

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

**KEY REGULATORY CHANGES**

**PROPOSED KEY REGULATORY CHANGES IN CHAPTERS**

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
1.	Definition of "Issuer"	"issuer" means any person making an offer of specified securities;	"issuer" means any entity whose specified securities are being issued and/or offered for sale in accordance with these regulations	The disclosures made in an offer document, irrespective of primary or secondary issue, are made by the company whose securities are being listed and hence the definition of issuer should refer to the issuer 'Company' or entity and not 'person'.
2.	Definition of "promoter"	"promoter" include: i) the person or persons who are in control of the issuer; ii) the person or persons who are instrumental in the formulation of a plan or programme pursuant to which specified securities are offered to public;; iii) the person or persons named in the offer document as promoters:	"promoter" shall include: i) who has been named as such in a prospectus or is identified by the issuer in the annual return referred to in section 92 of the Companies Act, 2013; or ii) who has control over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or iii) in accordance with whose advice, directions or instructions the board of directors of the issuer is accustomed to act:	The definition of promoters is being aligned with that of the Companies Act, 2013.
3.	Definition of "promoter group"	"promoter group" shall include: (i) the promoter;	"promoter group" shall include: (i) the promoter; (ii) a relative of the promoter; and	In case promoter is a body corporate, threshold for identifying promoter group is currently 10% shareholding. Given the

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>(ii) an immediate relative of the promoter;.....; and</p> <p>(iii) in case promoter is a body corporate:</p> <p>(A) a subsidiary or holding company of such body corporate;</p> <p>(B) any body corporate in which the promoter holds ten per cent. or more of the equity share capital; and/or any body corporate which holds ten per cent. or more of the equity share capital of the promoter;</p> <p>(C) any body corporate in which a group of individuals or companies or combinations thereof which hold twenty per cent. or more of the equity share capital in that body corporate and such group of individuals or companies or combinations thereof also holds twenty per cent. or more of the equity share capital of the issuer; and</p> <p>(iv) in case the promoter is an individual:</p> <p>A) any body corporate in which ten per cent. or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm</p>	<p>(iii) in case promoter is a body corporate:</p> <p>A) a subsidiary or holding company of such body corporate;</p> <p>B) any body corporate in which the promoter holds twenty per cent. or more of the equity share capital; and/or any body corporate which holds twenty per cent. or more of the equity share capital of the promoter;</p> <p>C) any body corporate in which a group of individuals or companies or combinations thereof which hold twenty per cent. or more of the equity share capital in that body corporate and such group of individuals or companies or combinations thereof also holds twenty per cent. or more of the equity share capital of the issuer; and</p> <p>(iv) in case the promoter is an individual:</p> <p>A. any body corporate in which twenty per cent. or more of the equity share capital is held by the promoter or</p>	<p>challenges faced by issuers, nature of confirmations that are provided for promoter group and materiality of this information, the threshold is proposed to be increased to 20 per cent across the definition.</p> <p>Definition of immediate relative is being aligned with that of Companies Act, 2013.</p> <p>In addition to the existing entities provided, Insurance Companies and any other entity as notified by SEBI from time to time, shall not be deemed to be promoter group merely by virtue of the fact that 20% or more of the equity share capital of the promoter is held by such persons.</p>

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member;</p> <p>B) any body corporate in which a body corporate as provided in (A) above holds ten per cent. or more, of the equity share capital;</p> <p>C) any Hindu Undivided Family or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than ten per cent. of the total capital;</p> <p>(v) all persons whose shareholding is aggregated under the heading "shareholding of the promoter group":</p> <p>Provided that a financial institution, scheduled commercial bank, foreign portfolio investor other than Category III foreign portfolio investor, mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor shall not be deemed to be promoter group merely by virtue of the fact that ten per cent. or more of the</p>	<p>a relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of their relative is a member;</p> <p>B. any body corporate in which a body corporate as provided in (A) above holds twenty per cent. or more, of the equity share capital; and</p> <p>C. any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than twenty per cent. of the total capital;</p> <p>(v) all persons whose shareholding is aggregated under the heading "shareholding of the promoter group":</p> <p><b>Provided that</b> a financial institution, scheduled bank, foreign portfolio investor other than Category III foreign portfolio investor, mutual fund, venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board</p>	

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		equity share capital of the promoter is held by such person.	from time to time, shall not be deemed to be promoter group merely by virtue of the fact that twenty per cent. or more of the equity share capital of the promoter is held by such person:	
4.	Definitions	Safety net arrangement - Not defined but provided for in regulations	Deleted	The concept of safety net may be done away with because IPOs (equity) are inherently a risk product and giving a safety net is a contradiction.
5.	Definitions	"group companies", wherever they occur, shall include such companies as covered under the applicable accounting standards and also other companies as considered material by the board of the issuer.	"group company/ies", shall include such companies as covered under applicable Accounting Standards and also other companies as considered material by the board of the issuer;	Definition has not been changed. However, group company disclosures have been restricted to related party transactions. It is proposed to do away with other disclosures with respect to financial information, litigations etc. have been done away with.
6.	Applicability	Unless otherwise provided, these regulations shall apply to the following: ....  rights issue where the aggregate value of specified securities offered is fifty lakh rupees or more	Unless otherwise provided, these regulations shall apply to the following:  ...  a rights issue by a listed issuer; where the aggregate value of specified securities offered is ten crore rupees or more;	Given that no specific conditions or disclosures have been included for rights issues below Rs. 50 lakhs, it is proposed to increase the threshold of Rs. 50 Lakhs to 10 crores.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
7.	<b>IPO: Eligibility</b>	<p>4. (2) No issuer shall make a public issue or rights issue of specified securities:</p> <p>(a) if the issuer, any of its promoters, promoter group or directors or persons in control of the issuer are debarred from accessing the capital market by the Board;</p> <p>(b) if any of the promoters, directors or persons in control of the issuer <b><u>was or also is a</u></b> promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the Board;</p>	<p>5. (1) {4. (2)} An entity shall not be eligible to make an initial public offer:</p> <p>(a) {4(2)(a)} if the entity, any of its promoters, promoter group or directors or selling shareholders are debarred from accessing the capital market by the Board.</p> <p>(b) {4(2)(b)} if any of the promoters or directors of the issuer is a promoter or director of any other company which is debarred from accessing the capital market by the Board.</p> <p>(c) {4. (5)(a)} if the issuer or any of its promoters or directors is a wilful defaulter.</p> <p><b>Explanation:</b> The restrictions under (a) and (b) above shall not apply to the persons or entities mentioned therein, who were debarred in the past by the Board and the period of debarment is already over as on the date of filing of the draft offer document with the Board.</p>	It is proposed to clarify that the said regulation will not apply to promoters, directors or persons in control who have completed the debarment period.
8.	<b>IPO: Eligibility</b>	26. (5) No issuer shall make an initial public offer if there are any outstanding convertible securities or any other right	5.(2). {26. (5)} An entity shall not be eligible to make an initial public offer if there are any outstanding convertible securities or any other right which would	In unlisted companies, often ESOPs are given to employees and continue to be held by them even after they are no longer with the company. They may retire or resign or may

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>which would entitle any person with any option to receive equity shares: Provided that the provisions of this sub-regulation shall not apply to:</p> <p>(b) outstanding options granted to employees pursuant to an employee stock option scheme framed in accordance with the relevant Guidance Note or Accounting Standards, if any, issued by the Institute of Chartered Accountants of India in this regard.</p>	<p>entitle any person with any option to receive equity shares of the issuer: <b>Provided that</b> the provisions of this sub-regulation shall not apply to:</p> <p>(a) {26(5)(b)} outstanding options granted to employees, whether currently an employee or not, pursuant to an employee stock option scheme framed in accordance with the Companies Act, 2013, the relevant Guidance Note or accounting standards, if any, issued by the Institute of Chartered Accountants of India or pursuant to the Companies Act, 2013, in this regard;</p> <p>(b) {26(5)(c)} fully paid-up outstanding convertible securities which are required to be converted on or before the date of filing of the red herring prospectus (in case of book-built issues) or the prospectus (in case of fixed price issues), as the case may be.</p>	<p>become incapacitated or deceased by the time of filing of the draft red herring prospectus. If vested options are held by ex-employees or their descendants, then such vested options would give them the right to exercise such options and receive equity shares under the SEBI ESOP Regulations and respective ESOP schemes of the company. Further, the purpose of this clause is to provide benefit to employees who have already been granted options (for their contribution) from strict requirement of no subsisting options. Hence, it is proposed to clarify that existing as well as past employees are exempted from this provision.</p>
9.	<b>IPO: Lock-in requirements</b>	<b>37.</b> In case of an initial public offer, the entire pre-issue capital held by persons other than	<b>17.</b> {37.} The entire pre-issue capital held by persons other than the promoters	Aligned with the provisions of Point 8 above.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>promoters shall be locked-in for a period of one year: Provided that nothing contained in this regulation shall apply to:</p> <p>(a) equity shares allotted to employees under an employee stock option or employee stock purchase scheme of the issuer prior to the initial public offer, if the issuer has made full disclosures with respect to such options or scheme in accordance with <b>Part A of Schedule VIII</b>;</p>	<p>shall be locked-in for a period of one year from the date of allotment in the initial public offer: <b>Provided that</b> nothing contained in this regulation shall apply to:</p> <p>a) <b>{37(a)}</b> equity shares allotted to employees, whether currently an employee or not, under an employee stock option or employee stock purchase scheme of the issuer prior to the initial public offer, if the issuer has made full disclosures with respect to such options or scheme in accordance with <b>Part A of Schedule VII</b>;</p>	
10.	<b>IPO: Eligibility</b>	<p><b>26.</b> (1) An issuer may make an initial public offer, if:</p> <p>(d) the aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year;</p>	deleted	There is no relation between the issue size and net worth and hence it is proposed to delete the regulation 26(1)(d).
11.	<b>IPO: Eligibility</b>	4. (2) No issuer shall make a public issue or rights issue of specified securities:	<b>7.(1) 4. (2)</b> An issuer making an initial public offer shall ensure that:	Currently, the requirement of having firm arrangements of finance is wide and may be



S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>.....</p> <p>(g) unless firm arrangements of finance through verifiable means towards seventy five per cent. of the stated means of finance, excluding the amount to be raised through the proposed public issue or rights issue or through existing identifiable internal accruals, have been made.</p>	<p>.....</p> <p><b>7.(1)(e){4.(2)(g)}</b> it has made firm arrangements of finance through verifiable means towards seventy five per cent. of the stated means of finance for a specific project proposed to be funded from the issue proceeds, excluding the amount to be raised through the proposed public issue or through existing identifiable internal accruals.</p>	<p>understood to include any object for which issue proceeds are proposed to be utilized especially in cases where there may not be any specific “project” being financed from the issue proceeds. Hence, it is being clarified that the requirement is applicable if the specific project is proposed to be funded from the issue proceeds.</p>
12.	IPO	<p>26. (6) Subject to provisions of the Companies Act, 1956 and these regulations, equity shares may be offered for sale to public if such equity shares have been held by the sellers for a period of at least one year prior to the filing of draft offer document with the Board in accordance with sub-regulation (1) of regulation 6:</p> <p>Provided that in case equity shares received on conversion or exchange of fully paid-up compulsorily convertible securities including depository receipts are being offered for sale, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the</p>	<p><b>8. {26. (6)}</b> Only such fully paid-up equity shares may be offered for sale to the public, which have been held by the sellers for a period of at least one year prior to the filing of the draft offer document:</p> <p><b>Provided that</b> in case the equity shares received on conversion or exchange of fully paid-up compulsorily convertible securities including depository receipts are being offered for sale, the holding period of such convertible securities, including depository receipts, as well as that of resultant equity shares together shall be considered for the purpose of</p>	<p>At present, in case equity shares issued on conversion of convertible instruments are to be offered as part of an OFS in a public offer, such conversion is undertaken at the DRHP stage. In accordance with Regulation 26(5)(c) of the ICDR Regulations, fully paid-up convertible securities are required to be converted on or before filing of the RHP with the registrar of companies in case of book built issue.</p> <p>In line with Regulation 26(5)(c) of the ICDR Regulations, it is proposed to clarify that conversion of convertibles at the RHP stage is permissible, including in cases where the</p>

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		purpose of calculation of one year period referred in this sub-regulation:	<p>calculation of one year period referred in this sub-regulation.</p> <p><b>Explanation:</b> If the equity shares arising out of the conversion or exchange of the fully paid-up compulsorily convertible securities are being offered for sale, the conversion or exchange should be completed prior to filing of the offer document, provided full disclosures of the terms of conversion or exchange are made in the draft offer document.</p>	resultant equity shares will be offered in the OFS, subject to the convertibles held for a period of one year as required under the regulations with adequate disclosures for capital structure changes.
13.	IPO	<p><b>20. (1)</b> In addition to other requirements laid down in these regulations, an issuer making a public issue or rights issue of convertible debt instruments shall comply with the following conditions:</p> <p>(d) if the issuer proposes to create a charge or security on its assets in respect of secured convertible debt instruments, it shall ensure that:</p> <p>(iii) where security is already created on such assets in favour of financial institutions or banks or the issue of convertible debt instruments is proposed to be secured by creation of security on a leasehold land, the consent of such financial institution, bank or lessor for a second or pari passu charge has</p>	<p><b>10. (1) {20. (1)}</b> In addition to other requirements laid down in these regulations, an issuer making an initial public offer of convertible debt instruments shall also comply with the following conditions:</p> <p>(d) if the issuer proposes to create a charge or security on its assets in respect of secured convertible debt instruments, it shall ensure that:</p> <p>(i) such assets are sufficient to discharge the principal amount at all times;</p> <p>(ii) such assets are free from any encumbrance;</p> <p>(iii) where security is already created on such assets in</p>	As the security can be for any borrowing by the Company, it is proposed to change 'financial institution or scheduled commercial bank' to 'any existing lender or security trustee'.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		been obtained and submitted to the debenture trustee before the opening of the issue;	<p>favour of any existing lender or security trustee or the issue of convertible debt instruments is proposed to be secured by creation of security on a leasehold land, the consent of such lender or security trustee or lessor for a second or pari passu charge has been obtained and submitted to the debenture trustee before the opening of the issue;</p> <p>(iv) the security or asset cover shall be arrived at after reduction of the liabilities having a first or prior charge, in case the convertible debt instruments are secured by a second or subsequent charge.</p>	
14.	<b>IPO: Issue of warrants</b>	4.(3) Warrants may be issued along with public issue or rights issue of specified securities subject to the following: a) the tenure of such warrants shall not exceed eighteen months from their date of allotment in the public/rights issue;	<b>13. {4. (3)}</b> An issuer shall be eligible to issue warrants in an initial public offer subject to the following: a) the tenure of such warrants shall not exceed eighteen months from the date of their allotment in the initial public offer;	It is proposed to clarify that twenty-five per cent. consideration to be based on the pricing formula computed using current market price, and the balance consideration be paid at the time of exercise which can be subsequently determined at the time of final pricing.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>b) not more than one warrant shall be attached to one specified security;</p> <p>c) the price or conversion formula of the warrants shall be determined upfront and at least 25 of the consideration amount shall also be received upfront;</p>	<p>b) A specified security may have one or more warrants attached to it;</p> <p>c) the price or formula for determination of exercise price of the warrants shall be determined upfront and disclosed in the offer document and at least twenty-five per cent. of the consideration amount based on the exercise price shall also be received upfront;</p> <p><b>Provided that</b> in case the exercise price of warrants is based on a formula, twenty-five per cent. consideration amount based on the cap price of the price band determined for the linked equity shares or convertible securities shall be received upfront.</p> <p>d) in case the warrant holder does not exercise the option to take equity shares against any of the warrants held by the warrant holder, the consideration paid in respect of such warrant shall be forfeited by the issuer.</p>	
15.	IPO	32. (1) The promoters of the issuer shall contribute in the public issue as follows:	14. (1) {32. (1)} The promoters of the issuer shall hold at least twenty per cent. of the post-issue capital:	It is proposed to allow Foreign venture capital investors, Scheduled Commercial Banks, or public financial institutions or

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>(a) in case of an initial public offer, not less than twenty per cent. of the post issue capital:            Provided that in case the post issue shareholding of the promoters is less than twenty per cent., alternative investment funds may contribute for the purpose of meeting the shortfall in minimum contribution as specified for promoters, subject to a maximum of ten per cent of the post issue capital.</p>	<p><b>Provided that</b> in case the post-issue shareholding of the promoters is less than twenty per cent., alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India may contribute to meet the shortfall in minimum contribution as specified for the promoters, subject to a maximum of ten per cent. of the post-issue capital.  <b>{34.} Provided further that</b> the requirement of minimum promoters' contribution shall not apply in case an issuer does not have any identifiable promoter.</p>	<p>insurance companies registered with Insurance Regulatory and Development Authority of India to contribute towards minimum promoters contribution, as they are also regulated entities.</p>
16.	<b>IPO: Pledge of locked-in securities</b>	<p><b>39.</b> Specified securities held by promoters and locked-in may be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution, subject to the following:             (a) if the specified securities are locked-in in terms of clause (a) of regulation 36, the loan has been granted by such bank or institution</p>	<p><b>21. {39.}</b> Specified securities held by the promoters and locked-in may be pledged as a collateral security for a loan granted by a scheduled commercial bank or public financial institution or systemically important non-banking finance company, subject to the following:            a) if the specified securities are locked-in in terms of clause (a) of</p>	<p>To provide flexibility to the promoters, shares held by promoters and locked in for a loan by systemically important NBFCs are also proposed to be allowed, as such NBFCs are an important avenue for financing for issuers and the proposed exemption will provide flexibility in creating security over shares held by the issuer. Further, it is also proposed to clarify that the loan should be granted to the issuer company.</p>

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>for the purpose of financing one or more of the objects of the issue and pledge of specified securities is one of the terms of sanction of the loan;</p> <p>(b) if the specified securities are locked-in in terms of clause (b) of regulation 36 and the pledge of specified securities is one of the terms of sanction of the loan.</p>	<p>regulation 16, the loan has been granted to the issuer company by such bank or institution or systemically important non-banking finance company for the purpose of financing one or more of the objects of the issue and pledge of specified securities is one of the terms of sanction of the loan;</p> <p>b) if the specified securities are locked-in in terms of clause (b) of regulation 16 and the pledge of specified securities is one of the terms of sanction of the loan.</p> <p><b>Provided that</b> such lock-in shall continue pursuant to the invocation of the pledge and such transferee shall not be eligible to transfer the specified securities till the lock-in period stipulated in these regulations has expired.</p>	
17.	<b>IPO: Manner of disclosures</b>	<p>57. (2) Without prejudice to the generality of sub-regulation (1):</p> <p>(a) the red-herring prospectus, shelf prospectus and prospectus shall contain:</p> <p>(i) the disclosures specified in Schedule II of the Companies Act, 1956; and</p>	<p><b>24.(2) {57. (2)}</b> Without prejudice to the generality of sub-regulation (1), the red-herring prospectus, and prospectus shall contain:</p> <p>(a) disclosures specified in the Companies Act, 2013 and the Companies (Prospectus and</p>	<p>There is a recent amendment to the Companies (Prospectus and Allotment of Securities) Rules, 2014, which proposes deletion of the disclosures under section 26 and hence the Rules may also get amended accordingly. Hence, there is a need to revisit the provision.</p>

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
			Allotment of Securities) Rules, 2014, as applicable and;	
18.	IPO	<p><b>31.</b> (1) Subject to the provisions of the Companies Act, 1956, the Act and these regulations, an issuer making an initial public offer may determine the face value of the equity shares in the following manner:</p> <p>a) if the issue price per equity share is five hundred rupees or more, the issuer shall have the option to determine the face value at less than ten rupees per equity share: Provided that the face value shall not be less than one rupee per equity share;</p>	Deleted	The face value of the securities has no bearing on the valuation or investment decision of the securities or its price per share. After listing, there is no such requirement applicable. Moreover, this leads to company undertaking corporate actions (of split or consolidation) in order to comply with this regulation. Hence, the requirement is proposed to be deleted.
19.		31. (2) The disclosure about the face value of equity shares (including the statement about the issue price being "X" times of the face value) shall be made in the advertisements, offer documents and application forms in identical font size as that of issue price or price band.	Deleted	Since the face value and price band are both disclosed through the advertisement, disclosure of this sentence is proposed to be deleted. However, requirement of disclosure of face value along with price is being retained in the advertisement.
20.	IPO	<b>30.</b> (1) The issuer may mention a price or price band in the draft prospectus (in case of a fixed price issue) and floor price or price band in the red herring prospectus (in case of a book built issue) and determine the	<b>29. (1) {30. (1)}</b> The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built	Volatility in the global markets has a direct impact on market sentiments and market prices of the listed peer group companies. Announcement of the price band five working days prior to the issue opening date

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>price at a later date before registering the prospectus with the Registrar of Companies: Provided that the prospectus registered with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.</p> <p>(2) The issuer shall announce the floor price or price band at least five working days before the opening of the bid (in case of an initial public offer) and at least one working day before the opening of the bid (in case of a further public offer), in all the newspapers in which the pre issue advertisement was released.</p>	<p>issue) and determine the price at a later date before registering the prospectus with the Registrar of Companies:  <b>Provided that</b> the prospectus registered with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.</p> <p>(2) The cap on the price band, and the coupon rate in case of convertible debt instruments, shall be less than or equal to one hundred and twenty per cent. of the floor price.</p> <p>(3) The floor price or the final price shall not be less than the face value of the specified securities.</p> <p>(4) Where the issuer opts not to make the disclosure of the floor price or price band in the red herring prospectus, the issuer shall announce the floor price or the price band at least two working days before the opening of the issue in the same newspapers in which the pre-issue advertisement was released or together with the pre-issue advertisement in the format prescribed under Part A of Schedule XI.</p>	<p>many a times means that issuers have to decide the price band at least 8 calendar days prior to issue opening, which is a too long period of market exposure.</p> <p>Moreover, price disclosure five working days prior to issue opening date was decided to give retail investors enough time to evaluate their investment decision. In practice, it has been seen that the retail investors apply mainly on the last day of the issue (which in a way will give them five days) and they primarily take the decision not on the price advertisement but upon the QIB book.</p> <p>Hence, it is proposed to reduce the time period for announcement of the price band from five working days to two working days prior to the issue opening date</p>



S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
21.	<b>IPO: Reservation</b>	<p><b>42.</b> (1) In case of an issue made through the book building process, the issuer may make reservation on competitive basis out of the issue size excluding promoters' contribution and net offer to public in favour of the following categories of persons:</p> <p>(a) employees; and in case of a new issuer, persons who are in the permanent and full time employment of the promoting companies excluding the promoters and an immediate relative of the promoter of such companies;</p> <p>(a) shareholders (other than promoters) of:</p> <p>(i) listed promoting companies, in case of a new issuer; and</p> <p>(ii) listed group companies, in case of an existing issuer:</p> <p>Provided that if the promoting companies are designated financial institutions or state and central financial institutions, the shareholders of such promoting companies shall not be eligible for the reservation on competitive basis;</p>	<p><b>33.(1) {42. (1)}</b> The issuer may make reservation on competitive basis out of the issue size excluding promoters' contribution in favour of the following categories of persons:</p> <p>a) employees;</p> <p>b) shareholders (other than promoters and promoter group) of listed subsidiaries or listed promoter companies.</p> <p><b>Provided that</b> the issuer shall not make any reservation for the issue management team, syndicate member(s), their promoters, directors and employees and for the group or associate companies (as defined under the Companies Act, 2013) of the issue management team and syndicate member(s) and their promoters, directors and employees.</p>	<p>It is proposed to delete the provision regarding new issuers as the definition of employees covers employees of promoter companies in all cases. .</p> <p>Similarly it is felt that there is no need for a distinction between new issuer and existing issuer (as no company with less than 1 year history considers an IPO) and the group company definition cannot be used for purpose.</p> <p>It was also noted that depositors, bondholders and subscribers to services are not defined anywhere. Accordingly, the same is proposed to be deleted.</p>

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		(b) persons who, as on the date of filing the draft offer document with the Board, are associated with the issuer as depositors, bondholders or subscribers to services of the issuer making an initial public offer:		
22.	<b>IPO: Underwriting</b>	<b>13.</b> (8) Where hundred per cent. of the offer through offer document is underwritten, the underwriting obligations shall be for the entire hundred per cent. of the offer through offer document and shall not be restricted upto the minimum subscription level.	<b>Deleted</b>	If 90 per cent. of the issue is subscribed, underwriting should be restricted to that only and accordingly this is proposed to be deleted.
23.	<b>IPO: Monitoring Agency</b>	16. (1) If the issue size excluding the size of offer for sale by selling shareholders, exceeds one hundred crore rupees, the issuer shall make arrangements for the use of proceeds of the issue to be monitored by a public financial institution or by one of the scheduled commercial banks named in the offer document as bankers of the issuer:  Provided that nothing contained in this clause shall apply to an issue of specified securities made by a bank or public financial institution or an insurance company.	<b>41. (1) {16. (1)}</b> If the issue size, excluding the size of offer for sale by selling shareholders, exceeds one hundred crore rupees, the issuer shall make arrangements for the use of proceeds of the issue to be monitored by a public financial institution or by a scheduled commercial bank named in the offer document as bankers of the issuer:.	Given the current market scenario, it is proposed to ensure that proceeds of the issue may be monitored for all issuers.
24.	<b>IPO</b>	<b>11.</b> (1) Subject to the compliance with sub-section (4) of section 60 of the Companies	<b>44. (1) {11.(1)}</b> Subject to the compliance with the provisions of the Companies Act, 2013, a public issue may be opened	It is proposed to clarify that a public issue may be opened within 12 months from the

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>Act, 1956, a public issue or rights issue may be opened:</p> <p>(a) within twelve months from the date of issuance of the observations by the Board under regulation 6; or</p> <p>(b) within three months of expiry of the period stipulated in sub-regulation (2) of regulation 6, if the Board has not issued observations:</p>	<p>within twelve months from the date of issuance of the observations by the Board under regulation 25;</p>	<p>date of issuance of the observations by the Board.</p>
25.	<b>IPO: Minimum subscription</b>	<p><b>14.</b> (1) The minimum subscription to be received in an issue shall not be less than ninety per cent. of the offer through offer document Provided that in the case of an initial public offer, the minimum subscription to be received shall be subject to allotment of minimum number of specified securities, as prescribed in sub-clause (b) of clause (2) of rule 19 of Securities Contracts (Regulation) Rules, 1957.</p> <p>(2) In the event of non-receipt of minimum subscription referred to in sub-regulation (1), all application moneys received shall be refunded to the applicants forthwith, but not later than:</p>	<p><b>45.(1)</b> <del>{14.(1)}</del> The minimum subscription to be received in the issue shall be at least ninety per cent. of the offer through the offer document, except in case of an offer for sale of specified securities: <b>Provided that</b> the minimum subscription to be received shall be subject to the allotment of minimum number of specified securities, as prescribed under the Securities Contracts (Regulation) Rules, 1957.</p> <p>(2) In the event of non-receipt of minimum subscription referred to in sub-regulation (1), all application monies received shall be refunded to the</p>	<p>It is proposed to align the period of refund in case of non-receipt of minimum subscription with Rule 11 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 without distinguishing between underwritten and non-underwritten issues and uniformly provide for 15 days for any public issue.</p>

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		(a) fifteen days of the closure of the issue, in case of a non-underwritten issue; and (b) seventy days of the closure of the issue, in the case of an underwritten issue where minimum subscription including devolvement obligations paid by the underwriters is not received within sixty days of the closure of the issue.	applicants forthwith, but not later than fifteen days of the closure of the issue.	
26.	IPO	<p><b>46.</b> (1) Except as otherwise provided in these regulations] a public issue shall be kept open for at least three working days but not more than ten working days including the days for which the issue is kept open in case of revision in price band.</p> <p>(2) In case the price band in a public issue made through the book building process is revised, the bidding (issue) period disclosed in the red herring prospectus shall be extended for a minimum period of three working days:</p>	<p><b>46. (1)</b> <del>{46. (1)}</del> Except as otherwise provided in these regulations, an initial public offer shall be kept open for at least three working days but for not more than ten working days.</p> <p>(2) <del>{46. (2)}</del> The issuer may extend bidding (issue) period disclosed in the red herring prospectus for a minimum period of three working days, with or without any revision in the price band, subject to the total bidding (issue) period not exceeding ten working days.</p>	Presently, extension of period of subscription is allowed only in case of change in price band. There are, however, possibilities that the period of subscription may be required to be extended due to other factors such as force majeure, banking strike, bandh, etc.. Accordingly, it is proposed to allow extension of period of subscription irrespective of change in price band.
27.	IPO	43.(1) A person shall not make an application in the net offer to public category for that number of specified securities which exceeds the total number of specified securities offered to public.	<b>47. (1)</b> <del>{43. (1)}</del> A person shall not make an application in the net offer category for a number of specified securities that exceeds the total number of specified securities offered to the public.	It is proposed to cap NII application size to the NII's eligibility, i.e total issue size less QIB portion.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
			<p><b>Provided that</b> the maximum application by non-institutional investors shall not exceed total number of specified securities offered in the issue less total number of specified securities offered in the issue to qualified institutional buyers.</p>	
28.	IPO	<p><b>15.</b> No allotment shall be made by the issuer in excess of the specified securities offered through the offer document:</p> <p>Provided that in case of oversubscription, an allotment of not more than ten per cent. of the net offer to public may be made for the purpose of making allotment in minimum lots.</p>	<p><b>49.(2) {15.}</b> The issuer shall not make any allotment in excess of the specified securities offered through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the designated stock exchange.</p> <p><b>Provided that</b> in case of oversubscription, an allotment of not more than one per cent. of the net offer to public may be made for the purpose of making allotment in minimum lots.</p>	<p>Given the current allotment methodology, 10 per cent. is excessive for the purposes of rounding off as allotment is made in minimum lot and in multiples of one share thereafter. It is therefore proposed to reduce the provision for excess allotment to one percent of the issue size for any rounding off.</p>
29.	IPO	<p><b>18.</b> (1) The issuer and merchant bankers shall ensure that specified securities are allotted and/or application moneys are refunded within fifteen days from the date of closure of the issue.</p> <p>(2) Where specified securities are not allotted and/or application moneys are not</p>	<p><b>50. (1) {18. (1)}</b> The issuer and lead manager(s) shall ensure that the specified securities are allotted and/or application monies are refunded or unblocked within such period as may be specified by the Board.</p>	<p>It is proposed to specify the interest rate at 15% in case of any delays. This is in line with the provisions of Companies Act, 2013.</p>

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		refunded within the period stipulated in sub-regulation (1), the issuer shall undertake to pay interest at such rate and within such time as disclosed in the offer document.	<p>(2) The lead manager(s) shall ensure that the allotment, credit of dematerialised securities and refund or unblocking of application monies, as may be applicable, are done electronically.</p> <p>(3) <del>{18(2)}</del> Where the specified securities are not allotted and/or application monies are not refunded or unblocked within the period stipulated in sub-regulation (1) above, the issuer shall undertake to pay interest at the rate of fifteen per cent. per annum to the investors and within such time as disclosed in the offer document and the lead manager(s) shall ensure the same.</p>	
30.	IPO	64. (4) The responsibility of the lead merchant banker shall continue even after the completion of issue process.	<b>52. (1) {64. (4)}</b> The responsibility of the lead manager(s) shall continue until completion of the issue process and for any issue related matter thereafter.	It is proposed to clarify that the responsibility of the lead manager(s) is limited to the issue process and any issue related matter.
31.	IPO	67. (5) The post-issue merchant banker shall confirm to the bankers to the issue by way of copies of listing and trading approvals that all formalities in connection with the issue have been completed and that the banker is free to release the money to the issuer or	<b>53.(1) {67. (5)}</b> The post-issue lead manager(s) shall confirm to the bankers to the issue by way of copies of listing and trading approvals that all formalities in connection with the issue have been completed and that the banker is free to	It is proposed to introduce a provision for refunds in case In case the issuer fails to obtain listing or trading permission from the stock exchanges where the specified securities were to be listed.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		release the money for refund in case of failure of the issue.	<p>release the money to the issuer or release the money for refund in case of failure of the issue.</p> <p><b>(2)</b> In case the issuer fails to obtain listing or trading permission from the stock exchanges where the specified securities were to be listed, it shall refund the entire monies received within seven days of receipt of intimation from stock exchanges rejecting the application for listing of specified securities</p> <p><b>(3)</b> <del>{51.}</del> The post-issue lead manager(s) shall ensure that the monies received in respect of the issue are released to the issuer in compliance with the provisions of Section 40 (3) of the Companies Act, 2013, as applicable.</p>	
<b>RIGHTS ISSUE</b>				
32.	Rights Issue - Roll over of non-convertible portion of partly convertible	21. (1) The non-convertible portion of partly convertible debt instruments issued by a listed issuer, the value of which <u>exceeds fifty lakh rupees</u> , may be rolled over, without change in the interest rate subject to compliance with the provisions of section	<b>64.</b> <del>{21. (1)}</del> The non-convertible portion of partly convertible debt instruments issued by a listed issuer, the value of which exceeds ten crore rupees, may be rolled over, subject to compliance with the provisions of the Companies Act, 2013 and the following conditions:	It is proposed to increase the low threshold of Rs. 50 Lacs to Rs. 10 Crore.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
	debt instruments	121 of the Companies Act, 1956 and the following conditions:		
33.	Rights Issue – Issue of warrants	<p>4. (3) An issuer shall be eligible to issue warrants subject to the following: ...</p> <p>(b) not more than one warrant shall be attached to one specified security</p> <p>(c) the price or conversion formula of the warrants shall be determined upfront and at least 25 of the consideration amount shall also be received upfront</p>	<p><b>67. {4. (3)}</b> An issuer shall be eligible to issue warrants subject to the following:</p> <p>a) the tenure of such warrants shall not exceed eighteen months from their date of allotment in the rights issue;</p> <p>b) A specified security may have one or more warrants attached to it;</p> <p>c) the price or formula for determination of exercise price of the warrants shall be determined upfront and disclosed in the letter of offer and at least twenty-five per cent. of the consideration amount based on the exercise price shall also be received upfront;</p> <p><b>Provided that</b> in case the exercise price of warrants is based on a formula, twenty-five per cent. consideration amount calculated as per the formula with reference date being the record date shall also be received upfront.</p> <p>d) in case the warrant holder does not exercise the option to take equity shares against any of the warrants held by the warrant holder, the</p>	It is proposed to introduce flexibility of having more than one warrant attached to a specified security and to clarify that the price or formula for determination of exercise price of the warrants shall be determined upfront and that if the warrant is not exercised, 25% of consideration will be forfeited.



S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
			consideration paid in respect of such warrant shall be forfeited by the issuer.	
34.	Rights Issue – Record Date	52. (1) A listed issuer making a rights issue shall announce a record date for the purpose of determining the shareholders eligible to apply for specified securities in the proposed rights issue.	<b>68.(1) {52. (1)}</b> The issuer shall announce a record date for the purpose of determining the shareholders eligible to apply for specified securities in the proposed rights issue at least seven working days prior to the record date or such period as may be specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	It is proposed to make the provision of record date consistent with the SEBI LODR Regulations.
35.	Rights Issue - Filing of the draft letter of offer and letter of offer	6. (1) No issuer shall make, (a) a public issue; or (b) a rights issue, where the aggregate value of the specified securities offered is fifty lakh rupees or more, unless a draft offer document, , along with fees as specified in Schedule IV, has been filed with the Board through the lead merchant banker, at least thirty days prior to registering the prospectus, red herring prospectus or shelf prospectus with the Registrar of Companies or filing the letter of offer with the designated stock exchange, as the case may be.	<b>71. (1) {6. (1)}</b> Prior to making a rights issue, the issuer shall, except in case of a fast track issue, file a draft letter of offer, with the concerned regional office of the Board under the jurisdiction of which the registered office of the issuer company is located, in accordance with <b>Schedule IV</b> , along with fees as specified in <b>Schedule III</b> , with the Board and with the stock exchange(s) , through the lead manager(s).	It is proposed to clarify that filing of letter of offer with the Board is not required in case of a fast track issue, although the fee will be paid.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
36.	Rights Issue – ASBA	58. (5)} The issuer shall provide the ASBA facility in the manner specified by the Board where not more than one payment option is provided. <b>Provided that</b> in case of qualified institutional buyers and non-institutional investors the issuer shall accept submit their bids applications using the ASBA facility only. Retail individual investors may either apply through ASBA facility or make payment through cheque or demand draft.	<b>76. {58. (5)}</b> The issuer shall provide the ASBA facility in the manner specified by the Board where not more than one payment option is provided. <b>Provided that</b> the applicants in a rights issue shall be eligible to make applications through ASBA facility only if such applicant: (i) is holding equity shares in dematerialised mode; (ii) has not renounced entitlement in part or in full; and (iii) is not a renouncee	It is proposed to clarify that applicants in a Rights Issue shall make applications only through ASBA facility and will have the provision to make a physical application in in certain specified scenarios.
37.	Rights Issue – Underwriting	13. (1) Where the issuer making a public issue (other than through the book building process) or rights issue, desires to have the issue underwritten, it shall appoint the underwriters in accordance with Securities and Exchange Board of India (Underwriters) Regulations, 1993.	<b>81. (1) {13. (1)}</b> If the issuer desires to have the issue underwritten, it shall appoint the underwriters in accordance with the Securities and Exchange Board of India (Underwriters) Regulations, 1993. <b>Provided that</b> the issue can be underwritten only to the extent of entitlement of shareholders other than the promoters and promoter group.	It is proposed to clarify that issue can be underwritten only to the extent of entitlement of public shareholders (and not for the entitlement of the promoters and promoter group).
38.	Rights issue – Fast Track Rights Issue – Eligibility Conditions	10. (1)(c) the annualised trading turnover of the equity shares of the issuer during six calendar months immediately preceding the month of the reference date has been at least two per cent. of the weighted average	<b>99.(1) (d) ({10(1)(c)}</b> - annualised trading turnover of the equity shares of the issuer during six calendar months immediately preceding the month of the reference date has been at least two per cent. of the weighted average number of	It is proposed to clarify the delivery turnover should be as a percentage of the trading turnover.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>number of equity shares listed during such six months' period</p> <p>Provided that for issuers, whose public shareholding is less than fifteen per cent. of its issued equity capital, the annualised trading turnover of its equity shares has been at least two per cent. of the weighted average number of equity shares available as free float during such six months' period</p> <p>10. (1)(k) annualized delivery-based trading turnover of the equity shares during six calendar months immediately preceding the month of the reference date has been at least ten per cent. of the weighted average number of equity shares listed during such six months' period;</p>	<p>equity shares listed during such six months' period:</p> <p><b>Provided that</b> for issuers, whose public shareholding is less than fifteen per cent. of its issued equity capital, the annualised trading turnover of its equity shares has been at least two per cent. of the weighted average number of equity shares available as free float during such six months' period;</p> <p><del>10(1)(k)</del> annualized delivery-based trading turnover of the equity shares during six calendar months immediately preceding the month of the reference date has been at least ten per cent. of the annualized trading turnover of equity shares during such six months' period;</p>	
39.	Rights issue – Fast Track Rights Issue – Eligibility Conditions	10.(1)(f)(f) the impact of auditors' qualifications, if any, on the audited accounts of the issuer in respect of those financial years for which such accounts are disclosed in the offer document does not exceed five per cent. of the net profit or loss after tax of the issuer for the respective years.	<b>99.(2)(m)</b> <del>{10(1)(f)}</del> there are no auditors' qualifications on the audited accounts of the issuer in respect of those financial years for which such accounts are disclosed in the letter of offer.	To improve the requirements for fast track issues, it is proposed that for a company to be eligible to make a fast track rights issue, it should not have any audit qualifications.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
<b>FURTHER PUBLIC OFFER</b>				
40.	<b>FPO</b>	<p>No issuer shall make an public offer if there are any outstanding convertible securities or any other right which would entitle any person with any option to receive equity shares:...</p> <p>(c) fully paid-up outstanding convertible securities which are required to be converted on or before the date of filing of the red herring prospectus (in case of book-built issues) or the prospectus (in case of fixed price issues), as the case may be.</p>	<p><b>102.(2) {26. (5)}</b> An entity shall not be eligible to make a further public offer if there are any outstanding convertible securities or any other right which would entitle any person with any option to receive equity shares of the issuer:</p> <p><b>102.(2)(c) {26(5)(c)}</b> fully paid-up outstanding convertible securities or outstanding warrants, which are required to be converted on or before the date of filing of the red herring prospectus (in case of a book-built issues) or the prospectus (in case of a fixed price issue) with the Registrar of Companies, as the case may be.</p>	There is a need to specify that if a company has any outstanding convertibles or warrants issued through an earlier public issue where the conversion price/ tenure was disclosed, this condition will not be applicable.
41.	<b>FPO</b>	21. (1)The non-convertible portion of partly convertible debt instruments issued by a listed issuer, the value of which exceeds fifty lakh rupees, may be rolled over, without change in the interest rate subject to compliance with the provisions of section 121 of the Companies Act, 1956 and the following conditions:...	<b>108. {21. (1)}</b> The non-convertible portion of partly convertible debt instruments issued by a listed issuer, the value of which exceeds ten crore rupees, may be rolled over, subject to compliance with the provisions of the Companies Act, 2013 and the following conditions:	It is proposed to revise the threshold of Rs. 50 lakhs to Rs. 10 Crore given the size of offerings. Also, the aspect of interest rate has been aligned to the Companies Act.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
42.	FPO	22. (2)Where the value of the convertible portion of any convertible debt instruments issued by a listed issuer exceeds fifty lakh rupees and the issuer has not determined the conversion price of such convertible debt instruments at the time of making the issue, the holders of such convertible debt instruments shall be given the option of not converting the convertible portion into equity shares:	<b>109. (2) {22. ( 2)}</b> Where the value of the convertible portion of any listed convertible debt instruments issued by an issuer exceeds ten crore rupees and the issuer has not determined the conversion price of such convertible debt instruments at the time of making the issue, the holders of such convertible debt instruments shall be given the option of not converting the convertible portion into equity shares:	It is proposed to revise the low threshold of Rs. 50 Lacs to Rs. 10 Crores.
43.	FPO	{33. (1)(d)} For the computation of minimum promoters' contribution, the following specified securities shall not be eligible: ... (b) specified securities pledged with any creditor	<b>15.1.(d){33.(1)(d)}</b> For the computation of minimum promoters' contribution, the following specified securities shall not be eligible: ... (b) specified securities pledged with any creditor other than those for borrowings by the issuer	It is proposed to be clarify that pledged shares of the promoters can form a part of in promoters contribution only if the loan taken from any creditor is by the company.
44.	FPO	In case of absence of definite information about subscription figures, the issue shall be kept open for the required number of days to avoid any dispute, at a later date, by the underwriters in respect of their liability.	Deleted	This clause is proposed to be deleted due to its non-applicability given the current post issue process.
<b>PREFERENTIAL ISSUE</b>				
45.	Preferential Issue	72. (2) The issuer shall not make preferential issue of specified securities to any person who has sold any equity shares of the issuer	<b>159. (1) {72. (2)}</b> Preferential issue of specified securities shall not be made to any person who has sold any equity	This proviso was inserted to restrict any person from taking benefit of short swing profits which is not applicable in this case. It is now proposed that for transfer pursuant to

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>during the six months preceding the relevant date: ...</p> <p>Provided that the above restriction shall not apply to any sale of equity shares by any person belonging to promoter(s) of the promoter group which qualifies for inter-se transfer amongst qualifying persons under Regulation 10 (1) (a) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover Regulations), 2011</p>	<p>shares of the issuer during the six months preceding the relevant date:</p> <p><b>Provided that</b> the above restriction shall not apply to any sale of equity shares by any person belonging to promoter(s) of the promoter group which qualifies for inter-se transfer amongst qualifying persons under regulation 10 (1) (a) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover Regulations), 2011 or in case of transfer of shares held by the promoters or promoter group on account of invocation of pledge by a lender.</p>	<p>invocation pledge by the lender may be excluded as this is an involuntary sale by the lender and the promoter is not a party to the sale decision.</p>
46.	<b>Preferential Issue</b>	<p><b>73.</b> (1) The issuer shall, in addition to the disclosures required under section 173 of the Companies Act, 1956 or any other applicable law, disclose the following in the explanatory statement to the notice for the general meeting proposed for passing special resolution:</p> <p>(e) the identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control] the proposed allottees,</p>	<p><b>163. (1) {73. (1)}</b> The issuer shall, in addition to the disclosures required under the Companies Act, 2013 or any other applicable law, disclose the following in the explanatory statement to the notice for the general meeting proposed for passing the special resolution:</p> <p><b>{73.(1)(e)}</b> identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be</p>	<p>There is a need to consider inclusion of Category I foreign portfolio investors, Category II foreign portfolio investor, foreign venture capital investors and alternative investment funds in the exclusions in this proviso. These categories are registered with SEBI and hence their KYC is already done at the time of their registration.</p>

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue</p> <p>Provided that if there is any listed company, mutual fund, bank or insurance company in the chain of ownership of the proposed allottee, no further disclosure will be necessary.</p>	<p>allotted and/or who ultimately control the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:</p> <p><b>Provided that</b> if there is any listed company, mutual fund, scheduled commercial bank, insurance company registered with the Insurance Regulatory and Development Authority of India, foreign portfolio investor other than Category III foreign portfolio investor, foreign venture capital investor or alternative investment funds in the chain of ownership of the proposed allottee, no further disclosure will be necessary.</p>	
47.	<b>Preferential Issue</b>	<p><b>76B.</b> The price determined for preferential issue in accordance with regulation 76 or regulation 76A, shall be subject to appropriate adjustments, if the issuer :</p> <p>(a) makes an issue of equity shares by way of capitalization of profits or reserves, other than by way of a dividend on shares;</p> <p>(b) makes a rights issue of equity shares;</p> <p>(c) consolidates its outstanding equity shares into a smaller number of shares;</p>	<p><b>166. {76B.}</b> The price determined for a preferential issue in accordance with regulation 164 or regulation 164A, shall be subject to appropriate adjustments, if the issuer:</p> <p>a) makes an issue of equity shares by way of capitalization of profits or reserves, other than by way of a dividend on shares;</p>	<p>It is proposed to include demerger where the equity shares of the resulting entity are listed post demerger.</p> <p>Through a demerger, an undertaking of the company is demerged into a separate company and such resulting company's shares are listed. Post the listing of the resulting company, the value of the demerged company goes down and it trades</p>

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		(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.	b) makes an issue of equity shares after completion of a demerger wherein the securities of the resultant demerged entity are listed on a stock exchange; c) makes a rights issue of equity shares; d) consolidates its outstanding equity shares into a smaller number of shares; e) divides its outstanding equity shares including by way of stock split; f) re-classifies any of its equity shares into other securities of the issuer; g) is involved in such other similar events or circumstances, which in the opinion of the concerned stock exchange, require adjustments.	accordingly. Hence, adjustment for pre-demerger market price needs to be made.
48.	<b>Preferential Issue</b>	<b>77.</b> (1) Full consideration of specified securities other than warrants issued under this Chapter shall be paid by the allottees at the time of allotment of such specified securities: Provided that in case of a preferential issue of specified securities pursuant to a scheme	<b>169.(1)</b> {77. (1)} Full consideration of specified securities other than warrants, shall be paid by the allottees at the time of allotment of such specified securities except in case of shares issued for consideration other than cash.	It is proposed to remove the limit of attaching one warrant to a specified security and the issuer will have the flexibility to decide number of warrants to be attached to a specified security.



S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>of corporate debt restructuring as per the corporate debt restructuring framework specified by the Reserve Bank of India, the allottee may pay the consideration in terms of such scheme.</p> <p>{77.(2) and (3)}An amount equivalent to at least twenty five per cent. of the consideration determined in terms of regulation 76 shall be paid against each warrant on the date of allotment of warrants.</p>	<p>Provided that in case of a preferential issue of specified securities pursuant to a scheme under the corporate debt restructuring framework specified by the Reserve Bank of India, the allottee may pay the consideration in terms of such scheme.</p> <p>(2) {77.(2) and (3)} In the case of warrants, an amount equivalent to at least twenty five per cent. of the consideration determined in terms of regulation 76 shall be paid against each warrant on the date of allotment of warrants and the balance seventy five per cent. of the consideration shall be paid at the time of allotment of the equity shares pursuant to exercise of options against each such warrant by the warrant holder. Alternately, twenty five per cent. of the consideration can be computed on the basis of the current market price and the balance can be paid based on the price at the time of exercise.</p>	<p>It is also proposed to clarify that the 25 per cent. consideration can be based on the pricing formula computed using the current market price, and the balance consideration can be paid at the time of exercise which can be subsequently determined at the time of final pricing.</p>
<b>QUALIFIED INSTITUTIONS PLACEMENT</b>				
49.	<b>QIP</b>	<b>89.</b> The aggregate of the proposed qualified institutions placement and all previous qualified institutions placements made by	Deleted	Companies suffer losses for a variety of reasons including slowdown in their sectors , which leads to erosion of their net worth.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		the issuer in the same financial year shall not exceed five times the net worth of the issuer as per the audited balance sheet of the previous financial year.		These companies, while in the process of turning around are unable to raise funds through QIP as their pre-QIP net worth will be small or negative. As such, these companies have to look for other avenues for fund raising which may be time consuming and expensive options. QIB investors are in a better position to evaluate such opportunities and QIBs also are not required to be given any protection. Hence, it is proposed to delete this requirement.
50.	QIP	<b>83.</b> (2) The merchant banker shall, while seeking in-principle approval for listing of the eligible securities issued under qualified institutions placement, furnish to each stock exchange on which the same class of equity shares of the issuer are listed, a due diligence certificate stating that the eligible securities are being issued under qualified institutions placement and that the issuer complies with requirements of this Chapter.	<b>174.(3)</b> {83.(2) & 84.(3)} The lead manager(s) shall, while seeking in-principle listing approval for the eligible securities, furnish to each stock exchange on which the same class of equity shares of the issuer are listed, a due diligence certificate stating that the eligible securities are being issued under qualified institutions placement and that the issuer complies with requirements of this Chapter, and also furnish a copy of the preliminary placement document along with any other document required by the stock exchange.	The issuer should have the choice of listing (and trading) eligible securities such as CCDs (other than equity shares) issued through the QIP process either at the time of allotment or at the time of conversion. If these remain unlisted, a clarification is needed that the in-principle listing approval has to be sought at the time of issuance but the same can be listed and traded on conversion of such securities. New clause has been added with a proviso to bring out that difference.
51.	QIP	<b>87.</b> (2) The qualified institutional buyers belonging to the same group or who are	<b>180. (2)</b> {87. (2)} Qualified institutional buyers belonging to the same group or	Given that the Companies Act, 2013 does not have corresponding provision for Section 372

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>under same control shall be deemed to be a single allottee.</p> <p><b>Explanation:</b> For the purpose of sub-regulation (2), the expression “qualified institutional buyers belonging to the same group” shall have the same meaning as derived from sub-section (11) of section 372 of the Companies Act, 1956;</p>	<p>who are under same control shall be deemed to be a single allottee.</p> <p>For the purpose of sub-regulation (2), the expression “qualified institutional buyers belonging to the same group” shall mean entities where (i) any of them controls directly or indirectly, through its subsidiary or holding company, not less than fifteen per cent. of the voting rights in the other; or (ii) any of them directly or indirectly, by itself, or in combination with other persons exercise control over the others; (iii) there is a common director, excluding nominee director amongst the investor, its subsidiary or holding company and other investor.</p>	of the Companies Act, 1956, it is proposed to define ‘same group’ to bring more clarity.
<b>INSTITUTIONAL PLACEMENT PROGRAMME</b>				
52.	IPP	<b>CHAPTER: INSTITUTIONAL PLACEMENT PROGRAMME</b>	<b>DELETED</b>	In light of the Board’s decision to allow QIP to meet MPS requirements, it is proposed to delete the chapter on IPP. It is proposed to include a proviso to permit OFS in a QIP format for compliance with MPS requirements.
<b>INDIAN DEPOSITORY RECEIPTS</b>				
53.	IDR	An issuer making an initial public offer may obtain grading for such offer from one or more credit rating agencies registered with the Board.	Deleted	IPO grading is not practiced in nay country, and it is proposed to delete this provision as IDRs are from foreign companies.

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
<b>SMALL &amp; MEDIUM ENTERPRISES</b>				
54.	<b>SME IPO</b>	INITIAL PUBLIC OFFERING BY SMALL AND MEDIUM ENTERPRISES	INITIAL PUBLIC OFFERING BY SMALL AND MEDIUM ENTERPRISES	There are no specific provisions for SME FPO and SME Rights Issues. It is therefore proposed to include a regulation which provides a regulatory framework for FPOs and Rights Issues by SMEs.
55.		INITIAL PUBLIC OFFERING BY SMALL AND MEDIUM ENTERPRISES	INITIAL PUBLIC OFFERING BY SMALL AND MEDIUM ENTERPRISES	Major changes proposed: <ul style="list-style-type: none"> <li>▪ It is proposed to reduce the minimum Anchor investor size from Rs. 10 Crore to Rs. 2 Crore;</li> <li>▪ It is proposed to allow benefits available for partnership firms for the purpose of track record to Limited Liability Partnership (LLP) firms also.</li> <li>▪ It is proposed to increase the eligibility from upto Rs. 10 Crore to upto Rs. 50 Crore in post issue paid up capital.</li> </ul>
<b>BONUS ISSUE</b>				
56.	<b>Bonus issue</b>	No issuer shall make a bonus issue of equity shares unless it has made reservation of equity shares of the same class in favour of the holders of outstanding [compulsorily]	An issuer shall make a bonus issue of equity shares only if it has made reservation of equity shares of the same class in favour of the holders of	All cases of convertible instruments, warrants and loans convertible into equity should be covered. There could be lenders (especially in cases of CDR, whereby lenders have the option

S. No.	Chapter	Existing Provisions	Suggested Provisions (New regulation followed by old regulation in curly bracket, wherever applicable)	Rationale/ Notes
		<p>convertible debt instruments[ if any,] in proportion to the convertible part thereof</p> <p>The equity shares so reserved for the holders of fully or partly compulsorily convertible debt instruments shall be issued at the time of conversion of such convertible debt instruments on the same terms or same proportion at which the bonus shares were issued</p>	<p>outstanding compulsorily convertible debt instruments, optionally convertible instruments, warrants, or lenders who loans are convertible into equity, if any, in proportion to the convertible part thereof.</p> <p>The equity shares so reserved for the holders of fully or partly compulsorily convertible debt instruments, optionally convertible instruments, warrants, or lenders who loans are convertible into equity, shall be issued at the time of conversion of such convertible debt instruments, optionally convertible instruments, warrants, or loans, as the case may be, on the same terms or same proportion at which the bonus shares were issued.</p>	<p>to convert their loans to equity. In such cases, there should be a reservation for them.</p>

**PROPOSED KEY REGULATORY CHANGES IN SCHEDULES**

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
1.	Schedule VI – Form A (17)	<b>Formats of Due Diligence Certificates – Form A (DRHP Filing)</b>	Profits from related party transactions have arisen from legitimate business transactions.	We enclose a note explaining the process of due diligence that has been exercised by us including in relation to the business of the issuer, the risks in relation to the business, experience of the promoters and that the related party transactions entered into for the period disclosed in the offer document have been entered into by the issuer in accordance with applicable laws.	The requirement has been deleted in view of the following: (i) each RPT need not result into profits for the company. (ii) detailed disclosures on RPTs are already made in the offer document in the financial statements of the company; additional disclosures on related parties are included in the offer document as they are considered group companies.
2.	Schedule VI – Form C (6)	<b>Formats of Due Diligence Certificates – Form C (RoC Filing)</b>	We certify that as per the requirements of first proviso to sub-regulation (4) of regulation 32 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, cash flow statement has been prepared and disclosed in the red herring prospectus and/or prospectus.	deleted	The cash flow statement is disclosed in the offer document as a part of the Auditors' Report/financial statements and hence, it is proposed to be deleted.

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
3.	Schedule VI		<p>In a public issue , there are 5 due diligence certificates required to be submitted by the lead managers to SEBI in a period of 15-20 days at the following stages:</p> <ul style="list-style-type: none"> <li>• Filing of the RHP</li> <li>• Issue opening</li> <li>• Issue closing</li> <li>• Filing of the prospectus</li> <li>• Post-issue</li> </ul>	<p>Instead of three DD Certificate to be submitted at the time of a) Filing of the RHP, b) Issue Opening and c) Issue Closing, it is proposed to mandate submission of only one DD Certificate. In the event there is any significant material change, Additional Due Diligence Certificate is proposed to be mandated. Also, if there is promoters' contribution with the issue, a specific DD certificate will have to be filed.</p>	<p>Since, the time gap between filing of RHP, opening and closing of issue is too small, only if there is any material update during this period, then only fresh Due Diligence certificate is required.</p>
4.	Schedule VI {Schedule XIX – Part C}	<b>Due diligence certificate for IDR Issues</b>	--	--	<p>DD Certification for IDR aligned with the DD Certificate applicable to the public issues. Further, annexure to this DD certificate deleted because that was the earlier format where documents were required to be submitted to SEBI, but now these are required to be disclosed in the DRHP itself and confirmations are contained in the DD Certificate.</p>
<b>SCHEDULE VII {SCHEDULE VII} - DISCLOSURES IN THE OFFER DOCUMENT, ABRIDGED PROSPECTUS AND ABRIDGED LETTER OF OFFER</b>					
5.	(I) Cover Page(g)	<b>Part A</b>	"This being the first issue of the issuer, there has been no formal	"This being the first issue of the issuer, there has been no formal	Since the face value is already disclosed, the statement is not required as explained

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			market for the securities of the issuer. The face value of the equity shares is (-----) and the issue price / floor price / price band is 'X-times' of the face value	market for the securities of the issuer.	earlier. Additionally, it is proposed that the cover page of the DRHP shall specifically mention "Promoters are selling shares".
6.	(III) Risk Factors (G)(17)	<b>Part A</b>	and group companies, as disclosed under the heading "Performance vis-à-vis Objects" in the section "Other Regulatory and Statutory Disclosures", quantifying such shortfall or delays.	(1) Shortfall in performance vis-à-vis the objects stated in any of the issues made by the issuer in the last ten years, as disclosed under the heading "Performance vis-à-vis Objects" in the section "Other Regulatory and Statutory Disclosures", quantifying such shortfalls or delays.	The last issue could be long back in the past and details may not be available; and in fact may not be relevant to the investors. Hence, the period has been reduced to ten years.
7.	Prominent Notes	<b>Part A</b>	Prominent Notes: This section shall contain notes which are required to be given prominence and shall also include the following: (A) A disclosure to the effect that "the investors may contact any of the merchant bankers who have submitted the due	Sub-section "Prominent Notes" deleted and a new section giving a summary of the offer document has been added.	The new section "Prospectus summary" would provide a summary of the important information for investors to take an informed decision.



<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			<p>diligence certificate to the Board, for any complaint pertaining to the issue".</p> <p>(B) The net worth before the issue (as per latest audited financial statement disclosed in the offer document) and issue size.</p> <p>(C) The cost per share to the promoters and book value per share.</p> <p>(D) The details of the group companies having business interests or other interests in the issuer.</p> <p>(E) The details of transaction by the issuer with group or subsidiary companies during the last year, the nature of transactions and the cumulative value of transactions.</p> <p>(F) If there is a change in the name of the issuer at any time during the last three years immediately</p>		

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			<p>preceding the date of filing draft offer document with the Board, the reasons for the change and whether and when the objects clause of Memorandum of Association was amended to carry on activities as reflected by the new name.</p> <p>(G) The details of all financing arrangements whereby the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing</p>		

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			draft offer document with the Board.		
8.	Green Shoe Option (3)	<b>Part A</b>	The period for which the issuer proposes to avail of the stabilisation mechanism.	(c) Maximum period for which the issuer proposes to avail of the stabilisation mechanism;	The provision has been altered to provide flexibility to the stabilising agent in case if it wants to close the stabilisation earlier in case it believes that the price has already stabilised and no further intervention is required
9.	(o) Shareholding pattern of the issuer in the format (i)	<b>Part A</b>	The following details regarding major shareholders: The names of the ten largest shareholders of the issuer as on the date of registering the offer document with the Registrar of Companies.	(i) Following details regarding major shareholders: Names of the shareholders of the issuer holding 1% or more of the paid-up capital of the issuer as on the date of filing of the draft offer document/ draft letter of offer and the offer document, as the case may be.	To align it with the requirements under the SEBI LODR Regulations. Disclosure of major shareholders could be considered on the basis of persons holding 1 per cent. or more of the paid-up capital rather than top 10 shareholders.
10.	(r)(xvi)	<b>Part A</b>	(a) details of options granted or equity shares issued under any scheme of employee stock option or employee stock purchase of issuer, in last three years (separately for each year) and on a cumulative basis for all options or equity shares issued prior to the date of the offer document, including the	(a) Details of options granted or equity shares issued under any scheme of employee stock option or employee stock purchase of issuer, in the preceding three years (separately for each year) and on a cumulative basis for all options or equity shares issued	The disclosures in relation to ESOPs aligned with the applicable accounting standards for ESOPs/ guidance note from ICAI.

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			<p>following details in cases where options granted to employees in pursuance of any employee stock option scheme existing prior to the initial public offer, are outstanding at the time of the initial public offer:</p> <p>(i) options granted;</p> <p>(ii) ....</p> <p>(X) employee-wise details of options granted to:</p> <p>☐☐ senior managerial personnel;</p> <p>☐ any other employee who receives a grant in any one year of options amounting to five per cent or more of options granted during that year;</p> <p>☐ identified employees who were granted options, during any one year, equal to or exceeding one per cent. of the issued capital (excluding outstanding warrants and</p>	<p>prior to the date of the offer document.</p> <p>(b) The following details in cases where options granted to employees in pursuance of any employee stock option scheme existing prior to the initial public offer, are outstanding at the time of the initial public offer:</p> <p>(i) options granted;</p> <p>(ii) ...</p> <p>(x) employee-wise details of options granted to:</p> <ul style="list-style-type: none"> <li>• key managerial personnel;</li> <li>• any other employee who receives a grant in any one year of options amounting to five per cent. or more of options granted during that year;</li> <li>• identified employees who were granted options, during any one year, equal to or exceeding one per cent. of the issued capital</li> </ul>	

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			<p>conversions) of the issuer at the time of grant;</p> <p><i>[Note: For the sake of brevity, we have avoided copying the entire disclosure]</i></p>	(excluding outstanding warrants and conversions) of the issuer at the time of grant;	
11.	Objects of the Issue (7)	<b>Part A</b>	amount paid or payable in cash, shares or debentures to the vendor and, where there is more than one separate vendor, or the issuer is a sub purchaser, the amount so paid or payable to each vendor, specifying separately the amount, if any, paid or payable for goodwill;	deleted	This requirement is proposed to be deleted as the disclosure emanated from Schedule II of the Companies Act, 1956 which is no longer applicable.
13.	(K) Basis for Issue Price (d)	<b>Part A</b>	Minimum Return on Increased Net Worth required to maintain pre-issue Earnings Per Share.	deleted	This is proposed to be deleted as this is not a parameter used by the investors for making investment decision.
14.	K) Basis for Issue Price (l)	<b>Part A</b>	The face value of equity shares and the statement that the issue price, floor price or price band, as the case may be, is "X" times of the face value	deleted	Refer to earlier comment for deletion of this

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
16.	Interest of Directors (a)	<b>Part A</b>	(a) Full particulars of the nature and extent of the interest, if any, of every Director. (ii) in any property acquired by the issuer within two years of the date of the offer document or proposed to be acquired by it.	deleted	This requirement is proposed to be deleted as it emanated from erstwhile Schedule II of the Companies Act 1956 which is no longer in force. The corresponding requirements in the Companies (Prospectus and Allotment of Securities) Rules, 2014 are also redundant as the Companies (Amendment) Act 2017 proposes to delete the disclosure requirements from Section 26 itself
17.	Interest of Directors (a)	<b>Part A</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	deleted	This requirement is proposed to be deleted as it emanated from erstwhile Schedule II of the Companies Act 1956 which is no longer in force. The corresponding requirements in the Companies (Prospectus and Allotment of Securities) Rules, 2014 are also redundant as the Companies (Amendment) Act 2017 proposes to delete the disclosure requirements from Section 26 itself.

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			formation of the issuer shall be disclosed.		
18.	Corporate Governance (b)	<b>Part A</b>	Details relating to the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committees operate.	(i) Details relating to the issuer's audit committee, nomination and remuneration committee, stakeholders' relationship committee and risk management committee (if applicable) including the names of committee members and the terms of reference under which the committees operate.	For the sake of clarity, it is proposed that details are to be provided only for the committees stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
20.	Promoters/ Principal Shareholders (1)	<b>Part A</b>	Full particulars of the nature and extent of the interest, if any, of every promoter, directors or group companies: (a) in the promotion of the issuer; or (b) in any property acquired by the issuer within two years of the date of filing draft offer document with the Board or	deleted	This requirement emanated from erstwhile Schedule II of the Companies Act 1956 which is no longer in force. The corresponding requirements in the Companies (Prospectus and Allotment of Securities) Rules, 2014 are also redundant as the Companies (Amendment) Act 2017 proposes to delete the disclosure requirements from Section 26 itself. Further, these requirements are getting

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			<p>proposed to be acquired by it.</p> <p>(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.</p>		covered in other sections and hence, it is proposed to delete this requirement.
21.	<b>Dividend policy and mode of</b>	<b>Part A</b>	(H) Dividend Policy	<b>(H) Dividend policy:</b> Dividend policy and mode of payment of	It is proposed to mandate disclosure of the amount of dividend distributed in the preceding five financial years and the



<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
	<b>payment of dividend</b>			dividend, details of dividend paid in the last three financial years and the stub period, as applicable, and the period between last audited period and the date of the filing the draft offer document / draft letter of offer/ offer document.	period between last audited financial and the date of filing of the draft offer document/ draft letter of offer and the offer document and details of dividend policy, if any.
22.	<b>Financial Statements :</b>	<b>Part A</b>	-	-	For points 22-39, principles for disclosures under IndAS and IGAAP has been proposed. The same are placed at Annexure 1 and 2 below the table.
23.	<b>Financial Statements : Notes</b>	<b>Part A</b>	1. The financial information specified in this item shall be certified by only those auditors who have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.	-	

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			2. All financial information specified in this item must be re-audited for one full financial year and the stub period by the auditor certifying them in case where the financial statements were audited by an auditor who had not been subjected to peer review process of ICAI.		
24.	<b>Financial Information of the issuer</b>	<b>Part A</b>	All the notes to the accounts, significant accounting policies as well as the auditors' qualifications shall be incorporated		
25.	<b>Financial Information of the issuer</b>	<b>Part A</b>	--		
26.	<b>Financial Information of the issuer (2)</b>	<b>Part A</b>	So far as regards profits and losses, deal with the profits or losses of the issuer (distinguishing items of a non-recurring nature		
27.	<b>Financial Informatio</b>	<b>Part A</b>	If the issuer has subsidiaries, the report shall the following:	-	

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
	n of the issuer (3)		<p>(a) so far as regards profits and losses, deal separately with the issuer's profits or losses as provided by para (2) of sub-item (B) of Item (IX) and in addition, deal either:</p> <p>(i) as a whole with the combined profits or losses of its subsidiaries, so far as they concern the members of the issuer; or</p> <p>(ii) individually with the profits or losses of each subsidiary, so far as they concern the members of the issuer;</p> <p>or, instead of dealing separately with the issuer's profits or losses, deal as a whole with the profits or losses of the issuer, and, so far as they concern the members of the issuer, with the combined profits or</p>		

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			<p>losses of its subsidiaries; and</p> <p>(b) so far as regards assets and liabilities, deal separately with the issuer's assets and liabilities as provided by para (2) of sub-item (B) of Item (IX) and in addition, deal either:</p> <p>(i) as a whole with the combined assets and liabilities of its subsidiaries, with or without the issuer's assets and liabilities; or</p> <p>(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.</p>		

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
28.	<b>Financial Information of the issuer (4)(b)(i) and (5)(a)</b>	<b>Part A</b>	<p>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 (b) in the purchase of an interest in any business and by reason of that purchase, or anything to be done in consequence thereof, or in connection therewith; the issuer will become entitled to an interest as respects either the capital or profits and losses or both, in such business exceeding fifty per cent., thereof; a report made by accountants (who shall be named in the offer document) upon:</p> <p><i>the profits or losses of the business of each of the five financial years immediately preceding the issue of the offer document; and</i></p> <p>If:</p>	-	

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			<p>(i) the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in any manner resulting in the acquisition by the issuer of shares in any other body corporate; and</p> <p>(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;</p> <p>a report shall be made by accountants (who shall be named in the offer document) upon:</p> <ul style="list-style-type: none"> <li>• <b><i>the profits or losses of the other body corporate for each of the [five] financial years immediately preceding the issue of the offer document; and</i></b></li> </ul>		
29.	<b>Financial Information of the issuer (5)(b)</b>	<b>Part A</b>	<p>The said report shall:</p> <p>(i) indicate how the profits or losses of the other body corporate dealt with by the report would, in</p>	-	

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			<p>respect of the shares to acquired, have concerned members of the issuer and what allowance would have fallen to be made, in relation to assets and liabilities so dealt with for holders of other shares, if the issuer had at all material times held the shares to be acquired; and</p> <p>(ii) where the other body corporate has subsidiaries, deal with the profits or losses and the assets and liabilities of the body corporate and its subsidiaries in the manner provided by sub-clause (a) (ii) above in relation to the issuer and its subsidiaries.</p>		
30.	<b>Financial Information of the issuer (8)</b>	<b>Part A</b>	(a) Adjustments/ rectification for all incorrect accounting practices or failures to make provisions or other	-	

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			<p>adjustments which resulted in audit qualifications.. Audit qualifications, which have not been given effect to, if any, shall be highlighted along with the management comments. If the impact of non-provisions is not considered ascertainable, then a statement to that effect by the auditors</p> <p>(b) Material amounts relating to adjustments for previous years shall be identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred.</p> <p>(c) Where there has been a change in accounting policy, the profits or losses of the earlier years (required to be shown in the offer document) and of the year in</p>		



<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			<p>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.</p> <p>(d) If an incorrect accounting policy is followed, the re-computation of the financial statements shall be in accordance with correct accounting policies.</p>		
31.	<b>Financial Information of the issuer (8)(f)</b>	<b>Part A</b>	Material amounts relating to adjustments for previous years shall be identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred.	-	
32.	<b>Financial Informatio</b>	<b>Part A</b>	The statement of assets and liabilities shall be prepared after		

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
	n of the issuer		deducting the balance outstanding on revaluation reserve account from both fixed assets and reserves and the net worth arrived at after such deductions. An illustrative format of assets and liabilities is specified hereunder  <i>[Note: Illustrative format not reproduced for the sake of brevity]</i>		
33.	Financial Information of the issuer (10)	Part A	(1) The offer document shall disclose details of 'Other Income' in all cases where such income (net of related expenses) exceeds twenty per cent. of the net profit before tax, including: the sources and other particulars of such income; and an indication as to whether such income is recurring or non-recurring, or has arisen out of		

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			business activities/ other than the normal business activities		
34.	<b>Related Party Transactions:</b>	<b>Part A</b>	<p>(a) Information with respect to transactions or loans between the issuer and</p> <p>(i) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the issuer;</p> <p>(ii) associates;</p> <p>(iii) individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the issuer, and close members of any such individual's family;</p> <p>(iv) key managerial personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the issuer, including directors and senior</p>		

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			management of companies and close members of such individuals' families; enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in <sup>1</sup> [(iii) or (iv)] or over which such a person is able to exercise significant influence and includes enterprises owned by directors or major shareholders of the issuer.		
35.	<b>Related Party Transactions:</b>	<b>Part A</b>	The amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent companies to or for the benefit of any of the directors or key managerial personnel. The information given should include the amount outstanding as of the latest date, the nature of the loan	-	

<b>SCHEDULES</b>					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			and the transaction in which it was incurred, and the interest rate on the loan		
36.	<b>Unsecured loans (c)</b>	<b>Part A</b>	<p>Break-up of the total outstanding unsecured loans taken from the issuer by the promoters, group companies, related parties, material associate companies and others shall be disclosed.</p> <p>If the loans can be recalled by the lenders at any time, the same shall be disclosed along with details of such loans</p>		
37.	Proforma Financial Statements	<b>Part A</b>	<p>In addition to other requirements laid down in these regulations and subject to the stipulation in sub-para (3) of this para, the issuer shall disclose Proforma Financial Statements in the offer document, if—</p> <p>(a) an acquisition or divestment is made by the issuer after the end of the latest disclosed annual financial results</p>	--	

<b>SCHEDULES</b>					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			<p>in the offer document, due to which certain companies become/ cease to be direct or indirect subsidiaries of the issuer, and</p> <p>(b) the financial statements of such acquired or divested entity is material to the financial statements of the issuer company.</p>		
38.	Financial Statements in an FPO (BA) (i)	<b>Part A</b>	<p>(i) In addition, the following information for the period between the last date of the balance sheet and profit and loss account sent to the shareholders and up to the end of the last but one month preceding the date of the offer document shall be furnished.</p> <p>(1) Working results of the issuer under following heads:</p> <p>(a)(i) Sales / turnover (ii) Other income</p>		

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			(b) Estimated gross profit / loss (excluding depreciation and taxes) (a) (i) Provision for depreciation (ii) Provision for taxes Estimated net profit / loss		
39.	Financial and Other Information of Group Companies:	<b>Part A</b>	Disclosure shall be made about group companies which had remained defunct and for which application was made to the Registrar of Companies for striking off the name of the company, during the five years preceding the date of filing draft offer document with the Board. The disclosure shall include reasons for the company having become defunct as also all pending litigations, if any, in respect of such companies.		

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
40.	<b>Legal and Other Information (A)</b>	<b>Part A</b>	All actions by statutory/regulatory authorities;	All actions by regulatory authorities and all material actions by statutory authorities;	'Statutory' is a very wide term and not clear as to what it includes. Hence, it was decided to restrict it to material action by statutory authorities.
41.	<b>Legal and Other Information (A) (2)</b>	<b>Part A</b>	Complete details about outstanding dues to creditors as per (i) and (ii) above shall be disclosed on the webpage of the company with a web link thereto in the offer document.	(i) Complete details about outstanding overdues to creditors along with the name and amount involved for each such creditor as per (i) and (ii) above, on the website of the company with a web link thereto.	It is proposed to replace the word 'dues' with 'overdues'.
42.	<b>Government Approvals</b>	<b>Part A</b>	All government and other approvals	(1) All government and other approvals which are material and necessary for carrying on the business and operations of the issuer	It was felt that there is a need to restrict the disclosures on approvals on the basis of material approvals necessary for the business of the issuer company



<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
43.	<b>Other Regulatory and Statutory Disclosures:</b>	<b>Part A</b>	Prohibition by the Board: A specific confirmation that there is no prohibition on the issuer , promoters, promoter group, directors, group companies or on the natural persons behind the body corporate if the promoter is a body corporate, from accessing the capital market for any reasons by the Board or any other authorities.	(A) Prohibition by the Board: A specific confirmation that there is no prohibition on the issuer entity, promoters, promoter group, directors or selling shareholders from accessing the capital market in India for any reasons by the Board or any other authorities.	It is proposed to limit the disclosure to prohibition from accessing the capital market in India.
44.	<b>Other Regulatory and Statutory Disclosures:</b>	<b>Part A</b>	It may be disclosed whether the issuer, promoters, group companies, the relatives (as per Companies Act, 1956) of promoters, group companies are identified as wilful defaulters	Deleted	Eligibility conditions cover willful default by issuer, promoters and directors. Hence this requirement is proposed to be deleted.

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
45.	<b>Other Regulatory and Statutory Disclosures:</b>	<b>Part A</b>	A confirmation whether any of the directors of the issuer are associated with the securities market in any manner, if yes, whether the Board has initiated any action against the said entities and the related details	(A) A confirmation whether any of the directors of the issuer are associated with the securities market in any manner, and if yes, any outstanding action against them initiated by the Board in the past five years.	It was decided to restrict this requirement for 5 years as beyond that is not relevant, not material and most importantly, details may not be available
46.	<b>Other Regulatory and Statutory Disclosures (S)</b>	<b>Part A</b>	Following particulars in regard to the issuer and other listed group companies/ subsidiaries/associates which made any capital issue during the last three years shall be given: (1) Name of the company. (2) Year of Issue. (3) Type of Issue (public/ rights/ composite.). (4) Amount of issue. (5) Date of closure of issue. (6) Date of completion of delivery of share/ debenture certificates. (7) Date of completion of the project, where	deleted	This requirement was coming from Schedule II of the Companies Act 1956 which is no longer in force. Also in the current times, this information is readily available for all listed companies. Hence, this disclosure requirement is proposed deleted.

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			<p>object of the issue was financing the project.</p> <p>(8) Rate of dividend paid.</p>		
47.	<b>Other Regulatory and Statutory Disclosures (T)</b>	<b>Part A</b>	<p>(a) A list of all the public/rights issues made during the period of ten years immediately preceding the date of filing the draft offer document with the Board, along with the year of issue.</p> <p>(b) A separate para entitled "Performance vis-à-vis objects - Last three issues of the issuer" shall be given, indicating whether all the objects mentioned in the respective offer documents of the last three issues of the issuer during the period of ten</p>	<p>(B) Performance vis-à-vis objects:</p> <p>(1) Issuer:</p> <p>(a) A list of all the public/rights issues made during the preceding five years, along with the year of issue.</p> <p>(b) Details of non-achievement of objects, with quantification of shortfall and delays for such public/rights issues.</p> <p>(2) Listed Subsidiaries:</p> <p>(a) A separate paragraph entitled "Performance vis-à-vis objects - Last one public/rights issue of subsidiaries ", indicating whether all the objects mentioned in the offer document</p>	<p>This information is required to be given by listed companies on a quarterly basis under LODR. Moreover, lead managers are required to report this on their websites. On the other hand, there is a requirement to have any change in objects approved by the shareholders and give an exit opportunity to the dissenting shareholders.</p> <p>Hence, it is proposed to reduce the period of coverage to five years.</p>

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			<p>years immediately preceding the date of filing draft offer document with the Board were met.</p> <p>(c) If not, non-achievement of objects shall be brought out distinctly. Shortfall and delays shall be quantified.</p>	<p>of the last one issue of each of such companies during the preceding five years were met.</p> <p>(b) If not, details of non-achievement of objects, with quantification of shortfall and delays.</p>	
51.	<b>Offering Information (k)(b)(2)(a)</b>	<b>Part A</b>	<p>The details of option, if any, to receive the specified securities subscribed for either in dematerialised form or physical form. If the issue size, in case of a public issue is equal to rupees ten crores or more, the specified securities issued in the public issue shall be only in dematerialized form in compliance with Section 68B of the Companies Act, 1956. It shall be disclosed that furnishing details of depositories account is mandatory and applications without depositories account</p>	<p>In case of a public issue the specified securities issued in the public issue shall be only in dematerialized form in compliance with the Companies Act, 2013. In case of a rights issue, a statement to the effect that the investors shall have the right to receive specified securities in physical form if their current holding is in physical form. A statement that furnishing details of depositories account is mandatory and applications without depositories account shall be treated as incomplete and rejected. Investors will not have the option of getting</p>	<p>This requirement has been updated on the basis of Section 29 of the Companies Act, 2013</p>

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			shall be treated as incomplete and rejected. Investors will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment	the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.	
57.	<b>DISCLOSURES PERTAINING TO WILFUL DEFAULTERS</b>	<b>Part G</b>	<p>1) If the issuer or any of its promoters or directors is a wilful defaulter, it shall make the following disclosures:</p> <p>(a) Name of the bank declaring the entity as a wilful defaulter;</p> <p>(b) The year in which the entity is declared as a wilful defaulter;</p> <p>(c) Outstanding amount when the entity is declared as a wilful defaulter;</p>	This requirement has been made part of Part A and Part B rather than having a separate part.	For ease of reference

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			<p>(d) Name of the party declared as a wilful defaulter;</p> <p>(e) Steps taken, if any, for the removal from the list of wilful defaulters;</p> <p>(f) Other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions;</p> <p>(g) Any other disclosure as specified by the Board.</p> <p>(2) The fact that the issuer or any of its promoters or directors is a wilful defaulter shall be disclosed prominently on the cover page with suitable cross-referencing to the pages.</p> <p>(3) Disclosures specified herein shall be made in a separate chapter or section distinctly</p>		

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			identifiable in the Index / Table of Contents.		
<b>SCHEDULE VIII - DISCLOSURES IN THE PLACEMENT DOCUMENT</b>					
<b>SCHEDULE IX - BOOK BUILDING PROCESS -</b>					
59.	<b>(8)(a)(i)</b>	<b>PART A</b>	a statement that the floor price or price band, as the case may be, shall be disclosed at least two working days (in case of an initial public offer) and at least one working day (in case of a further public offer) before the opening of the bid;	a statement that the floor price or price band, as the case may be, shall be disclosed at least two working days (in case of an initial public offer) and at least one working day (in case of a further public offer) before the opening of the issue;	As explained earlier.

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
63.	<b>10(k)</b>	<b>Part A</b>	Neither the merchant bankers nor any person related to the promoter/promoter group/merchant bankers in the concerned public issue can apply under Anchor Investor category	Neither the (i)lead manager(s) any associate of lead manager(s) (other than mutual funds sponsored by entities related to the lead manager(s) or insurance companies promoted by entities related to the lead manager(s); nor (ii) any person related to the promoter/ promoter group shall apply under the Anchor Investors category	It is proposed to extend the exemption to Insurance Companies in line with that given to mutual funds associated with promoter/promoter group/merchant bankers in the concerned public issue. Further, It is proposed to change the reference to 'related to the lead managers' to 'associate of lead manager(s)'.  It was felt that there is a need to change 'related to the lead managers' to 'associate of lead manager(s)' as defined under Regulation 21A of the SEBI (Merchant Bankers) Regulations, 1992.
64.	<b>(11)</b>	<b>PART A</b>	(a) The margin collected shall be uniform across all categories of investors. (b) An amount to the extent of entire application money as margin money may be collected from the applicants	(a) The entire application money shall be payable as margin money by all the applicants. (b) Payment accompanied with any revision of bid, shall be adjusted against the payment made at the time of the original	Since all applications are accepted with 100 per cent. bid amount, clarity to this effect has been included.



<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
			before they place an order on their behalf	bid or the previously revised bid.	
65.	<b>(12)(g)</b>	<b>PART A</b>	The bidding terminals shall contain an online graphical display of demand and bid prices updated at periodic intervals not exceeding thirty minutes.	deleted	It is proposed to delete this as this information is available on the stock exchanges websites.
67.	<b>(13)</b>	<b>PART A</b>	The lead book runner may reject a bid placed by a qualified institutional buyer for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the bid and the reasons therefor shall be disclosed to the bidders. Necessary disclosures in this regard shall also be made in the red herring prospectus.	deleted	This clause is deleted as 100 per cent. margin is payable at the time of submission of the bid by a QIB and allotment is discretionary.

<b>SCHEDULES</b>					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
68.	(15)	<b>SCHEDULE IX - BOOK BUILDING PROCESS - PART A</b>	(a) In case of under subscription in any category, the undersubscribed portion in that category shall be allocated to the bidders as per disclosures made in the red herring prospectus;	(c) In case of under-subscription in any category, the undersubscribed portion in that category shall be allocated to such bidders as described in the red herring prospectus; <b>Provided that</b> the unsubscribed portion in the qualified institutional buyer category shall not be available for subscription to other categories in the case of issues made under sub-regulation (2) of regulation 6 of these regulations.	Proviso include for clarification purpose.
<b>SCHEDULE XI - FORMATS OF ADVERTISEMENTS FOR A PUBLIC ISSUE</b>					
69.		<b>PART A</b>	(Incorporated on _____ under the ----- Act as _____ and subsequently renamed as _____ (if applicable) _____ on _____)	(Incorporated on _____ under the _____ Act as _____ and subsequently renamed as _____ (applicable only when the name of issuer has changed in the last three years except if there is a change in status	It has been clarified that name change should be given only if there has been a change of name in the last three years from date of offer document. Also change from private limited to public limited shall not be considered change of name.

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
				from private limited company to limited company) _____ on _____)	
70.		<b>Part A</b>	<b>Disclaimer Clause of the stock exchanges as provided in their in-principle listing approval</b>	A cross reference to the page number where the disclaimer clause of the stock exchanges appears in the offer document	The disclaimers of the stock exchanges is proposed to be deleted as these occupy a lot of space and are hardly readable. It is proposed to provide a reference to the prospectus.
<b>SCHEDULE XXII - CONDITIONS/ MANNER OF PROVIDING EXIT OPPORTUNITY TO DISSENTING SHAREHOLDERS</b>					
<b>SCHEDULE XXIV – PUBLIC COMMUNICATIONS AND PUBLICITY MATERIALS</b>					
75.	<b>{60(1)(m)}</b>		an issue advertisement displayed on a billboard shall not contain information other than that specified in Parts A, B and C of <b>Schedule XIII</b> , as applicable	A new format for billboard advertisement provided.	With so much information required to be disclosed in billboards, even the company's names at times is not readable. Hence, the billboards should have only the (i) name of the company, (ii) names of the promoters, (iii) issue period, (iv) Price Band and (v) names of lead managers and registrar. It should also direct the investors to read the offer document for further information.

<b>SCHEDULES</b>					
<b>S. No.</b>	<b>Regulation No. (new) and {old}</b>	<b>Schedule</b>	<b>Existing provisions</b>	<b>Suggested Provisions</b>	<b>Rationale/ Note</b>
76.	<b>{60(1)(n)}</b>	<b>SCHEDULE XXIV – PUBLIC COMMUNICATIONS AND PUBLICITY MATERIALS</b>	an issue advertisement which contains highlights or information other than the details contained in the format as specified in Parts A	(a) an issue advertisement which contains highlights or information other than the details contained in the formats as specified in Schedule XII shall prominently advise the viewers to refer to the draft offer document and offer document for details	While advertisements do not contain highlights as no such disclosure is in offer documents any more, it was felt that there is a need to include cross reference to the offer document in the advertisements. Formats have been amended to make more readable.
78.	<b>Schedule VIII {Schedule VII}</b>	<b>Part A - History and Corporate Structure of the issuer</b>	1. (b) Details of the major events in the history of the issuer, including the details of: (i) Capacity/facility creation, location of plant, products, marketing, competition etc. (ii) Raising of capital in form of equity or debt, (iii) Time/cost overrun in setting up projects including the proposed project,	(a)Details of the major events in the history of the issuer, such as: (i) Material acquisitions or divestments, mergers, etc. in the last ten years (ii) Significant financial or strategic partnerships (iii) Time/cost overrun in setting up projects (iv) Capacity/facility creation, location of plants (v) launch of key products or services, entry in new	Disclosure rationalized

SCHEDULES					
S. No.	Regulation No. (new) and {old}	Schedule	Existing provisions	Suggested Provisions	Rationale/ Note
			(iv) Defaults or rescheduling of borrowings with financial institutions/ banks, conversion of loans into equity along with reasons thereof, lock out, strikes and reasons for the same etc. (v) Negative features like time / cost overrun, defaults and lock out / strikes etc (vi) The technology, market, managerial competence and capacity built-up.	geographies or exit from existing markets (vi) Key awards, accreditations or recognition (vii) Defaults or rescheduling/ restructuring of borrowings with financial institutions/ banks (b) Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets etc., if any, in the last ten years.	

### **Annexure-1**

#### **Requirements in case Ind AS is applicable in the latest period presented in Reformatted Financial Information**

1. Financial information section of the offer document will be divided into two parts, viz., reformatted financial information and other financial information. The reformatted and other financial information should be complete in all respects. To avoid duplication of disclosures in the offer document, appropriate use of cross reference may be made to the reformatted and other financial information.

#### **Reformatted Financial information**

2. Three years Ind AS Consolidated Financial Statements (CFS) and for the stub period (if applicable) should be presented as audited by the auditor(s) who holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI). The stub period CFS will be required, if Ind AS CFS

for latest financial years included in the offer document ends on a date earlier than six months of the date of filing of the offer document. The stub period should not end up to a date earlier than six months of the date of filing of the offer document. In accordance with Ind AS 34 *Interim Financial Reporting*, the group should present a complete Ind AS CFS for the stub period, subject to issuer having an option of not presenting comparatives for the stub period. CFS will be prepared as per Companies Act, 2013 (as amended) requirement; i.e. CFS will be prepared even when there is no subsidiary but the issuer has investment in associate or joint venture.

- a. The CFS (including for the stub period if applicable) should be reformatted for consistency in presentation, disclosures and the accounting policies at the end of the latest financial year presented, and where stub period is required, the accounting policies, presentation and disclosures used in the stub period, should be applied across all the periods presented. Similarly all significant errors should be reflected in the correct period. The changes in accounting policies and the correction of errors, should be disclosed in accordance with the requirements of Ind AS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Change in estimates need not to be restated, as it is an event of that particular year. The presentation should be made in a columnar format. The issuer has an option to present comparatives for the stub period.
- b. SA 705 *Modification to the Opinion in the Independent Auditor's Report* requires a qualified opinion, adverse opinion or disclaimer of opinion for material misstatements. With respect to an eligible issuer, audit modifications, which are quantifiable or can be estimated will need to be adjusted in the reformatted financial information in the appropriate period. In situations where the qualification cannot be quantified or estimated, appropriate disclosures should be made in the notes to account, explaining why the qualification cannot be quantified or estimated.
- c. A reconciliation explaining the differences between the audited CFS and the reformatted CFS should be presented in a columnar format.
- d. The auditor shall issue an examination report on the reformatted financial information in accordance with the *Guidance Note* issued by the ICAI from time to time.
- e. Auditor should have a valid peer review certificate as on the date of signing the reformatted financial information. If a new auditor holding a valid peer review certificate is appointed for the stub period, and the predecessor auditor did not hold a valid peer review certificate at the date of signing the last annual financial statement, then the last annual financial statement would need to be re-audited by the new auditor. The re-audit may exclude audit reporting matters on CARO, Internal financial control and other pure regulatory matters. Where auditor earlier held a valid peer review certificate, but did not hold a valid certificate at the date of signing the reformatted financial information, the earlier certificate will be considered valid provided there is no express refusal by the peer review board to renew the certificate and the process to renew the peer review certificate was initiated by the auditor.
- f. Where an issuer does not have a subsidiary, associate or joint venture, in any financial year, the requirement for a reformatted CFS will apply to the separate financial statements of the issuer for that financial year.
- g. All related party transactions of the consolidated entities, which require disclosure under Ind AS 24 and/ or covered under section 188(2) of the Companies Act, 2013 (as amended), as disclosed in the separate financial statement of the consolidated entities, should be disclosed in the reformatted financial information. In other words, disclosure is required even when the related party transactions may have been eliminated in

the CFS. The disclosure should bring out separately any unusual elements in the transactions and the particulars required to be disclosed as per Ind AS 24 and the Companies Act, 2013 (as amended).

- All funding arrangements including guarantees interse within the consolidated entities; whether by loan or otherwise but other than contribution to equity share capital, will be disclosed. The important terms and conditions of the funding arrangement and fund transfer restrictions, if any, should be disclosed in the reformatted financial information.

h. In case where Ind AS is not applicable to the Company for all the years the principles in SEBI Circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 of March 31, 2016 or circular issued by SEBI from time to time will apply.

3. The separate audited financial statements for last 3 financial years of the issuer company and all its subsidiaries should be made available on issuer's website in accordance with the materiality thresholds in (b) below. Alternatively, relevant link should be provided to the financial statement of subsidiaries on the Issuer's website. The link to the issuer's separate financial statement should be specified in the offer document. For this purpose, subsidiaries will be identified based on definitions in Ind AS. The above requirements will apply for the periods the parent-subsidiary relationship exists.

- a. If the financial statements are not in English in the case of one or more foreign subsidiary, a certified English translated copy of the financial statements should be made available on the Company's website.
- b. The financial statements in a currency other than in Indian Rupee should be translated into Indian Rupee in accordance with Ind AS 21 *The Effects of Changes in Foreign Exchange Rates*. The financial statements of all foreign consolidated entities should be audited, unless they are not material to the CFS and the local regulation does not mandate audit. For this purpose, a consolidated entity will be considered as material if it makes 10% or more contribution to the turnover or net-worth or profits before tax in the annual CFS of the respective year. The unaudited portion in the CFS should not exceed 20% of the turnover or net-worth or profits before tax of the CFS of the respective year. For the purpose of this clause, definition of turnover, net-worth and profits before tax should be considered as per Companies Act 2013 (as amended).
- c. The financial statements of foreign consolidated entities may be audited as per the requirements of local regulation applicable in the respective jurisdiction. However, in cases where the local regulation does not mandate audit, financial statements should be audited as per the auditing standards/ requirements applicable in India.
- d. The financial statements of foreign subsidiaries may be acceptable in a GAAP other than Ind AS, if local laws require application of local GAAP.

#### **Other Financial Information**

4. The following ratios shall be computed as per the *Guidance Note* issued by the ICAI from time to time and disclosed in other financial information
- Return on net worth
  - Net Asset Value per share
  - EBITDA.

5. If the proceeds, full or part, directly or indirectly, is to be applied for acquisition of one or material businesses or any entity and by reason of that acquisition that entity will become a subsidiary of the issuer, the audited financial statements for the latest three financial years prepared as per framework applicable to the business or subsidiary proposed to be acquired will be included in the offer document. For this purpose, the proposed acquisition (covering all businesses or subsidiaries proposed to be acquired) will be considered material if it will make 20% or more contribution in aggregate to either turnover, or net worth or profit before tax in the latest annual CFS. The issuer Company may voluntarily choose to provide financial statements of above acquisitions out of the proceeds of the issue even if they are below the above materiality threshold. Where the businesses to be acquired/ divested does not represent a separate company, general purpose financial statement will not be available for such business. In such cases, combined/ carved-out financial statements for such businesses will be prepared in accordance with *Guidance Note* issued by the ICAI from time to time. Combined/carve-out financial statements will be audited by auditor of the seller.
6. Proforma financial statements – Will be provided if the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the stub period (or where there is no stub period, at the end of the latest financial year) but before the date of filing the offer document of subsidiaries or businesses material to the consolidated financial statements. For this purpose, the acquisition/divestment would be considered as material if acquired/ divested business or subsidiary in aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual CFS of the issuer. The Proforma financial statements will be presented for the last completed financial year and the stub period. The Proforma financial statements will be prepared in accordance with *Guidance Note* issued by the ICAI from time to time. The issuer Company may voluntarily choose to provide proforma financial statements of acquisitions even when they are below the above materiality threshold. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses will be prepared in accordance with *Guidance Note* issued by the ICAI from time to time. Proforma financial statements will be audited. Further, in case of non-material acquisitions/divestments disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the statutory auditor of the issuer company.
7. Management’s Discussion and Analysis of Financial Condition and Results of Operations as reflected in the reformatted Ind AS CFS will be provided in other financial information.
  - i. Overview of the business of the issuer.
  - ii. Significant developments subsequent to the last financial year or when applicable subsequent to the stub period: A statement by the directors whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the offer document and which materially and adversely affect or is likely to affect the trading or profitability of the issuer, or the value of its assets, or its ability to pay its liabilities within the next twelve months.
  - iii. Factors that may affect the results of operations.
  - iv. Discussion on the results of operations: This information shall inter-alia contain the following:



- a. A summary of the past financial results after adjustments as given in the auditor's report for the past three years and the stub period containing significant items of income and expenditure shall be given.
- b. A summary of major items of income and expenditure for the last three years and most recent audit period
- c. The income and sales on account of major product/ main activities.
- d. In case, other income constitutes more than 10% of the total income, the break-up of the same along with the nature of the income, i.e., recurring or non-recurring shall be stated.
- e. If a material part of the income is dependent upon a single customer/supplier or a few major customers/suppliers, disclosure of this fact along with relevant data. Similarly if any foreign customer/supplier constitutes a significant portion of the issuer's business, disclosure of the fact along with its impact on the business on account of exchange rate fluctuations.
- f. In case the issuer has followed any unorthodox procedure for recording sales and revenues, its impact may be analysed and disclosed.
- g. The nature of miscellaneous income and miscellaneous expenditure for the interim period and the preceding years
- v. Comparison of last three years and the stub period on the major heads of the profit and loss statement, including an analysis of reasons for the changes in significant items of income and expenditure shall also be given, inter-alia, containing the following:
  - a. unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.
  - b. significant economic changes that materially affected or are likely to affect income from continuing operations;
  - c. known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;
  - d. future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known;
  - e. the extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices;
  - f. total turnover of each major industry segment in which the issuer operated;
  - g. status of any publicly announced new products or business segment;
  - h. the extent to which business is seasonal;
  - i. any significant dependence on a single or few suppliers or customers;
  - j. competitive conditions.
- vi. 'Management's Discussion and Analysis shall be based on the reformatted financial information for the last three years and the stub period.

## 8. Capitalisation statement

- a. Capitalisation Statement showing total borrowings, total equity, and the borrowing/ equity ratios before and after the issue is made shall be incorporated. It shall be prepared on the basis of the reformatted CFS for the latest financial year or when applicable at the end of the stub period.
- b. In case of any change in the share capital since the date as of which the financial information has been disclosed in the offer document, a note explaining the nature of the change shall be given.
- c. An illustrative format of the Capitalisation Statement is specified hereunder

Particulars	Pre-issue at	As adjusted for issue (INR in million)
Current borrowings*		
Non-current borrowings (including current maturity)*		
<b>Total equity</b>		
Equity share capital*		
Other equity*		
Ratio: Non-current borrowings/ Total equity		

\*These terms will carry the meaning as per Schedule III of the Companies Act, 2013 (as amended).

## **Annexure-2**

### **Requirements in case Indian GAAP is applicable in the latest period presented in Reformatted Financial Information**

1. Financial information section of the offer document will be divided into two parts, viz., reformatted financial information and other financial information. The reformatted and other financial information should be complete in all respects. To avoid duplication of disclosures in the offer document, appropriate use of cross reference may be made to the reformatted and other financial information.

#### **Reformatted Financial information**

2. Three years Indian GAAP Consolidated Financial Statements (CFS) and for the stub period (if applicable) should be presented as audited by the auditor(s) who holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI). The stub period CFS will be required, if Indian GAAP CFS for latest financial years included in the offer document ends on a date earlier than six months of the date of filing of the offer document. The stub period should not end up to a date earlier than six months of the date of filing of the offer document. In accordance with AS 25 *Interim Financial Reporting*, the group should present a complete Indian GAAP CFS for the stub period, subject to issuer having an option of not presenting comparatives for the stub period. CFS will be prepared as per Companies Act, 2013 (as amended) requirement; i.e. CFS will be prepared even when there is no subsidiary but the issuer has investment in associate or joint venture.
  - a. The CFS (including for the stub period if applicable) should be reformatted for consistency in presentation, disclosures and the accounting policies at the end of the latest financial year presented, and where stub period is required, the accounting policies, presentation and disclosures used in the stub period, should be applied across all the periods presented. Similarly all significant errors should be reflected in the correct period. Change in estimates need not to be restated, as it is an event of that particular year. The presentation should be made in a columnar format. The issuer has an option to present comparatives for the stub period. Appropriate disclosures for correction of errors, changes in accounting policies and changes in accounting estimates should be made in accordance with AS 5 *Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies*.
  - b. SA 705 *Modification to the Opinion in the Independent Auditor's Report* requires a qualified opinion, adverse opinion or disclaimer of opinion for material misstatements. With respect to an eligible issuer, audit modifications, which are quantifiable or can be estimated will need to be adjusted in the reformatted financial information in the appropriate period. In situations where the qualification cannot be quantified or estimated, appropriate disclosures should be made in the notes to account, explaining why the qualification cannot be quantified or estimated.
  - c. A reconciliation explaining the difference between the audited CFS and the reformatted CFS should be presented in a columnar format.
  - d. The auditor shall issue an examination report on the reformatted financial information in accordance with the *Guidance Note* issued by the ICAI from time to time.
  - e. Auditor should have a valid peer review certificate as on the date of signing the reformatted financial information. If a new auditor holding a valid peer review certificate is appointed for the stub period, and the predecessor auditor did not hold a valid peer review certificate at the date of

signing the last annual financial statement, then the last annual financial statement would need to be re-audited by the new auditor. The re-audit may exclude audit reporting matters on CARO, Internal financial control and other pure regulatory matters. Where auditor earlier held a valid peer review certificate, but did not hold a valid certificate at the date of signing the reformatted financial information, the earlier certificate will be considered valid provided there is no express refusal by the peer review board to renew the certificate and the process to renew the peer review certificate was initiated by the auditor.

- f. Where an issuer does not have a subsidiary, associate or joint venture, in any financial year, the requirement for a reformatted CFS will apply to the separate financial statements of the issuer for that financial year.
  - g. All related party transactions of the consolidated entities, which require disclosure under AS 18 and/ or covered under section 188(2) of the Companies Act, 2013 (as amended), as disclosed in the separate financial statement of the consolidated entities, should be disclosed in the reformatted financial information. In other words, disclosure is required even when the related party transactions may have been eliminated in the CFS. The disclosure should bring out separately any unusual elements in the transactions and the particulars required to be disclosed as per AS 18 and the Companies Act, 2013 (as amended).
    - All funding arrangements including guarantees interse within the consolidated entities; whether by loan or otherwise but other than contribution to equity share capital, will be disclosed. The important terms and conditions of the funding arrangement and fund transfer restrictions, if any, should be disclosed in the reformatted financial information.
  - h. The following disclosures shall be made in the reformatted financial information on the basis of amounts recognized and measured as per Indian GAAP and in accordance with the Guidance Note of the ICAI issued from time to time:
    - Disclosures as per AS 13
    - Disclosures as per AS 14
3. The separate audited financial statements for last 3 financial years of the issuer company and all its subsidiaries should be made available on issuer's website in accordance with the materiality thresholds in (b) below. Alternatively, relevant link should be provided to the financial statement of subsidiaries on the Issuer's website. The link to the issuer's separate financial statement should be specified in the offer document. For this purpose, subsidiaries will be identified based on definitions in Indian GAAP. The above requirements will apply for the periods the parent-subsidiary relationship exists.
- a. If the financial statements are not in English in the case of one or more foreign subsidiary, a certified English translated copy of the financial statements should be made available on the Company's website.
  - b. The financial statements in a currency other than in Indian Rupee should be translated into Indian Rupee in accordance with Ind AS 21 *The Effects of Changes in Foreign Exchange Rates*. The financial statements of all foreign consolidated entities should be audited, unless they are not material to the CFS and the local regulation does not mandate audit. For this purpose, a consolidated entity will be considered as material if it makes 10% or more contribution to the turnover or net-worth or profits before tax in the annual CFS of the respective year. The unaudited portion in the CFS

should not exceed 20% of the turnover or net-worth or profits before tax of the CFS of the respective year. For the purpose of this clause, definition of turnover, net-worth and profits before tax should be considered as per Companies Act 2013 (as amended).

- c. The financial statements of foreign consolidated entities may be audited as per the requirements of local regulation applicable in the respective jurisdiction. However, in cases where the local regulation does not mandate audit, financial statements should be audited as per the auditing standards/ requirements applicable in India.
- d. The financial statements of foreign subsidiaries may be acceptable in a GAAP other than Indian GAAP, if local laws require application of local GAAP.

#### **Other Financial Information**

4. The following ratios shall be computed as per the *Guidance Note* issued by the ICAI from time to time and disclosed in other financial information
  - Return on net worth
  - Net Asset Value per share
  - EBITDA.
5. If the proceeds, full or part, directly or indirectly, is to be applied for acquisition of one or material businesses or any entity and by reason of that acquisition that entity will become a subsidiary of the issuer, the audited financial statements for the latest three financial years prepared as per framework applicable to the business or subsidiary proposed to be acquired will be included in the offer document. For this purpose, the proposed acquisition (covering all businesses or subsidiaries proposed to be acquired) will be considered material if it will make 20% or more contribution in aggregate to either turnover, or net worth or profit before tax in the latest annual CFS. The issuer Company may voluntarily choose to provide financial statements of above acquisitions out of the proceeds of the issue even if they are below the above materiality threshold. Where the businesses to be acquired/ divested does not represent a separate company, general purpose financial statement will not be available for such business. In such cases, combined/ carved-out financial statements for such businesses will be prepared in accordance with *Guidance Note* issued by the ICAI from time to time. Combined/carve-out financial statements will be audited by auditor of the seller.
6. Proforma financial statements – Will be provided if the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the stub period (or where there is no stub period, at the end of the latest financial year) but before the date of filing the offer document of subsidiaries or businesses material to the consolidated financial statements. For this purpose, the acquisition/divestment would be considered as material if acquired/ divested business or subsidiary in aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual CFS of the issuer. The Proforma financial statements will be presented for the last completed financial year and the stub period. The Proforma financial statements will be prepared in accordance with *Guidance Note* issued by the ICAI from time to time . The issuer Company may voluntarily choose to provide proforma financial statements of acquisitions even when they are below the above materiality threshold. Where the businesses acquired/ divested does not represent a separate entity,

general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses will be prepared in accordance with *Guidance Note* issued by the ICAI from time to time. Proforma financial statements will be audited. Further, in case of non-material acquisitions/divestments disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the statutory auditor of the issuer company.

7. Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the reformatted Indian GAAP CFS will be provided in other financial information.
- i. Overview of the business of the issuer.
  - ii. Significant developments subsequent to the last financial year or when applicable subsequent to the stub period: A statement by the directors whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the offer document and which materially and adversely affect or is likely to affect the trading or profitability of the issuer, or the value of its assets, or its ability to pay its liabilities within the next twelve months.
  - iii. Factors that may affect the results of operations.
  - iv. Discussion on the results of operations: This information shall inter-alia contain the following:
    - a. A summary of the past financial results after adjustments as given in the auditor's report for the past three years and the stub period containing significant items of income and expenditure shall be given.
    - b. A summary of major items of income and expenditure for the last three years and most recent audit period
    - c. The income and sales on account of major product/ main activities.
    - d. In case, other income constitutes more than 10% of the total income, the break-up of the same along with the nature of the income, i.e., recurring or non-recurring shall be stated.
    - e. If a material part of the income is dependent upon a single customer/supplier or a few major customers/suppliers, disclosure of this fact along with relevant data. Similarly if any foreign customer/supplier constitutes a significant portion of the issuer's business, disclosure of the fact along with its impact on the business on account of exchange rate fluctuations.
    - f. In case the issuer has followed any unorthodox procedure for recording sales and revenues, its impact may be analysed and disclosed.
    - g. The nature of miscellaneous income and miscellaneous expenditure for the interim period and the preceding years
  - v. Comparison of last three years and the stub period on the major heads of the profit and loss statement, including an analysis of reasons for the changes in significant items of income and expenditure shall also be given, inter-alia, containing the following:
    - a. unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.
    - b. significant economic changes that materially affected or are likely to affect income from continuing operations;

- c. known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;
  - d. future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known;
  - e. the extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices;
  - f. total turnover of each major industry segment in which the issuer operated;
  - g. status of any publicly announced new products or business segment;
  - h. the extent to which business is seasonal;
  - i. any significant dependence on a single or few suppliers or customers;
  - j. competitive conditions.
- vi. 'Management's Discussion and Analysis shall be based on the reformatted financial information for the last three years and the stub period.
8. Capitalisation statement
- a. Capitalisation Statement showing total borrowings, total equity, and the borrowing/ equity ratios before and after the issue is made shall be incorporated. It shall be prepared on the basis of the reformatted CFS for the latest financial year or when applicable at the end of the stub period.
  - b. In case of any change in the share capital since the date as of which the financial information has been disclosed in the offer document, a note explaining the nature of the change shall be given.
  - c. An illustrative format of the Capitalisation Statement is specified hereunder

Particulars	Pre-issue at	As adjusted for issue
<b>(INR in lakhs)</b>		
Short term borrowings*		
Long term borrowings (including current maturity)*		
<b>Total equity</b>		
Share capital*		
Reserves and surplus*		
Money received against share warrants*		
Ratio: Non-current borrowings/ Total equity		

\*These terms will carry the meaning as per Schedule III of the Companies Act, 2013 (as amended).