litigations, material developments, dues to creditors etc., arise after the filing the draft letter of offer, the facts shall be incorporated appropriately in the letter of offer. In case there are no such cases, a distinct negative statement is required to be made in this regard in the letter of offer. Material developments since the date of the last balance sheet.

(3) **Disclosures pertaining to [437][wilful defaulters or fraudulent borrowers] in case of a rights issue**: If the issuer or any of its promoter or director has been declared as a [438][wilful defaulter or a fraudulent borrower], it shall make the following disclosures with respect to each such person separately:

(a) Name of the person declared as a [439][wilful defaulter or a fraudulent borrower];

(b) Name of the Bank declaring the person as a [440][wilful defaulter or a fraudulent borrower];

(c) Year in which the person was declared as a [441][wilful defaulter or a fraudulent borrower];

(d) Outstanding amount when the person was declared as a [442][wilful defaulter or a fraudulent borrower];

(e) Steps taken, if any, by the person for removal of its name from the list of [443][wilful defaulters or fraudulent borrowers];

(f) Other disclosures, as deemed fit by the issuer, in order to enable investors to take an informed decision;

(g) Any other disclosure as specified by the Board.

(16) Government approvals: All material pending government and regulatory approvals pertaining to the objects of the issue.

(17) Other Regulatory and Statutory Disclosures:

(A) Authority for the issue and details of resolution(s) passed for the issue.

(B) A statement by the issuer that the issuer, promoters, promoter group, directors, person(s) in control of the promoter or issuer, if applicable, are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the

[437] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulters".
[438] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".
[439] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".
[440] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".
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[443] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulters".

Board or any securities market regulator in any other jurisdiction or any other authority/court.

(C) A confirmation that the issuer, its promoters, promoter group is in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018.

(D) A confirmation whether any of the directors of the issuer are associated with the securities market in any manner, and if yes, any outstanding action against them initiated by the Board in the past five years.

(E) For a fast track issue, details of compliance with the eligibility requirements.

(F) 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 the letter of offer 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 letter of offer. The lead manager(s), has certified that the disclosures made in the letter of offer are generally adequate and are in conformity with the Regulations. 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 manager(s) is expected to exercise due diligence to ensure that the issuer discharges its responsibility adequately in this behalf and towards this purpose, the lead manager(s)_____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 letter of offer does not, however, absolve the issuer from any liabilities under the Companies Act, 2013 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 manager(s) any irregularities or lapses in the letter of offer."

(2) Disclaimer Statement from the issuer and lead manager(s): A statement to the effect that the issuer and the lead manager(s) 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 their own risk.

(3) Disclaimer in respect of jurisdiction: A brief paragraph mentioning the jurisdiction under which the provisions of law and the rules and regulations are applicable to the letter of offer.

(4) Disclaimer clause of the stock exchanges.

(5) Disclaimer clause of the Reserve Bank of India, the Insurance Regulatory and Development Authority of India or of any other relevant regulatory authority.

(G) Listing: Names of the designated stock exchange and other stock exchanges to which application has been made for listing of the specified securities offered in the present issue.

(H) Consent of the directors, auditors, solicitors or advocates, lead manager(s), registrar to the issue, bankers to the issuer and experts.

(I) Expert opinion obtained, if any.

(J) Performance vis-à-vis objects:

i. Issuer:

(a) A list of all the public/rights issues made during the preceding five years, along with the year of issue.

(b) Details of non-achievement of objects, with quantification of shortfall and delays for such public/rights issues.

(K) Stock market data for equity shares of the issuer, if listed:

Particulars of:

(1) high, low and average market prices of the equity shares 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 letter of offer with the Board which shall be updated till the time of filing the letter of offer with the designated stock exchange;

(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 preceding six months and the average volume of equity shares traded during that period and a statement if the equity shares were not actively traded;

(4) 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) market price of equity shares immediately after the date on which the resolution of the board of directors approving the issue;

(6) volume of securities traded in each month during the six months preceding the date on which the letter of offer with the designated stock exchange; and

(7) volume of shares traded along with high, low and average prices of shares of the issuer shall also be stated for respective periods.

Explanation: If the equity shares of the issuer are listed on more than one stock exchange, the above information shall be provided for each stock exchange separately. Average market prices in point (1) above should be calculated on closing price on the stock exchange.

(L) 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.

(M) 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.

(18) Offering Information:

(1) Terms of payments and procedure and time schedule for allotment and demat credit of securities.

(2) How to apply, availability of application forms and letter of offer and mode of payment, including the following:

(a) Applications by mutual funds:

1. A statement under the heads "Procedure for applications by mutual funds" and "Multiple Applications" 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.

2. A statement that the application made by an asset management company or by custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.

(b) Applications by non-resident Indians:

1. the name and address of at least one place in India from where individual non-resident Indian applicants can obtain the application forms.

(c) Application by ASBA investors: Details of Application Supported by Blocked Amount process including specific instructions for submitting Application Supported by Blocked Amount.

(d) A statement that the shareholders who have not received the application form can apply, along with the requisite application money, by making an application that is available on the website of registrar, stock exchanges, lead managers or on a plain paper with same details as per application form available online.

(e) The format to enable shareholders to make an application on a plain paper specifying therein necessary particulars such as name, address, ratio of rights issue, issue price, number of equity shares held, depository participant ID, client ID, number of equity shares applied for, amount to be blocked with SCSB for using ASBA facility. Application form available online on the website of registrar, stock exchanges, lead managers may be used for providing requisite details;

(f) A statement that shareholders making an application on a plain paper cannot renounce their rights and shall not utilise the application form for any purpose including renunciation even if it is received subsequently.

(3) Dealing with Fractional Entitlement: Manner of dealing with fractional entitlement viz. payment of the equivalent of the value, if any, of the fractional rights in cash etc.

(4) Provisions of the Companies Act, 2013, as relating to punishment for fictitious applications, including the disclosures that any person who:

d) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

e) makes or abets making of multiple applications to a company in different names or in different combinations of his/her name or surname for acquiring or subscribing for its securities; or

f) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to such person, or to any other person in a fictitious name.

Provided that any penalty imposed pursuant to Companies Act, 2013 shall also be disclosed.

(5) A statement that credit of specified securities to the demat account/ issuing instructions for un- blocking of ASBA shall be done within a period of fifteen days and interest shall be payable in case of delay in issuing instructions for un-blocking of ASBA at the prescribed rate. In cases where refunds are applicable, such refunds shall be made within a period of fifteen days and interest shall be payable in case of delay. Liability of issuer and its directors (who are officers in default) to issue instructions for unblocking/ make refunds along with specified rate of interest shall also be mentioned, in case refunds not made within the specified timeline.

(6) Mode of making refunds:

a) The mode in which the issuer shall make refunds to applicants in case of an oversubscription or failure to list or otherwise.

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.

c) The permissible modes of making refunds are as follows:

(i) Unblocking amounts blocked using ASBA facility

(ii) 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 Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer) or NACH (National Automated Clearing House), as applicable, as is for the time being permitted by the Reserve Bank of India;

(iii) In case of other applicants: by dispatch of refund orders by registered post, where the value is `1500/- or more, or under certificate of posting in other cases, (subject however to postal rules); and

(iv) In case of any category of applicants specified by the Board: crediting of refunds to the applicants in any electronic manner permissible by the Board.

(19) Undertaking by the issuer:

a) The following undertaking by the issuer shall be disclosed:

(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 securities are to be listed are taken within the period prescribed by the Board;

(iii) that the funds required for unblocking to unsuccessful applicants as per the mode(s) disclosed shall be made available to the registrar to the issue by the issuer;

(iv) that no further issue of securities shall be made till the securities offered through the letter of offer are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than as disclosed in accordance with Regulation 56;

(v) 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.

(vi) where release of block on the application amount for unsuccessful bidders or part of the application amount in case of proportionate allotment, a suitable communication shall be sent to the applicants.

(vii) adequate arrangements shall be made to collect all ASBA applications.

(viii) in case of convertible debt instruments, the issuer shall additionally undertake that:

(A) it 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 trustee at the end of each half-year.

(B) it shall disclose the name and address of the debenture trustee in the annual report.

(C) it shall provide a compliance certificate to the convertible debt instrument holders on a 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.

(D) it 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 a default.

(E) it shall extend necessary cooperation to the credit rating agency(ies) in providing the requisite information in a true and adequate manner till the debt obligations in respect of the instrument are outstanding.

(20) Utilisation of Issue Proceeds: The letter of offer, other than for an issue made by a scheduled commercial bank or a 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 the public shall be transferred to a 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.

(21) Restrictions on foreign ownership of Indian securities, if any:

(A) Investment by NRIs.

(B) Investment by foreign portfolio investors and foreign venture capital investors.

(C) Investment by other non-residents.

(22) Statutory and other information:

(A) Allotment of specified securities shall be in the dematerialised form.

(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.

(23) Any other material disclosures, as deemed necessary.

(24) Other Information:

The draft letter of offer (in case of issues other than fast track issues) and the letter of offer shall be approved by the Board of Directors of the issuer and shall be

signed by all directors including the Managing Director within the meaning of the Companies Act, 2013 or Manager, within the meaning of the Companies Act, 2013 and the Chief Financial Officer or any other person heading the finance function and discharging that function. The signatories shall further certify that all disclosures are true and correct.

An issuer 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 these regulations and shall also make such document available as a material document for inspection.

DECLARATION BY THE ISSUER: We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the letter of offer is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements are true and correct.**]**

Part C - Certain disclosures not mandatory in case of a further public offer

[See regulation 123(2)(d), 186(3)(d), 218(2), 220(1)]

(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, subject to fulfilment of the conditions specified in para 2:

(i) Para (a) of sub-item (B) of item (8) under capital structure section;

(ii) Para (f) of sub-item (B) of item (8) under capital structure section;

(iii) Para (h) of sub-item (F) of item (10) under management section;

(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 manager(s) 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:

"We confirm that other than the disclosures made in this offer document, nothing material has changed in respect of disclosures made by us at the time of our previous issue made on ……."

(e) The issuer has made the offer document of its immediately preceding public or rights issue public in the manner specified in sub-regulation (4) of regulation 26 and/or sub-regulation (4) of regulation 72, as applicable, and has also kept this document for public inspection in the manner specified in para (e) of sub-item (E) of Item (10) of Part A of this Schedule.

Part D - Certain disclosures not mandatory in case of a 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:

(1) Para (a) of sub-item (B) of item (8) under capital structure section;

(2) Para (f) of sub-item (B) of item (8) under capital structure section;

(3) Para (h) of sub-item (F) of item (10) under management section;

(4) Sub-para (ii) of para (a) of sub-item (G) of item (10) under promoter/ principle shareholder section;

(5) Sub-para (iv) of para (b) of sub-item (G) of item (10) under promoter/ principle shareholder section

Part E - Disclosures in an abridged prospectus

[See regulation 34(1) [444][***] and 131(1)]

[444] Omitted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020. Prior to omission it read as ", 71(2)(d)".

An abridged prospectus shall contain information as is material and appropriate to enable investors to make an informed decision, and shall be as per the format and order specified by the Board in Annexure I.

General Instructions:

(I) A copy of the abridged prospectus shall be submitted to the Board.

(II) Information which is of a generic nature and not specific to the issuer shall be provided in the form of a General Information Document (GID) as specified by the Board and which shall be available separately and not be included in the draft offer document and offer document.

(III) The abridged prospectus shall be printed in a booklet form of A4 size paper and, along with the application form and revision form, shall not exceed five sheets, printed both sides. Additional sheets may be appended for bidding centres.

(IV) The abridged prospectus shall be printed in a font size which shall not be visually smaller than Times New Roman size 11 (or equivalent) with 1.0 line spacing.

(V) The application form shall be so positioned that on the tearing-off of the application form, no part of the abridged prospectus is mutilated.

Annexure I

This is an abridged prospectus containing salient features of the Red Herring Prospectus (RHP). You are encouraged to read greater details available in the RHP.

THIS ABRIDGED PROSPECTUS CONTAINS 'XYZ' PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES.

You may obtain a physical copy of the Bid-cum-Application form and the RHP from stock exchange/s, syndicate members, registrar to issue, share transfer agents, depository participants, stock brokers, underwriters, bankers to the issue, investors' associations or Self Certified Syndicate Banks. You may also download the RHP from the websites of SEBI, Book Running Lead Managers and Stock Exchanges that is www.sebi.gov.in; www.nseindia.com; www.bseindia.com; websites of BRLM's (to be specified).

NAME OF THE ISSUER COMPANY

Registered Office and Corporate Office:
Contact Person: Telephone:
E-mail: Website: CIN:

NAMES OF PROMOTER OF THE COMPANY

ISSUE DETAILS, LISTING AND PROCEDURE

This is an **initial public offering (IPO)** of equity shares or convertible securities of face value Rs [.] each of the company and we plan to raise (amount to be specified) by issuing equity shares or convertible securities at offer price of Rs. [.] each including a premium of Rs. [.] each. **These equity shares are proposed to be listed on (to be specified) (designated stock exchange) and (to be specified).**
The price band and the minimum Bid lot size for the IPO shall be advertised at least five (5) working days prior to bid/issue opening date in English national daily (to be specified), Hindi national daily (to be specified) and regional daily (to be specified). Details about the basis for the Issue Price will be available on the websites of BSE and NSE.

Procedure:

If you wish to know about processes and procedures applicable to public issues, you may request for a copy of the General Information Document from Book Running Lead Managers (BRLMs) or download it from the websites of (stock exchanges to be specified along with website address) and the BRLMs (websites to be specified).

ELIGIBILITY FOR THE ISSUE

Whether the company is compulsorily required to allot at least 75% of the net offer to public, to qualified institutional buyers **- Yes / No**

INDICATIVE TIMETABLE

Bid Opening Date		**Initiation of Refunds**	
Bid Closing Date		**Credit of Equity Shares to demat accounts of Allotees**	
Finalisation of basis of allotment with the Designated Stock Exchange		**Commencement of trading of Equity Shares on the Stock Exchanges**	

** The company may consider participation by Anchor Investors. The Anchor Investors shall Bid during the Anchor Investor Bidding Period, i.e., one Working Day prior to the Bid Opening Date.*

GENERAL RISKS
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue 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 Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of the Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" at page XXX of the Red Herring Prospectus and on page XX of this Abridged Prospectus.

PRICE INFORMATION OF BRLM'S*				
Issue Name	Name of Merchant Banker	+/- % change in closing price, (+/- % change in closing benchmark)- 30th calendar days from listing	+/- % change in closing price, (+/- % change in closing benchmark)- 90th calendar days from listing	+/- % change in closing price, (+/- % change in closing benchmark)- 180th calendar days from listing
		+1% (+5%)	-2% (-5%)	

* Disclosures subject to recent 7 issues (initial public offerings) in current financial year and two preceding financial years managed by each Merchant Banker with common issues disclosed once.

Names of Book Running Lead Manager/s and contact details (telephone and email id) of each BRLM	
Names of Syndicate Members	

In case of issues by Small and Medium Enterprises under Chapter IX, details of the market maker to be included

Name of Registrar to the Issue and contact details (telephone and email id)	
Name of Statutory Auditor	
Name of Credit Rating Agency and the rating or grading obtained, if any	
Name of Debenture trustee, if any	
Self Certified Syndicate Banks	The list of banks is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Non Syndicate Registered Brokers	You can submit Bid cum Application Forms in the Issue to Non Syndicate Registered Brokers at the Non Syndicate Broker Centres. For further details, see section titled "Issue Procedure" beginning at page XXX of the Red Herring Prospectus
Details regarding website address(es)/link(s) from which the investor can obtain list of registrar to issue and share transfer agents, depository participants and stock brokers who can accept application from investor (as applicable)	

PROMOTERS OF ISSUER COMPAMY
Details of promoter/s in not exceeding 1000 words explaining their experience

BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

500 word limit in total.

BOARD OF DIRECTORS

Sr. No.	Name	Designation (Independent / Whole time / Executive / Nominee)	Experience including current / past position held in other firms (20 - 40 words for each Director)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

OBJECTS OF THE ISSUE

Details of means of finance -

The fund requirements for each of the objects of the Issue are stated as follows: (Rs in crores)

Sr. No.	Objects of the Issue	Total estimated cost	Amount deployed till	Amount to be financed from Net Proceeds	Estimated Net Proceeds Utilization	
					Fiscal 20__	Fiscal 20___
1						
2						
3						
4						
5	General corporate purposes					
	Total					

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.

Name of monitoring agency, if any

Terms of Issuance Of Convertible Security, if any

Convertible securities being offered by the Company	
Face Value/ Issue Price per Convertible securities	
Issue Size	
Interest on Convertible securities	
Conversion Period of Convertible securities	
Conversion Price for Convertible securities	
Conversion Date for Convertible securities	
Details of security created for CCD	

Shareholding Pattern

Sr. No.	Particulars	Pre Issue number of shares	% Holding of Pre issue
1.	Promoter & Promoter Group		
2.	Public		
	Total		100%

Number / amount of equity shares proposed to be sold by selling shareholders - if any

RESTATED AUDITED FINANCIALS

Standalone[445]

	Latest Stub period	FY 3 (Last audited financial year prior to issue opening)	FY 2	FY 1
Total income from operations (net)				
Net Profit / (Loss) before tax and extraordinary items				
Net Profit / (Loss) after tax and extraordinary items				
Equity Share Capital				
Reserves and Surplus				
Net worth				
Basic earnings per share (Rs.)				
Diluted earnings per share (Rs.)				
Return on net worth (%)				
Net asset value per share (Rs.)				

Consolidated[446]

	Latest Stub period	FY 3 (Last audited financial year prior to issue opening)	FY 2	FY 1
Total income from operations (Net)				
Net Profit/(Loss) before tax and extraordinary items				
Net Profit / (Loss) after tax and extraordinary items				
Equity Share Capital				
Reserves and Surplus				
Net worth				
Basic earnings per share (Rs.)				
Diluted earnings per share (Rs.)				

[445] The columns for "FY4" and "FY5 (Last audited financial year prior to issue opening)" omitted and column for "FY3" substituted for "FY3 (Last audited financial year prior to issue opening)" by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[446] The columns for "FY4" and "FY5 (Last audited financial year prior to issue opening)" omitted and column for "FY3" substituted for "FY3 (Last audited financial year prior to issue opening)" by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

Return on net worth (%)				
Net asset value per share (Rs.)				

INTERNAL RISK FACTORS

(Minimum 5 and maximum 10 risk factors to be specified)

The below mentioned risks are top 5 or 10 risk factors as per the RHP. (500 word limit in total)

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against the company and amount involved

B. Brief details of top 5 material outstanding litigations against the company and amount involved

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved

C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoters in last 5 financial years including outstanding action, if any (200 - 300 word limit in total)

D. Brief details of outstanding criminal proceedings against Promoters (200 - 300 word limit in total)

ANY OTHER IMPORTANT INFORMATION AS PER BRLM / ISSUER COMPANY

DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act, 1956, the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in the Red Herring Prospectus are true and correct.

[447][Part F - Disclosures in an abridged letter of offer

[See regulation [71(2)(d) and 75]

An abridged letter of offer ("**ALOF**") shall contain information as is material and appropriate to enable investors to make an informed decision. This Part F shall apply to issuers making rights issues with disclosures in the letter of offer specified under Part B or Part B-1 of this Schedule.

[447] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020.

General Instructions:

(I) ALOF shall be printed in a booklet form of A4 size paper and, along with the application form.

(II) The ALOF shall be printed in a font size which shall not be visually smaller than Times New Roman size 11 (or equivalent) with 1.0 line spacing.

(III) The application form shall be so positioned that on the tearing-off of the application form, no part of the ALOF is mutilated.

FOR THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ONLY
This is an Abridged Letter of Offer containing salient features of the Letter of Offer dated XXX ("**Letter of Offer**") which is available on the websites of the Registrar, our Company, the Lead Managers and the stock exchanges where the Equity Shares of our Company are listed, *i.e.*, BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). You are encouraged to read greater details available in the Letter of Offer. Capitalized terms not specifically defined herein shall have the meaning ascribed to them in the Letter of Offer.
THIS ABRIDGED LETTER OF OFFER CONTAINS XXX PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES
Our Company has made available on the Registrar's website at xxx and the Company's website at xxx, this Abridged Letter of Offer and the Application Form for the Eligible Equity Shareholders. You may also download the Letter of Offer from the websites of the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges and the Lead Managers, *i.e.*, at xxx, respectively.]

Logo and Name of the Company
Registered and Corporate Office Address, telephone number
Contact Person name, designation, email address
Company website address
CIN number of the Issuer Company

Promoter(s) of the Company:
Issue details to be provided including ratio of rights offering.

Listing and details of in-principle approval from stock exchanges.			
Eligibility for the Issue: State whether company is eligible for rights issue under Part B or Part B-1 of Schedule VI and Fast Track.			
Minimum Subscription: If applicable provide details of the same.			
INDICATIVE TIMETABLE			
Issue Opening Date		Date of Allotment / Initiation of Refunds (on or about)	
Last Date for On Market Renunciation		Date of credit of Equity Shares to demat account of Allottees (on or about)	
Issue Closing Date		Date of listing / Commencement of trading of Equity Shares on the Stock Exchanges (on or about)	
Finalisation of basis of Allotment (on or about)			

GENERAL RISKS			
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue 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 Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue including the risks involved. The Equity Shares have neither been recommended nor approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the Letter of Offer. Specific attention of the Investors is invited to the section "*Risk Factors*" on page xxx of the Letter of Offer and "*Internal Risk factors*" on page xxx of this Abridged Letter of Offer before making an investment in the Issue.			
Names of Lead Managers and Contact Details			
Registrar and Contact			

Details	
Statutory Auditor(s) name	
Self-Certified Syndicate Bank	Details of SEBI website providing requisite details
Banker to the Issue	

Following information shall be provided

1. Summary of business.
2. Summary of Objects of the Issue and Means of Finance.
3. Name of Monitoring Agency.
4. Equity shareholding pattern: Shareholding pattern as included in Letter of Offer in summarised form giving details for categories such as Promoter and Promoter Group, Public, Non promoter-non Public and number of shares held and % holding in tabular form.
5. Board of Directors of the Issuer: Name, designation and other directorships of the members of the Board.
6. Details of the Issuer or any of its promoters or directors being a [448][wilful defaulter or a fraudulent borrower].
7. Financial Statement Summary: For last audited full year and latest limited reviewed stub period as disclosed in the Letter of Offer prepared under Part B. In case of companies who have used Part B- 1 disclosure framework financial summary for periods included in Letter of Offer shall be disclosed.

Particulars	Latest stub period	Latest full year period
Total Income from Operations (net)		
Net Profit/(Loss) before Tax and extraordinary items		
Profit/(Loss) after Tax and extraordinary items		
Equity Share Capital		

[448] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words “wilful defaulter”.

Reserves and Surplus		
Net Worth		
Basic earnings per share		
Diluted earnings per share		
Net asset value per share		
Return on Net Worth (RONW)		

Note: Particulars mentioned above are indicative and may be suitably modified. Ratios cannot be annualised except RONW.

8. Internal Risk Factors: (Minimum of top 5 but not exceeding top 10 internal risk factors to be provided. Word limit 500)
9. Summary table of Outstanding Litigations as disclosed in the Letter of Offer.
10. Terms of the Issue: The abridged letter of offer shall also include the particulars of the issue including the procedure for application and renunciation as applicable for a rights issue and the following disclosures:
    (a) Provisions pertaining to applications referred to in sub-regulations (1), (2) and (3) of regulation 78;
    (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 available in the manner specified in the regulations and also as a material document for inspection.

11. Any other important information as per Lead Managers and the Issuer.
12. Declaration: As included in Letter of Offer, with date and place mentioned.]

SCHEDULE VII - DISCLOSURES IN A PLACEMENT DOCUMENT

[See regulations175(2)]

(1) Disclaimer

"The preliminary placement document and placement document relates to an issue made to qualified institutional buyers under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and that no offer is being made to the public or any other class of investors."

(2) Glossary of terms/abbreviations

(3) Lead manager(s) and other advisors

(4) Summary of the issue and the eligible security

(5) Risk factors

(6) Market prices:

(a) high, low and average market prices of the equity shares of the issuer during the preceding three years;

(b) monthly high and low prices for the six–month period preceding the date of filing of the preliminary placement document/placement document;

(c) number of equity shares traded on the days when high and low prices were recorded in the relevant stock exchange during period of (a) and (b) above, and total volume traded on those dates; (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)

(d) market price immediately after the date on which the resolution of the board of directors approving the issue was approved

(e) volume of securities traded in each month during the six-month period preceding the date on which the preliminary placement document / placement document is filed with Registrar of Companies; (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.)

(7) Use of proceeds:

(a) purpose of the placement;

(b) break-up of the cost of the project for which the money is being raised;

(c) means of financing for the project;

(d) proposed deployment status of the proceeds at each stage of the project.

(8) Capitalization statement

(9) Dividends in the preceding three years prior to the date of the placement document.

(10) Selected financial and other information

(11) The audited consolidated or unconsolidated financial statements, as applicable prepared in accordance with applicable accounting standards for the last three financial years. In addition, latest reviewed financials disclosed to the stock exchange.

a) Report of statutory auditor's on the financial statements included in the preliminary placement document/placement document.
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)

(12) Management's discussion and analysis of financial condition and results of operations

(13) Industry description

(14) Business description

(15) Organizational structure

(16) Board of directors and senior management

(17) Latest shareholding pattern as submitted to the stock exchange(s)

(18) Taxation aspects relating to the eligible securities

(19) Legal proceedings to be disclosed in accordance with the materiality policy framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(20) Auditors

(21) General information

(22) Such other information as is material and appropriate to enable investors to make an informed investment decision.

(23) Disclosures pertaining to [449][wilful defaulters or fraudulent borrowers]: If the issuer or any of its promoter or director has been declared as a [450][wilful defaulter or a fraudulent

[449] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulters".
[450] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

borrower] [451][***], it shall make the following disclosures with respect to each such person separately:

(a) Name of the person declared as a [452][wilful defaulter or a fraudulent borrower];

(b) Name of the bank declaring the person as a [453][wilful defaulter or a fraudulent borrower];

(c) Year in which the person was declared as a [454][wilful defaulter or a fraudulent borrower];

(d) Outstanding amount when the person was declared as a [455][wilful defaulter or a fraudulent borrower];

(e) Steps taken, if any, by the person for removal of its name from the list of [456][wilful defaulters or fraudulent borrowers];

(f) Other disclosures, as deemed fit by the issuer, in order to enable investors to take an informed decision;

(g) Any other disclosure as specified by the Board.

SCHEDULE VIII - DISCLOSURES IN OFFER DOCUMENT AND ABRIDGED PROSPECTUS AND LETTER OF OFFER FOR ISSUE OF INDIAN DEPOSITORY RECEIPTS

[See regulations 185(2)(b), 193(1), 200(1), 218(2) and 222(1)]

Part A - Disclosures in offer document for issue of Indian depository receipts

[See regulation 185(2)(b) and 200(1)]

A prospectus for issue of Indian Depository Receipts (IDR) shall contain details as specified herein.

[451] The words "in the last ten years" omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[452] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

[453] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

[454] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

[455] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulter".

[456] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "wilful defaulters".

(1) **General instructions with respect to contents of the offer document:**

(a) The lead manager(s) has the option to file the draft prospectus as a public filing or as 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 lead manager(s) 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, 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 simple English.

(d) The term "associate" for the purpose of this Schedule would mean "associate" as defined in Indian Accounting Standards, 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 an informed decision.

(f) The prospectus shall contain all information and statements specified herein.

(g) The issuing company shall, through a lead manager(s), 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 be furnished along with the prospectus.

(i) The lead manager(s) who is responsible for conducting due diligence exercise with respect to contents of the draft offer documents/offer document, as per inter-se allocation of responsibilities, shall sign the due diligence certificate.

(j) A statement shall be made by the lead manager(s) in the prospectus (including a due diligence certificate) in the format as specified in these regulations.

(k) A statement shall 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 lead manager(s) 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 their own risk."

(2) **The issue:**

Summary of the terms of the offer, 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 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 declaration shall also be incorporated on whether these have been independently verified.

(4) **General information:**

(a) Definitions/terms used in the offer document;

(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 lead manager(s), 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;

(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 per cent. p.a. shall be paid to the investors if the allotment 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 earliest closing of the issue;

(m) Date of closing of issue;

(n) Method and expected timetable of the issue;

(o) A statement that subscription to the issue shall be kept open for at least three working days and not more than ten working days;

(p) Declaration by the lead manager(s) 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 monies 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., period, 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) 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:**

(a) Risk factors shall be in relation to the following:

(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. In doing so, the following shall be considered:

(i) Some risks may not be material individually but may be found material collectively.

(ii) Some risks may have a material impact which is qualitative though not quantitative.

(iii) Some risks may not be material at present but may have a material impact in the future.

(d) Each risk factor shall appear in the following manner:

(i) Risk as envisaged by the issuer

(ii) Proposals, if any, to address the risks.

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.

(7) **Exchange-wise market price information and other information concerning the shares in the domestic market of the issuing company:**

This information should be updated as on the last available date before the date of the prospectus.

(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 the 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 the prospectus (High, Low, Average Daily Trading Volume)

(c) Market price of shares for the month preceding the date of the 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) Changes, if any, in dividends announced and dividends paid and time gap between the dividends announced and dividends paid

(f) Dividend yield

(g) Taxation aspects of dividend distribution

(9) **Exchange rates:**

(a) Brief history of the pattern of the exchange rates between the country of incorporation/where shares are listed and India

(b) High, Low and Average exchange rates for the last five years

(c) High, Low and Average exchange rates for the last twelve months

(10) **Foreign investment and exchange controls of the country of incorporation/ where the 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:**

(a) Purpose of the issue

(b) Break-up of the cost of the project for which the money is raised through the IDR issue

(c) Means of financing of the project

(d) Proposed deployment of the proceeds at each stage of the project.

(12) **Interim use of funds:**

The issuer company shall keep funds in a bank having a credit rating of 'A' or above by an international credit rating agency.

(13) **Capitalisation statement:**

Particulars	**Pre-issue as at ..... (Rupees in crores)**
Short-Term Debt	
Long Term Debt	
Shareholders' Funds – Share Capital – Reserves	
Total Shareholders' Funds	
Long Term Debt/Equity	

(14) **Capital structure:**

(a) Authorised, issued, subscribed and paid-up capital (number of instruments, description, aggregate nominal value)

(b) Size of the 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 the capital structure

(e) Details regarding holdings of major shareholders i.e., the person or persons who are in over-all control of the company

(f) Different classes of shares based on different criteria, if any.

(15) **Financial information:**

General Instructions:

(1) The format of disclosure of financial results may be as per the disclosure requirements of the issuing company in the home country where the issuer is listed.

(2) The issuing company shall mention the type of disclosures that it will follow i.e. whether as per Indian Accounting Standards, IFRS or US GAAP and any change in such format shall be informed to the IDR holders by way of notices to the stock exchanges.

(a) The audited consolidated or unconsolidated financial statements, prepared in accordance with the Indian Accounting Standards (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 the 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 the 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 Accounting Standards and summary of significant differences between the Indian Accounting Standards and US GAAP has to be annexed with the report. If financial results are prepared in accordance with IFRS, issuing company shall annex the summary of significant differences between the Indian Accounting Standards 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 accounting standards 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 (13).

(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, following details of such body(ies) corporate shall be given:

(i) Names and address of the body(ies) corporate;

(ii) The reports as stated above in respect of those body(ies) corporate also.

(16) **Statement on material developments subsequent to the date of the last financial statements as disclosed in the offer document:**

A statement by the directors of the issuing company 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.

(17) **Management discussion and analysis of the financial statements (by comparing the recent financial year with the previous three financial years):**

(a) A summary of the 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 the results of the operations

(d) An analysis of reasons for the changes in significant items of income and expenditure , *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) 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) extent to which business is seasonal

(ix) any significant dependence on a single or few suppliers or customers

(x) competitive conditions

(18) **Industry and business overview:**

Market including details of the competition, past production numbers 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. Source of data shall be mentioned.

(19) **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 the project and progress made so far, if applicable

(e) Nature of product(s)/ services, consumer(s), industrial user(s)

(f) Research and development, patents and licenses, etc.

(g) Property, plants and equipment

(h) 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

(20) **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.

(21) **Management:**

(a) Details with respect to the promoters and their background. If there are no identifiable promoters, the details and background of all persons who hold 5 per cent. or more equity share capital of the issuer.

(b) Details of the board of directors [457][, the key managerial personnel and senior management] (i.e. name, address of directors, manager, managing director or other principal officers of the issuing company, date of birth, age, qualifications, industry experience, other directorships).

(c) Remuneration of the Directors [458][, the key managerial personnel and senior management] 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) Organisation structure.

(e) Practices of the Board of Directors

(f) Employees

(22) **Securities market of the country of incorporation where the shares are listed:**

(a) Brief history

(b) Stock exchange regulations

(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

[457] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023 for the words "and the key managerial personnel".

[458] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2023 w.e.f. 31.01.2023 for the words "and the key managerial personnel".

(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

(23) **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

(24) **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

(25) **Information relating to the depository - Indian and international:**

Brief details of the domestic depository, overseas custodian bank and depository agreement.

(26) **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

(27) **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

(28) **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 material when considered collectively.

(ii) Some litigation/defaults may have material impact which is qualitative though not quantitative.

(iii) Some litigation/defaults may not be material at present but may have a material impact in the future.

(29) **Basis of issue price:**

(a) Earnings Per Share (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 shares and 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 of the 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.

(30) **Main provisions of articles of association/main charter of the issuing company**

(31) **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.

(32) **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 the lead manager(s), overseas custodian bank, the domestic depository and all other intermediaries associated with the issue of IDRs.

(c) Fees and expenses payable to the intermediaries involved in the issue of IDRs.

Part B - Disclosures in an abridged prospectus for Indian depository receipts

[See regulation 193(1)]

General Instructions:

(I) A copy of the abridged prospectus shall be submitted to the Board.

(II) The abridged prospectus shall be printed in a booklet form of A4 size paper and, along with the application form and revision form, shall not exceed five sheets, printed both sides. Additional sheets may be appended for bidding centres.

(III) The abridged prospectus shall be printed in a font size which shall not be visually smaller than Times New Roman size 11 (or equivalent) with 1.0 line spacing.

(IV) The application form shall be so positioned that on the tearing-off of the application form, no part of the abridged prospectus is mutilated.

(V) The format of the abridged prospectus should include the following:

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, e-mail address and website address, and if

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 lead manager(s), the underwriter to the issue, the advisors to the issue and any other intermediary which has been appointed in connection with the issue of IDRs;

(d) Name, address and contact information of the compliance officer in relation to the issue of IDRs. The compliance officer should be based in India

(e) Name, address and contact information of the stock exchanges where applications have been made or are proposed to be made for listing of the IDRs;

(f) Date of opening of issue;

(g) Date of closing of issue;

(h) Method and expected timetable of the issue;

(i) Date of earliest closing of the issue;

(j) Details of availability of prospectus and forms, i.e., date, time, place etc.;

(k) Amount and mode of payment seeking issue of IDRs;

(l) Disclosure on Investor Grievances and Redressal System;

(m) Undertaking that the issuing company shall subject itself to the jurisdiction of the 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:**

Sr. No.	**Particulars**	**Pre Issue number of shares**	**% Holding of Pre Issue**
1.	Promoter & Promoter Group		
2.	Public		
	Total		

Note: Information required for each class of shares

(3) **Terms of the Present Issue:**

- Issue details, including issue size
- Names of stock exchanges where IDRs are proposed to be listed
- Designated stock exchange
- Procedure
- Indicative timeline

(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 residency shall be shown prominently as under:

"Nationality and Residency (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) 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.

(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 IDRs/fungibility of IDRs.

(5) **Particulars of the Issue:**

(a) Objects of the issue

(b) Project cost

(c) Means of financing

(d) Name of the Appraising Agency, if any

(e) Name of the Monitoring Agency, if any

(6) **Description of the IDRs and Rights of IDR Holders:**

(a) Brief description of the IDRs

(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 IDRs into shares

(g) Governing law regarding various aspects of IDRs and transactions therein.

(7) **Business Model/ Business Overview and Strategy** (500 word limit in total)

(8) **Exchange-wise stock market data:**

This information should updated as on the last available date before the date of the prospectus

(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 the 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 the prospectus (High, Low, Average Daily Trading Volume)

(c) Market price of shares for the month preceding the date of the prospectus (High, Low, Average Daily Trading Volume)

(d) The Opening and Closing price on the last day of the preceding month of the date of the prospectus along with the volume

(9) **Internal Risk Factors:** Minimum 5 and maximum 10 risk factors to be specified (500 word limit in total)

(10) **Outstanding Material Litigations and Defaults**

A. Total number of outstanding litigations against the company and amount involved

B. Brief details of top 5 material outstanding litigations against the company and amount involved

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved

(11) **Material Developments:** Any material development after the date of the latest balance sheet and its impact on performance and prospects of the company.

(12) **Board of Directors**

Sr. No.	Name	Designation (Independent/ Whole time / Executive / Nominee)	Experience including current / past position held in other firms (20 - 40 words for each Director)

(13) **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

(14) Disclosure on Investor Grievances and Redressal System

(15) Information relating to relevant provisions of taxation law, tax treaties and their impact for IDR holders.

(16) Brief details of the domestic depository, overseas custodian bank and depository agreement.

(17) Signatories to the Prospectus.

Part C - Disclosures in the addendum to an offer document for rights issue of Indian depository receipts

[See regulation 218 (2)]

(1) A 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:

"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."

(d) Specific attention of investors shall be invited to the statement of "Risk factors" given on page number(s) ….. under the section "General Risks".

(e) 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:

"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."

(f) The name, logo and address of the lead manager(s) 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.

(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.

(iv) The names of the 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:

(a) makes in a fictitious name an application to a company for acquiring, or subscribing for, any IDRs therein, or

(b) otherwise induces a company to allot, or register any transfer of, IDRs therein to such person, 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 or failure to list.

(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 member(s), 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 manager(s), 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 monies 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 IDRs.

(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 stock exchanges in India.

(IV) Management (Board of Directors):

(A) Name, date of birth, 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 stock exchanges, pursuant to relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(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 stock exchanges, pursuant to relevant provisions of the

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(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:

(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.

(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 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: The issuer company shall keep funds in a bank having a credit rating of 'A' or above by an international credit rating agency.

(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 the 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 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 wilful defaulters in India or 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 the 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 manager(s), 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, 2018 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 manager(s) is expected to exercise due diligence to ensure that the issuer discharges its responsibility adequately in this behalf and towards this purpose, the lead manager(s) ……. 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 manager(s) any irregularities or lapses in the offer document and the addendum."

(2) Disclaimer Statement from the issuer and lead manager(s):

A statement to the effect that the issuer and the lead manager(s) 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 their 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 [foreign portfolio investors].

(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 D - Disclosures in an abridged letter of offer for rights issue of Indian depository receipts

[See regulation 222(1)]

(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 prospectus shall be printed in a font size which shall not be visually smaller than Times New Roman size 11 (or equivalent) with 1.0 line spacing.
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 IDRs.

(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 IDRs. 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 IDRs.

(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 per cent. 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 monies 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 IDRs.

(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.

SCHEDULE IX – PUBLIC COMMUNICATIONS AND PUBLICITY MATERIALS

[See regulation 42 [459]{59C (8), 59C (9), 59C (13)}, 83, 138, 199 and 264]

(1) Any public communication including advertisements, publicity material and research reports (referred to as public communication) issued or made by the issuer or its associate company, or by the lead manager(s) or their associates or any other intermediary connected with the issue or their associates, shall contain only such information as contained in the draft offer document/offer document and shall comply with the following:

[459] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.

(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 the draft offer document or draft letter of offer or offer document, as the case may be, it shall reproduce such information in full and disclose all relevant facts not to 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 or disclosed in the draft offer document or draft letter of offer or offer document, as the case may be;

(e) it shall not contain slogans, expletives or non-factual and unsubstantiated titles;

(f) if it presents any financial data, data for the past three years shall also be included alongwith particulars relating to revenue, net profit, share capital, reserves / other equity (as the case may be), earnings per share, dividends and the book values, to the extent applicable;

(g) issue advertisements shall not use technical, legal or complex language and excessive details which may distract the investor;

(h) issue advertisements shall not contain statements which promise or guarantee rapid increase in revenue or profits;

(i) issue advertisements shall not display models, celebrities, fictional characters, landmarks, caricatures or the likes;

(j) issue advertisements on television shall not appear in the form of crawlers (advertisements which run simultaneously with the programme in a narrow strip at the bottom of the television screen) on television;

(k) issue advertisements on television shall advise the viewers to refer to the draft offer document or offer document, as the case may be, for the risk factors;

(l) an advertisement or research report containing highlights, shall advise the readers to refer to the risk factors and other disclosures in the draft offer document or the offer document, as the case may be, for details in not less than point seven size;

(m) an issue advertisement displayed on a billboard/banners shall contain information as specified in Part D of Schedule X;

(n) an issue advertisement which contains highlights or information other than the details contained in the formats as specified in Schedule X shall prominently advise the viewers to refer to the draft offer document and offer document for details and risk factors.

(2) All public communications 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 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 is not consistent with the past practices of the issuer, it shall be prominently displayed or announced in such public communication that the issuer is proposing to make a public issue of specified securities in the near future and is in the process of filing a draft offer document.

(3) All public communications issued or published in any media during the period commencing from the date of filing draft offer document or draft letter of offer till the date of allotment of securities offered in the issue, shall prominently disclose that the issuer is proposing to make a public issue or rights issue of the specified securities and has filed the draft offer document or the draft letter of offer or has filed the offer document or letter of offer , as the case may be, and that it is available on the websites of the Board, lead manager(s) and stock exchanges.

Provided that requirements of this sub-regulation shall not be applicable in case of advertisements of products or services of the issuer.

(4) The issuer shall make a prompt, true and fair disclosure of all material developments which take place between the date of filing offer document and the date of allotment of specified securities, which may have a material effect on the issuer, by issuing public notices in all the newspapers in which the issuer had released pre-issue advertisement under applicable provisions of these regulations;

(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) For all issue advertisements and public communications, the issuer shall obtain the approval from the lead manager(s) responsible for marketing the issue and shall also provide copies of all issue related materials to all lead manager(s).

(7) Any advertisement or research report issued/ made by the issuer/cause to be issued by the issuer or its associate company (as defined under the Companies Act, 2013), or by the lead manager(s) or their associates (as defined in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) or any other intermediary connected with the issue or their associates (as

defined under Securities and Exchange Board of India (Intermediaries) Regulations, 2008) 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 the draft an offer document or draft letter of offer or offer document, as the case may be, it shall reproduce such information in full and disclose all relevant facts not to 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 or and disclosed in the draft offer document or draft letter of offer or offer document, as the case may be;

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

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 draft offer document or draft letter of offer or offer document, as the case may be, or other documents, 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, the advertisement or research report, as applicable, shall prominently advise the viewers to refer to the draft offer document or draft letter of offer or offer document, as the case may be, for details 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 Part D of Schedule X;

n) an issue advertisement which contains highlights or information other than the details contained in the format as specified in Schedule X shall prominently advise the viewers to refer to the offer document for details and risk factors.

(8) No public information with respect to the issue shall contain any offer of incentives, to the investors whether direct or indirect, in any manner, whether in cash or kind or services or otherwise.

(9) No advertisement relating to product or service provided by the issuer 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 till the date of allotment of specified securities offered in such issue.

(10) No information which is extraneous to the information disclosed in the draft offer document or offer document, as the case may be, 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.

(11) The lead manager(s) shall submit a compliance certificate in the format specified in Part E of Schedule X for the period between the date of filing the draft offer document [460][/ draft letter of offer] and the date of closure of the issue, in respect of news reports appearing in any of the following media:

a) newspapers mentioned in these regulations;

b) print and electronic media controlled by a media group where the media group has a private treaty or shareholders' agreement with the issuer or promoters of the issuer.

Explanation: For the purpose of this schedule:

(I) "public communication or publicity material" includes corporate, issue advertisements of the issuer, interviews by its promoters, directors, duly authorized employees or representatives

[460] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

of the issuer, documentaries about the issuer or its promoters, periodical reports and press releases.

(II) Any advertisement issued by the issuer 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.

SCHEDULE X - FORMATS OF ADVERTISEMENTS FOR A PUBLIC ISSUE

Part A - Format of pre-issue advertisement for a public issue

[See regulations 43(2), 29(4), 127(4), 139(2), 189(4), 264(2) and 250(3)]

This is only an advertisement for information purposes and is not a prospectus announcement.

ABC LTD. (*name of the issuer*)

(Incorporated on _____ under the _____ Act as _____ and subsequently renamed as _____(applicable only when the name of issuer has changed in the last three years except if there is a change in status from private limited company to limited company) _____ on _____)

Registered Office: _____

Tel: _____

Corporate Office: _____

Tel: _____ e-mail: _____ Website::_____ CIN: _____

PROMOTERS

[__XYZ__]

THE ISSUE

Public issue of _____ (nature of the specified securities) of ____ each at a price of _____

(In the case of book building issues, disclosure about the details of allocation shall be given in the following manner, as percentage of offer size/ net offer:

QIB Category: _____%

Retail Category: _____%

Non institutional investor category: _____%

Reserved categories: _____Equity Shares or ____%

PROPOSED LISTING

Names of the stock exchanges (Cross reference to the disclaimer clause of the stock exchanges as provided in their in-principle listing approval)

DISCLAIMER CLAUSE OF THE SECURITIES AND EXCHANGE BOARD OF INDIA

"SEBI only gives its observations on the draft offer document and this does not constitute approval of either the issue or the specified securities stated in the offer document."

LEAD MANAGER(S)

Name, address, telephone numbers, email ID, website address and contact person

COMPLIANCE OFFICER OF THE ISSUER

Name, address, telephone numbers, email ID, website address

CREDIT RATING (if applicable)

DEBENTURE TRUSTEES (if applicable)

IPO GRADING (if obtained)

AVAILABILITY OF APPLICATION FORMS

Names of the issuer, lead manager(s), syndicate member(s), stock brokers self certified syndicate banks, registrar and share transfer agents and depository participants with the website link of where the detailed information is available (addresses optional).

AVAILABILITY OF RED HERRING 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 lead manager(s) / stock exchange/s at www……

ISSUE/BID OPENS ON:

ISSUE/BID CLOSES ON:

FLOOR PRICE/ PRICE BAND

(Floor price or price band or as the case may be in case of book built issue) for cash aggregating `_____ (appropriate disclosure for book built issue) including face value

MINIMUM LOT SIZE

DISCOUNT (IF ANY)

RISK TO INVESTORS

(As specified by the Board) (In the same font size as the floor price/ price band)

BASIS FOR ISSUE PRICE

(Relevant financial ratios on the floor price and cap price (based on the financials disclosed in the offer document) in case of a price band, as per the basis for issue price disclosures in the offer document)

Investor should read the offer document carefully, including the Risk Factors on page _____ of the offer document before making any investment decision.

Issued by

Authorized personnel of the issuer

Part B - Format of issue opening advertisement for a public issue

[See regulations 43(3), 200(1) and 264(3)]

This is only an advertisement for information purposes and is not a prospectus announcement.

ABC LTD. (*name of the issuer*)

(Incorporated on _____ under the _____ Act as _____ and subsequently renamed as _____(applicable only when the name of issuer has changed in the last three years except if there is a change in status from private limited company to limited company) _____ on _____)

Registered Office: _____

Tel: _____

Corporate Office: _____

Tel: _____ e-mail: _____ Website::_____ CIN: _____

PROMOTERS

[__XYZ__]

FLOOR PRICE/ PRICE BAND

(Floor price or price band or as the case may be in case of book built issue) for cash aggregating `_____ (appropriate disclosure for book built issue), including face value

MINIMUM LOT SIZE

DISCOUNT (IF ANY)

RISK TO INVESTORS

(As specified by the Board) (In the same font size as the floor price/ price band)

THE ISSUE

Public issue of _____ (nature of the specified securities) of ` ____ each at a price of `_____

(In the case of book building issues, disclosure about the details of allocation shall be given in the following manner, as percentage of offer size/ net offer:

QIB Category: _____%

Retail Category: _____%

Non institutional investor category: _____%

*Reserved categories**:** _____Equity Shares or ____%*

PROMOTERS

[__XYZ__]

PROPOSED LISTING

Names of the stock exchanges (Cross reference to the disclaimer clause of the stock exchanges as provided in their in-principle listing approval)

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA

"SEBI only gives its observations on the draft offer document and this does not constitute approval of either the issue or the specified securities stated in the offer document."

LEAD MANAGER(S)

Name, address, telephone numbers, e-mail ID, website address and contact person

COMPLIANCE OFFICER OF THE ISSUER

Name, address, telephone numbers, e-mail ID, website address

CREDIT RATING (if applicable)

DEBENTURE TRUSTEES (if applicable)

IPO GRADING (if obtained)

AVAILABILITY OF APPLICATION FORMS

Names of the issuer, lead manager(s), bankers to the issue, self certified syndicate banks, stock brokers, registrar to the issue and share transfer agents and depository participants (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 manager(s) / Stock Exchange/s at www……

ISSUE / BID OPENS TODAY:

ISSUE/BID CLOSES ON:

Investor should read the offer document carefully, including the Risk Factors on page _____ of the offer document before making any investment decision.

Issued by

Authorized personnel of the issuer

Part C - Format of issue closing advertisement for a public issue

[See regulation 43(3), 200(1) and 264(3)]

This is only an advertisement for information purposes and is not a prospectus announcement.

ABC LTD. (*name of the issuer*)

(Incorporated on _____ under the _____ Act as _____ and subsequently renamed as _____(applicable only when the name of issuer has changed in the last three years except if there is a change in status from private limited company to limited company) _____ on _____)

Registered Office: _____

Tel: _____

Corporate Office: _____

Tel: _____ e-mail: _____ Website::_____ CIN: _____

PROMOTERS

[__XYZ__]

FLOOR PRICE/ PRICE BAND

(Floor price or price band or as the case may be in case of book built issue) for cash aggregating `_____ (appropriate disclosure for book built issue), including Face Value

MINIMUM LOT SIZE

DISCOUNT (IF ANY)

RISK TO INVESTORS

(As specified by the Board) (In the same font size as the floor price/ price band)

THE ISSUE

Public issue of _____ (nature of the specified securities) of ` ____ each at a price of `_____

(In the case of book building issues, disclosure about the details of allocation shall be given in the following manner, as percentage of offer size/ net offer:

QIB Category: _____%

Retail Category: _____%

Non institutional investor category: _____%

Reserved categories: _____Equity Shares or ____%

PROMOTERS

[__XYZ__]

PROPOSED LISTING

Names of the stock exchanges (Cross reference to the disclaimer clause of the stock exchanges as provided in their in-principle listing approval)

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA

"SEBI only gives its observations on the draft offer document and this does not constitute approval of either the issue or the specified securities stated in the offer document."

LEAD MANAGER(S)

Name, address, telephone numbers, e-mail ID, website address and contact person

COMPLIANCE OFFICER OF THE ISSUER

Name, address, telephone numbers, e-mail ID, website address

CREDIT RATING (if applicable)

DEBENTURE TRUSTEES (if applicable)

IPO GRADING (if obtained)

AVAILABILITY OF APPLICATION FORMS

Names of the issuer, lead manager(s), bankers to the issue, self certified syndicate banks, stock brokers, registrar to the issue and share transfer agents and depository participants (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 manager(s) / Stock Exchange/s at www……

ISSUE / BID CLOSES TODAY

Investor should read the offer document carefully, including the Risk Factors on page _____ of the offer document before making any investment decision.

Issued by

Authorized personnel of the issuer

Part D - Format of billboards and banners

[Schedule IX]

This is only an advertisement for information purposes and is not a prospectus announcement.

ABC LTD. (*name of the issuer*)

Registered Office: _____

Corporate Office: _____

Tel: _____ e-mail: _____ Website::_____ CIN: _____

FLOOR PRICE/ PRICE BAND

(Floor price or price band or as the case may be in case of book built issue) for cash aggregating `_____ (appropriate disclosure for book built issue), including face value

RISK TO INVESTORS

(As specified by the Board) (In the same font size as the floor price/ price band)

PROMOTERS

[__XYZ__]

PROPOSED LISTING

Names of the stock exchanges

Cross reference to the disclaimer clause of Securities and Exchange Board of India and Stock Exchange(s)

NAMES, TELEPHONE NUMBERS AND EMAIL ADDRESSES OF THE LEAD MANAGER(S), REGISTRAR TO THE ISSUE

CREDIT RATING AND NAME OF THE CREDIT RATING AGENCY (if applicable)

NAMES AND TELEPHONE NUMBER OF THE DEBENTURE TRUSTEE (if applicable)

IPO GRADING (if obtained)

ISSUE / BID OPENS ON _____

ISSUE / BID CLOSES ON _____

The following disclosure shall be included in the billboard/banner in such manner that it is prominent and covers at least 10% of the size of the billboard/banner:

Investor should read the offer document carefully, including the Risk Factors on page _____ of the offer document, before making any investment decision.

Issued by

Authorized personnel of the issuer

Part E - Compliance certificate in respect of news reports

[See Schedule IX]

Sl. No.	Newspaper, edition, date	Subject matter	Whether contents of the news report are supported by disclosures in the	If yes, page numbers in the draft offer document where the disclosures are made	If no, action taken by the lead

	offer document or advertisements made pursuant to these Regulations or information available on the website of the stock exchanges	manager(s)
	Yes/No	

SCHEDULE XI - FORMAT OF REPORT TO BE SUBMITTED BY THE MONITORING AGENCY

[See regulation 82(2) and 82(3)]

Front Page

Report of the Monitoring Agency

Name of the issuer:

For quarter ended:

Name of the Monitoring Agency:

(a) Deviation from the objects:

- Utilization different from Objects stated in the offer document but in line with change of objects approved by shareholders' resolution;

or

- Utilization neither in line with Objects stated in the offer document nor approved by shareholders' resolution
- In case there is no deviation, the same shall be stated.

(b) *Range of Deviation**:

Indicate the range of percentage deviation from the amount of issue proceeds earmarked for the objects. For example, up to 10%, 10- 25%, 25-50%, 50-75%, 75-100%, not ascertainable etc.

** The range of deviation may be computed by taking weighted average of financial deviation of each object in the ratio of issue proceeds allocated for it. Non-financial deviation may be indicated separately by way of notes.*

Declaration:

We declare that this report is based on the format prescribed by the SEBI (ICDR) Regulations, 2018, We further declare that this report provides a true and fair view of the utilization of the issue proceeds.

We declare that we do not have any direct/indirect interest in or relationship with the issuer/promoters/directors/management and also confirm that we do not perceive any conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer.

Signature:
Name and designation of the Authorized Signatory:
Designation of Authorized person/Signing Authority:

Subsequent Pages:

1) Issuer Details:

Name of the issuer :
Names of the promoter :
Industry/sector to which it belongs:

2) Issue Details

Issue Period
Type of issue (public/rights)
Type of specified securities :
IPO Grading, if any
Issue size (in ` crore):

3) Details of the arrangement made to ensure the monitoring of issue proceeds:

[461][(Give item by item description for all the objects, as well as for the sub-heads (if any) given under objects, stated in the offer document separately in following format)]

Particulars	Reply	[462][Source of information / certifications considered by Monitoring Agency for preparation of report]	Comments of the Monitoring Agency	Comments the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes/ No			
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	Yes/ No			
Whether the means of finance for the disclosed objects of the issue has changed?	Yes/ No			
Is there any major deviation observed over the earlier monitoring agency reports?	Yes/ No			
Whether all Government/statutory approvals related to the object(s) have been obtained?	Yes/ No			
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Yes/ No			
Are there any favorable events improving the viability of these object(s)?	Yes/ No			
Are there any unfavorable events affecting the viability of the object(s)?	Yes/ No			
Is there any other relevant information that may materially affect the decision making of the investors?	Yes/ No			

**Where material deviation may be defined to mean:*
(a) Deviation in the objects or purposes for which the funds have been raised
(b) Deviation in the amount of funds actually utilized by more than 10% of the amount projected in the offer documents.

[461] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbols "(Give Item by Item Description for all the Objects Stated in Offer Document separately in following format)".
[462] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

4) Details of object(s)s to be monitored:

(i) Cost of object(s)-

[463][(Give item by item description for all the objects, as well as for the sub-heads (if any) given under objects, stated in the offer document separately in following format)]

Sr. No.	Item Head	[464][Source of information / certifications considered by Monitoring Agency for preparation of report]	Original cost (as per the Offer Document)	Revised Cost	Comments of the Monitoring Agency	Comments of the Board of Directors		
						Reason of Cost revision	Proposed financing option	Particulars of firm arrangements made

(ii) Progress in the object(s) -

(Give item by item description for all the Objects stated in the Offer Document in the following format)

Sr. No.	Item Head[$]	[465][Source of information / certifications considered by Monitoring Agency for preparation of report]	Amount as proposed in the Offer Document	Amount utilized			Total unutilized amount	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter	During the quarter	At the end of the quarter			Reasons for idle funds	Proposed course of action

[$]*Provide following details under Item Head:*

(a) Name of the object(s):

(b) Brief description of the object(s):

(c) Location of the object(s) (if applicable):

(iii) Deployment of unutilised IPO proceeds:

Sr. No.	Type of instrument and name of the entity invested in	Amount invested	Maturity date	Earning	Return on Investment (%)	Market Value as at the end of quarter*

[463] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words and symbols "(Give Item by Item Description for all the Objects Stated in Offer Document separately in following format)".

[464] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

[465] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

** Where the market value is not feasible, provide NAV/NRV/Book Value of the same*

(iv) Delay in implementation of the object(s)

Object(s)	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the Offer Document	Actual*		Reason of delay	Proposed course of action

** In case of continuing object(s), please specify latest/revised estimate of the completion date.*

[466][5) Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:]

[466] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

SCHEDULE XII – MANDATORY COLLECTION CENTRES

[See regulation 23(6), 69(6), 121(6), 184(6) and 244(6)]

(1) The issuer shall designate collection centre(s) at the four metropolitan centres situated at Mumbai, Delhi, Kolkata and Chennai.

(2) All such places where recognised stock exchanges are located.

(3) In addition, all designated branches of the self-certified syndicate banks, as displayed on the websites of such banks and of the Board, shall be deemed to be mandatory collection centres.

(4) The issuer may appoint other collection centres as it may deem fit.

SCHEDULE XIII - BOOK BUILDING PROCESS

[See regulation 28(2), 30(1)(c), 32(2), 126(2), 128(1)(d), 129(3), 188(2), 190(1)(b), 250(2), 252(1)(c) and 291(4)]

Part A – Book building process

An issuer proposing to issue specified securities through the book building process shall comply with the requirements of this Schedule.

(1) **Lead Manager(s)**

(a) The issuer shall appoint one or more merchant banker(s) as lead manager(s) and their name(s) shall be disclosed in the draft offer document and the offer document(s).

(b) In case there is more than one lead manager(s), the rights, obligations and responsibilities of each shall be delineated in the inter-se allocation of responsibility as specified in **Schedule I.**

(c) Co-ordination of various activities may be allocated to more than one lead manager.

(2) **Syndicate Member(s)**

The issuer may appoint syndicate member(s).

(3) **Underwriting**

(a) The lead manager(s) shall compulsorily underwrite the issue and the syndicate member(s) shall sub-underwrite with the lead manager(s).

(b) The lead manager(s) / syndicate member(s) shall enter into underwriting/ sub underwriting agreement on a date prior to filing of the prospectus.

(c) The details of the final underwriting arrangement indicating actual numbers of shares underwritten shall be disclosed and printed in the prospectus before it is filed with the Registrar of Companies.

(d) In case of an under-subscription in an issue, the shortfall shall be made good by the lead manager(s) and the same shall be incorporated in the inter-se allocation of responsibility as specified in **Schedule I**.

(4) **Agreement with the stock exchanges**

(a) The issuer shall enter into an agreement with one or more stock exchange(s) which have the facility of book building through the electronic bidding system.

(b) The agreement shall specify inter-alia, the rights, duties, responsibilities and obligations of the issuer and the stock exchange(s) inter se.

(c) The agreement may also provide for a dispute resolution mechanism between the issuer and the stock exchange.

(5) **Appointment of stock brokers as bidding/collection centres**

(a) The lead manager(s)/syndicate member(s) shall appoint stock brokers who are members of the stock exchange(s) and registered with the Board, for the purpose of accepting bids 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, the self certified syndicate banks, registrar and share transfer agents, depository participants and stock brokers shall also be authorised to accept and upload the requisite details in the electronic bidding system of the stock exchange(s).

(b) The self certified syndicate banks, registrar and share transfer agents, depository participants and stock brokers accepting applications and application monies shall be deemed as 'bidding/collection centres'.

(c) The issuer shall pay to the SEBI registered intermediaries involved in the above activities a reasonable commission/fee for the services rendered by them. These

intermediaries shall not levy service fee on their clients/investors in lieu of their services.

(d) The stock exchanges shall ensure that no stock broker levies a service fee on their clients/investors in lieu of their services.

(6) **Price not to be disclosed in the draft red herring prospectus**

The draft red herring prospectus shall contain the total issue size which may be expressed either in terms of the total amount to be raised or the total number of specified securities to be issued. and shall not contain the price of the specified securities.

In case the offer has an offer for sale and/or a fresh issue, each component of the issue may be expressed in either value terms or number of specified securities.

(7) **Floor price and price band**

Subject to applicable provisions of these regulations 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 issue;

(ii) a statement that the investors may be guided by the secondary market prices (in case of a further public offer);

(iii) names and editions of the newspapers where the announcement of the floor price or price band would be made;

(iv) website addresses where the announcement is available.

(b) where the issuer decides to opts for a price band instead of a floor price, the issuer shall also ensure compliance with the following conditions:

(i) The cap of the price band should not be higher by more than 20 per cent. of the floor of the band; i.e. cap of the price band shall be less than or equal to 120 per cent. of the floor of the price band;

[467][Provided that the cap of the price band shall be at least one hundred and five per cent of the floor price.]

(ii) The price band can be revised during the bidding period, provided the maximum revision on either side shall not exceed 20 per cent. i.e. floor of price band can move up or down to the extent of 20 per cent. 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 public notice and also indicating the change on the relevant website and the terminals of the syndicate member(s).

(iv) In case the price band is revised, the bidding period will be extended as per the provisions of these regulations.

(v) The manner in which the shortfall, if any, in the project financing will be met, arising on account of lowering of the price band shall be disclosed in the red herring prospectus or the public notice and that the allotment shall not be made unless the financing is tied up.

(8) The manner and contents of the bid-cum-application form and revision form (accompanied with abridged prospectus) shall be as specified by the Board.

(9) **Extension of issue period**

(i) In case of a revision in the price band, the issuer shall extend the bidding (issue) period disclosed in the red herring prospectus, for a minimum period of three working days, subject to the total bidding (issue) period not exceeding ten working days.

(ii) in case of force majeure, banking strike or similar circumstances, the issuer may, for reasons to be recorded in writing, extend the bidding/issue period for a minimum period of three working days, subject to the total bidding/issue period not exceeding ten working days.

[467] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022.

(10) **Anchor Investors**

a) An anchor investor shall make an application of a value of at least ten crore rupees in a public issue on the main board made through the book building process or an application for a value of at least two crore rupees in case of a public issue on the SME exchange made in accordance with **Chapter IX** of these regulations.

b) Up to sixty per cent. of the portion available for allocation to qualified institutional buyers shall be available for allocation/allotment ("anchor investor portion") to the anchor investor(s).

c) Allocation to the anchor investors shall be on a discretionary basis, subject to the following:

(I) In case of public issue on the main board, through the book building process:

(i) maximum of 2 such investors shall be permitted for allocation up to ten crore rupees

(ii) minimum of 2 and maximum of 15 such investors shall be permitted for allocation above ten crore rupees and up to two fifty crore rupees, subject to minimum allotment of five crore rupees per such investor;

(i) in case of allocation above two fifty crore rupees; a minimum of 5 such investors and a maximum of 15 such investors for allocation up to two fifty crore rupees and an additional 10 such investors for every additional two fifty crore rupees or part thereof, shall be permitted, subject to a minimum allotment of five crore rupees per such investor.

(II) In case of public issue on the SME exchange, through the book building process:

(i) maximum of 2 such investors shall be permitted for allocation up to two crore rupees

(ii) minimum of 2 and maximum of 15 such investors shall be permitted for allocation above two crore rupees and up to twenty five crore rupees, subject to minimum allotment of one crore rupees per such investor;

(iii) in case of allocation above twenty five crore rupees; a minimum of 5 such investors and a maximum of 15 such investors for allocation up to twenty five crore rupees and an additional 10 such investors for every additional twenty five crore rupees or part thereof, shall be permitted, subject to a minimum allotment of one crore rupees per such investor.

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) The anchor investors shall pay on application the same margin which is payable by other categories of investors and the balance, if any, shall be paid within two days of the date of closure of the issue.

g) The allocation to anchor investors shall be completed on the day of the bidding by the 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 the anchor investors, the anchor investors shall pay 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 the anchor investors, the excess amount shall not be refunded to the anchor investors and the anchor investor shall be allotted the securities at the same price at which the allocation was made to it.

i) The number of shares allocated to the anchor investors and the price at which the allocation is made, shall be made available to the stock exchange(s) by the lead manager(s) for dissemination on the website of the stock exchange(s) before opening of the issue.

j) [468][*There shall be a lock-in of 90 days on fifty per cent of the shares allotted to the anchor investors from the date of allotment, and a lock-in of 30 days on the remaining fifty per cent of the shares allotted to the anchor investors from the date of allotment.*]

k) Neither the (i) lead manager(s) or any associate of the lead managers (other than mutual funds sponsored by entities which are associate of the lead managers or insurance companies promoted by entities which are associate of the lead managers or Alternate Investment Funds (AIFs) sponsored by the entities which are associate of the lead manager or [a foreign portfolio investor other than individuals, corporate bodies and family offices][469]sponsored by the entities which are associate of the lead manager) nor (ii) any person related to the promoter/promoter group/ shall apply under the Anchor Investors category.

[468] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 1.4.2022 for issues opening on or after 1.4.2022. Prior to the substitution, the sub-clause read as follows:

"There shall be a lock-in of 30 days on the shares allotted to the anchor investors from the date of allotment."

Vide SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022, for public issues of a size equal to or more than ₹10,000 crore and opening on or after April 1, 2022, the amendment has been made effective from 1.7.2022.

[469] Substituted by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2019 w.e.f.23.09.2019. Prior to its substitution, it read as "FPIs other than Category III".

Explanation: For the purpose of clause (k) above, a qualified institutional buyer who has any of the following rights shall be deemed to be a person related to the promoters or promoter group of the issuer:

(I) rights under a shareholders' agreement or voting agreement entered into with promoters or promoter group of the issuer;

(II) veto rights; or

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

Further, for the purposes of this regulation, an anchor investor shall be deemed to be an "associate of the lead manager" 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 anchor investor and the lead manager.

l) Applications made by a qualified institutional buyer under the anchor investor category and under the non anchor Investor category shall not be considered as multiple applications.

(11) **Margin money**

(a) The entire application money shall be payable as margin money by all the applicants.

(b) 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.

(12) **Bidding process**

(a) The bidding process shall only be through an electronically linked transparent bidding facility provided by the stock exchange (s).

(b) The lead manager(s) shall ensure the availability of adequate infrastructure with the syndicate member(s) for data entry of the bids in a timely manner.

(c) At each of the bidding centres, at least one electronically linked computer terminal shall be 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, self-certified syndicate bank(s), registrar and share transfer agents or depository participants, as the case may be, to place their bids.

(e) Every stock broker, self-certified syndicate bank, registrar and share transfer agent and depository participant shall accept applications supported by blocked amount.

(f) The qualified institutional buyers shall place their bids only through the stock broker(s) who shall have the right to vet the bids;

(g) At the end of each day of the bidding period, the demand, shall be shown graphically on the bidding terminals of the syndicate member(s) and websites of the stock exchanges for information of the public (details in relation to allocation made to anchor investors shall also be disclosed).

(h) The retail individual investors may either withdraw or revise their bids until the closure of the issue.

(i) The qualified institutional buyers and the non-institutional investors shall not be permitted to withdraw or lower the size of their bids at any stage of the issue.

(m) The issuer may decide to close the bidding by the qualified institutional buyers one day prior to the closure of the issue, subject to the following conditions:

(i) the bidding period shall be minimum of three days for all categories of applicants;

(ii) necessary disclosures are made in the red herring prospectus regarding the issuer's intent to close the bidding by the qualified institutional buyers one day prior to the closure of the issue.

(n) The names of the qualified institutional buyers making the bids shall not be made public.

(o) The retail individual investors may bid at the "cut off" price instead of a specific bid price.

(p) The stock exchanges shall continue to display on their website, the book building data in a uniform format, *inter alia*, giving category-wise details of the bids received, for a period of at least three days after the closure of the issue. 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 the lead manager(s), determine the final issue price based on the bids received, and on determination of the same, the number of specified securities to be offered or issue size shall be determined.

(b) Once the final issue price is determined, all bidders whose bids have been at and above the final price shall be considered for allotment of specified securities.

(14) **Filing of prospectus with the Registrar of Companies**

A copy of the prospectus, which shall include the price and the number of specified securities, shall be filed by the issuer with the Registrar of Companies.

(15) **Manner of allotment/ allocation**

(a) The issuer shall make allotments only if the minimum subscription has been received.

(b) The allotment/allocation to qualified institutional buyers [470]*[***]*, other than the anchor investors, shall be made on a proportionate basis as illustrated in this Schedule. The allotment to retail individual investors [471][, *non-institutional investors]* and allotment to employees shall be made in accordance with applicable provisions of these regulations.

(c) In case of under-subscription in any category, the undersubscribed portion in that category shall be allocated to such bidders as described in the red herring prospectus;

Provided that the unsubscribed portion in the qualified institutional buyer category shall not be available for subscription to other categories in the case of issues made under sub-regulation (2) of regulation 6 of these regulations.

(16) **Maintenance of records**

(a) The final book of the demand showing the result of the allocation process shall be maintained by the lead manager and the registrar to the issue.

(b) The lead manager(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.

(17) **Applicability to Fast Track Issues**

[470] The words and symbol "and non-institutional investors" omitted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 1.4.2022 for issues opening on or after 1.4.2022. Vide SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022, for public issues of a size equal to or more than ₹10,000 crore and opening on or after April 1, 2022, the amendment has been made effective from 1.7.2022.

[471] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 1.4.2022 for issues opening on or after 1.4.2022. Vide SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022, for public issues of a size equal to or more than ₹10,000 crore and opening on or after April 1, 2022, the amendment has been made effective from 1.7.2022.

Unless the context otherwise requires, in relation to the fast track issues, all references in this Schedule to 'draft prospectus' shall be deemed to have been made to the 'red herring prospectus'.

Part B - Format of bid data displayed on stock exchange

<NAME OF THE ISSUER> - BID DETAILS

The total demand shall be aggregated by all the stock exchanges on an hourly basis and be displayed on their websites

(1) **Details of Allocation to the Anchor Investors**

S. No.	**Name of the Anchor Investor**	**No. of securities available under the Anchor Investor portion**	**Details of Allocation**	
			No. of securities	**No. of securities allocated as a percentage of securities under the Anchor Investor portion**
	AI 1 AI 2			
	Total (a) + (b)			

(2) **Details of Allocation to Investors other than Anchor Investors**

S. No.	**Category of Investor**	**No. of securities offered/ reserved**	**No. of securities bid for/allocated**	**No. of times of the total meant for the category**
1.	QIBs			
(a)	Foreign Portfolio Investors			
	Domestic Financial Institutions (Banks/FIs/Insurance Companies, etc.)			
(b)	Mutual Funds			

S. No.	Category of Investor	No. of securities offered/ reserved	No. of securities bid for/allocated	No. of times of the total meant for the category
(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 the bids position and does not necessarily convey the subscription to the issue.

(3) A statement as to how the multiple bids are accounted for in the data and graph.

(4) The time of each updation.

(5) Additional comments, if any.

Part C - Illustration regarding allotment to qualified institutional buyers other than anchor investors

(1) Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 crore equity shares
2	Portion available to QIBs*	100 crore equity shares

3	Anchor Investor Portion	60 crore equity shares
	of which	
a.	Reservation for Mutual Funds (1/3rd)	20 crore equity shares
b.	Balance for all QIBs including Mutual Funds	40 crore equity shares
4	Portion available to QIBs* other than Anchor Investors [(2) – (3)]	40 crore equity shares
	of which	
a.	Reservation to Mutual Funds (5 per cent.)	2 crore equity shares
b.	Balance for all QIBs including Mutual Funds	38 crore equity shares
5	No. of QIB applicants	10
6	No. of shares applied for	500 crore equity shares

* Where 50 per cent. of the issue size is required to be allotted to QIBs.

(2) Details of QIB Bids

S. No.	Type of QIB bidders	No. of equity 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 Mutual Funds

MF1-MF5: QIB bidders which are Mutual Funds

(3) Details of Allotment to QIB Bidders/Applicants

(No. of equity shares in crores)

Type of QIB bidders	Equity shares bid for	Allocation of 2 crore equity shares to Mutual Funds proportionately (See Note 2)	Allocation of balance 38 crore equity shares to QIBs proportionately (See Note 4)	Aggregate allocation to Mutual Funds
A1	50	0	3.82	3.82
A2	20	0	1.53	1.53
A3	130	0	9.92	9.92
A4	50	0	3.82	3.82
A5	50	0	3.82	3.82
MF1	40	0.4	3.02	3.42
MF2	40	0.4	3.02	3.42
MF3	80	0.8	6.04	6.84
MF4	20	0.2	1.51	1.71
MF5	20	0.2	1.51	1.71
	500	**2.0**	**38.00**	**40.00**

Notes:

(1) The illustration presumes compliance with the provisions of these regulations pertaining to minimum allotment.

(2) Out of 40 crore securities allocated to QIBs, 2 crore equity shares (i.e. 5 per cent.) shall be allocated on a proportionate basis among 5 mutual fund applicants who applied for 200 crore equity shares in the QIB category.

(3) The balance 38 crore equity shares, i.e. 40 – 2 available for the mutual funds, shall be allocated on a proportionate basis among 10 QIB applicants who applied for 500 crore equity shares (including 5 mutual fund applicants who applied for 200 crore equity shares).

(4) The figures at column no. IV are arrived as under:

a. For QIBs other than mutual funds (A1 to A5) = No. of equity shares bid for (i.e. column no. II) X 38 / 498

b. For mutual funds (MF1 to MF5) = {(No. of equity shares bid for (i.e. column no. II) less no. of equity shares allotted (i.e. column no. III)} X 38 / 498

c. The numerator and denominator for arriving at allocation of 38 crore equity shares to the 10 QIBs are reduced by 2 crore equity shares, which have already been allotted to the mutual funds at column. no. III.

Part D - Alternate method of book building

In the case of a further public offering, the issuer may opt for an alternate method of book building, subject to the following:

(a) The issuer shall follow the procedure laid down in Part A of this Schedule except clause (13) and [472][clause 15 (b)] thereof.

(b) The issuer may mention the floor price in the red herring prospectus or announce the floor price at least one working day before opening of the issue in all newspapers in which the pre-issue advertisement was released.

(c) Qualified institutional buyers shall bid only at a price above the floor price.

(d) The bidder who bids at the highest price shall be allotted the number of securities it has bid for, the bidder who has bid at the second highest price shall be allotted the number of securities that it has bid for and so on, until all the specified securities on offer are allotted.

(e) Allotment shall be on a price priority basis for the qualified institutional buyers.

(f) Allotment to the retail individual investors, non-institutional investors and reserved categories of the issuer shall be made on a proportionate basis as illustrated in this Schedule.

(g) Where, however, the number of specified securities bid for at a price are more than the available quantity, the allotment shall be done on a proportionate basis.

(h) Retail individual investors and non-institutional investors shall be allotted specified securities at the floor price.

(i) Employees may be allotted specified securities at a price lower than the floor price;

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

(j) The issuer may decide and disclose in the offer document:

(i) to 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;

(ii) whether a bidder shall be allowed to revise the bid upwards or downwards in terms of price and/or quantity;

(iii) whether a bidder shall be allowed only a single or multiple bids.

[472] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the words "*clause (15) (c*)".

SCHEDULE XIV - ILLUSTRATION EXPLAINING THE PROCEDURE OF ALLOTMENT

[See regulation 47(3), 49(5), 145(5), 192(1)(a), 204(4), 267(3), 143(3) and 268(5)]

Part A - Illustration explaining the procedure of allotment [473][*for retail individual investors*]

Example A.

(1) Total number of specified securities on offer@ ₹ 600 per share: 1 crore specified securities.

(2) Specified securities on offer for retail individual investors' category: 35 lakh specified securities.

(3) The issue is over-all subscribed by 2.5 times, whereas the retail individual investors' category is oversubscribed 4 times.

(4) The issuer has fixed the minimum application/bid size as 20 specified securities (falling within the range of ten thousand to fifteen thousand rupees) and in multiples thereof.

(5) A total of one lakh retail individual investors have applied in the issue, in varying number of bid lots i.e. between 1 – 16 bid lots, based on the maximum application size of up to two lakh rupees.

(6) Out of the one lakh investors, there are five retail individual investors A, B, C, D and E who have applied as follows: A has applied for 320 specified securities. B has applied for 220 specified securities. C has applied for 120 specified securities. D has applied for 60 specified securities and E has applied for 20 specified securities.

(7) As the allotment to a retail individual investor cannot be less than the minimum bid lot, subject to availability of shares, the remaining available shares, if any, shall be allotted on a proportionate basis.

[473] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 1.4.2022 for issues opening on or after 1.4.2022. Vide SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022, for public issues of a size equal to or more than ₹10,000 crore and opening on or after April 1, 2022, the amendment has been made effective from 1.7.2022.

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
1	A	320	20 specified securities (i.e. the minimum bid lot) + 38 specified securities [{35,00,000 - (1,00,000 * 20)} / {140,00,000 - (1,00,000 * 20)}] * 300 (i.e. 320-20)
2	B	220	20 specified securities (i.e. the minimum bid lot) + 25 specified securities [{35,00,000 - (1,00,000 * 20) / {140,00,000 - (1,00,000 * 20)}] * 200 (i.e. 220-20)
3	C	120	20 specified securities (i.e. the minimum bid lot) + 13 specified securities [{35,00,000 - (1,00,000 * 20)} / {(140,00,000 - (1,00,000 * 20)}] * 100 (i.e. 120-20)
4	D	60	20 specified securities (i.e. the minimum bid lot) + 5 specified securities [{(35,00,000 - 1,00,000 * 20)} / {(140,00,000 - (1,00,000 * 20)}] * 40 (i.e. 60-20)
5	E	20	20 specified securities (i.e. the minimum bid lot)

Example B.

(1) Total number of specified securities on offer @ ` 600 per share: 1 crore specified securities.

(2) Specified securities on offer for retail individual investors' category: 35 lakh specified securities.

(3) The issue is overall subscribed by 7 times, whereas the retail individual investors' category is over-subscribed 9.37 times.

(4) The issuer has decided the minimum application/bid size as 20 specified securities (falling within the range of ten thousand to fifteen thousand rupees) and in multiples thereof.

(5) A total of two lakh retail individual investors have applied in the issue, in varying number of bid lots i.e. between 1-16 bid lots, based on the maximum application size of up to two lakh rupees.

(6) As per the allotment procedure, the allotment to retail individual investors shall not be less than the minimum bid lot, subject to availability of shares.

(7) Since the total number of shares on offer to the retail individual investors is 35,00,000 and the minimum bid lot is 20 shares, the maximum number of investors who can be allotted this minimum bid lot should be 1,75,000. In other words, 1,75,000 retail applicants shall get the minimum bid lot and the remaining 25,000 retail applicants will not get any allotment.

The details of the allotment shall be as follows:

No. of lots	**No. of shares at each lot**	**No. of retail investors applying at each lot**	**Total no. of shares applied for at each lot**	**No. of investors who shall receive minimum bid-lot (to be selected by a lottery)**
A	**B**	**C**	**D= (B*C)**	**E**
1	20	10,000	2,00,000	8,750 =(1,75,000/2,00,000)*10,000
2	40	10,000	4,00,000	8,750
3	60	10,000	6,00,000	8,750
4	80	10,000	8,00,000	8,750
5	100	20,000	20,00,000	17,500
6	120	20,000	24,00,000	17,500
7	140	15,000	21,00,000	13,125
8	160	20,000	32,00,000	17,500
9	180	10,000	18,00,000	8,750
10	200	15,000	30,00,000	13,125
11	220	10,000	22,00,000	8,750
12	240	10,000	24,00,000	8,750
13	260	10,000	26,00,000	8,750
14	280	5,000	14,00,000	4,375
15	300	15,000	45,00,000	13,125
16	320	10,000	32,00,000	8,750
Total		**2,00,000**	**328,00,000**	**1,75,000**

Note: For IDRs, the minimum application size shall be twenty thousand rupees.

Part B - 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 ` 900 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 12 – 16 equity shares (in value terms between Rs.10,000- Rs.15,000), as explained hereunder:

Options	**I**	**II**	**III**	**IV**	**V**
Lot Size @ `.900/- per share	12 shares	13 shares	14 shares	15 shares	16 shares
Application / Bid amount for 1 lots	10800	11700	12600	13500	14400
Application / Bid amount for 2 lots	21600	23400	25200	27000	28800
Application / Bid amount for 4 lots	43200	46800	50400	54000	57600
Application / Bid amount for 8 lots	86400	93600	100800	108000	115200
Application / Bid amount for 16 lots	172800	187200	--	--	--
Application / Bid amount for 18 lots	194400	--	--	--	--

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 III), 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.]

[474][Part A1 - Illustration explaining the procedure of allotment for non-institutional investors

Example A.

(1) *Total number of specified securities on offer @₹ 600 per share: 1 crore specified securities.*

(2) *Specified securities on offer for non-institutional investors' category: 15 lakhs specified securities.*

(3) *Out of the total non-institutional investors' category,*

(a) Reserved for applications above two lakhs rupees and up to ten lakhs rupees -i.e., five lakhs of specified securities

(b) Balance for applications above ten lakhs rupees - ten lakhs specified securities

(4) *The issue is over-all subscribed by 2.5 times, whereas the non-institutional investors' category mentioned in 3 (a) above is oversubscribed 4 times and 3(b) is oversubscribed 50 times.*

(5) *The issuer has fixed the minimum lot size as 20 specified securities (falling within the range of ten thousand to fifteen thousand rupees) and in multiples thereof.*

(6) *Therefore, the minimum application size for non-institutional investors' is 340 specified securities (i.e. the application value should be more than two lakh rupees and in multiples of one lot (i.e. 20 specified securities) thereof.*

(7) *A total of five hundred investors have applied in the issue under 3(a) category, in varying number of application size i.e. between 17 to 83 lots (340 to 1660 specified securities), based on the maximum application size of up to ten lakh rupees.*

[474] Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 1.4.2022 for issues opening on or after 1.4.2022. Vide SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2022, for public issues of a size equal to or more than ₹10,000 crore and opening on or after April 1, 2022, the amendment has been made effective from 1.7.2022.

(8) *Out of the five hundred investors, there are five non-institutional investors A, B, C, D and E who have applied as follows: A has applied for 340 specified securities. B has applied for 500 specified securities. C has applied for 1,000 specified securities. D has applied for 1,400 specified securities and E has applied for 1,660 specified securities.*

(9) *As the allotment to a non-institutional investor cannot be less than the minimum application size, subject to availability of shares, the remaining available shares, if any, shall be allotted on a proportionate basis.*

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***
1	*A*	*340*	*340 specified securities (i.e. the minimum applications size)*
2	*B*	*500*	*340 specified securities (i.e. the minimum applications size) + 29 specified securities [{5,00,000 - (500 * 340)} / {20,00,000 - (500 * 340)}] * 160 (i.e. 500-340)*
3	*C*	*1,000*	*340 specified securities (i.e. the minimum lot of Rs 2 Lakhs) + 119 specified securities [{5,00,000 - (500 * 340)} / {20,00,000 - (500* 340)}] * 660 (i.e. 1,000-340)*
4	*D*	*1,400*	*340 specified securities (i.e. the minimum lot of Rs 2 Lakhs) + 191 specified securities [{5,00,000 - (500 * 340)} / {20,00,000 - (500 * 340)}] * 1,060 (i.e. 1,400-340)*
5	*E*	*1,660*	*340 specified securities (i.e. the minimum lot of Rs 2 Lakhs) + 238 specified securities[{5,00,000 - (500 * 340)} / {20,00,000 - (500 * 340)}] * 1,320 (i.e. 1,660-*

			340)

NOTE: For category 3(b), calculation methodology shall be similar to above.

Example B.

(1) *Total number of specified securities on offer @ ₹ 600 per share: 1 crore specified securities.*

(2) *Specified securities on offer for non-institutional investors' category: fifteen lakh specified securities.*

(3) *Out of the total non-institutional investors' category,*

(a) Reserved for applications above two lakhs rupees and up to ten lakhs rupees -i.e., five lakhs of specified securities

(b) Balance for applications above ten lakhs rupees - ten lakhs specified securities

(4) *The issue is overall subscribed by 7 times, whereas the non-institutional investors' category, reserved for applications above two lakh rupees and up to ten lakh rupees -i.e., five lakhs of specified securities is oversubscribed 89.17 times.*

(5) *The issuer has fixed the minimum lot size as 20 specified securities (falling within the range of ten thousand to fifteen thousand rupees) and in multiples thereof.*

(6) *Therefore, the minimum application size for non-institutional investors' is 340 specified securities (i.e. the application value should be more than two lakh rupees and in multiples of one lot (i.e. 20 specified securities) thereof.*

(7) *A total of fifty thousand investors have applied in the issue under 3(a) category, in varying number of application sizes i.e. between 17 – 83 lots (340 to 1660 specified securities), based on the maximum application size of up to ten lakh rupees.*

(8) *As per the allotment procedure, the allotment to non-institutional investors shall not be less than the minimum application size, subject to availability of shares.*

(9) *Since the total number of specified securities on offer to the non-institutional investors' applications under 3(a) is 5,00,000 and the minimum application size is 340 specified securities, the maximum number of non-institutional investors' who can be allotted this minimum application size should be 1,471. In other words, 1,471 applicants shall get the minimum application size and the remaining 48,529 applicants will not get any allotment.*

The details of the allotment shall be as follows:

No. of lots	***No. of shares at each lot***	***No. of investors applying at each lot***	***Total no. of shares applied for at each lot***	***No. of investors who shall receive lots according to minimum application size (to be selected by a lottery)***
A	***B***	***C***	***D= (B*C)***	***E***
17	*340*	*2,500*	*8,50,000*	*74= (1,471/50,000) *2,500*
18	*360*	*1,000*	*3,60,000*	*29*
19	*380*	*1,000*	*3,80,000*	*29*
20	*400*	*1,000*	*4,00,000*	*29*
21	*420*	*1,000*	*4,20,000*	*29*
22	*440*	*1,000*	*4,40,000*	*29*
23	*460*	*1,000*	*4,60,000*	*29*
24	*480*	*500*	*2,40,000*	*15*
25	*500*	*500*	*2,50,000*	*15*
26	*520*	*500*	*2,60,000*	*15*
27	*540*	*500*	*2,70,000*	*15*
28	*560*	*1,000*	*5,60,000*	*29*
29	*580*	*1,000*	*5,80,000*	*29*
30	*600*	*500*	*3,00,000*	*15*
31	*620*	*1,000*	*6,20,000*	*29*
32	*640*	*1,000*	*6,40,000*	*29*
33	*660*	*1,000*	*6,60,000*	*29*
34	*680*	*1,000*	*6,80,000*	*29*
35	*700*	*1,000*	*7,00,000*	*29*
36	*720*	*500*	*3,60,000*	*15*

37	*740*	*1,000*	*7,40,000*	*29*
38	*760*	*1,000*	*7,60,000*	*29*
39	*780*	*1,000*	*7,80,000*	*29*
40	*800*	*1,000*	*8,00,000*	*29*
41	*820*	*1,000*	*8,20,000*	*29*
42	*840*	*1,000*	*8,40,000*	*29*
43	*860*	*500*	*4,30,000*	*15*
44	*880*	*1,000*	*8,80,000*	*29*
45	*900*	*1,000*	*9,00,000*	*29*
46	*920*	*1,000*	*9,20,000*	*29*
47	*940*	*1,000*	*9,40,000*	*29*
48	*960*	*1,000*	*9,60,000*	*29*
49	*980*	*1,000*	*9,80,000*	*29*
50	*1000*	*1,000*	*10,00,000*	*29*
51	*1020*	*1,000*	*10,20,000*	*29*
52	*1040*	*1,000*	*10,40,000*	*29*
53	*1060*	*1,000*	*10,60,000*	*29*
54	*1080*	*500*	*5,40,000*	*15*
55	*1100*	*500*	*5,50,000*	*15*
56	*1120*	*500*	*5,60,000*	*15*
57	*1140*	*500*	*5,70,000*	*15*
58	*1160*	*500*	*5,80,000*	*15*
59	*1180*	*500*	*5,90,000*	*15*
60	*1200*	*500*	*6,00,000*	*15*
61	*1220*	*500*	*6,10,000*	*15*
62	*1240*	*500*	*6,20,000*	*15*
63	*1260*	*500*	*6,30,000*	*15*
64	*1280*	*500*	*6,40,000*	*15*
65	*1300*	*500*	*6,50,000*	*15*
66	*1320*	*500*	*6,60,000*	*15*
67	*1340*	*500*	*6,70,000*	*15*
68	*1360*	*500*	*6,80,000*	*15*
69	*1380*	*500*	*6,90,000*	*15*
70	*1400*	*500*	*7,00,000*	*15*

71	*1420*	*500*	*7,10,000*	*15*
72	*1440*	*500*	*7,20,000*	*15*
73	*1460*	*500*	*7,30,000*	*15*
74	*1480*	*500*	*7,40,000*	*15*
75	*1500*	*500*	*7,50,000*	*15*
76	*1520*	*500*	*7,60,000*	*15*
77	*1540*	*500*	*7,70,000*	*15*
78	*1560*	*500*	*7,80,000*	*15*
79	*1580*	*500*	*7,90,000*	*15*
80	*1600*	*500*	*8,00,000*	*15*
81	*1620*	*500*	*8,10,000*	*15*
82	*1640*	*500*	*8,20,000*	*15*
83	*1660*	*500*	*8,30,000*	*15*
TOTAL		***50,000***	***4,48,50,000***	***1,471***

NOTE: For applications under category 3(b), calculation methodology shall be similar to above.]

SCHEDULE XV - FORMAT OF REPORT FOR GREEN SHOE OPTION

[See regulation 57(10), 153(10) and 279(10)]

(1) Name of the issuer:

(2) Name of the Stabilising Agent (Registration No. as a merchant banker with SEBI):

(3) Issue size (No. of securities):

(4) Issue opened on:

(5) Issue closed on:

(6) Over-allotment in the issue (per cent):

(7) Date of commencement of trading:

(8) Amount in the ‘Green Shoe Option Bank Account’ (in rupees):

(9) Name of the promoter and number of the shares borrowed:

(10) Date on which the stabilisation period ended:

(11) Number of shares bought during the stabilization period:

(12) Date on which the issuer allotted further shares to the extent of the 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:

SCHEDULE XVI - NATURE OF CHANGES IN THE OFFER DOCUMENT REQUIRING FILING OF UPDATED OFFER DOCUMENT

[See regulation 25(6) [475]{59E (3)}, 71(6), 123(6) and 186(5)]

(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 any of the following, the issuer shall file fresh draft offer document with the Board in terms of applicable provisions of these regulations, along with the fees as specified [476][Schedule III]:

(a) Change in promoter 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.

[475] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.

[476] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the word and symbol "*Schedule IV*".

(d) Any addition to objects of the issue resulting in an increase in the estimated issue size or estimated means of finance by more than twenty per cent.

(e) If there are grounds to believe that there is an exacerbation of risk on account of deletion of an object resulting in a decrease in issue size by more than twenty per cent

(f) [477][Any Increase or Decrease:

(i) **In case of a fresh issue**: any increase or decrease in estimated issue size by more than twenty per cent. of the estimated issue size; or

(ii) **In case of an offer for sale**: any increase or decrease in either the number of shares offered for sale or the estimated issue size, by more than fifty per cent.; or

(iii) **In case of an issue comprising of both fresh issue and offer for sale**: the respective limits as above shall apply.]

(g) Any increase in estimated deployment in any of the objects of the issue by more than twenty per cent.

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, 2018 and the lead manager(s) or issuer do not intend to seek relaxation under regulation 303 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 any of the following, the issuer shall file an updated offer document with the Board , along with payment of fees as specified in [478][Schedule III]

(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 per cent. or more in the shareholding of the promoter or promoter group or an aggregate increase of 5 per cent. or more in the shareholding of the top ten shareholders.

[477] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2018 w-e-f- 31.12.2018. Prior to its substitution, sub-clause (f) read as follows,-

"(f) Any increase or decrease in estimated issue size by more than twenty per cent."

[478] Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 w.e.f. 14.1.2022 for the word and symbol "*Schedule IV*".

(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 more than 10 per cent. and not exceeding 20 per cent.

(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 and/ or extraordinary items in excess of 10 per cent. over the last updated financials included in the draft offer document.

(vii) **Section 7: Legal and other information:** Any new litigation or any development about a pending litigation which is considered material by the lead manager(s).

(a) After filing the updated offer document with the Board, the issuer may proceed with the issue after receiving a confirmation to this effect from the Board.

(3) **Changes which require filing of the updated offer document with the Board, without fees:**

All other changes or updations in the offer document which are not covered under paras (1) and (2) above shall be carried out in the offer document and the updated offer document shall be filed with the Board, without any fees.

[479][SCHEDULE XVI-A - NATURE OF CHANGES IN THE OFFER DOCUMENT REQUIRING FILING OF UPDATED OFFER DOCUMENT

[See regulation 59E (2)]

(1) Changes which require fresh filing of the pre-filed draft offer document or draft offer document with the Board, along with fees:

(a) If changes are made in the pre-filed draft offer document after receipt of observations or comments from the Board with respect to any of the following, the issuer shall file the fresh pre-filed draft offer document or draft offer document with the Board in terms of the applicable provisions of these regulations, along with the fees as specified in Schedule III:

[479] Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w-e-f 21.11.2022.

(i) Change in the promoter of the issuer.

(ii) Change in more than half of the board of directors of the issuer.

(iii) Change in the main objects clause of the issuer.

(iv) Any addition to the objects of the issue resulting in an increase in the estimated issue size or estimated means of finance by more than fifty per cent.

(v) If there are grounds to believe that there is an exacerbation of risk on account of deletion of an object resulting in a decrease in issue size by more than fifty per cent.

(vi) In case of a fresh issue, any increase or decrease in the estimated issue size by more than fifty percent.

(vii) In case of an offer for sale, any increase or decrease in the number of shares offered for sale or the estimated issue size, by more than fifty percent.

(viii) In case of an issue comprising of both fresh issue and offer for sale, any increase or decrease in the respective limits as specified in clause (vi) and clause (vii).

(ix) Any increase in estimated deployment in any of the objects of the issue by more than twenty per cent.

(b) 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, 2018 and the lead manager(s) or issuer do not intend to seek relaxation under regulation 303 of the said regulations.

(2) Changes which require filing of the updated pre-filed offer document with the Board, along with fees:

(a) If changes are made in the pre-filed offer document with respect to any of the following, the issuer shall file an updated offer document with the Board, along with payment of fees as specified in Schedule III:

(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 percent or more in the shareholding of the promoter or promoter group or an aggregate increase of 5 per cent. 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 more than 10 percent and not exceeding 20 per cent.

(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 and/ or extraordinary items in excess of 10 percent over the last updated financials included in the draft offer document.

(vii) **Section 7:** Legal and other information: Any new litigation or any development about a pending litigation which is considered material by the lead manager(s).

(b) After filing the updated offer document with the Board, the issuer may proceed with the issue after receiving a confirmation to this effect from the Board.

(3) Changes which require filing of the updated offer document with the Board, without fees:

All other changes or updations in the pre-filed offer document which are not covered under paras (1) and (2) above shall be carried out in the offer document and the updated offer document shall be filed with the Board without any fees.]

SCHEDULE XVII - FORMATS OF POST-ISSUE REPORTS

Part A - Format of final post-issue report for a public issue

[See regulations 55, 151, 210 and 273]

Subscription Status: (Subscribed / Undersubscribed)

Note:

The lead manager(s) shall provide correct information after verifying it from the issuer and the registrar to the issue.

(I) **IN CASE OF A 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 specified securities (equity shares/fully convertible debentures/partly convertible debentures, etc.) :
- (b) Offer price per instrument :
- (c) Amount per instrument on application :

(d) Issue size (` lakhs) :

(5) Number of collecting banks :

(Also specify number of bank branches)

(6) Bank-wise names of branches which did not submit final consolidated certificates on the date of closure of the issue and the dates when they actually submitted the same :

(7) Subscription Details:

(a) Public Offer (Net) (including unsubscribed portion of the reserved category added back to the net public offer)

(i) No. of applications received :

(ii) No. of instruments applied for :

(iii) Amount of subscription received (` lakhs) :

(iv) No. of times issue subscribed :

(b) Information relating to reserved categories

Reservations	No. of applications	No. of instruments	Amount
Employees			
Others			
(Specify)			

(8) Date of finalisation of the Basis of Allotment (enclose copy of Basis of Allotment) :

(9) Allotment Details:

(a) No. of successful allottees per 1 lakh shares :

(b) No. of unsuccessful allottees :

(1) Date of completion of:

(a) Unblocking instructions :

(b) Certificates/Allotment Letters :

(c) Reasons for delay, if any : :

(2) Amount of refund due : `

(3) Name and address of the Refund Banker :

(4) Date of transfer of refund amount to the Refund Banker, if any :

(5) Name of the Designated Stock Exchange :

(6) Names of other stock exchanges where listing sought :

(7) Dates on which application was filed with each stock exchange for listing :

(8) Dates on which listing and trading permission was given by each stock exchange (enclose copies of permission letters of the stock exchanges) :

(9) Reasons for delay in listing, if any :

(II) **IN CASE OF UNDER SUBSCRIBED ISSUE:**

(1) If the issue is underwritten, the amount of issue underwritten :

(2) Extent of under-subscription on the date of closure of the issue

(a) Percentage :

(b) Amount :

(3) Total number of underwriters :

(4) If the devolvement notices had not been issued, how was the shortfall met :

(5) Number of underwriters to whom devolvement notices had been issued :

(6) Date of issue of devolvement notices :

(7) Number of underwriters who did not honour the devolvement (Names, amount underwritten and reasons for not honouring) :

(8) In case of default by the underwriters, how was the shortfall was met :

(9) In case QIBs have subscribed to make up the shortfall, not as an underwriter :

(a) Names of the QIBs :

(b) Number 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 unblocking or demat credits are pending.

Certified that the specified securities to be locked-in are duly inscribed with the words "specified securities cannot be hypothecated / transferred / sold till ....." or necessary instructions to this effect have been sent to the depositories.

Signed by

Registrars to the issue **Issuer** **Lead manager(s)**

Place:

Date:

Part B - Format of initial post-issue report for a rights issue

[See regulation 96(a)]

Subscription Status: (Subscribed / Undersubscribed)

Note: The lead manager(s) shall provide 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 of the letter of offer with the stock exchanges :

(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) Amount per instrument on application :
- (e) Issue size (` lakhs) :

(6) Record date :

(7) Provisional subscription details of the issue :

- (a) Total amount that was to be collected on application (` lakhs) :
- (b) Actual amount collected on application (` lakhs) :
- (c) Per cent. subscribed i.e. per cent. of (ii) to (i) :
- (d) Whether 90 per cent. minimum subscription collected : Yes/ No

Signed by

Registrars to the issue **Issuer** **Lead manager(s)**

Place:

Date:

Part C - Format of final post-issue report for a rights issue

[See regulations 96(b)]

Subscription Status: (Subscribed / Undersubscribed)

Notes:

The lead manager(s) shall provide correct information after verifying it from the issuer and the registrar to the issue.

(A) **IN CASE OF A SUBSCRIBED ISSUE:**

(1) Name of the issuer

(2) Issue opening date

(3) Actual issue closing date

(4) Issue details (as per the letter of offer)

- (a) Basis of offer
- (b) Nature of the instrument
- (c) Offer price per instrument
- (d) Amount per instrument on application
- (e) Issue size (` lakhs)

(5) 3-Day Report

(a) Due on

(b) Submitted on

(6) Number of collecting banks (also specify number of bank branches)

(7) Bank-wise names of branches which did not submit the final consolidated certificate on the date of closure of the issue and the dates when they actually submitted the same

(8) Details of subscription

a) Percentage of rights issue taken up by

(i) Promoters

(ii)Other Shareholders

b) Percentage of rights issue renounced by

(i) Promoters

(ii) Other Shareholders

c) Percentage of rights issue taken by shareholders/ renounces

d) Percentage of rights issue for suitable allotment at the disposal of the Board

e) Out of the unsubscribed portion, as in above, taken by

(i) Promoters

(ii) Other Shareholders

(9)	Promoters' shareholding	No. of shares	Percentage
	f) Prior to the issue		
	g) On expanded capital after the issue		

(10) Date of finalisation of allotment (enclose copy of the Basis of Allotment)

(a) Name and address of the Refund Banker

(b) Amount of refund due

(c) Date of transfer of refund amount to the Refund Banker, if any

(11) Dates of

(a) Unblocking instructions

(b) Demat credits

(c) Reasons for delay, if any

(12) Name of the Designated Stock Exchange

(13) Names of the other stock exchanges where listing sought

(14) 15th day from the date of closure of the issue

(15) Dates on which application was filed with each stock exchange for listing of instruments

(16) Dates on which listing and trading permission was given by each stock exchange (enclose copies of permission letters of the stock exchanges)

(17) Reason for delay in listing, if any

(B) **IN CASE OF UNDER-SUBSCRIBED ISSUE:**

(1) Name of the issuer

(2) Extent of under-subscription on the date of closure of the issue

a) Percentage

b) Amount

(3) Details of standby assistance, if any

a) Number of underwriters

b) Number of underwriters who did not honour the devolvement (Names, amount underwritten and reasons for not honouring)

(4) In case QIBs have subscribed to make up the shortfall, not as an underwriter

a) Names of the QIBs

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 unblocking/ demat credit are pending.

Certified that the specified securities to be locked-in are duly inscribed with the words "specified securities cannot be hypothecated / transferred / sold till .....” or necessary instructions to this effect have been sent to the depositories.

Signed by

Registrars to the issue **Issuer** **Lead manager(s)**

Place:

Date:

SCHEDULE XVIII - FORMAT OF UNDERWRITING DEVOLVEMENT STATEMENT

[See regulation 52(7), 93(7), 148(7), 202(4), 207(7) and 271(7)]

(1) Name of the lead manager(s) :

(2) Name of the issuer :

(3) Issue size :

(4) 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

SCHEDULE XIX - LISTING OF SECURITIES ON STOCK EXCHANGES

[See regulation 7(1)(a), 62(1)(a), 104(1)(a) and 183(3)(a)]

In-principle approval of recognised stock exchange(s)

(1) The issuer shall obtain an in-principle approval from the recognised stock exchange as follows:

a) in case of an initial public offer or an issue of Indian Depository Receipts (hereinafter referred to as 'IDRs'), from all the recognised stock exchange(s) on which the issuer, proposes to get its specified securities or IDRs, as the case may be, listed; and

b) in case of other issues, before issuance of further securities, as follows:

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

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

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

Application for listing

(1) The issuer shall complete the pre-listing formalities within the timelines specified by the Board.

(2) The issuer shall make an application for listing, from the date of allotment, within such period as may be specified by the Board from time to time, to one or more recognized stock exchange(s).

(3) In the event of failure to make an application for listing by the issuer within the time stipulated in (2) above, or non-receipt of the listing permission by the issuer from the stock exchange(s) or withdrawal of the Observation Letter issued by the Board, wherever applicable, the securities shall not be eligible for listing and the issuer shall be liable to refund the subscription monies, if any, to the respective allottees immediately, along with penal interest for each day of delay at the rate of fifteen per cent. per annum from the date of allotment.

Listing agreement

Every issuer desirous of listing its securities on a stock exchange shall execute a listing agreement with such a stock exchange in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Obligation of stock exchange(s)

The stock exchange(s) shall grant an in-principle approval or list the securities or reject the application for the in-principle approval or listing by the issuer within thirty days from the later of the following dates:

(a) the date of receipt of application for in-principle approval or listing from issuer;

(b) the date of receipt of satisfactory reply from the issuer in cases where the stock exchange(s) has sought any clarification from it.

SCHEDULE XX - CONDITIONS/ MANNER OF PROVIDING EXIT OPPORTUNITY TO DISSENTING SHAREHOLDERS

[See regulation 59 and 157]

Applicability

(1) The provisions of this Chapter shall apply to an exit offer made by the promoters or shareholders in control of an issuer to the dissenting shareholders in terms of section 13(8) and

section 27(2) of the Companies Act, 2013, in case of change in objects or variation in the terms of contract referred to in the offer document.

(2) The provisions of this Chapter shall not apply where there are neither identifiable promoters nor shareholders in control of the listed issuer.

Definitions

For the purpose of this Schedule:

(a) "dissenting shareholders" means those shareholders who have voted against the resolution for change in objects or variation in terms of a contract relating to objects, referred to in the offer document of the issuer;

(b) "frequently traded shares" shall have the same meaning as assigned to it in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(c) "relevant date" means date of the board meeting in which the proposal for change in objects or variation in terms of a contract relating to objects, referred to in the offer document is approved, before seeking shareholders' approval.

Conditions for exit offer

The promoter or the shareholders in control, as the case may be, shall make an exit offer in accordance with the provisions of this Chapter, to the dissenting shareholders, in cases only if a public issue has opened after April 1, 2014; if,

(a) the proposal for change in objects or variation in terms of a contract, referred to in the offer document is dissented by at least ten per cent. of the shareholders who voted in the general meeting; and

(b) the amount to be utilized for the objects for which the offer document was issued is less than seventy five per cent. of the amount raised (including the amount earmarked for general corporate purposes as disclosed in the offer document).

Eligibility of shareholders for availing the exit offer

Only those dissenting shareholders of the issuer who are holding shares as on the relevant date shall be eligible to avail the exit offer.

Exit price

The 'exit price' payable to the dissenting shareholders shall be the highest of the following:

(a) the volume-weighted average price paid or payable for acquisitions, whether by the promoters or by any person acting in concert with them, during the fifty-two weeks immediately preceding the relevant date;

(b) the highest price paid or payable for any acquisition, whether by the promoter or by any person acting in concert with them, during the twenty-six weeks immediately preceding the relevant date;

(c) the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the relevant date as traded on the stock exchange where the maximum volume of trading in the shares of the issuer are recorded during such period, provided such shares are frequently traded;

(d) where the shares are not frequently traded, the price determined by the promoter or shareholders having control and the lead manager(s) taking into account valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such issuers.

Manner of providing exit to dissenting shareholders.

(1) The notice proposing the passing of special resolution for changing the objects of the issue and varying the terms of contract relating to objects, referred to in the offer document, shall also contain information about the provision for an exit offer to the dissenting shareholders.

(2) A statement to the effect that the promoter/shareholders in control shall provide an exit opportunity to the dissenting shareholders shall be included in the explanatory statement to the notice for passing special resolution.

(3) After passing of the special resolution, the issuer shall submit the voting results to the stock exchange(s), in terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(4) The issuer shall also submit the list of dissenting shareholders, as certified by its compliance officer, to the stock exchange(s).

(5) The promoter /shareholders in control, as the case may be, shall appoint a merchant banker registered with the Board and finalize the exit offer price in accordance with these regulations.

(6) The issuer shall intimate the stock exchange(s) about the exit offer to dissenting shareholders and the price at which such offer is being given.

(7) The stock exchange(s) shall, on receipt of such intimation, disseminate the same the public within one working day.

(8) To ensure security for performance of their obligations, the promoter or shareholders in control, as the case may be,, shall create an escrow account which may be interest-bearing and

deposit the aggregate consideration in the escrow account at least two working days prior to opening of the tendering period.

(9) The tendering period shall start not later than seven working days from the passing of the special resolution and shall remain open for ten working days.

(10) The dissenting shareholders who have tendered their shares in acceptance of the exit offer shall have the option to withdraw such acceptance till the date of closure of the tendering period.

(11) The promoter /shareholders in control, as the case may be, shall facilitate tendering of shares by the shareholders and settlement of the same through the stock exchange mechanism as specified by SEBI for the purpose of takeover, buy-back and delisting.

(12) The promoter /shareholders in control, as the case may be, shall, within a period of ten working days from the last date of the tendering period, make payment of the consideration to the dissenting shareholders who have accepted the exit offer.

(13) Within a period of two working days from the payment of the consideration, the issuer shall furnish to the stock exchange(s), disclosures giving details of aggregate number of shares tendered, accepted, payment of the consideration and the post-offer shareholding pattern of the issuer and a report by the lead manager(s) that the payment has been duly made to all the dissenting shareholders whose shares have been accepted in the exit offer.

Offer not to exceed maximum permissible non-public shareholding.

In the event the shares accepted in the exit offer were such that the shareholding of the promoters or shareholders in control, taken together with persons acting in concert with them pursuant to completion of the exit offer, results in their shareholding exceeding the maximum permissible non-public shareholding, the promoters or shareholders in control, as applicable, shall be required to bring down the non-public shareholding to the level specified and within the time permitted under Securities Contract (Regulation) Rules, 1957.

Sd/-

AJAY TYAGI

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA