

**DEPUTY GENERAL MANAGER
CORPORATION FINANCE DEPARTMENT
DIVISION OF ISSUES AND LISTING**

SEBI/CFD/DIL/DIP/14/ 2005/25/1
January 25, 2005

To All Registered Merchant Bankers

Dear Sirs,

Sub.: Amendments to the SEBI (Disclosure and Investor Protection) {DIP} Guidelines, 2000

- 1.0 SEBI, under the provision of Section 11(1) of SEBI Act, 1992 is hereby issuing amendments to SEBI (DIP) Guidelines, 2000 (hereinafter referred as "the guidelines").The amendments are **detailed in Annexure I** and are summarized under the following broad categories:
 - 1.1 **Order of presentation of disclosures in prospectus**
 - 1.1.1 At present, the guidelines provide for the disclosure requirements. However, there is no mention of order in which such disclosures should appear in the prospectus. The prospectuses in general do not follow a uniform pattern of presentation of disclosures and contain lot of repetitions.
 - 1.1.2 In order to address the aforesaid issue, SEBI has decided to amend Section I of Chapter VI of the guidelines. Clauses of Section I have been rearranged in the same order in which disclosures should appear in the prospectus. All the disclosure requirements specified under Schedule II of the Companies Act, 1956 have been retained either under the same heading or under new headings. Few requirements / sections have been added to make the prospectus more effective like summary, table of contents, industry review, etc. Repetitive disclosures are to be avoided by giving cross references to the extent possible. An annexure indicating order of presentation of disclosures in the prospectus has been inserted in the guidelines for easy understanding.
 - 1.1.3 The standard order of presentation is not intended to reduce the flexibility to the issuer to include other disclosures not mentioned in the guidelines. Issuers are free to make additional disclosures, so long as they are not inconsistent with the guidelines. Further, the said disclosures should be, to the extent possible, within the broad headings as specified in Section I of Chapter VI of the guidelines.

1.2 Requirements pertaining to abridged prospectus

- 1.2.1 At present, Section II of Chapter VI of the guidelines lays down the disclosure requirements in the abridged prospectus.
- 1.2.2 In order to achieve the objective of making the abridged prospectus more readable, the guidelines have been amended vide this circular. The amendments include increasing the readability / visual impact of the contents of the abridged prospectus, deleting the repetitive disclosures, etc. The sequence of items followed shall be the same as appearing in the prospectus. The disclosures in abridged prospectus are as per Form 2A of the Companies Act, 1956, supplemented by such information as is considered most relevant for the prospective retail investors.

1.3 Requirements pertaining to issue advertisements

- 1.3.1 At present, Clause 11.3.1 (XI) of the guidelines, pertaining to book built issues, requires an issuer to publish an advertisement in newspaper, containing the features as specified in Form 2A of the Companies Act, 1956.
- 1.3.2 The pre-issue advertisement plays an important role in creating awareness about the issue. However, the cost involved in publishing the entire Form 2A, i.e., abridged prospectus in the newspaper was reported to be too high. In view of this and also in view of the fact that abridged prospectuses are available to investors along with the application form, the guidelines have been amended vide this circular. Pre-issue advertisement has been made mandatory for all public issues (fixed or book built). The issue advertisements (pre-issue advertisements, issue opening or closing advertisements) shall contain the minimum details prescribed in the formats specified in the guidelines. The issue advertisements like issue closing or opening advertisement, would continue to be optional.
- 1.3.3 The issuer company has an option of including additional disclosures in these advertisements so long as they are not inconsistent with the guidelines and subject to the same being in compliance with the principles and code of advertisements laid down in Chapter IX of the guidelines.
- 1.3.4 Any Bill Board Advertisement in regard to an issue shall not contain information other than as stipulated in the formats specified in the guidelines.

1.4 **Removal of restrictions on appointment of co-managers, advisors, etc.**

1.4.1 Clause 5.4.2.1 of the guidelines restricts the number of co-managers and advisors which can be appointed in an issue. The same has been removed vide this circular. Disclosure(s) pertaining to issue expenses have been enhanced.

2.0 **Applicability**

2.1 The amendments stated in **(1.1) and (1.2)** above are applicable to all those issues where draft offer documents are filed on or after 30 days from the date of this circular i.e with effect from **February 25, 2005**.

2.2 The amendments stated at (1.3) and (1.4) are applicable to all those issues where observations are issued by SEBI **on or after the date of this circular**.

3.0 You are directed to ensure compliance with the provisions of SEBI (DIP) Guidelines, 2000 and the amendments thereof.

4.0 This circular, along with the annexure, is available on SEBI website at www.sebi.gov.in. Full text of the [guidelines](#), including the amendments issued vide this circular, is also available on SEBI website under Primary Market Section.

Yours faithfully,

Neelam Bhardwaj

Encl.: a/a

ANNEXURE - I

AMENDMENTS TO THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000

PRE-ISSUE OBLIGATIONS CHAPTER V – PRE-ISSUE OBLIGATIONS

1. Clause 5.4.2.1 shall be deleted.
2. ***After clause 5.6.3, the following clause shall be inserted, namely:***

“5.6A Pre-issue advertisement

5.6A.1 Subject to section 66 of the Companies Act, 1956, the issuer company shall soon after receiving final observations, if any, on the offer document from the Board, make an advertisement in an English National Daily with wide circulation, one Hindi National newspaper and a regional language newspaper with wide circulation at the place where the registered office of the issuer is situate, which shall be in the format and contain the minimum disclosures as given in Part A of Schedule XX-A both in case of fixed price issues as well as book built issues.”

CHAPTER VI – CONTENTS OF OFFER DOCUMENT

3. ***Section I of Chapter VI (clauses 6.0 to 6.19.15) shall be substituted with the following, namely:***

“SECTION I - CONTENTS OF THE PROSPECTUS

- 6.1 In addition to the disclosures specified in Schedule II of the Companies Act, 1956, the prospectus shall contain the following:
- 6.2 The prospectus shall contain all material information which shall be true and adequate so as to enable the investors to make informed decision on the investments in the issue.
- 6.3 The prospectus shall also contain the information and statements specified in this chapter and shall as far as possible follow the order in which the requirements are listed in this chapter and summarised in **Schedule VIIA.**

6.4.1 The cover page paper shall be of adequate thickness (preferably minimum 100 gcm. quality).

6.4.2 **Front Cover Pages**

6.4.2.1 The front outside and inside cover pages of the prospectus shall be white and no patterns or pictures shall be printed on these pages.

6.4.2.2 The front outside cover page of the prospectus shall contain the following details only:

(a) **Issue Details**

- (i) The word "Prospectus".
- (ii) The name of the issuer company, its logo, its previous name if any, the address of its registered office, along with its telephone number, fax number, contact person, website address and e-mail address.
- (iii) The nature, number, price and amount of the instruments offered and the issue size, as may be applicable.
- (iv) The following clause on 'Risks in relation to the first issue' (wherever applicable) shall be incorporated in a box format in case of a initial public issue:

"This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is (- ---) and the issue price/ floor price/ price band is 'X-times' of the face value. The issue price/ floor price/ price band (has been determined and justified by the Lead Merchant Banker and the issuer company as stated under Justification of Premium paragraph - in case of premium issue) should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the company nor regarding the price at which the equity shares will be traded after listing."

- (v) The following clause on general risk shall be incorporated:

"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 Securities and

Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document."

Specific attention of investors shall be invited to the statement of 'Risk factors' by indicating their page number(s) in the 'General Risks'.

- (vi) The following clause on 'Issuer's Absolute Responsibility' clause shall be incorporated as under:

"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."

- (vii) The names, logos and addresses of all the Lead Merchant Bankers with their titles who file the prospectus with the Board, along with their telephone numbers, fax numbers, website addresses and e-mail addresses.

- (viii) The name, logo and address of the Registrar to the Issue, along with its telephone number, fax number, website address and e-mail address.

- (ix) Issue Schedule:

- a. Date of opening of the issue.
- b. Date of closing of the issue.
- c. Date of earliest closing of the issue.

- (x) Credit Rating, if applicable

- (xi) Name/s of the stock exchanges where listing of the securities is proposed (and the details of in-principle approval for listing obtained from these stock exchanges.)

6.4.3 **Back Cover Pages**

- 6.4.3.1 The back inside cover page and back outside cover page shall be in white.

6.5 Table of Contents

6.5.1 Table of Contents shall appear immediately after the front inside cover page.

6.6	Definitions and Abbreviations
------------	--------------------------------------

6.6.1 Conventional/ General Terms.

6.6.2 Offering-related Terms.

6.6.3 Company/ Industry-related Terms.

6.6.4 Abbreviations.

6.7	Risk Factors
------------	---------------------

6.7.1 The Risk factors, other than those specified in clauses 6.4.2.2 (a) (iv), (v) and (vi), shall be printed in clear readable font (preferably of minimum point 10 size).

6.7.2 The Risk factors shall be classified as those which are specific to the project and internal to the issuer company and those which are external and beyond the control of the issuer company.

6.7.3 The Risk factors shall be determined on the basis of their materiality.

6.7.4 Materiality shall be decided taking the following factors into account:

6.7.4.1 Some events may not be material individually but may be found material collectively.

6.7.4.2 Some events may have material impact qualitatively instead of quantitatively.

6.7.4.3 Some events may not be material at present but may be having material impacts in future.

6.7.5 The Risk factors shall appear in the prospectus in the following manner:

6.7.5.1 Risks envisaged by Management.

6.7.5.2 Proposals, if any, to address the risks.

6.7.6 Any 'notes' required to be given prominence shall appear immediately after the Risk factors.

6.8	Introduction
------------	---------------------

6.8.1 **Summary**

6.8.1.1 Summary of the industry and business of the issuer company.

6.8.1.2 Offering details in brief.

6.8.1.3 Summary consolidated financial, operating and other data.

6.8.2 **General Information**

6.8.2.1 The name, address of registered office and the registration number of the issuer company, along with the address of the Registrar of Companies where the issuer company is registered.

6.8.2.2 The Board of Directors of the issuer company.

6.8.2.3 Brief details of the Chairman, Managing Director, Whole Time Directors, etc. of the issuer company.

6.8.2.4 The names, addresses, telephone numbers, fax numbers and e-mail addresses of the Company Secretary, Legal Advisor and Bankers to the Company.

6.8.2.5 The name, address, telephone number, fax number and e-mail address of the Compliance Officer.

6.8.2.6 The names, addresses, telephone numbers, fax numbers, contact person, website addresses and e-mail addresses of the Merchant Bankers, Co-Managers, Registrars to the Issue, Bankers to the Issue, Brokers to the Issue, Syndicate members, etc.

6.8.2.7 The names, addresses, telephone numbers, fax numbers and e-mail addresses of the auditors of the issuer company.

6.8.2.8 Statement of inter-se allocation of responsibilities among Lead Managers:

If more than one Merchant Banker is associated with the issue, the inter-se allocation of responsibility of each Merchant Banker, as demarcated and submitted to the Board in terms of clause 5.3.2, shall be disclosed in the prospectus.

6.8.2.9 Credit Rating (in case of debenture issues):

(a) The credit rating obtained from a credit rating agency for the proposed issue of debt security, including convertible instruments.

(b) If the rating has been obtained from more than one credit rating agencies, disclosures shall be made of all ratings including unaccepted rating.

(c) All the credit ratings obtained during the previous three years before filing of the prospectus for any of its listed debt-securities at the time of accessing the market through a rated debt-security shall be disclosed.

6.8.2.10 The names, addresses, telephone numbers, fax numbers, website addresses and e-mail addresses of the trustees under debenture trust deed (in case of debenture issue).

6.8.2.11 Name of the monitoring agency, if applicable, to be disclosed.

6.8.2.12 Where the project is being appraised, the name, address, telephone number and e-mail address of the appraising entity.

6.8.2.13 Book building process in brief.

6.8.2.14 Details of Underwriting, if any:

(a) The names, addresses, telephone numbers, fax numbers and e-mail addresses of the underwriters and the amount underwritten by them.

(b) Declaration by the Board of Directors of the issuer company that the underwriters have sufficient resources to discharge their respective obligations.

6.8.3 **Capital Structure**

6.8.3.1 The capital structure shall be presented in the following manner:

(a) Authorised, issued, subscribed and paid up capital (Number of instruments, description and aggregate nominal value).

(b) Size of the present issue, giving separately promoters' contribution, firm allotment/ reservation for specified categories and net offer to public (Number of instruments, description, aggregate nominal value and issue amount shall be given in that order; Name(s) of group companies to be given, in case reservation has been made for shareholders of the group companies; Applicable percentages may be given in case of book built issue).

(c) Paid-up Capital:

(i) After the issue.

- (ii) After conversion of securities (if applicable).
 - (d) Share Premium Account (before and after the issue).
- 6.8.3.2 After the details of capital structure, the following notes shall be incorporated:
- (a) Share capital issued, giving details such as date of issue, number of shares, face value, issue price, nature of allotment (rights, bonus, etc.), cumulative capital, etc. Further, details of any share split, issue of shares otherwise than for cash (with reasons thereof), any reduction in capital shall also be disclosed.
 - (b) Note relating to promoters' contribution and lock-in period, stating date of allotment, date when made fully paid up, nature of allotment (rights, bonus, etc.), number of securities, face value of securities, issue price of securities, percentage of promoters' contribution to total issued capital and the date up to which the securities are locked-in. An illustrative format of promoters contribution and lock-in is specified in **Schedule VIII**.
 - (c) Percentage of contribution by the promoters whose name is mentioned in the prospectus as promoters as per clause 6.9.6.1 and the date up to which the securities are locked-in. An illustrative format of promoters' contribution whose name figures in prospectus is specified in **Schedule IX**.
 - (d) Statement that promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under the Guidelines.
 - (e) Statement that the promoters undertake to accept full conversion, if the promoters' contribution is in terms of the same optionally convertible security as is being offered to the public.
 - (f) Details of all 'buy-back' and 'stand by' and similar arrangements for purchase of securities by promoters, directors and lead merchant bankers shall be disclosed.
 - (g) Statement that an over-subscription to the extent of 10% of the net offer to public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.
 - (h) A disclosure to the effect that the securities offered through this public/ rights issue shall be made fully paid up or may be forfeited within 12

months from the date of allotment of securities in the manner specified in clause 8.6.2 of these Guidelines.

- (i) A note stating that:
 - (i) Unsubscribed portion in any reserved category may be added to any other reserved category.
 - (ii) The unsubscribed portion, if any, after such inter se adjustments amongst the reserved categories shall be added back to the net offer to the public.
 - (iii) In case of under-subscription in the net offer to the public portion spillover to the extent of under subscription shall be permitted from the reserved category to the net public offer portion.

- (j) Following details regarding major shareholders:
 - (i) Names of the ten largest shareholders as on the date of filing of the prospectus with the Registrar of Companies.
 - (ii) Number of shares held by shareholders at (i) above including number of shares which they would be entitled to upon exercise of warrant, option, rights to convert a debenture, loan or other instrument.
 - (iii) Particulars as in (i) and (ii) above as on a date two years prior to the date of filing the prospectus with the Registrar of Companies.
 - (iv) Particulars as in (i) and (ii) above as on a date ten days prior to the date of filing of the prospectus with the Registrar of Companies.
 - (v) If the issuer company has made an initial public offering within the immediately preceding two years, the above information shall be given separately indicating the names of persons who acquired shares by subscriptions to the public issue and those who acquired the shares by allotment on a firm basis or by private placement.

- (k) The details of:
 - (i) the aggregate shareholding of the promoter group and of the directors of the promoters, where the promoter is a company.
 - (ii) the aggregate number of securities purchased or sold by the promoters group and the directors of the promoter during a period of six months preceding the date on which the draft prospectus is filed with Board and to be updated by incorporating the information in this regard till the time of filing the prospectus with the Registrar of Companies.

- (iii) the maximum and minimum price at which purchases and sales referred to in (ii) above were made along with the relevant dates.
- (l) In the event of it not being possible to obtain information regarding sales and purchase of securities by any relative of the promoters, a statement to that effect shall be made in the prospectus on the basis of the transfers recorded in the books of the issuer company.
- (m) Details of options granted or shares issued under any scheme of employees stock option or employees stock purchase of issuer company.

Explanation I:

For the purpose of sub-clauses (k) and (l) above, the term 'Promoter' shall include:

- (a) the person or persons who are in over-all control of the company;
- (b) the person or persons who are instrumental in the formulation of a plan or programme pursuant to which the securities are offered to the public;
- (c) the persons or persons named in the prospectus as promoters(s).

Provided that a director/ officer of the issuer company or person, if they are acting as such merely in their professional capacity shall not be included in the Explanation.

Explanation II:

'Promoter Group' shall include:

- (a) the promoter;
- (b) 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
- (c) in case promoter is a company:
 - (i) a subsidiary or holding company of that company;
 - (ii) any company in which the promoter holds 10% or more of the equity capital or which holds 10% or more of the equity capital of the promoter;

- (iii) any company in which a group of individuals or companies or combinations thereof who holds 20% or more of the equity capital in that company also holds 20% or more of the equity capital of the issuer company; and
- (d) in case the promoter is an individual:
 - (i) any company in which 10% or more of the share capital is held by the promoter or an immediate relative of the promoter or a firm or HUF in which the promoter or any one or more of his immediate relative is a member;
 - (ii) any company in which a company specified in (i) above, holds 10% or more, of the share capital;
 - (iii) any HUF or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 10% of the total; and
- (e) all persons whose shareholding is aggregated for the purpose of disclosing in the prospectus under the heading "shareholding of the promoter group".

Explanation III:

The Financial Institution, Scheduled Banks, Foreign Institutional Investors (FIIs) and Mutual Funds shall not be deemed to be a promoter or promoter group merely by virtue of the fact that 10% or more of the equity of the issuer company is held by such institution.

Provided that the Financial Institutions, Scheduled Banks and Foreign Institutional Investors (FIIs) shall be treated as promoters or promoter group for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them.

6.8.4 Objects of the Offering

6.8.4.1 The object of raising funds through the issue, that is whether for fixed asset creation and/ or for working capital or any other purpose, shall be disclosed clearly in the prospectus.

6.8.4.2 Funds Requirement

(a) The requirement for funds proposed to be raised through the issue shall be disclosed clearly.

- (b) Where the company proposes to undertake more than one activity, i.e., diversification, modernisation, expansion, etc., the total project cost shall be given activity- wise or project wise as the case may be..
- (c) Where the company 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.

6.8.4.3 **Funding Plan (Means of Finance)**

- (a) An undertaking shall be given in the prospectus by the issuer company confirming firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed Public/ Rights issue, have been made.
- (b) The balance portion of the means of finance for which no firm arrangement has been made shall be mentioned without specification)

6.8.4.4 **Appraisal**

- (a) The scope and purpose of the appraisal, if any, along with the date of appraisal shall be disclosed in the prospectus.
- (b) The prospectus shall contain the cost of the project and means of finance as per the appraisal report.
- (c) The revision, if any, in the project cost and the means of finance after the date of issue of the appraisal report shall be explained and disclosed.
- (d) The weaknesses and threats, if any, given in the appraisal report, shall be disclosed in the prospectus by way of risk factors.

6.8.4.5 **Schedule of Implementation**

- (a) Schedule of implementation of the project and progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, trial production, date of commercial production, etc.

6.8.4.6 **Funds Deployed**

- (a) Actual expenditure incurred on the project (in cases of companies raising capital for a project) upto a date not earlier than two months from the date of filing the prospectus with the Registrar of Companies, as certified by a Chartered Accountant.

6.8.4.7 **Sources of Financing of Funds Already Deployed**

- (a) Means and source of financing, including details of "bridge loan" or other financial arrangement, which may be repaid from the proceeds of the issue.

6.8.4.8 **Details of Balance Fund Deployment**

- (a) Year wise break up of the expenditure proposed to be incurred on the said project.

6.8.4.9 **Interim Use of Funds**

- (a) Investment avenues in which the management proposes to deploy issue proceeds, pending its utilisation in the proposed project.

6.8.4.10 **Basic Terms of Issue**

6.8.4.11 **Basis for Issue Price**

- (a) The basis for issue price/ floor price/ price band shall be disclosed and justified on the basis of the following information, which shall be also disclosed separately:
 - (i) Earnings Per Share, i.e., EPS pre-issue for the last three years (as adjusted for changes in capital).
 - (ii) P/E pre-issue.
 - (iii) Average Return on Net Worth in the last three years.
 - (iv) Minimum Return on Increased Net Worth required to maintain pre-issue EPS.
 - (v) Net Asset Value per share based on last balance sheet.
 - (vi) Net Asset Value per share after issue and comparison thereof with the issue price.
 - (vii) An illustrative format of disclosure in respect of basis for issue price is given in **Schedule XV**.
 - (viii) Comparison of all the accounting ratios of the issuer company as mentioned above with the industry average and with the accounting ratios of the peer group (i.e., companies of comparable size in the same industry (indicate the source from which industry average and accounting ratios of the peer group has been taken).

- (ix) The face value of shares (including the statement about the issue price/ floor price/ price band being “X” times of the face value).

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.

- (b) The Lead Merchant Banker shall not proceed with the issue in case the accounting ratios mentioned above do not justify the issue price.
- (c) In case of book built issues, the red herring prospectus shall state that the final price would be determined on the basis of the demand from the investors.

6.8.4.12 **Tax Benefits**

- (a) Any special tax benefits for the issuer company and its shareholders.

6.9 About the Issuer Company

6.9.1 **Industry Overview**

6.9.2 **Business Overview**

6.9.2.1 **Details of the business of the issuer company**

- (a) Location of the project
- (b) Plant, machinery, technology, process, etc.:
 - (i) Details in a tabular form to be given shall include the machines required to be bought by the issuer company, cost of the machines, name of the suppliers, the date of placement of order and the date/ expected date of supply.
 - (ii) In case of machines yet to be delivered, the date of quotations relied upon for the cost estimates given, shall also be mentioned.
 - (iii) Percentage and value terms the plant and machinery for which orders are yet to be placed shall be stated and also be given by way of a risk factor.

- (iv) Details of second hand machinery bought/ proposed to be bought, if any, including the age of the machines, balance estimated life, etc. shall also be given.
- (c) Collaborations, any performance guarantee or assistance in marketing by the collaborators:
 - (i) Following information regarding persons/ entities with whom technical and financial agreements have been entered into to be given:
 - a. place of registration and year of incorporation.
 - b. paid up share capital.
 - c. turnover of the last financial year of operation.
 - d. general information regarding such persons relevant to the issuer.
- (d) Infrastructure facilities for raw materials and utilities like water, electricity, etc.
- (e) Products/ services of the issuer company:
 - (i) Nature of the product/s – consumer/ industrial and end users.
 - (ii) Market, including details of the competition, past production figures for the industry, existing installed capacity, past trends and future prospects regarding exports (if applicable), demand and supply forecasts (if given, should be essentially with assumptions unless sourced from a market research agency of repute), etc. to be given. Source of data used shall be mentioned.
 - (iii) Approach to marketing and proposed marketing set up.
 - (iv) Export possibilities and export obligations, if any (in case of a issuer company providing any "service" particulars, as applicable, be furnished).

6.9.2.2 **Business strategy**

- (a) A brief statement about business strategy.
- (b) A brief statement about future prospects, including the following:
 - (i) Capacity & Capacity Utilisation:
 - a. A table shall be incorporated giving the existing installed capacities for each product, capacity utilisation for these products in the

previous three years, proposed capacities for existing as well as proposed products and the assumptions for future capacity utilisation for the next three years (from the date of commencement of commercial production) in respect of existing as well as proposed products.

- b. If the projected capacity utilisation is higher than the actual average capacity utilisation by more than 25% during the previous three years, how the issuer company proposes to achieve the projected levels of capacity utilisation in view of its failure to achieve levels of similar capacity utilisation in the past, shall be stated.

(ii) Projections:

No forecast of projections relating to financial performance of the issuer company shall be given in the prospectus.

6.9.2.3 Property

6.9.2.4 Purchase of property

- (a) As respects any property referred to in sub-clause (b):
 - (i) the names, address, descriptions and occupations of the vendors;
 - (ii) the amount paid or payable in cash, shares or debentures to the vendor and, where there is more than one separate vendor, or the company is a sub purchaser, the amount so paid or payable to each vendor, specifying separately the amount, if any, paid or payable for goodwill;
 - (iii) the nature of the title or interest in such property acquired or to be acquired by the issuer company;
 - (iv) short particulars of every transaction relating to the property completed within the two preceding years, in which any vendor of the property to the company or any person who is, or was at the time of the transaction, a promoter, or a director or proposed director of the company had any interest, direct or indirect, specifying the date of the transaction and the name of such promoter, director or proposed director and stating the amount payable by or to such vendor, promoter, director or proposed director in respect of the transaction.
- (b) The property to which sub-clause (a) applies is a property purchased or acquired by the issuer company or proposed to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the prospectus or the purchase or acquisition

of which has not been completed at the date of issue of the prospectus, other than property:

- (i) the contract for the purchase or acquisition whereof was entered into in the ordinary course of the issuer company's business, the contract not being made in contemplation of the issue nor the issue in consequence of the contract; or
 - (ii) as respects which the amount of the purchase money is not material.
- (c) for the purpose of this clause, where a vendor is a firm, the members of the firm shall not be treated as separate vendors.
- (d) if the issuer company proposes to acquire a business which has been carried on for less than three years, the length of time during which the business has been carried.

6.9.3 **Key Industry-Regulation (if applicable)**

6.9.4 **History and Corporate Structure of the issuer company**

6.9.4.1 History and Major Events.

6.9.4.2 Main objects.

6.9.4.3 Subsidiaries of the issuer company, if any and their businesses.

6.9.4.4 **Shareholders agreements**

- (a) Key terms of subsisting shareholders' agreements, if any (to be provided even if the issuer company is not a party to such an agreement, but is aware of such an agreement).
- (b) All such agreements shall be included in the list of material contracts required under clause 6.15.1.

6.9.4.5 **Other agreements**

- (a) The dates, parties to, and general nature of every other material contract, not being a contract entered into in the ordinary course of the business carried on or intended to be carried on by the issuer company or a contract entered into more than two years before the date of the prospectus.
- (b) All such agreements shall be included in the list of material contracts required under clause 6.15.1.

6.9.4.6 Strategic partners.

6.9.4.7 Financial partners.

6.9.5 **Management**

6.9.5.1 **Board of Directors**

(a) Names, address and occupation of Manager, Managing Director, and other Directors (including Nominee Directors, Whole-time Directors), giving their directorships in other companies.

(b) Details of borrowing powers.

6.9.5.2 **Compensation of Managing Directors/ Whole time Directors**

(a) The dates, parties to, and general nature of every contract appointing or fixing the remuneration of a Director, Whole-time Director, Managing Director or Manager whenever entered into, that is to say, whether within or more than, two years before the date of the prospectus.

(b) All such contracts shall be included in the list of material contracts required under clause 6.15.1.

6.9.5.3 Compliance with Corporate Governance requirements.

6.9.5.4 Shareholding of Directors, including details of qualification shares held by them, wherever applicable.

6.9.5.5 **Interest of directors**

(a) Full particulars of the nature and extent of the interest, if any, of every Director:

(i) in the promotion of the issuer company; or

(ii) in any property acquired by the issuer company within two years of the date of the prospectus or proposed to be acquired by it.

(b) Where the interest of such a director consists in being a member of a firm or company, the nature and extent of the interest of the firm or company, with a statement of all sums paid or agreed to be paid to him or to the firm or company in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise for services

rendered by him or by the firm or company, in connection with the promotion or formation of the issuer company shall be disclosed.

6.9.5.6 Change, if any, in the directors during the last three years, and reasons, thereof.

6.9.5.7 Management Organisation Structure.

6.9.5.8 **Key Management Personnel**

(a) A paragraph on the key managerial personnel shall be incorporated giving full details of the personnel recruited as on the date of filing of the prospectus with the Board indicating name, date of joining, qualification, details of previous employment etc.

(b) The Lead Merchant Banker shall verify and ensure that the persons whose names appear in this paragraph are in the employment of the issuer company as permanent employees.

(c) The shareholding of the Key Managerial Personnel.

(d) Bonus or Profit Sharing Plan for the Key Managerial Personnel.

(e) Changes in the Key Managerial Personnel:

Any change otherwise than by way of retirement in the normal course in the key senior managerial personnel particularly in charge of production, planning, finance and marketing within one year prior to the date of filing the prospectus with the Board shall be disclosed.

6.9.5.9 **Employees**

6.9.5.10 Disclosures regarding employees stock option scheme/ employees stock purchase scheme of the issuer company, if any, as required by the Guidelines or Regulations of the Board relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

6.9.5.11 Payment or Benefit to Officers of the issuer company (non-salary related).

(a) 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.

6.9.6 **Promoters/ Principal Shareholders**

6.9.6.1 Where the promoters are individuals:

- (a) A complete profile of the promoters, including their age, educational qualifications, experience in the business or employment and in the line of business proposed in the prospectus, their business and financial activities, photograph, voter ID number, driving license number shall be disclosed.
- (b) A declaration, confirming that the Permanent Account Number, Bank Account Number and Passport Number of the promoters have been submitted to the Stock Exchanges on which securities are proposed to be listed, at the time of filing the draft prospectus with them.

6.9.6.2 Where the promoters are companies:

- (a) History of the companies and the promoters of the companies shall be furnished.
- (b) Details in change of management of the companies, if any, including details of the persons who are holding the controlling interest together with the applicability and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
- (c) A declaration, confirming that the Permanent Account Numbers, Bank Account Numbers, the Company Registration Numbers and the addresses of the Registrars of Companies where the companies are registered have been submitted to the Stock Exchanges on which securities are proposed to be listed, at the time of filing the draft prospectus with them.

6.9.6.3 Common pursuits

6.9.6.4 Full particulars of the nature and extent of the interest, if any, of every promoter:

- (a) in the promotion of the issuer company; or
- (b) in any property acquired by the issuer company within two years of the date of the prospectus or proposed to be acquired by it.
- (c) Where the interest of such a director or promoter consists in being a member of a firm or company, the nature and extent of the interest of the firm or company, with a statement of all sums paid or agreed to be paid to him or to the firm or company in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or

otherwise for services rendered by him or by the firm or company, in connection with the promotion or formation of the issuer company.

6.9.6.5 Payment or benefit to promoters of the issuer company:

Any amount or benefit paid or given within the two preceding years or intended to be paid or given to any promoter and consideration for payment of giving of the benefit.

6.9.6.6 Related party transactions as per the Financial Statements

6.9.7 **Currency of presentation**

6.9.7.1 One standard financial unit shall be used in the prospectus

6.9.8 **Dividend policy**

6.10	Financial Statements
------	-----------------------------

6.10.1 **Selected Consolidated Financial and Operating data**

6.10.2 **Financial Information of the issuer company**

6.10.2.1 A report by the auditors of the issuer company with respect to:

(a) profits and losses and assets and liabilities, in accordance with clauses 6.10.2.2 or 6.10.2.3, as the case may require; and

(b) the rates of dividends, if any, paid by the issuer company in respect of each class of shares in the issuer company for each of the five financial years immediately preceding the issue of the prospectus, giving particulars of each class of shares on which such dividends have been paid and particulars of the cases in which no dividends have been paid in respect of any class of shares for any of those years;

and, if no accounts have been made up in respect of any part of the period of five years ending on a date three months before the issue of the prospectus, containing a statement of that fact (and accompanied by a statement of the accounts of the issuer company in respect of that part of the said period up to a date not earlier than six months of the date of issue of the prospectus indicating the profit or loss for that period and the assets and liabilities position as at the end of that period together with a certificate from the auditors that such accounts have been examined and found correct by them. The said statement may indicate the nature of provision or adjustments made or are yet to be made).

6.10.2.2 If the issuer company has no subsidiaries, the report shall:

- (a) so far as regards profits and losses, deal with the profits or losses of the issuer company (distinguishing items of a non- recurring nature) for each of the five financial years immediately preceding the issue of the prospectus; and
- (b) so far as regards assets and liabilities, deal with the assets and liabilities of the issuer company at the last date to which the accounts of the issuer company were made up.

6.10.2.3 If the issuer company has subsidiaries, the report shall:

(a) so far as regards profits and losses, deal separately with the issuer company's profits or losses as provided by 6.10.2.2 and in addition, deal either:

- (i) as a whole with the combined profits or losses of its subsidiaries, so far as they concern the members of the issuer company; or
- (ii) individually with the profits or losses of each subsidiary, so far as they concern the members of the issuer company;

or, instead of dealing separately with the issuer company's profits or losses, deal as a whole with the profits or losses of the issuer company, and, so far as they concern the members of the issuer company, with the combined profits or losses of its subsidiaries; and

(b) so far as regards assets and liabilities, deal separately with the issuer company's assets and liabilities as provided by 6.10.2.2 and in addition, deal either:

- (i) as a whole with the combined assets and liabilities of its subsidiaries, with or without the issuer company's assets and liabilities; or
- (ii) individually with the assets and liabilities of each subsidiaries;

and shall indicate as respects the assets and liabilities of the subsidiaries, the allowance to be made for persons other than the members of the issuer company.

6.10.2.4 If the proceeds, or any part of the proceeds, of the issue of the shares or debentures are, or is, to be applied directly or indirectly:

- (a) in the purchase of any business; or

- (b) in the purchase of an interest in any business and by reason of that purchase, or anything to be done in consequence thereof, or in connection therewith; the issuer company will become entitled to an interest as respects either the capital or profits and losses or both, in such business exceeding fifty percent, thereof;

a report made by accountants (who shall be named in the prospectus) upon:

- (i) the profits or losses of the business of each of the five financial years immediately preceding the issue of the prospectus; and
- (ii) the assets and liabilities of the business at the last date to which the accounts of the business were made up, being a date not more than one hundred and twenty days before the date of the issue of the prospectus.

6.10.2.5

- (a) If:
- (i) the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in any manner resulting in the acquisition by the issuer company of shares in any other body corporate; and
 - (ii) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith, that body corporate will become a subsidiary of the issuer company;

a report made by accountants (who shall be named in the prospectus) upon:

- (i) the profits or losses of the other body corporate for each of the five financial years immediately preceding the issue of the prospectus; and
- (ii) the assets and liabilities of the other body corporate at the last date to which its accounts were made up.

- (b) The said report shall:

- (i) indicate how the profits or losses of the other body corporate dealt with by the report would, in respect of the shares to be acquired, have concerned members of the issuer company and what allowance would have fallen to be made, in relation to assets and liabilities so dealt with for holders of other shares, if the issuer company had at all material times held the shares to be acquired; and

- (ii) where the other body corporate has subsidiaries, deal with the profits or losses and the assets and liabilities of the body corporate and its subsidiaries in the manner provided by sub-clause (a) (ii) above in relation to the issuer company and its subsidiaries.

6.10.2.6 Principal terms of loan and assets charged as security.

6.10.2.7 Other provisions relating to accounts of the issuer company:

- (a) All significant accounting policies and standards followed in the preparation of the financial statements shall be disclosed.
- (b) Statements of Assets and Liabilities and Profit and Loss or any other financial information shall be incorporated after making the following adjustments, wherever quantification is possible:
 - (i) Adjustments/ rectification for all incorrect accounting practices or failures to make provisions or other adjustments which resulted in audit qualifications.
 - (ii) Material amounts relating to adjustments for previous years shall be identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred.
 - (iii) Where there has been a change in accounting policy, the profits or losses of the earlier years (required to be shown in the prospectus) and of the year in which the change in the accounting policy has taken place shall be recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years.
 - (iv) If an incorrect accounting policy is followed, the re-computation of the financial statements shall be in accordance with correct accounting policies.
 - (v) Statement of profit or loss shall disclose both the profit or loss arrived at before considering extraordinary items and after considering the profit or loss from extraordinary items. An illustrative format of the disclosure of profits and losses on this basis is specified at **Schedule X**.
 - (vi) The statement of assets and liabilities shall be prepared after deducting the balance outstanding on revaluation reserve account from both fixed assets and reserves and the networth arrived at after such deductions. A suggested format of assets and liabilities is specified at **Schedule XI**.

- (c) The turnover disclosed in the Profit and Loss Statement shall be bifurcated into:
 - (i) turnover of products manufactured by the issuer company;
 - (ii) turnover of products traded in by the issuer company; and
 - (iii) turnover in respect of products not normally dealt in by the issuer company but included in (ii) above, shall be mentioned separately.
- (d) The prospectus shall disclose details of 'Other Income' in all cases where such income (net of related expenses) exceeds 20% of the net profit before tax, including:
 - (i) the sources and other particulars of such income; and
 - (ii) an indication as to whether such income is recurring or non-recurring, or has arisen out of business activities/ other than the normal business activities.
- (e) Changes (with quantification, wherever possible) in the activities of the issuer company which may have had a material effect on the statement of profit/ loss for the five years, including discontinuance of lines of business, loss of agencies or markets and similar factors.
- (f) Accounting and other ratios:
 - (i) The following accounting ratios shall be given for each of the accounting periods for which financial information is given.
 - a. Earnings per Share: This ratio shall be calculated after excluding extra ordinary items.
 - b. Return on net worth: This ratio shall be calculated excluding revaluation reserves.
 - c. Net Asset Value per share. This ratio shall be calculated excluding revaluation reserves.
 - (ii) 'Accounting and other Ratios' shall be based on the Financial Statements prepared on the basis of Indian Accounting Standards.
- (g) Capitalisation Statement:
 - (i) A Capitalisation Statement showing total debt, net worth, and the debt/equity ratios before and after the issue is made shall be incorporated.

- (ii) In case of any change in the share capital since the date as of which the financial information has been disclosed in the prospectus, a note explaining the nature of the change shall be given.
 - (iii) An illustrative format of the Capitalisation Statement is specified at **Schedule XIII.**
- (h) Unsecured loans:
- (i) Break-up of total outstanding unsecured loans taken by the issuer company, promoters/ group companies/ associate companies and others shall be given in the prospectus.
 - (ii) In respect of each such unsecured loan of the former category, the terms and conditions, including interest rates and the repayment schedule.
 - (iii) If the loan can be recalled by the lenders at any time, the fact has to be given as a risk factor.
- (i) For a proper understanding of the future tax incidence, the following factors shall be identified and explained through proper disclosures:
- (i) Profits after tax are often affected by the tax shelters which are available.
 - (ii) Some of these are of a relatively permanent nature (for example, arising out of export profits) while others may be limited in point of time (for example, tax holidays for new undertakings).
 - (iii) Tax provisions are also affected by timing differences which can be reversed in the future (for example, the difference between book depreciation and tax depreciation).
 - (iv) An illustrative format of statement in respect of tax shelter is specified in **Schedule XII.**

6.10.2.8 The issuer company, if it so desires, may include in the prospectus, the financial statements prepared on the basis of more than one accounting practices, subject to disclosure of the material differences arising because of differences in the accounting policies of different accounting practices.

6.10.3 **Financial Information of Group Companies**

6.10.3.1 The following information for the last three years, based on the audited statements, in respect of all the companies, firms, ventures, etc. promoted by the promoters, irrespective of whether these are covered under section

370 (1)(B) of the Companies Act, 1956 shall be given, wherever applicable:

- (a) Date of Incorporation.
- (b) Nature of activities.
- (c) Equity Capital.
- (d) Reserves (excluding revaluation reserve).
- (e) Sales.
- (f) Profit after tax (PAT).
- (g) Earnings per share (EPS).
- (h) Net Asset Value (NAV).
- (i) The highest and lowest market price of shares during the preceding six months with suitable disclosures for changes in capital structure during the period and the market value on the date of filing the prospectus with the Registrar of Companies.
- (j) If any of the companies has made public or rights issue in the preceding three years, the issue price of the security, the current market price and particulars of changes in the capital structure, if any, since the date of issue and a statement regarding the cost and progress of implementation of the project in comparison with the cost and implementation schedule given in the prospectus.
- (k) Information regarding adverse factors related to the company and in particular regarding:
 - (i) whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.
 - (ii) whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years.

6.10.3.2 In case, the issuer company has more than five listed group companies, the financial information may be restricted to the five largest listed companies to be determined on the basis of market capitalisation one month before the date of filing draft prospectus with the Board.

Provided that financial information regarding every such company which has become a sick industrial company or is under winding up or has a negative net worth shall be provided.

6.10.3.3 If the promoters have disassociated themselves from any of the companies/ firms during preceding three years, the reasons therefor and the circumstances leading to the disassociation shall be furnished together with the terms of such disassociation.

6.10.3.4

(a) In case there are common pursuits among these companies, the reasons and justification for the same shall be spelt out and the conflict of interest situations shall be stated.

(b) The related business transactions within the group shall also be mentioned.

(c) The significance of these transactions on the financial performance of the company/ companies shall be stated.

6.10.3.5 Sales or purchase between companies in the promoter group when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the issuer and also disclose material items of income or expenditure arising out of transactions in the promoter group.

6.10.4 **Changes in Accounting Policies in the last three years**

6.10.5 **Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements:**

6.10.5.1 Overview of the business of the issuer company.

6.10.5.2 Significant developments subsequent to the last financial year:

A statement by the directors whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the prospectus and which materially and adversely affect or is likely to affect the trading or profitability of the issuer company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

6.10.5.3 Factors that may affect Results of the Operations.

6.10.5.4 Discussion on Results of Operations:

A summary of past financial results after adjustments as given in the auditors report for the past three years containing significant items of income and expenditure shall be given.

6.10.5.5 Comparison of recent Financial Year with the Previous Financial Years (last three years) on the major heads of the Profit & Loss Statement:

(a) An analysis of reasons for the changes in significant items of income and expenditure shall also be given, inter alia, containing the following:

- (i) unusual or infrequent events or transactions.
- (ii) significant economic changes that materially affected or are likely to affect income from continuing operations.
- (iii) known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.
- (iv) future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.
- (v) the extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.
- (vi) total turnover of each major industry segment in which the issuer company operated.
- (vii) status of any publicly announced new products or business segment.
- (viii) the extent to which business is seasonal.
- (ix) any significant dependence on a single or few suppliers or customers.
- (x) competitive conditions.

6.10.5.6 'Management's Discussion and Analysis of financial condition and results of operations as reflected in the financial statements (MDA)' shall be based on the Financial Statements prepared on the basis of Indian Accounting Practices. In addition, the issuer company may present MDA based on other Accounting Practices.

6.11.1 **Outstanding Litigations and Material developments**

6.11.1.1 Outstanding litigations involving the issuer company:

- (a) Litigations against the issuer company or against any other company whose outcome could have a materially adverse effect of the position of the issuer company.
- (b) Further, all the litigations against the directors involving violation of statutory regulations or alleging criminal offence shall be furnished in the prospectus.
- (c) Pending proceedings initiated for economic offences against the issuer company or its directors shall be disclosed separately indicating their present status.
- (d) The details of the past cases in which penalties were imposed by the concerned authorities on the issuer company or its directors.
- (e) Outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the issuer company, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc. shall be disclosed.
- (f) The Lead Merchant Banker shall ensure to appropriately incorporate in the prospectus and as risk factor(s), information regarding pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board/ stock exchanges against the issuer company or its Directors.
- (g) The name(s) of small scale undertaking(s) or any other creditors to whom the issuer company owes a sum exceeding Rs. 1 lakh which is outstanding more than 30 days; and

6.11.1.2 The information about outstanding litigations as per clause 6.11.1.1 (e) shall be furnished in respect of subsidiaries of the issuer company (if applicable).

6.11.1.3 Outstanding litigations involving the promoter and group companies:

- (a) All pending litigations in which the promoters are involved, defaults to the financial institutions/ banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the promoters and the companies/ firms promoted by the promoters, shall be listed in the

prospectus together with the amounts involved and the present status of such litigations/ defaults. The likely adverse effect of these litigations/ defaults, etc. on the financial performance of the issuer company shall also be mentioned.

- (b) Further, the cases of pending litigations, defaults, etc. in respect of companies/ firms/ ventures with which the promoters were associated in the past but are no longer associated shall also be disclosed in case their name(s) continues to be associated with particular litigation(s).
- (c) Further, all the litigations against the promoter involving violation of statutory regulations or alleging criminal offence shall be furnished in the prospectus.
- (d) Pending proceedings initiated for economic offences against the promoters, companies and firms promoted by the promoters shall be disclosed separately indicating their present status.
- (e) The details of the past cases in which penalties were imposed by the concerned authorities.
- (f) The lead merchant banker shall ensure to appropriately incorporate in the prospectus and as risk factor(s), information regarding pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board/ stock exchanges against the promoters and their other business ventures (irrespective of the fact whether they are companies under the same management with the issuer company as per section 370 (1B) of the Companies Act, 1956).

6.11.1.4 If any the above mentioned litigations, etc., arise after the filing of the prospectus, the facts shall be incorporated appropriately in the prospectus (and as risk factors).

6.11.1.5 In case there are no such cases, a distinct negative statement is required to be made in this regard in the prospectus.

6.11.1.6 Material developments since the last balance sheet date.

6.11.2 **Government Approvals/ Licensing Arrangements**

6.11.2.1 Investment approvals (FIPB/ RBI, etc.).

6.11.2.2 All government and other approvals.

6.11.2.3 Technical approvals.

6.11.2.4 Letter of intent/ industrial license and declaration of the Central Government/ RBI about non-responsibility for financial soundness or correctness of statements.

6.12 Other Regulatory and Statutory Disclosures
--

6.12.1 Authority for the issue and details of resolution passed for the issue.

6.12.2 Prohibition by SEBI.

6.12.3 Eligibility of the issuer company to enter the capital market.

6.12.4 Disclaimer clause:

(a) A prospectus shall contain the following disclaimer clause in bold capital letters:

"It is to be distinctly understood that submission of offer document 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. Lead Merchant Banker, _____ has certified that the disclosures made in the offer document are generally adequate and are in conformity with SEBI (Disclosures and Investor Protection) Guidelines 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 Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the Lead Merchant Banker is expected to exercise Due Diligence to ensure that the Company discharges its responsibility adequately in this behalf and towards this purpose, the Lead Merchant Banker _____ has furnished to SEBI a Due Diligence Certificate dated _____ in accordance with SEBI (Merchant Bankers) Regulations 1992 which reads as follows:

(i) We have examined various documents including those relating to litigation like commercial disputes, patent disputes, disputes with collaborators etc. and other materials in connection with the finalisation of the offer document pertaining to the said issue;

- (ii) On the basis of such examination and the discussions with the Company, its Directors and other officers, other agencies, independent verification of the statements concerning the objects of the issue, projected profitability, price justification and the contents of the documents mentioned in the Annexure and other papers furnished by the company.

We confirm that:

- (a) the offer document forwarded to SEBI is in conformity with the documents, materials and paper relevant to the issue;
- (b) all the legal requirements connected with the said issue, as also the guidelines, instructions, etc. issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with; and
- (c) the disclosures made in the offer document are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue.
- (d) beside ourselves, all the intermediaries named in the prospectus are registered with SEBI and till date such registration is valid.
- (e) We have satisfied ourselves about the worth of the underwriters to fulfill their underwriting commitments.

The filing of offer document does not, however, absolve the company from any liabilities under section 63 or 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI, further reserves the right to take up, at any point of time, with the lead merchant banker(s) any irregularities or lapses in offer document."

- (b) Disclaimer Statement from the Issuer and the Lead Manager:

A statement to the effect that the issuer company and the Lead Manager accepts no responsibility for statements made otherwise than in the prospectus or in the advertisement or any other material issued by or at the instance of the issuer and that anyone placing reliance on any other source of information would be doing so at his own risk should be incorporated.

6.23.1

6.12.5 Caution.

6.12.6 Disclaimer in respect of jurisdiction.

- 6.12.7 Disclaimer clause of the stock Exchanges.
- 6.12.8 Disclaimer clause of the Reserve Bank of India (if applicable).
- 6.12.9 Filing of prospectus with the Board and the Registrar of Companies:
 - 6.12.9.1 Under this head, the office of the Board where the prospectus has been filed shall be mentioned.
 - 6.12.9.2 Address of the Registrar of Companies, where copy of the prospectus, having attached thereto the material contracts and documents referred to elsewhere in the prospectus, has been filed, shall also be mentioned.
- 6.12.10 Listing:
 - 6.12.10.1 Names of the designated stock exchange and other exchanges where application has been made for listing of the present issue shall be mentioned.
- 6.12.11 Consent of the Directors, auditors, solicitors/ advocates, Managers to the Issue, Registrar to the Issue, Bankers to the Company, Bankers to the Issue and experts.
- 6.12.12 Expert opinion obtained, if any.
- 6.12.13 Expenses of the issue.
- 6.12.14 Details of fees payable to (in terms of amount, as a percentage of total issue expenses and as a percentage of total issue size):
 - 6.12.14.1 Lead Managers.
 - 6.12.14.2 Co-lead Managers, if any
 - 6.12.14.3 Co-managers, if any
 - 6.12.14.4 Other Merchant Bankers
 - 6.12.14.5 Registrars to the issue.
 - 6.12.14.6 Advisors.
 - 6.12.14.7 Trustees for the debenture-holders.
- 6.12.15 Underwriting commission, brokerage and selling commission.
- 6.12.16 Previous public or rights issues, if any (during the last five years):
 - 6.12.16.1 Closing Date.
 - 6.12.16.2 Date of allotment.

- 6.12.16.3 Date of refunds.
- 6.12.16.4 Date of listing on the stock exchange.
- 6.12.16.5 If the issue (s) at premium or discount and the amount thereof.
- 6.12.16.6 The amount paid or payable by way of premium, if any, on each share which had been issued within the two years preceding the date of the prospectus or is to be issued, stating the dates or proposed dates of issue and, where some shares have been or are to be issued at a premium and other shares of the same class at a lower premium, or at par or at a discount, the reasons for the differentiation and how any premiums received have been or are to be disposed of.
- 6.12.17 Previous issues of shares otherwise than for cash.
- 6.12.18 Commission or brokerage on previous issues.
- 6.12.19 Following particulars in regard to the issuer company and other listed companies under the same management within the meaning section 370 (1)(B) of the Companies Act, 1956 which made any capital issue during the last three years shall be given:
 - 6.12.19.1 Name of the company.
 - 6.12.19.2 Year of Issue.
 - 6.12.19.3 Type of Issue (public/ rights/ composite).
 - 6.12.19.4 Amount of issue.
 - 6.12.19.5 Date of closure of issue.
 - 6.12.19.6 Date of completion of delivery of share/ debenture certificates.
 - 6.12.19.7 Date of completion of the project, where object of the issue was financing the project.
 - 6.12.19.8 Rate of dividend paid.
- 6.12.20 Promise vis-à-vis performance:
 - a. Issuer company:

- (a) A separate para entitled "Promise Vs Performance - Last three issues" shall be given indicating whether all the objects mentioned in the respective offer documents relating to the earlier issues by the issuer company were met and whether all projections made in the said offer documents were achieved.
 - (b) If not, non-achievement of objects/projections shall be brought out distinctly shortfall and delays shall be quantified.
- b. Listed Ventures of Promoters:
- (a) A separate paragraph on issues of group/associate companies entitled "Promise Vs Performance - Last one Issue of group/associate companies" shall be given indicating whether all the objects mentioned in the respective offer documents relating to group/ associate companies were met and whether all projections made in the said offer documents were achieved.
 - (b) If not, non-achievement of objects/ projections shall be brought out distinctly. Shortfall and delays shall be quantified.
- 6.12.21 Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the issuer company outstanding as on the date of prospectus and terms of issue.
- 6.12.22 Stock market data for equity shares of the issuer company, if listed:
- 6.12.22.1 Particulars of:
- (a) high, low and average market prices of the share of the issuer company during the preceding three years;
 - (b) monthly high and low prices for the six months preceding the date of filing the draft prospectus with Board which shall be updated till the time of filing the prospectus with the Registrar of Companies/ Stock Exchange concerned;
 - (c) number of shares traded on the days when the high and low prices were recorded in the relevant stock exchange during said period of (i) and (ii) above;
 - (d) the stock market data referred to above shall be shown separately for periods marked by a change in capital structure, with such period commencing from the date the concerned stock exchange recognises the change in the capital structure (e.g. when the shares have become ex-rights or ex-bonus);

- (e) the market price immediately after the date on which the resolution of the Board of Directors approving the issue was approved;
- (f) the volume of securities traded in each month during the six months preceding the date on which the prospectus is filed with ROC; and
- (g) to volume of business transacted along with high, low and average prices of shares of the issuer company shall also be stated for respective periods.

6.12.23 Mechanism evolved for redressal of investor grievances

6.12.23.1 The prospectus shall disclose the arrangements or any mechanism evolved by the issuer company for redressal of investor grievances.

6.12.23.2 The issuer company shall disclose the time normally taken by it for disposal of various types of investor grievances.

6.12.23.3 Similar disclosure shall be made in regard to the listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 for the period of three years prior to the date of filing of the prospectus with the Registrar of Companies/ Stock Exchange.

6.12.24 Change, if any, in the auditors during the last three years, and reasons, thereof.

6.12.25 Capitalisation of reserves or profits (during last five years).

6.12.26 Revaluation of assets, if any (during the last five years)

6.13	Offering Information
-------------	-----------------------------

6.13.1 **Terms of the Issue**

6.13.1.1 Ranking of equity shares.

6.13.1.2 Mode of payment of dividend.

6.13.1.3 Face value and issue price/ floor price/ price band.

6.13.1.4 Rights of the instrument holders.

6.13.1.5 Market lot.

6.13.1.6 Nomination facility to investor.

6.13.1.7 Minimum subscription:

(a) For Non-underwritten Public Issues:

Following statement shall appear:

"If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act, 1956."

(b) For Underwritten Public Issues:

Following statement shall appear:

"If the company does not receive the minimum subscription of 90% of the net offer to public including devolvement of Underwriters within 60 days from the date of closure of the issue, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest prescribed under Section 73 of the Companies Act, 1956."

(c) For Composite Issues:

- (i) The Lead Merchant Banker shall ensure that the requirement of 'minimum subscription' is satisfied both jointly and severally, i.e., independently for both rights and public issues.
- (ii) If the issuer company does not receive the minimum subscription in either of the issues the issuer company shall refund the entire subscription received.

(d) Offer for sale: The requirement of minimum subscription shall not be applicable to offer for sale.

(e) Public issues by infrastructure companies: The requirement of minimum subscription shall not be applicable to an eligible infrastructure company, provided disclosures regarding the alternate source of funding is made in the prospectus.

6.13.1.8 Arrangements for Disposal of Odd Lots:

- (a) Any arrangements made by the issuer company 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/ warrants etc., shall be intimated to the shareholders/ investors.
- (b) The issuer company 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 prospectus related to the concerned issue of capital.
- (c) The Lead Merchant Banker shall ascertain whether the issuer company 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 company held by them and if so, disclosures relating to setting up and operation of the trust shall be contained in the prospectus.
- (d) Whenever any issue results in issue of shares in odd lots, the issuer company, shall as far as possible issue certificates in the denomination of 1-2-5-10-20-50 shares.

6.13.1.9 Restrictions, if any, on transfer and transmission of shares/ debentures and on their consolidation/ splitting.

6.13.2 **Issue Procedure**

6.13.2.1 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.

6.13.2.2 Option to subscribe in the issue:

- (a) The details of option to subscribe for securities to be dealt with in a depository.
- (b) The Lead Merchant Banker shall incorporate a statement in the prospectus and in the application form to the effect that the investor shall have an option either to receive the security certificates or to hold the securities in dematerialised form with a depository.

6.13.2.3 How to apply - availability of forms, prospectus and mode of payment:

- (a) Applications by mutual funds:

- (i) The Lead Merchant Bankers shall clearly incorporate necessary disclosures 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) The applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.
- (b) Applications by NRIs:
- (i) The Lead Merchant Banker shall ensure the following disclosures:
 - a. the name and address of at least one place in India from where individual NRI applicants can obtain the application forms.
 - b. "NRI 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 NRIs 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."

6.13.2.4 Escrow mechanism:

- (a) Escrow A/c. of the issuer company.
- (b) Escrow A/c. of the syndicate member.

6.13.2.5 Terms of payment and payment into the Escrow Collection Account.

6.13.2.6 Electronic registration of bids.

6.13.2.7 Build up of the book and revision of bids.

6.13.2.8 Price discovery and allocation.

6.13.2.9 Signing of underwriting agreement.

6.13.2.10 Filing of prospectus with the Registrar of Companies.

6.13.2.11 Announcement of Pre-Issue Advertisement.

6.13.2.12 .Issuance of Confirmation of Allocation note (“CAN”) and Allotment in the Issue.

6.13.2.13 Designated date.

6.13.2.14 General instructions:

- (a) Do’s and don’ts.
- (b) Instructions for completing the Bid form.
- (c) Bidders bank details.
- (d) Bids by NRIs or FIIs on a repatriation basis.

6.13.2.15 Payment instructions:

- (a) Payment into escrow account of the issuer company.
- (b) Payment into escrow account of the syndicate member.

6.13.2.16 Submission of bid form.

6.13.2.17 Other instructions:

- (a) Joint bids in the case of individuals.
- (b) Multiple bids.
- (c) Pan or GIR number.
- (d) Issuer company’s right to reject bids.
- (e) Equity shares in demat form with NSDL or CDSL.
- (f) The investor’s attention shall also be invited to contact the compliance officer in case of any pre-issue/ post-issue related problems such as non-receipt of letters of allotment/ share certificates/ refund orders, etc.

6.13.2.18 Disposal of application and Application moneys.

6.13.2.19 Provisions of sub-section (1) of section 68A of the Companies Act, 1956 relating to punishment for fictitious applications, shall be mentioned.

6.13.2.20 Interest on refund of excess bid amount.

- 6.13.2.21 Basis of allotment or allocation.
- 6.13.2.22 Procedure and time of schedule for allotment and issue of certificates.
- 6.13.2.23 Method of proportionate allotment.
- 6.13.2.24 Letters of allotment or refund orders.
- 6.13.2.25 Despatch of refund orders: The following clause shall be incorporated in the prospectus:

"The company shall ensure despatch of refund orders of value over Rs.1500/- and share/ debenture certificates by Registered Post only and adequate funds for the purpose shall be made available to the Registrars by the issuer company ".

- 6.13.2.26 Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders in Case of Public Issues:

The caption "Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders in Case of Public Issues" shall appear and shall contain the following statement:

- (a) Where it is a fixed price issue:

"The company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. The company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants within 30 days from the date of the closure of the issue. However applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest."

- (b) Where it is a book-built issues:

"The company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of public issue. The company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants within 15 days from the date of the closure of the issue."

- 6.13.2.27 Undertaking by the issuer company:

- (a) The following undertaking by the issuer company shall be incorporated in the prospectus:

- (i) that the complaints received in respect of the Issue shall be attended to by the issuer company 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 seven working days of finalisation of basis of allotment.
 - (iii) that the issuer company shall apply in advance for the listing of equities on the conversion of debentures/ bonds.
 - (iv) that the funds required for despatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue by the issuer company.
 - (v) that the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public.
 - (vi) that the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
 - (vii) that no further issue of securities shall be made till the securities offered through this prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc.
- (b) In case of a debenture issue, the issuer company shall also give undertakings to the following effect in the prospectus:
- (i) that the issuer company shall forward the details of utilisation of the funds raised through the debentures duly certified by the statutory auditors of the issuer company, to the debenture trustees at the end of each half-year.
 - (ii) that the issuer company shall disclose the complete name and address of the debenture trustee in the annual report.
 - (iii) that the issuer company shall provide a compliance certificate to the debenture holders (on yearly basis) in respect of compliance with the terms and conditions of issue of debentures as contained in the prospectus, duly certified by the debenture trustee.
 - (iv) that the issuer company shall furnish a confirmation certificate that the security created by the company in favour of the debenture holders is

properly maintained and is adequate enough to meet the payment obligations towards the debenture holders in the event of default.

- (v) that necessary cooperation with the credit rating agency (ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.

6.13.2.28 Utilisation of Issue Proceeds:

- (a) A statement by the Board of Directors of the issuer company to the effect that:
 - (i) all monies received out of issue of shares or debentures to public shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
 - (ii) details of all monies utilised out of the issue referred to in sub-item(i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer company indicating the purpose for which such monies had been utilised; and
 - (iii) details of all unutilised monies out of the issue of shares or debentures, if any, referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer company indicating the form in which such unutilised monies have been invested.
- (b) The prospectus shall contain a statement of the Board of Directors of the issuer company to the effect that:
 - (i) the utilisation of monies received under promoters' contribution and from firm allotments and reservations shall be disclosed under an appropriate head in the balance sheet of the issuer company, 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 firm allotments and reservations shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such unutilised monies have been invested.

6.13.2.29 Restrictions on foreign ownership of Indian securities, if any:

- (a) Investment by NRIs.
- (b) Investment by FIIs.

6.14	Description of Equity Shares and Terms of the Articles of Association
------	--

6.14.1 Rights of members regarding voting, dividend, lien on shares and the process for modification of such rights and forfeiture of shares.

6.14.2 Main provisions of the Articles of Association.

6.15	Other Information
------	--------------------------

6.15.1 List of material contracts and inspection of documents for inspection:

6.15.1.1 Material contracts.

6.15.1.2 Documents.

6.15.1.3 Time and place at which the contracts, together with documents, will be available for inspection from the date of prospectus until the date of closing of the subscription list.

6.15.2 Declaration

The draft prospectus and final prospectus shall be approved by the Board of Directors of the issuer company and shall be signed by all the Directors (including the Managing Director), Chief Executive Officer and Chief Financial Officer of the issuer company. They shall also certify that all the disclosures made in the prospectus are true and correct.”

4. ***Section II of Chapter VI (Clauses 6.20 to 6.38) shall be substituted with the following, namely:***

“SECTION II - CONTENTS OF ABRIDGED PROSPECTUS

6.16 General Instructions: The information to be provided under each of the heads specified below shall be as per the requirement of Part I of Chapter VI except when specified otherwise.

6.16.1 The Abridged Prospectus shall be printed in a font size which shall not be visually smaller than TIMES NEW ROMAN Size 10.

6.16.2 The order in which items appear in the Abridged Prospectus shall correspond, wherever applicable, to the order in which items appear in the Prospectus.

6.16.3 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 Prospectus is mutilated.

6.17 **General Information**

- 6.17.1 The name of the issuer company and address of the registered office of the issuer 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 Issuer, details thereof.
- 6.17.2 Name/s of stock exchanges where listing of the securities is proposed.
- 6.17.3 Dates of opening, earliest closing and closing of the issue.
- 6.17.4 Disclaimer Clause of SEBI
- 6.17.5 Consolidated Disclaimer Clause of Stock Exchanges: Disclaimer clauses of stock exchanges shall be combined into a single disclaimer clause with appropriate reference to individual stock exchanges.
- 6.17.6 Disclaimer Statement of the issuer company and merchant banker
- 6.17.7 Name and address of the Lead Managers, along with telephone number, fax number, website address, name of contact person and e-mail address.
- 6.17.8 Name and address of the brokers along with phone numbers.
- 6.17.9 Name and address of the collecting bankers.
- 6.17.10 Name and address of the registrars to the issue along with phone number, fax number, website address, name of contact person and email address.
- 6.17.11 Name and address of the trustee under debenture trust deed (in case of a debenture issue) along with phone number, fax number, website address, name of contact person and email address.
- 6.17.12 Name and address of the statutory auditors.
- 6.17.13 Rating for the proposed debenture/ preference shares issue, if any, obtained from the credit rating agencies.
- 6.17.14 Name and address of the underwriters and the amount underwritten by them, if applicable.
- 6.17.15

- (a) Name, address, telephone number, fax number and email address of the Compliance Officer.
 - (b) Investor's attention shall be invited to contact the Compliance Officer in case of any pre-issue/ post-issue related problems such as non-receipt of letters of allotment/ share certificates/ credit of securities in depositories beneficiary account/ refund orders, etc.
- 6.17.16 Provisions of sub section (1) of Section 68A of the Companies Act, 1956 relating to punishment for impersonation.
- 6.17.17 Declaration about the issue of allotment letters/ refunds within a period of 30 days and interest in case of delay in dispatching refund/ allotment letters @ 15% per annum or at the rate as may be specified.
- 6.17.18 Risk Factors and proposals to address the same.
- 6.18 **Capital Structure of the issuer company**
- 6.18.1 Following details to be furnished:
- a. Authorised, issued, subscribed and paid up capital (Number of instruments, description, aggregate nominal value).
 - b. Size of present issue. Disclose separately promoters' contribution, firm allotment/ reservation for specified categories and net offer to public.
 - c. Number of instruments, description, aggregate nominal value and issue amount shall be given in this order. Name(s) of group companies to be given, in case, reservation has been made for shareholders of the group companies.
 - d. Paid-up Capital
 - a. after the issue
 - b. after conversion of securities (if applicable).
 - e. Share Premium Account (before and after the issue).
- 6.18.2 Complete Notes to the Capital Structure.
- 6.18.3 A disclosure to the effect that the securities offered through this public/ rights issue shall be made fully paid up or forfeited within 12 months from the date of allotment of securities in a manner as specified in clause 8.5.2.
- 6.19 **Terms of the Present Issue**

6.19.1

- i. Authority for the issue, terms of payment and procedure and time schedule for allotment and issue of certificates/ refund orders.
- ii. The clause "Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders in Case of Public Issues" shall appear.

6.19.2 **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. Residents: In the application form meant for Indian Public, 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 nonrepatriation basis."
- c. Non-Resident Indians (NRIs): The application form meant for NRIs shall not contain provision for payment through NR (O) accounts.

On the face of the form, the following legend shall be printed in a box:

"Attention NRI Applicants: Payment must be made through their Non Resident External (NRE) / Foreign Currency Non Resident (FCNR) accounts or through cheques / drafts sent from abroad and drawn on convertible rupee accounts in India. Forms accompanied by cheques drawn on NR (O) accounts are liable to be rejected".

- d. Attention of NRIs shall be invited to the following:

- i. the name and address of at least one place in India from where individual NRI applicants can obtain the application forms.
 - ii. Such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category.
 - iii. Such NRIs who wish to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the form meant for reserved category. As regards applications in case of reservations to NRIs, a disclosure is to be made incorporating the fact that payment for such allotments shall come through external source only and that payments through NRO account will not be permitted.
 - e. 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. Disclosure of PAN/GIR number in respect of applications for monetary value of the investment of Rs.50,000 and above.
 - iv. Details of options, if any, to receive securities subscribed for, either in dematerialised or physical form and a statement that trading in securities on the stock exchanges in physical form will be available only subject to limits prescribed by the Board for time to time.
 - f. Application by Mutual Funds
- 6.19.3 Any special tax benefits for 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).

6.20 **Particulars of the Issue**

- 6.20.1 Objects of the issue
- 6.20.2 Project cost
- 6.20.3 Means of financing
- 6.20.4 Name of Appraising Agency, if any
- 6.20.5 Name of Monitoring Agency, if any

6.21 **Company, Management and Project**

- 6.21.1 History and main objects and present business of the company.
- 6.21.2 Promoters and their background.
- 6.21.3 Names, address and occupation of manager, managing director, and other Directors (including nominee-directors and whole-time directors) giving their directorships in other companies.
- 6.21.4 Location of the project
- 6.21.5 Plant and machinery, technology, process, etc
- 6.21.6 Collaboration, any performance guarantee or assistance in marketing by the collaborators
- 6.21.7 Infrastructure facilities for raw materials and utilities like water, electricity, etc.
- 6.21.8 Schedule of implementation of the project and progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, trial production, date of commercial production etc
- 6.21.9 Products/Services
 - 6.21.9.1 Nature of the products/services and end users
 - 6.21.9.2 Existing, licensed and installed capacity of the product, demand of the product-existing, and estimated in the coming years as estimates by a Government authority or by any other reliable institution, giving source of the information. In case the company is providing services, relevant information in regard to nature/ extent of services, etc., have to be furnished.
 - 6.21.9.3 Approach to marketing and proposed marketing set up
 - 6.21.9.4 Export possibilities and export obligations, if any.
 - 6.21.9.5 Stock Market Data: Disclose particulars of:-
 - a. high, low and average market prices of the share of the company during the preceding three years

- b. monthly high and low prices for the six months preceding the date of filing of the prospectus
- c. number of shares traded on the days when high and low prices were recorded in the relevant stock exchange during period of (i) and (ii) above, and total volume traded on those dates
- d. the stock market data referred to above shall be shown separately for periods marked by a change in capital structure, with such period commencing from the date the concerned stock exchange recognises the change in the capital structure (e.g., when the shares have become ex-rights or ex-bonus)
- e. the market price immediately after the date on which the resolution of the Board of Directors approving the issue was approved
- f. the volume of securities traded in each month during the six months preceding the date on which the offer document is filed with ROC
- g. Along with high, low and average prices of shares of the company, details relating to volume of business transacted should also be stated for respective periods.

6.22 **Following particulars in regard to the listed companies under the same management which made any capital issue in the last three years**

- a. Name of the company
- b. Year of issue
- c. Type of issue (public/ rights/ composite)
- d. Amount of issue
- e. Date of closure of issue
- f. Date of despatch of share/ debenture certificate completed
- g. Date of completion of the project, where object of the issue was financing of a project
- h. Rate of dividend paid, if any.

6.23 **Basis for Issue Price**

- a. Earnings per share i.e. EPS pre-issue for the last three years (as adjusted for changes in capital);
- b. P/E pre-issue
- c. Average return on net worth in the last three years
- d. Minimum return on increased net worth required to maintain preissue 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 issuer company as mentioned above with the industry average and with the accounting ratios of the peer group (i.e., companies of comparable size in the same industry. (Indicate the source from which industry average and accounting ratios of the peer group has been taken)

Provided that the projected earnings shall not be used as a justification for the issue price in the offer document.

Provided further that the accounting ratios disclosed in the offer documents in support of basis of the issue price shall be calculated after giving effect to the consequent increase in capital on account of compulsory conversions outstanding, as well as on the assumption that the options outstanding, if any, to subscribe for additional capital will be exercised.

- h. The face value of shares (including the statement about the issue price being "X" times of the face value)

6.24 **Outstanding Litigations and Defaults** (in a summarised tabular form)

- 6.24.1 Whether all payment/refunds, debentures, deposits of banks or companies, interest on deposits, debenture interest, institutional dues have been paid up to date. If not, details of the arrears, if any, to be stated.

- 6.25 **Material Development:** Any material development after the date of the latest balance sheet and its impact on performance and prospects of the company.

- 6.26 **Expert opinion obtained, if any.**

6.27 **Change, if any, in directors and auditors during the last three years and reasons thereof.**

6.28 **Time and Place of Inspection of material contracts** (List of material contracts not required)

6.29 **Financial Performance of the Company for the Last Five Years** (Figures to be taken from the audited annual accounts in a tabular form)

6.29.1

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 company

d. Following information as extracted from the report of the auditors reproduced in the main offer document in terms of clause 6.18 of the Guidelines:

i) net profit before accounting for extra ordinary items

ii) extra ordinary items

iii) net profit after accounting for extra ordinary items

6.29.2 Management Discussions and Analysis on Accounts

6.30 **Listed Ventures of Promoters**

6.31 **Previous Public or Rights Issues, if any ,of last 5 years**

6.32 **Disclosure on Investor Grievances & Redressal System**

6.33 **Statement regarding minimum subscription clause:**

Following statements shall appear depending upon the type of issue:

6.33.1 For Non-underwritten Public Issues

“If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription

level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act 1956.”

6.33.2 For Underwritten Public Issues

“If the company does not receive the minimum subscription of 90% of the net offer to public including devolvement of Underwriters within 60 days from the date of closure of the issue, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest prescribed under Section 73 of the Companies Act 1956.”

6.33.3 For Composite Issues

1. The Lead Merchant Banker shall ensure that the requirement of "minimum subscription" is satisfied both jointly and severally, i.e., independently for both rights and public issues.
2. If the company does not receive the minimum subscription in either of the issues the company shall refund the entire subscription received.

6.34 **Signatories to the Offer Document.”**

5. ***Sub clause (c) and (d) of Clause 9.1.12 shall be substituted with the following, namely:***

“(c) Subject to section 66 of the Companies Act, 1956, any advertisement made by an issuer in respect of opening or closure of the issue shall be in the format and contain the minimum disclosures as given in the relevant part of Schedule XX-A.

(d) Any pre-issue advertisement made under clause 5.6A or advertisement made in connection with opening or closing of an issue by the issuer, which is displayed in a billboard shall not contain any information apart from that mentioned in the relevant part of Schedule XX-A.”

CHAPTER XI – GUIDELINES FOR BOOK BUILDING

6. In clause 11.3.1, sub-clause (xi) (a) shall be omitted.

CHAPTER XIII- GUIDELINES FOR PREFERENTIAL ISSUES

7. In clause 13.4.3, the words “three months” shall be substituted by “fifteen days”.

THE SCHEDULES

8. *After Schedule VII, the following new schedule shall be inserted, namely:*

“SCHEDULE VIIIA

(See clause 6.1.1)

ORDER OF PRESENTATION OF DISCLOSURES IN PROSPECTUS

SR. NO.	CONTENTS OF OFFER DOCUMENT
I.	Cover Pages
	<p>1. Front Cover Pages:</p> <p>(i) Issue Details:</p> <p>(a) Logo, name, previous name, if any, address, telephone number, fax number, contact person, website address and e-mail address of the issuer company.</p> <p>(b) Nature, number, price and amount of instruments offered and issue size, as may be applicable.</p> <p>(c) Risks in relation to first issue.</p> <p>(d) General risk regarding investments in equity.</p> <p>(e) Issuer's Absolute Responsibility clause.</p> <p>(f) Logo, names and addresses of all the Lead Merchant Bankers with their titles who file the prospectus with the Board, along with their telephone numbers, fax numbers, website addresses and e-mail addresses.</p> <p>(g) Logo, names of the Registrar to the Issue, along with its telephone number, fax number, website address and e-mail address.</p> <p>(h) Issue Schedule.</p> <p>(i) Credit Rating, if applicable.</p> <p>(j) Names of the Stock Exchanges where listing is proposed along with details of in-principle approval.</p> <p>2. Back Cover Pages.</p>
II.	Table of Contents
	To include all the main heads.
III.	Definitions and Abbreviations
	<p>1. Conventional/ General terms.</p> <p>2. Offering-related Terms.</p> <p>3. Company/ Industry-related Terms.</p> <p>4. Abbreviations.</p>
IV.	Risk Factors
	1. Forward-looking Statements and Market Data, if any (to be disclosed on

	<p>voluntary basis).</p> <p>2. Risk Factors:</p> <ul style="list-style-type: none"> (i) Risks envisaged by Management. (ii) Proposals, if any, to address the risks. (iii) Notes to the risk factors.
V. Introduction	
	<p>1. Summary:</p> <ul style="list-style-type: none"> (i) Summary of the industry and business of the issuer company. (ii) Offering details in brief. (iii) Summary Consolidated Financial, Operating and Other Data. <p>2. General Information:</p> <ul style="list-style-type: none"> (i) Name, address of registered office and the registration number of the issuer company, along with the address of the Registrar of Companies where the issuer company is registered. (ii) Board of Directors of the issuer company. (iii) Brief details of the Chairman, Managing Director, Whole Time Director, etc. (iv) Names, addresses, telephone numbers, fax numbers and e-mail addresses of the Company Secretary, Legal Advisor and Bankers to the Company. (v) Name, address, telephone number, fax number and e-mail address of the Compliance Officer. (vi) Names, addresses, telephone numbers, fax numbers, contact person, website addresses and e-mail addresses of the Merchant Bankers, Co-Managers, Registrars to the Issue, Bankers to the Issue, Brokers to the Issue, Syndicate members, etc. (vii) Names, addresses, telephone numbers, fax numbers and e-mail addresses of the auditors of the issuer company. (viii) Statement of interse allocation of responsibilities among Lead Managers. (ix) Credit Rating (in case of debenture issue). (x) Names, addresses, telephone numbers, fax numbers, website addresses and e-mail addresses of the trustees under debenture trust deed (in case of debenture issue). (xi) Name of the monitoring agency, if applicable. (xii) Where the project is being appraised, name, address, telephone number and e-mail address of the appraising entity. (xiii) Book Building Process in brief. (xiv) Details of Underwriting, if any. <p>3. Capital Structure:</p> <ul style="list-style-type: none"> (i) Capital structure. (ii) Classes of shares, if applicable. (iii) Notes to capital structure. <p>4. Objects of the Offering:</p> <ul style="list-style-type: none"> (i) Funds Requirement. (ii) Funding Plan (Means of Finance).

	<ul style="list-style-type: none"> (iii) Appraisal. (iv) Schedule of Implementation. (v) Funds Deployed. (vi) Sources of Financing of Funds already deployed. (vii) Details of Balance Fund Requirement. (viii) Interim Use of Funds. (ix) Basic Terms of Issue. (x) Basis for issue price. (xi) Tax Benefits.
VI.	About the Issuer Company
	<ol style="list-style-type: none"> 1. Industry overview. 2. Business overview. <ol style="list-style-type: none"> (i) Details of the business of the issuer company: <ol style="list-style-type: none"> (a) Location of the project. (b) Plant, machinery, technology, process, etc. (c) Collaborations, any performance guarantee or assistance in marketing by the collaborators. (d) Infrastructure facilities for raw materials and utilities like water, electricity, etc. (e) Products/ services of the company. (ii) Business strategy: <ol style="list-style-type: none"> (a) Brief statement about business strategy. (b) Brief statement about future prospects, including capacity & capacity utilization and projections. (iii) Competitive strengths (to be disclosed on a voluntary basis). (iv) Insurance (to be disclosed on a voluntary basis). (v) Property. (vi) Purchase of property. 3. Key Industry-Regulation (if applicable). 4. History and Corporate Structure of the issuer company: <ol style="list-style-type: none"> (i) History and Major Events. (ii) Main objects. (iii) Subsidiaries of the issuer company, if any and their businesses. (iv) Shareholders agreements. (v) Other agreements. (vi) Strategic partners. (vii) Financial partners. 5. Management: <ol style="list-style-type: none"> (i) Board of Directors. (ii) Compensation of Managing Directors/ Whole time Directors. (iii) Compliance with Corporate Governance requirements. (iv) Shareholding of Directors, including details of qualification shares held by them. (v) Interest of the Directors. (vi) Change, if any, in the directors in last three years and reasons thereof, wherever applicable.

	<ul style="list-style-type: none"> (vii) Management Organisation Structure. (viii) Details regarding Key Management Personnel. (ix) Employees. (x) Disclosures regarding employees stock option scheme/ employees stock purchase scheme of the issuer company, if any, as required by the Guidelines or Regulations of the Board relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme. (xi) Payment or Benefit to Officers of the Company (non-salary related). <p>6. Promoters/ Principal Shareholders:</p> <ul style="list-style-type: none"> (i) Details about promoters who are individuals. (ii) Details about promoters which are companies. (iii) Common pursuits. (iv) Interest of promoters. (v) Payment or benefit to promoters of the issuer company. (vi) Related party transactions as per the Financial Statements. <p>7. Exchange rates (to be disclosed on voluntary basis).</p> <p>8. Currency of presentation.</p> <p>9. Dividend policy.</p>
VII.	Financial Statements
	<ul style="list-style-type: none"> 1. Selected Consolidated Financial and Operating data. 2. Financial information of the issuer company. 3. Financial information of group companies. 4. Changes in Accounting Policies in the last three years. 5. Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements: <ul style="list-style-type: none"> (i) Overview of the business of the issuer company. (ii) Significant developments subsequent to the last financial year. (iii) Factors that may affect Results of the Operations. (iv) Discussion on Results of Operations. (v) Comparison of recent financial year with the previous financial years (last three years) on the major heads of the Profit & Loss Statement. (vi) Liquidity and Capital Resources (to be disclosed on voluntary basis). (vii) Capital Expenditure (to be disclosed on voluntary basis). (viii) Foreign Exchange Risk (to be disclosed on voluntary basis). (ix) Interest rate Risk (to be disclosed on voluntary basis). (x) Recent accounting pronouncements (to be disclosed on voluntary basis).
VIII.	Legal & Other Information
	<ul style="list-style-type: none"> 1. Outstanding litigations and Material Developments <ul style="list-style-type: none"> (i) Outstanding litigations involving the issuer company. (ii) Outstanding litigations against the issuer company's subsidiaries (if applicable). (iii) Outstanding litigations involving the promoter and group companies. (iv) Material developments since the last balance sheet date. 2. Government approvals/ Licensing Arrangements: <ul style="list-style-type: none"> (i) Investment approvals (FIPB/ RBI, etc.).

	<ul style="list-style-type: none"> (ii) All government and other approvals. (iii) Technical approvals. (iv) Letter of intent/ industrial license and declaration of the Central Government/ RBI about non-responsibility for financial soundness or correctness of statements.
IX. Other Regulatory and Statutory Disclosures	
	<ol style="list-style-type: none"> 1. Authority for the issue and details of the resolution passed for the issue. 2. Prohibition by SEBI. 3. Eligibility of the Issuer Company to enter the Capital market. 4. Disclaimer clause. 5. Caution. 6. Disclaimer in respect of jurisdiction. 7. Disclaimer clause of the stock Exchanges. 8. Disclaimer clause of the Reserve Bank of India (if applicable). 9. Filing of prospectus with the Board and the Registrar of Companies. 10. Listing. 11. Impersonation. 12. Consents. 13. Expert opinion obtained, if any. 14. Expenses of the issue. 15. Details of fees payable. 16. Underwriting commission, brokerage and selling commission. 17. Previous rights and public issues if any (during the last five years). 18. Previous issues of shares otherwise than for cash. 19. Commission and brokerage on previous issues. 20. Particulars in regard to the issuer company and other listed companies under the same management within the meaning section 370 (1)(B) of the Companies Act, 1956 which made any capital issue during the last three years. 21. Promise vis-à-vis performance. 22. Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the issuer company outstanding as on the date of prospectus and terms of issue. 23. Stock market data for equity Shares of the issuer company, if listed. 24. Mechanism evolved for redressal of investor grievances. 25. Change, if any, in the auditors during the last three years, and reasons, thereof. 26. Capitalisation of reserves or profits (during last five years). 27. Revaluation of assets, if any (during last five years).
X. Offering Information	
	<ol style="list-style-type: none"> 1. Terms of the issue: <ul style="list-style-type: none"> (i) Ranking of equity shares. (ii) Mode of payment of dividend. (iii) Face value and issue price/ floor price/ price band. (iv) Rights of the equity shareholder. (v) Market lot.

	<ul style="list-style-type: none"> (vi) Nomination facility to investor. (vii) Minimum subscription. (viii) Arrangements for Disposal of Odd Lots. (ix) Restrictions, if any, on transfer and transmission of shares/ debentures and on their consolidation/ splitting.
2.	<p>Issue procedure:</p> <ul style="list-style-type: none"> (i) 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. (ii) Option to subscribe in the issue. (iii) How to apply - availability of forms, prospectus and mode of payment. (iv) Escrow mechanism: <ul style="list-style-type: none"> (a) Escrow A/c. of the company. (b) Escrow A/c. of the syndicate member. (v) Terms of payment and payment into the Escrow Collection Account. (vi) Electronic registration of bids. (vii) Build up of the book and revision of bids. (viii) Price discovery and allocation. (ix) Signing of underwriting agreement. (x) Filing of prospectus with the Registrar of Companies. (xi) Announcement of pre-issue Advertisement. (xii) Issuance of Confirmation of Allocation note ("CAN") and Allotment in the Issue. (xiii) Designated date. (xiv) General instructions: <ul style="list-style-type: none"> (a) Do's. (b) Don'ts. (c) Instructions for completing the Bid form. (d) Bidders bank details. (e) Bids by NRIs or FIIs on a repatriation basis. (xv) Payment instructions: <ul style="list-style-type: none"> (a) Payment into escrow account of the Issuer Company. (b) Payment into escrow account of the Syndicate member. (xvi) Submission of bid form. (xvii) Other instructions: <ul style="list-style-type: none"> (a) Joint bids in the case of individuals. (b) Multiple bids. (c) Pan or GIR number. (d) Company's right to reject bids. (e) Equity shares in demat form with NSDL or CDSL. (f) Investor's attention invited to contact the compliance officer in case of any pre-issue/ post-issue related problems. (xviii) Disposal of application and Application moneys. (xix) Provisions of sub-section (1) of section 68A of the Companies Act,

	<p>1956 relating to punishment for fictitious applications.</p> <p>(xx) Interest on refund of excess bid amount.</p> <p>(xxi) Basis of allotment or allocation.</p> <p>(xxii) Procedure and time of schedule for allotment and issue of certificates.</p> <p>(xxiii) Method of proportionate allotment.</p> <p>(xxiv) Letters of allotment or refund orders.</p> <p>(xxv) Despatch of refund orders.</p> <p>(xxvi) Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders in Case of Public Issues.</p> <p>(xxvii) Undertaking by the company.</p> <p>(xxviii) Utilisation of Issue Proceeds.</p> <p>(xxix) Restrictions on foreign ownership of Indian securities, if any.</p> <p>(a) Investment by NRIs .</p> <p>(b) Investment by FIIs.</p>
XI.	Description of Equity Shares and Terms of the Articles of Association
	<p>1. Rights of members regarding voting, dividend, lien on shares and the process for modification of such rights and forfeiture of shares.</p> <p>2. Main provisions of the Articles of Association.</p>
XII.	Other Information
	<p>1. List of material contracts and documents for inspection.</p> <p>2. Declaration.</p>

9. After Schedule XX, the following new schedule shall be inserted, namely:

“SCHEDULE XX-A

(Clauses 5.6A, 9.4 and 9.5)

FORMATS OF ISSUE ADVERTISEMENTS

PART A

**SAMPLE FORMAT FOR PRE-ISSUE ADVERTISEMENT FOR PUBLIC ISSUE
(FIXED PRICE / BOOKBUILT)**

This is only an advertisement for information purposes and not a prospectus announcement.

ABC LTD.

(Incorporated on _____ under the Companies Act as _____ and subsequently
renamed _____ on _____)

Registered Office: _____ Tel: _____ Fax _____

Corporate Office: _____

Tel: _____ Fax: _____ e-mail: _____ Website: _____

THE ISSUE

Public issue of _____ equity shares / debentures (if applicable) of Rs. ____ each at a price of Rs. _____ (Floor price or price band or as the case may be for Book built issue) for cash aggregating Rs. _____ (appropriate disclosure for Book Built issue)

Disclosure as per Clause 3.7.1(ii)

The Issue is being made through the 100% Book Building Process wherein at least ___% of the Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than ___% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining ___% of the Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price. **(The disclosure about details of allocation shall be given in case of Book built issues in these lines)**

PROMOTERS

XXXX

PROPOSED LISTING

Names of Stock Exchanges

LEAD MANAGERS / BOOK RUNNING LEAD MANAGERS / CO-BOOK RUNNING LEAD MANAGERS

(as the case may be)

Name, address, telephone and fax numbers, email ID, website address and contact person

COMPLIANCE OFFICER OF ISSUER COMPANY

Name, address, telephone and fax numbers, email ID, website address

**CREDIT RATING (only if applicable)
DEBENTURE TRUSTEES (only if applicable)**

AVAILABILITY OF APPLICATION FORMS

Names of Issuer, Lead Managers, Book runners, Syndicate Members, Brokers and Bankers to the issue (as the case may be) (Addresses optional)

AVAILABILITY OF PROSPECTUS

Investors are advised to refer to the prospectus, and the risk factors contained therein, before applying in the issue. Full copy of the prospectus is available at www.sebi.gov.in and websites of issuer / lead manager/s / Stock Exchange/s at [www... ..](http://www...)

**ISSUE / BID OPENS ON :
ISSUE / BID CLOSES ON :**

Issued by
Directors of Issuer

PART B

**SAMPLE FORMAT FOR ISSUE OPENING ADVERTISEMENT FOR PUBLIC ISSUES
(FIXED PRICE / BOOKBUILT)**

This is only an advertisement for information purposes and not a prospectus announcement.

ABC LTD.

(Incorporated on _____ under the Companies Act as _____ and subsequently
renamed _____ on _____)

Registered Office: _____ Tel: _____ Fax _____

Corporate Office: _____

Tel: _____ Fax: _____ e-mail: _____ Website: _____

THE ISSUE

Public issue of _____ equity shares / debentures (if applicable) of Rs. _____ each at a price of Rs. _____ **(Floor price or price band or as the case may be for Book built issue)** for cash aggregating Rs. _____ **(appropriate disclosure for Book Built issue)**

Disclosure as per Clause 3.7.1(ii)

The Issue is being made through the 100% Book Building Process wherein at least ___% of the Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than ___% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining ___% of the Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price. **(The disclosure about details of allocation shall be made in case of Book built issues in these lines)**

PROMOTERS

XXXX

PROPOSED LISTING

Names of Stock Exchanges

LEAD MANAGERS / BOOK RUNNING LEAD MANAGERS / CO-BOOK RUNNING LEAD MANAGERS (as the case may be)

Name, address, telephone and fax numbers, email ID, website address and contact person

COMPLIANCE OFFICER OF ISSUER COMPANY

Name, address, telephone and fax numbers, email ID, website address

**CREDIT RATING (only if applicable)
DEBENTURE TRUSTEES (only if applicable)**

AVAILABILITY OF APPLICATION FORMS

Names of Issuer, Lead Managers, Book runners, Syndicate Members, Brokers and Bankers to the issue **(as the case may be)** (Addresses optional)

AVAILABILITY OF PROSPECTUS

Investors are advised to refer to the prospectus, and the risk factors contained therein, before applying in the issue. Full copy of the prospectus is available at www.sebi.gov.in and websites of issuer / lead manager/s / Stock Exchange/s at [www... ..](http://www...)

ISSUE / BID OPENS TODAY

Issued by
Directors of Issuer

PART C

**SAMPLE FORMAT FOR ISSUE CLOSING ADVERTISEMENT FOR PUBLIC ISSUES
(FIXED PRICE / BOOKBUILT)**

This is only an advertisement for information purposes and not a prospectus announcement.

ABC LTD.

(Incorporated on _____ under the Companies Act as _____ and subsequently

renamed _____ on _____)

Registered Office: _____ Tel: _____ Fax _____

Corporate Office: _____

Tel: _____ Fax: _____ e-mail: _____ Website: _____

THE ISSUE

Public issue of _____ equity shares (if applicable) of Rs. ____ each at a price of Rs. _____ **(Floor price or price band or as the case may be for Book built issue)** for cash aggregating Rs. _____ **(appropriate disclosure for Book Built issue)**

Disclosure as per Clause 3.7.1(ii)

The Issue is being made through the 100% Book Building Process wherein at least ___% of the Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than ___% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining ___% of the Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price. *(The disclosure about details of allocation shall be made in case of Book built issues in these lines)*

PROMOTERS

XXXX

PROPOSED LISTING

Names of Stock Exchanges

LEAD MANAGERS / BOOK RUNNING LEAD MANAGERS / CO-BOOK RUNNING LEAD MANAGERS (as the case may be)

Name, address, telephone and fax numbers, email ID, website address and contact person

COMPLIANCE OFFICER OF ISSUER COMPANY

Name, address, telephone and fax numbers, email ID, website address

**CREDIT RATING (only if applicable)
DEBENTURE TRUSTEES (only if applicable)**

AVAILABILITY OF APPLICATION FORMS

Names of Issuer, Lead Managers, Book runners, Syndicate Members, Brokers and Bankers to the issue **(as the case may be)** (Addresses optional)

AVAILABILITY OF PROSPECTUS

Investors are advised to refer to the prospectus, and the risk factors contained therein, before applying in the issue. Full copy of the prospectus is available at www.sebi.gov.in and websites of issuer / lead manager/s / Stock Exchange/s at [www... ..](http://www...)

ISSUE / BID CLOSES TODAY

Issued by
Directors of Issuer

*****”

Miscellaneous

10. Clauses 1 and 1.3.1 shall be renumbered as clauses 1.1 and 1.3 respectively.
11. In clause 2.2.2 (b) (ii), the bulleted sub-clauses shall be numbered as sub-clauses (a), (b) and (c) respectively.
12. In 2nd proviso to clause 2.3.1, the word “further” shall be inserted after the words “Provided” and before the word “that”.
13. The heading “infrastructure company” appearing under clause 3.2.1 shall be numbered as “clause 3.2A”. The clause 3.2.3 shall be renumbered as 3.2A.1.

14. In proviso to clause 4.10.1 (c), the word “that” shall be inserted after the words “Provided” and before the word “in case”.
15. In clause 5.4.3.4, after sub clause (b), the words “The lead merchant banker shall ensure that” shall be deleted and the two paragraphs shall be numbered as (c) and (d).
16. Clause 5.10.8 shall be deleted.
17. In clause 6.40.1, the words and numbers “clause 6.2 of Section I” shall be substituted for “clause 6.4 of Section I”.
18. Clauses 6.41.11 and 6.41.12 shall be renumbered as clauses 6.41.10.1 and 6.41.10.2 respectively.
19. In clause 6.46.8, the words and numbers “clause 6.13.1” shall be substituted by “clause 6.8.4.11”.
20. In clause 7.5.1, references to stock invests shall be deleted viz., the words “received along with stock invest” and “who have applied through stock invest”
21. In the proviso to clause 7.6.1, the word “that” shall be inserted after the word “Provided”
22. In clause 7.7.1, the words “*cancelled stock invests*” shall be deleted.
23. In clause 7.7.5 references to stock invests shall be deleted, viz., the words “alongwith stockinvest” and “*who have applied through stockinvest*”
24. Clause 7.8 shall be deleted.
25. Clause 8.6.1.1 shall be renumbered as Clause 8.6.1
26. In clause 8A.4, the term “clause 6.15.1” shall be substituted for the term “clause 6.19.15”.
27. In clause 8A.19, the bulleted sub clauses shall be numbered (a), (b) and (c) respectively.
28. The following clause shall be numbered as Clause 9.1.8
“Issue advertisements shall not 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.”
28. The heading of Chapter XI shall read as “GUIDELINES ON BOOK BUILDING”
29. The following clause shall be renumbered as Clause 13.1B
A listed company shall not make any preferential issue of equity shares, Fully Convertible Debentures, Partly Convertible Debentures or any other instrument which may be converted into or exchanged with equity shares at a latter date if the same is not in compliance with the conditions for continuous listing.)

30. In clause 13.7.1(ii)(b) the term "clause 6.8.3.2" shall be substituted for "Clause 6.4.2.1".
31. In Chapter XVI, the following clause shall be numbered as Clause 16.2
Instructions on post-issue obligations
32. In Chapter XVI, the following heading shall be inserted :
"16.3.0 Merchant Bankers"
33. In chapter XVI, the clause under the head "Registration and renewal of registration of Merchant Bankers" shall be renumbered as Clause 16.3.1.
34. In Schedule III, Annexure to the Due Diligence Certificate, the following clause at serial no.23 shall be deleted
"True copy of the Board resolution passed by the issuer authorising a representative of the Registrar to act on its behalf in relation to handling of stock invests."
35. In Schedule VIII, the terms "Clause 6.8.3.2 (b)" shall be substituted for the term "Clause 6.4.2.1(b)"
36. In Schedule IX , the term "Clause 6.8.3.2(c)" shall be substituted for "Clause 6.4.2.1(c)(ii)"
37. The following shall be deleted from the heading to Schedule IX "IN THE PARAGRAPH ON "PROMOTERS AND THEIR BACKGROUND"
38. In Schedule X, the terms "Clause 6.10.2.7(b)(v)" shall be substituted for the terms "Clause 6.18.7(iv)(b)"
39. In Schedule XI, the terms "Clause 6.10.2.7 (b)(vi))" shall be substituted for the terms "Clause 6.18.7.(vi)"
40. In Schedule XII, the terms "Clause 6.10.2.7(i)(iv)" shall be substituted for the terms "Clause 6.18.7.(viii)"
41. In Schedule XIII, the terms "Clause 6.10.2.7(g)(iii))" shall be substituted for the terms "Clause 6.18.7.(iii)"
42. Schedule XIV shall be deleted
43. In Schedule XV, the terms "Clause 6.8.4.11(a)(vii)" shall be substituted for the terms "Clause 6.13.1(g)".
44. In Schedule XVI, the following clauses pertaining to stock invests appearing in the " Final post issue monitoring report " shall be deleted :

In point no. 7,

"No. of applications accompanied by stock invests :
 No. of instruments applied through stock invest :
 Amount of subscription received through stock invest : Rs.
 Percentage of subscription through stock invest in total subscription"

In point no. 10

"No. of successful allottees from stock-invest applicants
 No. of instruments allotted to stock invest applicants
 Percentage of stock invest allottees in total allottees":

In point no.12

“Cancelled Stock invests”

In point no.16

“Cancelled Stockinvests”

45. In Schedule XX, below the clause no., the term “Clause 11.3.5 (vii)” shall be inserted to give reference to appropriate clause.
46. In Schedule XXI, below the clause no., the term “Clause 11.3.5 (viii)” shall be inserted to give reference to appropriate clause.
47. In Schedule XXIIIA, the term “Clause 16.1.5 (c)” shall be substituted for the terms “Clause 16.1.3 and 16 1.4 (c)”.
48. In Schedule XXIX, under serial no. (o), the items numbered as (p), (q) and (r) shall be renumbered as (i), (ii) and (iii) respectively.