

THE GAZETTE OF INDIA
EXTRAORDINARY
PART – III – SECTION 4
PUBLISHED BY AUTHORITY
NEW DELHI, AUGUST 25, 2014
SECURITIES AND EXCHANGE BOARD OF INDIA
NOTIFICATION
Mumbai, the 25th AUGUST, 2014
SECURITIES AND EXCHANGE BOARD OF INDIA
(ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS)
(SECOND AMENDMENT) REGULATIONS, 2014

No. LAD-NRO/GN/2014-15/06/1372. — In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations to further amend the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, namely:-

1. These regulations may be called the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2014.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, –
 - (i) in regulation 26, sub-regulation (6), -
 - A. in clause (b) of second proviso, the symbol " . " shall be substituted with symbol " ; " ;
 - B. after clause (b) of second proviso, a new clause shall be inserted, namely:-

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

- (i) such specified securities being issued out of free reserves and share premium existing in the books of account as at the end of the financial year preceding the financial year in which the draft offer document is filed with the Board ; and
 - (ii) such specified securities not being issued by utilization of revaluation reserves or unrealized profits of the issuer. "
- (ii) for regulation 41, the following shall be substituted, namely:-

“Minimum net offer to public.

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

- (iii) in regulation 43, in sub-regulation (3), the word "thirty" shall be substituted with the word "sixty".

- (iv) after regulation 71, the following new regulation shall be inserted, namely:-

"Frequently traded shares.

71A. For the purpose of this Chapter, “frequently traded shares” means shares of an issuer, in which the traded turnover on any stock exchange during the twelve calendar months preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer:

Provided that where the share capital of a particular class of shares of the issuer is not identical throughout such period, the weighted average number of total shares of such class of the issuer shall represent the total number of shares. "

- (v) in regulation 76, -

A. in the title of the regulation, the words and symbol " - Frequently traded shares " shall be inserted after the words "Pricing of equity shares" ;

B. the words "closing prices" wherever occurring, shall be substituted with the words "volume weighted average price".

- (vi) after regulation 76, the following regulations shall be inserted, namely:-

" Pricing of equity shares – Infrequently traded shares.

76A. Where the shares are not frequently traded, the price determined by the issuer shall take into account valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies:

Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent merchant banker or an independent chartered accountant in practice having a minimum experience of ten years, to the stock exchange where the equity shares of the issuer are listed.

Adjustments in pricing - Frequently or Infrequently traded shares

76B. The price determined for preferential issue in accordance with regulation 76 or regulation 76A, shall be subject to appropriate adjustments, if the issuer :

- (a) makes an issue of equity shares by way of capitalization of profits or reserves, other than by way of a dividend on shares;
- (b) makes a rights issue of equity shares;
- (c) consolidates its outstanding equity shares into a smaller number of shares;
- (d) divides its outstanding equity shares including by way of stock split;
- (e) re-classifies any of its equity shares into other securities of the issuer;
- (f) is involved in such other similar events or circumstances, which in the opinion of the concerned stock exchange, requires adjustments. "

(vii) in Schedule XI -

- A. in Part A, in para (10), in sub-para (c), for the word "thirty" the word "sixty" shall be substituted;
- B. in part C, the illustration regarding allotment to qualified institutional buyers other than anchor investors, shall be substituted with the following, namely:-

" ILLUSTRATION REGARDING ALLOTMENT TO QUALIFIED INSTITUTIONAL BUYERS OTHER THAN ANCHOR INVESTORS

(1) Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 crore equity shares
2	Portion available to QIBs*	100 crore equity shares
3	Anchor Investor Portion	60 crore equity shares
	Of which	
a.	Reservation to MF (1/3 rd)	20 crore equity shares
b.	Balance for all QIBs including MFs	40 crore equity shares
4	Portion available to QIBs* other than anchor investors [(2) – (3)]	40 crore equity shares

	Of which	
a.	Reservation to MF (5%)	2 crore equity shares
b.	Balance for all QIBs including MFs	38 crore equity shares
5	No. of QIB applicants	10
6	No. of shares applied for	500 crore equity shares

* Where 50% of the issue size is required to be allotted to QIBs.

(2) **Details of QIB Bids**

S. No.	Type of QIB bidders	No. of shares bid for (in crores)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	TOTAL	500

A1-A5 (QIB bidders other than MFs)

MF1-MF5 (QIB bidders which are MFs)

(3) **Details of Allotment to QIB Bidders/Applicants**

(No. of equity shares in crores)

Type of QIB bidders	Equity shares bid for	Allocation of 2 crores equity shares to MFs proportionately (See Note 2)	Allocation of balance 38 crores equity shares to QIBs proportionately (See Note 4)	Aggregate allocation to MFs
A1	50	0	3.82	3.82

A2	20	0	1.53	1.53
A3	130	0	9.92	9.92
A4	50	0	3.82	3.82
A5	50	0	3.82	3.82
MF1	40	0.4	3.02	3.42
MF2	40	0.4	3.02	3.42
MF3	80	0.8	6.04	6.84
MF4	20	0.2	1.51	1.71
MF5	20	0.2	1.51	1.71
	500	2	38	40.00

Notes:

- (1) The illustration presumes compliance with the provisions of regulation 50(1) pertaining to minimum allotment.
- (2) Out of 40 crore equity shares allocated to QIBs, 2 crore shares (i.e. 5%) will be allocated on proportionate basis among 5 mutual fund applicants who applied for 200 crore shares in QIB category.
- (3) The balance 38 crore equity shares [i.e. 40 – 2 (available for MFs)] will be allocated on proportionate basis among 10 QIB applicants who applied for 500 crore shares (including 5 MF applicants who applied for 200 crore shares).
- (4) The figures at Col. No. IV are arrived as under :
 - a. For QIBs other than mutual funds (A1 to A5) = No. of shares bid for (i.e Col II) X 38 / 498
 - b. For mutual funds (MF1 to MF5) = {(No. of shares bid for (i.e Col. II) less No. of shares allotted (i.e., col. III)} X 38 / 498
 - c. The numerator and denominator for arriving at allocation of 38 crore shares to the 10 QIBs are reduced by 2 crore shares, which have already been allotted to mutual funds at Col. No. (III). "

U.K. SINHA
CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

Footnote:

1. The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 were published in the Gazette of India on 26th August, 2009 vide No. LAD-NRO/GN/2009- 10/15/174471.
2. The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 were subsequently amended on:-

- (a) 11th December, 2009 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2009 vide No. LAD-NRO/GN/2009- 10/23/186926.
- (b) 1st January, 2010 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2010 vide No. LAD-NRO/GN/2009- 2010/25/189240.
- (c) 8th January, 2010 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2010 vide No. LADNRO/GN/2009-10/26/190146.
- (d) 13th April, 2010 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2010 vide No. LADNRO/GN/2010-11/03/1104.
- (e) 12th November, 2010 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010 vide No. LADNRO/GN/2010-11/19/26456.
- (f) 29th April, 2011 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2011 vide F. No. LADNRO/GN/2011-12/05/13907.
- (g) 23rd September, 2011 by Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 vide No. LAD-NRO/GN/2011-12/24/30181.
- (h) 23rd September, 2011 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2011 vide F. No. LADNRO/GN/2011-12/25/30309.
- (i) 30th January, 2012 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2012 vide No. LAD-NRO/GN/2011-12/34/2499.
- (j) 7th February, 2012 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2012 vide No. LADNRO/GN/2011-12/35/3186.
- (k) 21st May, 2012 by Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 vide No. LAD-NRO/GN/2012-13/04/11262.
- (l) 24th August, 2012 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2012 vide No. LADNRO/GN/2012-13/12/18951.
- (m) 12th October, 2012 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2012 vide No. LADNRO/GN/2012-13/18/5391.
- (n) 27th February, 2013 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)(Amendment) Regulations, 2013 vide No. LAD-NRO/GN/2012-13/32/4947.
- (o) 26th August, 2013 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)(Second Amendment) Regulations, 2013 vide No. LAD-NRO/GN/2013-14/19/6422.
- (p) 8th October, 2013 by Securities and Exchange Board of India (Listing of Specified Securities on Institutional Trading Platform) Regulations, 2013 vide No. LAD-NRO/GN/2013-14/28/6720.
- (q) 7th January, 2014 by Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 vide No. LAD-NRO/GN/2013-14/36/12.
- (r) 4th February, 2014 by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2014 vide No. LAD-NRO/GN/2013-14/44/226.