

SEBI/CFD/MB/IS/4/2009/31/07

July 31, 2009

**To All Registered Merchant Bankers**

Dear Sirs,

**Sub.: Procedure for submission of updations in the offer documents filed with SEBI**

1. Securities and Exchange Board of India (hereinafter referred to as "the Board"), vide circular dated February 24, 2009, enhanced the validity of its observation letter issued for public and rights issues to twelve months from three months. The said circular inter-alia stated that before opening of the issue, every issuer shall file an updated offer document with the Board at least one month prior to filing of the same with the Registrar of Companies (hereinafter referred to as "RoC") or the Designated Stock Exchange (hereinafter referred to as "DSE"), as the case may be, highlighting all changes made in the offer document. It is also stated in the circular that the procedure for submitting such updated offer documents, including what will constitute "significant changes", "additional fees" etc with the Board, will be specified shortly.
2. Accordingly, in exercise of the powers conferred under sub-section (1) of Section 11 of the Securities and Exchange Board of India Act, 1992, the following instructions are issued to all registered merchant bankers for due compliance:
  - 2.1 The disclosures made in the draft offer document filed with the Board may undergo changes due to developments before the offer document is filed with RoC or DSE, as the case may be. Such changes are generally informed to the Board by the merchant bankers associated with the issue. It has been observed in some cases that the material changes informed by merchant bankers resulted in major deviations from the draft offer document that was available in public domain and called for fresh scrutiny / processing of the draft offer document by the Board. Accordingly, it has been decided to classify the changes in offer documents which may call for (i) filing of updated offer document, with the Board,

along with fees and (ii) filing of updated offer document, with the Board, without fees.

**(i) Filing of updated offer document, with the Board, along with fees:**

- (a) Changes in the following sections would require filing of updated offer document with the Board, along with payment of a fee of ten thousand rupees for changes per section, subject to the total fees not exceeding one fourth of the filing fees paid at the time of filing the draft offer document with the Board or fifty thousand rupees, whichever is higher:

**Section 1: Risk Factors:** Any material development which may result in potential risk and may require updation in this section.

**Section 2: Capital Structure:** An aggregate increase of 5% or more in the shareholding of the promoter or promoter group or an aggregate increase of 5% or more in the shareholding of the top ten shareholders.

**Section 3: Issue Size:** Any addition or deletion to the objects of the issue resulting in a change in the estimated issue size or estimated means of finance by not more than 10%.

**Section 4: Management:** Appointment of any new director.

**Section 5: Promoter Group:** Any addition to the promoter group or group companies.

**Section 6: Financial Statements:** Any variation in net profit after tax or net loss after tax and/ or extraordinary items in excess of 10% over the last updated financials submitted to SEBI.

**Section 7: Legal and other information:** Any new litigation or any development about a pending litigation which is material in view of the merchant bankers.

After filing the updated offer document with the Board, the merchant bankers are advised to await confirmation from the Board before proceeding with the issue.

(b) Changes in the following sections would require fresh filing of draft offer document with the Board in terms of clause 2.1.1 of the SEBI (DIP) Guidelines, 2000, along with payment of filing fees as specified in Schedule IV of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992:

1. Change in promoter or persons in control of the company.
2. Change in more than half of the board of directors of the company.
3. Change in main object clause of the company.
4. Additions to objects of the issue, which taken together result in a change in the estimated issue size or estimated means of finance by more than 10%.
5. Deletions to objects of the issue, which taken together result in a change in the estimated issue size or estimated means of finance by more than 10%.
6. Any increase or decrease in estimated issue size by more than 10%.
7. Any increase or decrease in the estimated deployment of funds in any of the objects of the issue by more than 10%.
8. Changes which may result in non-compliance of the provisions of the SEBI (DIP) Guidelines, 2000 and the merchant banker intends to seek an exemption under clause 17.2A of the SEBI (DIP) Guidelines, 2000.

**(ii) Filing of updated offer document, with the Board, without fees:**

Any other change in the offer document which is not covered under point (i) above shall be carried out in the offer document and the updated offer document shall be filed with the Board without payment of any fees.

3. The provisions of this circular shall come into force with immediate effect.
4. All registered merchant bankers are advised to take note of the above and ensure compliance.
5. This circular is also available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories “Legal Framework” and “Issues and Listing”.

Yours faithfully,

**Sanjay Puro**