

Simplification and streamlining of Placement Document for Qualified Institutions Placement – Amendments to SEBI (ICDR) Regulations, 2018

1. Objective

1.1. This memorandum seeks approval of the Board for simplifying and streamlining of the placement document for Qualified Institutions Placement under Chapter VI of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations).

2. Background

2.1. Qualified Institutions Placement (QIP) is one of the mechanism for the listed companies to raise funds from qualified institutional investors.

2.2. Regulation 2(tt) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”) defines ‘Qualified Institutions Placement’ as under:

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

2.3. Chapter VI of SEBI ICDR Regulations has laid down the regulatory provisions for a Qualified Institutions Placement such as conditions for making a QIP, appointment of lead managers, placement document, pricing, application and allotment etc.

2.4. Funds raised through QIP during last five years are as follows:

F.Y.	No. of Issues	Amount raised (INR Crore)
2020-21	31	78,738
2021-22	29	31,440
2022-23	11	8,212
2023-24	61	68,972
2024-25	91	1,35,597

Source: SEBI Annual Reports

2.5. QIP is one of the important source of fund raising for the listed companies. During the year 2024-25, it has emerged as key equity fund raising mechanism for the listed entities.

2.6. Recently, SEBI has reviewed the rights issue framework for listed companies, considering that such companies are already subject to comprehensive

periodic disclosure obligations under SEBI LODR Regulations and pertinent corporate and financial information are available in public domain. SEBI has streamlined the rights issue process inter-alia by reviewing the disclosure requirements in letter of offer, expediting the timelines etc. Since, QIPs are also undertaken by listed companies, the current disclosures prescribed under Schedule VII of SEBI ICDR Regulations may also be reviewed with a view to rationalize the information which is already available in public domain thereby simplifying and streamlining the QIPs.

2.7. The present disclosures prescribed for QIP under Schedule VII of SEBI ICDR Regulations is placed at **Annexure I**. A consultation paper to rationalize the placement document was issued on May 2, 2025 for seeking public comments and was also shared with members of Primary Market Advisory Committee (PMAC). The consultation paper is placed at **Annexure II**. In response to the consultation paper, 9 entities have given their comments on various proposals. The entities include stakeholders such as Law Firms, Merchant Bankers, Market Intermediaries, Individuals, etc. Details of public comments are placed at **Annexure III**.

2.8. One of the PMAC member has also commented on the various proposals in consultation paper. The PMAC member while agreeing with the proposals has provided certain additional suggestions such as removing disclosures in placement document regarding market prices, dividend details in preceding three years, latest shareholding pattern, details regarding auditors etc. However, in order to be in compliance with the requirement of Companies (Prospectus and Allotment of Securities) Rules, 2014, such details will have to continue to be disclosed in the placement document.

2.9. The existing regulatory provisions, analysis of public comments, SEBI comments and the proposals for the consideration of the Board are discussed in details in the following paragraphs.

3. Disclosure requirements in the Placement Document

3.1.1. **Existing Regulatory Provisions:** Regulation 175(2) of SEBI ICDR Regulations provides that the placement document shall contain all material information, including those specified in Companies Act, 2013 and disclosures specified in Schedule VII. Schedule VII of SEBI ICDR Regulations, 2018 mandates comprehensive disclosures for QIP. These

disclosures aim to provide Qualified Institutional Buyers (QIBs) with detailed information about the issuer and the issue. The disclosures majorly cover information regarding the risk factors, use of issue proceeds, financial information, industry description, business description, organizational structure, taxation aspects, information about auditors etc.

3.1.2. Issues for consideration:

- 3.1.2.1. The issuer making QIP is a listed entity and is already subject to comprehensive and continuous disclosures requirements as specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations). Key Information pertaining to financial performance, material developments, corporate governance and other relevant disclosures are periodically made available to the public and could be accessible through stock exchange platform and issuer's website.
- 3.1.2.2. Currently, in QIPs the issuer is required to disclose the details in the placement document as prescribed in Schedule VII of SEBI ICDR Regulations. Such disclosures are detailed in nature and collation of the same is a time consuming process results in duplication of information already available in the public domain.
- 3.1.2.3. Further, QIPs is made to QIBs who are sophisticated investors, have the expertise and resources to make an informed investment decision and therefore may not require the aggregation of detailed disclosures already available in public domain. Also in Preferential Issues which is a private placement, the disclosures prescribed in SEBI ICDR Regulations, requires the issuer to disclose only brief information regarding the issue such as objects of the issue, maximum number of specified securities to be issued, time frame within which the issue shall be completed, etc.
- 3.1.2.4. Recently, as mentioned above, rights issue process had been reviewed by SEBI, inter-alia, to rationalize the content of the letter of offer with an objective to reduce the timelines for completion of rights issue. Herein, the detailed disclosure requirements in the

offer document have been rationalized to contain only the relevant information with respect to the rights issue.

3.1.2.5. In view of the above, there is need to review the disclosures prescribed in Schedule VII of SEBI ICDR Regulations for the placement document for QIPs, to rationalize the content of placement document and to contain only the relevant information related to the issue and the issuer.

3.2. Review of existing disclosure requirements in Placement Document:

Disclosures as prescribed in Schedule VII of SEBI ICDR Regulations were reviewed and the respective sections for which changes have been proposed are discussed in the following paragraphs:

3.2.1. Glossary of terms/abbreviations:

3.2.1.1. **Existing disclosure requirement:** Currently, Schedule VII of SEBI ICDR Regulations mentions only the heading ‘Glossary of terms/abbreviations’.

3.2.1.2. **Proposal made in Consultation Paper:** The proposal made in consultation paper is as under which is in line with disclosures prescribed for IPOs and rights issues:

Glossary of terms/abbreviations:

- a) Conventional or general terms
- b) Issue related terms
- c) Issuer and industry related terms
- d) Abbreviations

3.2.1.3. Analysis of Public Comments:

- i. The break-up of the comments received from public on this proposal are as under. The detailed analysis of public comments is placed at **Annexure IV**

Sr. No.	Proposals	Total comments received	No. of comments in agreement	No. of comments in partial agreement	No. of comments in dis-agreement
1.	To align Glossary section with Schedule VI of SEBI ICDR Regulations to avoid any ambiguity.	3	3	0	0

3.2.1.4. **SEBI's Comments:** All the commentators have agreed with the proposal.

3.2.1.5. **Proposal:** It is proposed to amend the 'Glossary of terms/abbreviations' in the placement document as under:

"Definitions and abbreviations:

- a) Conventional or general terms
- b) Issue related terms
- c) Issuer and industry related terms
- d) Abbreviations"

3.2.2. Risk Factors:

3.2.2.1. **Existing disclosure requirement:** Currently, Schedule VII of SEBI ICDR Regulations mentions only the heading 'Risk Factors'.

3.2.2.2. **Proposal made in Consultation Paper:** The proposal made in consultation paper is as under which is in line with as prescribed for rights issue:

Risk factors shall be in relation to the following:

- a) Issue and object of the issue;
- b) Risks material to the issuer and its business;

In each of the above, where applicable, along with the instances of occurrence of such risk in the past and financial or other impact thereof, if any, on the issuer and its business.

3.2.2.3. Analysis of Public Comments:

- i. The break-up of the comments received from public on this proposal are as under. The detailed analysis of public comments is placed at **Annexure IV**

Sr. No.	Proposal	Total comments received	No. of comments in agreement	No. of comments in partial agreement	No. of comments in dis-agreement
1.	To prescribe specific material risks	4	3	1*	0
*Comment received in partial agreement is not relevant to the proposal.					

3.2.2.4. **SEBI's Comments:** Currently details regarding risk factors are not specifically provided in Schedule VII and the issuers usually disclose all the general risks associated with the issuers business, industry, issue and other external factors. While risk disclosure is

vital, repeating generic risks may not be useful or relevant. Therefore, prescribing specific material risks related to the issue, issuer and its business may be more relevant to the investors.

3.2.2.5. **Proposal:** It is proposed to amend and prescribe specific material risks related to the issue, object of the issue, issuer and its business as under:

“Risk factors shall be in relation to the following:

- a) Issue and object of the issue;
- b) Risks material to the issuer and its business;

In each of the above, where applicable, along with the instances of occurrence of such risk in the past and financial or other impact thereof, if any, on the issuer and its business, and mitigation measures, if any, adopted to reduce or eliminate such risk.”

3.2.3. **Use of proceeds:**

3.2.3.1. **Existing disclosure requirement:** Currently, Schedule VII of SEBI ICDR Regulations provides for the disclosure under the heading - ‘Use of Proceeds’ in the placement document, which are as follows:

- a) Purpose of the placement
- b) break-up of the cost of the project for which the money is being raised
- c) means of financing for the project
- d) proposed deployment status of the proceeds at each stage of the project

3.2.3.2. **Proposal made in Consultation Paper:** It is proposed to substitute the heading ‘Use of Proceeds’ with ‘Objects of Issue’ in order to align with Schedule VI of SEBI ICDR Regulations to avoid any ambiguity.

3.2.3.3. **Analysis of Public Comments:**

- i. The break-up of the comments received from public on this proposal are as under. The detailed analysis of public comments is placed at **Annexure IV**

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
1.	To substitute the term ‘use of proceeds’ with	4	2	2*	0

	'Objects of issue'				
*Comments received in partial agreement are not relevant to the proposal.					

3.2.3.4. **SEBI's Comments:** The heading 'Use of proceeds' is proposed to be substituted with the heading 'Object of Issue', in order to align with Schedule VI (IPO and rights issue) to avoid any ambiguity.

3.2.3.5. **Proposal:** It is proposed to substitute the heading 'Use of Proceeds' with 'Objects of the Issue and use of issue proceeds' in the placement document.

3.2.4. **Capitalization Statement:**

3.2.4.1. **Existing disclosure requirement:** Currently, Schedule VII of SEBI ICDR Regulations mentions only the heading "Capitalization Statement".

3.2.4.2. **Proposal made in Consultation Paper:** The proposal made in the consultation paper is as under:

- i. Capitalization 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 Consolidated Financial Statement for the latest financial year or when applicable at the end of the stub period. In case of any change in the share capital since the date as of which the financial information has been disclosed in the placement document, a note explaining the nature of the change shall be given.
- ii. Capital Structure
 - a) Authorised, issued and subscribed capital, after suitable incorporation of the outstanding convertible securities (number of securities, description and aggregate nominal value)
 - b) Paid-up capital
 - i. before the issue
 - ii. after the issue
 - iii. after conversion of convertible instruments (if applicable)

3.2.4.3. Analysis of Public Comments:

- i. The break-up of the comments received from public on this proposal are as under. The detailed analysis of public comments is placed at **Annexure IV**

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
1.	To prescribe specific details to be included under Capitalization Statement	4	2	2*	0
*It has been commented in partial agreement to the proposal that being a listed entity all the details about past issuances are usually available on exchange platforms or on MCA website and accordingly, a detailed build up regarding past issuances may not be necessary. The same has been already addressed in the proposal.					

- 3.2.4.4. **SEBI's Comments:** Currently issuers usually include details regarding the history of equity capital raised by the issuer in addition to the pre and post issue capital structure. Therefore, 'Capitalization Statement' may be elaborated by including the specific details to align with rights issue.

- 3.2.4.5. **Proposal:** It is proposed to amend and prescribe the following regarding 'Capitalization Statement' in the placement document:

- i. "Capitalization statement:
Capitalization 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 Consolidated Financial Statement for the latest financial year or when applicable at the end of the stub period. In case of any change in the share capital since the date as of which the financial information has been disclosed in the placement document, a note explaining the nature of the change shall be given.
- ii. Capital Structure
 - a) Authorised, issued and subscribed capital, after suitable incorporation of the outstanding convertible securities (number of securities, description and aggregate nominal value)

- b) Paid-up capital
 - i. before the issue
 - ii. after the issue
 - iii. after conversion of convertible instruments (if applicable)
 - iv. Share premium account (before and after the offer)”

3.2.5. The audited consolidated or unconsolidated financial statements, as applicable prepared in accordance with applicable accounting standards for the last three financial years:

3.2.5.1. Existing disclosure requirement: Schedule VII of SEBI ICDR Regulations provides for the disclosure of the audited consolidated or unconsolidated financial statement, as applicable prepared in accordance with the applicable accounting standards for the last three financial years in the placement document. Following are required to be disclosed:

- a) Report of statutory auditors on the financial statements included in the preliminary placement document/ placement document.
- b) Balance sheets
- c) Statements of income
- d) Schedules to accounts
- e) Statements of changes in stockholders' equity
- f) Statements of cash flows
- g) Statement of accounting policies
- h) Notes to financial statements
- i) Statement relating to subsidiary companies (in case of unconsolidated financial statements)

3.2.5.2. Proposal made in Consultation Paper: The proposal made in consultation paper is as under:

“The following extract of the audited consolidated financial statements prepared in accordance with applicable accounting standards for the last financial year (with the comparative prior full year period) and latest limited review financial statements, if any, disclosed to the stock exchange with the comparative prior year

period shall be included in the placement document (for the limited reviewed period, this information should not be earlier than six months prior to the date of the opening of the issue). The latest quarterly results disclosed to the public can be included in the placement document

- i. Total income from operations
- ii. Net profit/loss before tax and extraordinary items
- iii. Net profit/loss after tax and extraordinary items
- iv. Equity share capital
- v. Reserves and surplus
- vi. Net worth
- vii. Basic Earnings per share
- viii. Diluted Earnings per share
- ix. Return on net worth
- x. Net Asset Value per Share”

3.2.5.3. Analysis Public Comments:

- i. The break-up of the comments received from public on this proposal are as under. The detailed analysis of public comments is placed at **Annexure IV**

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
1.	To prescribe financial information in summary form	7	2	4*	1**

* In partial agreement to the proposal it has been commented that Issuers should be given flexibility to include additional information. The same is taken into consideration in the proposal at para no. 4.1.2

**In dis-agreement to the proposal it has been commented that Equity Share Capital, Reserve and Surplus, Net worth, Return on Net worth and Net Asset Value per share can be prepared only from the balance sheet which is not prepared as part of limited reviewed financial statements.

The same has been taken into consideration and accordingly incorporated in the proposal stating that such details may be provided for the three audited balance sheets immediately preceding the QIP offer instead of latest limited review financial statements.

- 3.2.5.4. **SEBI's Comments:** Currently, Issuers making QIPs are providing detailed financial statements for the last three financial years. Such detailed disclosure by the issuer may result in duplication of the information that is already disclosed in audited financial statements

filed with the stock exchanges. Further, as per the requirements of Companies Rules 14(3) Companies (Prospectus and Allotment of Securities) Rules, 2014, the issuer is required to disclose a summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of issue of private placement offer-cum application letter. Agreeing with the public comments and to be in alignment with the requirement of Companies Rules, a summary of financial position for three years immediately preceding the date of issue may be included in the placement document and a reference may be given to the audited reports filed with the stock exchanges.

3.2.5.5. **Proposal:** It is proposed to amend and prescribe 'Financial Statements' in summary form given as under:

"Financial information of the Issuer: A summary of the financial position of the company as in three audited balance sheets immediately preceding the QIP offer including the following items:

- i. Total income from operations
- ii. Net profit/loss before tax and extraordinary items
- iii. Net profit/loss after tax and extraordinary items
- iv. Equity share capital
- v. Reserves and surplus
- vi. Net worth
- vii. Basic Earnings per share
- viii. Diluted Earnings per share
- ix. Return on net worth
- x. Net Asset Value per Share
- xi. Cash Flow Statements

3.2.6. **Management's discussion and analysis of financial condition and results of operations:**

3.2.6.1. **Existing disclosure requirement:** Currently, Schedule VII of SEBI ICDR Regulations mentions only the heading "Management's discussion and analysis of financial condition and results of operations."

3.2.6.2. **Proposal made in Consultation Paper:** It is proposed to delete

the section of Management’s discussion and analysis of financial condition and result of operations.

3.2.6.3. Analysis of Comments:

- i. The break-up of the comments received from public on this proposal are as under. The detailed analysis of public comments is placed at **Annexure IV**

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
1.	To delete the Management’s discussion and analysis of financial condition and result of operations.	5	2	2*	1**
<p>*In partial agreement to the proposal it has been commented that Issuers should be given flexibility to include additional information. <u>The same is taken into consideration in the proposal at para no. 4.1.2</u></p> <p>**In dis-agreement to the proposal it has been commented that the issuer may voluntarily include management discussion and analysis of financial condition and result of operations in case the QIP is being marketed to foreign investors. The same has been <u>taken into consideration and accordingly incorporated in the proposal at para no. 4.1.2</u> stating that issuer may voluntarily include additional details as it may deem fit.</p>					

- 3.2.6.4. **SEBI’s Comments:** The above section may be deleted as the information required to be disclosed under the same is already available in public domain. Further, the same is also not required to be disclosed in the letter of offer/explanatory statement filed for rights issue and preferential issue.

- 3.2.6.5. **Proposal:** It is proposed to delete the section on ‘Management’s discussion and analysis of financial condition and result of operations’ in the placement document while the issuer may voluntarily include additional details as it may deem fit.

3.2.7. Industry description and Business description:

- 3.2.7.1. **Existing disclosure requirement:** Currently, Schedule VII of SEBI ICDR Regulations mentions only the heading “Industry description and business description”.
- 3.2.7.2. **Proposal made in Consultation Paper:** It is proposed to include only a summary about the business of the issuer and the industry in which it operates, as the investors are already aware about such

details.

3.2.7.3. Analysis of Public Comments:

- i. The break-up of the comments received from public on this proposal are as under. The detailed analysis of public comments is placed at **Annexure IV**

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in disagreement
1.	To prescribe industry description and business description in summary form	5	2	2*	1**
*In partial agreement to the proposal it has been commented that Issuers should be given flexibility to include additional information. <u>The same is taken into consideration in the proposal at para no. 4.1.2</u>					
**In dis-agreement to the proposal it has been commented that the issuer may voluntarily include detailed description of issuers business and industry in which it operates in case the QIP is being marketed to foreign investors. <u>The same has been taken into consideration and accordingly incorporated in the proposal at para no.4.1.2 stating that issuer may voluntarily include additional details as it may deem fit.</u>					

3.2.7.4. **SEBI's Comments:** Recently in rights issue while simplifying the letter of offer it was decided that only brief information regarding the business of the issuer and the industry in which it operates may be disclosed. Similarly, in placement document for QIP, only a summary of the business and industry may be included.

3.2.7.5. **Proposal:** It is proposed to amend and prescribe that the industry description and business description may be disclosed in summary form.

3.2.8. **Board of directors and senior management:**

3.2.8.1. **Existing disclosure requirement:** Currently, Schedule VII of SEBI ICDR Regulations mentions only the heading "Board of directors and senior Management".

3.2.8.2. **Proposal made in Consultation Paper:** It is proposed to include specific details in Schedule VII to align it with the disclosures prescribed for rights issue.

3.2.8.3. Analysis of Public Comments:

- i. The break-up of the comments received from public on this proposal are as under. The detailed analysis of public comments is placed at **Annexure IV**

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in disagreement
1.	To prescribe specific details to be included under Board of Directors and senior Management	4	3	1*	0
*Comment received in partial agreement is not relevant to the proposal.					

3.2.8.4. **SEBI's Comments:** In order to align with the disclosures of details of Board of directors and senior management as prescribed for rights issues, same details may be prescribed in placement document for QIP.

3.2.8.5. **Proposal:** It is proposed to amend and prescribe the following to be included under Board of Directors and senior Management, given as under:

“Board of directors and senior management: Name, date of birth, age, Director Identification Number, address, occupation and date of expiration of the current term of office of manager, managing director and other directors (including nominee directors and whole-time directors)”.

3.2.9. **Legal proceedings to be disclosed in accordance with the materiality policy framed:**

3.2.9.1. **Existing disclosure requirement:** Currently, Schedule VII of SEBI ICDR Regulations specifies that legal proceedings shall be disclosed in accordance with the materiality policy framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

3.2.9.2. **Proposal made in Consultation Paper:** The proposal made in consultation paper is as under which is in alignment with the disclosures prescribed for rights issue:

1. Outstanding litigations and legal proceedings: Summary of outstanding litigations and legal proceeding in a tabular format along with the amount involved, wherever quantifiable for the pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of the issuer

2. Matters which are pending:
 - i. Involving criminal liability on the part of the issuer.
 - ii. Material violations of the statutory regulations by the issuer.
 - iii. Economic offences where proceedings have been initiated against the issuer.

For determining materiality, the threshold shall be lower of threshold criteria mentioned below –

- i. As per the policy of materiality defined by the board of directors of the issuer and disclosed in the placement document;
- ii. Litigation where the value or expected impact in terms of value, exceeds the lower of the following:
 - a) Two percent of turnover, as per the latest annual restated consolidated financial statements of the issuer;
 - b) two percent of net worth, as per the latest annual restated consolidated financial statements of the issuer, except in case the arithmetic value of the net worth is negative; or
 - c) five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial statements of the issuer.

3.2.9.3. Analysis of Public Comments:

- i. The break-up of the comments received in respect of the proposals are as under. The detailed analysis of public comments is placed at **Annexure IV**

Sr. No.	Proposals	Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
1.	To prescribe specific details to be included under Legal Proceedings section and to align the materiality threshold with Schedule VI of SEBI ICDR Regulations.	6	3	2*	1**
*In partial agreement to the proposal it has been commented that for determining materiality the threshold may be as per policy of materiality framed under Regulation 30 of SEBI LODR Regulations. The materiality threshold has now aligned with Schedule VI for IPO and rights					

issues.

** In dis-agreement to the proposal it has been commented that the materiality threshold parameters should be based on latest audited consolidated financial statements of the issuer instead of latest restated consolidated financial statements.

The same has been taken into consideration and accordingly incorporated in the proposal.

3.2.9.4. **SEBI's Comments:** In order to align with the disclosures and the materiality thresholds specified in Schedule VI for rights issue, the same has been prescribed to be included in the placement document for QIP

3.2.9.5. **Proposal:** It is proposed to amend and prescribe the following:

1. Outstanding litigations and legal proceedings: Summary of outstanding litigations and legal proceeding in a tabular format along with the amount involved, wherever quantifiable for the pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of the issuer, and in a tabular format the aggregate number of litigations with aggregated claim value irrespective of materiality.
2. Matters which are pending:
 - i. Involving criminal liability on the part of the issuer.
 - ii. Material violations of the statutory regulations by the issuer.
 - iii. Economic offences where proceedings have been initiated against the issuer.
3. For determining materiality, the threshold shall be lower of threshold criteria mentioned below –
 - i. As per the policy of materiality defined by the board of directors of the issuer and disclosed in the placement document;
 - ii. Litigation where the value or expected impact in terms of value, exceeds the lower of the following:
 - a) Two percent of turnover, as per the last audited consolidated financial statements of the issuer;
 - b) two percent of net worth, as per the last audited consolidated financial statements of the issuer,

except in case the arithmetic value of the net worth is negative; or

- c) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the issuer.

4. Proposal to the Board

4.1. The Board is requested to consider and approve:

4.1.1. The proposals mentioned under paras 3.2.1.5, 3.2.2.5, 3.2.3.5, 3.2.4.5, 3.2.5.5, 3.2.6.5, 3.2.7.5, 3.2.8.5 and 3.2.9.5 which would require amendments to the SEBI ICDR Regulations.

4.1.2. The issuer may voluntarily include additional details under various sections of the placement document wherever it may deem fit.

4.2. The proposed amendments shall come into force from the date of their publication in the official gazette

4.3. The proposed amendments to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 are placed at **Annexure V**.

4.4. The Board is also requested to authorize the Chairman to carry out suitable amendments to the regulations and to take any other consequential or incidental steps for implementation of decisions of the Board.

Enclosures:

1. Annexure I – Existing disclosures in Placement Document
2. Annexure II - Consultation Paper
3. Annexure III – Details of public comments
4. Annexure IV – Analysis of public comments
5. Annexure V - Draft Amendments to SEBI ICDR Regulations, 2018

Existing disclosures in Placement Document

1. Disclaimer

"The preliminary placement document and placement document relates to an issue made to qualified institutional buyers under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and that no offer is being made to the public or any other class of investors."

2. Glossary of terms/abbreviations

3. Lead manager(s) and other advisors

4. Summary of the issue and the eligible security

5. Risk factors

6. Market prices:

- a) high, low and average market prices of the equity shares of the issuer during the preceding three years;
- b) monthly high and low prices for the six-month period preceding the date of filing of the preliminary placement document/placement document;
- c) number of equity shares traded on the days when high and low prices were recorded in the relevant stock exchange during period of (a) and (b) above, and total volume traded on those dates; (stock market data referred to above shall be shown separately for periods marked by a change in capital structure, with such period commencing from the date the concerned stock exchange recognizes the change in the capital structure (e.g., when the equity shares have become ex-rights or ex-bonus)
- d) market price immediately after the date on which the resolution of the board of directors approving the issue was approved
- e) volume of securities traded in each month during the six-month period preceding the date on which the preliminary placement document / placement document is filed with Registrar of Companies; (along with high, low and average prices of shares of the issuer, details relating to volume of business transacted should also be stated for respective periods.)

7. Use of proceeds:

- a) purpose of the placement;
 - b) break-up of the cost of the project for which the money is being raised;
 - c) means of financing for the project;
 - d) proposed deployment status of the proceeds at each stage of the project.
8. Capitalization statement
9. Dividends in the preceding three years prior to the date of the placement document.
10. Selected financial and other information
11. The audited consolidated or unconsolidated financial statements, as applicable prepared in accordance with applicable accounting standards for the last three financial years. The issuer company may voluntarily provide proforma financial statements for acquisitions or divestments, for such financial periods as determined by the issuer company, provided such proforma financial statements are prepared in accordance with any guidance note, standard on assurance engagement or guideline issued by the Institute of Chartered Accountants of India (ICAI) from time to time and certified by the statutory auditor or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the ICAI. The issuer may also voluntarily include financial statements of the business or subsidiary acquired or divested, provided that such financial statements are certified by the auditor (of the business or subsidiary acquired or divested) or chartered accountants, who hold a valid certificate issued by the Peer Review Board of the ICAI.] In addition, latest reviewed financials disclosed to the stock exchange.
- a) Report of statutory auditors on the financial statements included in the preliminary placement document/ placement document.
 - b) Balance sheets
 - c) Statements of income
 - d) Schedules to accounts
 - e) Statements of changes in stockholders' equity
 - f) Statements of cash flows
 - g) Statement of accounting policies
 - h) Notes to financial statements
 - i) Statement relating to subsidiary companies (in case of unconsolidated financial statements)

12. Management's discussion and analysis of financial condition and results of operations
13. Industry description
14. Business description
15. Organizational structure
16. Board of directors and senior management
17. Latest shareholding pattern as submitted to the stock exchange(s)
18. Taxation aspects relating to the eligible securities
19. Legal proceedings to be disclosed in accordance with the materiality policy framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
20. Auditors
21. General information
22. Such other information as is material and appropriate to enable investors to make an informed investment decision
23. Disclosures pertaining to wilful defaulters or fraudulent borrowers]: If the issuer or any of its promoter or director has been declared as a wilful defaulter or a fraudulent borrower, it shall make the following disclosures with respect to each such person separately:
 - a) Name of the person declared as a wilful defaulter or a fraudulent borrower;
 - b) Name of the bank declaring the person as a wilful defaulter or a fraudulent borrower;
 - c) Year in which the person was declared as a wilful defaulter or a fraudulent borrower;
 - d) Outstanding amount when the person was declared as a wilful defaulter or a fraudulent borrower
 - e) Steps taken, if any, by the person for removal of its name from the list of wilful defaulters or fraudulent borrowers;
 - f) Other disclosures, as deemed fit by the issuer, in order to enable investors to take an informed decision
 - g) Any other disclosure as specified by the Board

Consultation Paper is available on SEBI Website

This may be accessed at – <https://www.sebi.gov.in/reports-and-statistics/reports/may-2025/consultation-paper-on-rationalization-of-placement-document-for-qualified-institutions-placement-93777.html>

Details of public comments

(This has been excised for reasons of confidentiality)

Proposal wise analysis of Public Comments

1. Disclosure regarding 'Glossary of terms/abbreviations' in Placement Document prescribed in Schedule VII of ICDR Regulations-

1.1. Public Comments and SEBI's analysis on the proposals in the consultation paper are as under-

1.1.1. Proposal - To align Glossary section with Schedule VI of SEBI ICDR Regulations to avoid any ambiguity.

- **Public comments**

Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
3	3	0	0

All the commentators are in agreement with the proposal.

2. Disclosure regarding 'Risk Factors' in Placement Document prescribed in Schedule VII of ICDR Regulations-

2.1. Public Comments and SEBI's analysis on the proposals in the consultation paper are as under-

2.1.1. Proposal - To prescribe specific material risks

- **Public comments**

Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
4	3	1	0

Three commentators are in agreement with the proposal and one commenter has partially agreed while suggesting that for determining the materiality SEBI may provide the threshold.

- **SEBI's analysis**

Currently details regarding risk factors in placement document are not specifically defined in Schedule VII. To provide relevant information to the QIBs, risk factors related to the issue and its object, issuer and its business may be specified. Further, Regulation 30(4) of SEBI LODR Regulations has defined the threshold to determine materiality of events/information.

3. Substituting the term ‘Use of proceeds’ with ‘Object of issue’:

3.1. Public Comments and SEBI’s analysis on the proposals in the consultation paper are as under-

3.1.1. Proposal - To substitute the term ‘Use of proceeds’ with ‘Objects of issue’ in order to align with Schedule VI of SEBI ICDR Regulations to avoid any ambiguity.

• Public Comments

Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
4	2	2	0

Two commentators have agreed with the proposals and two have partially agreed. Commenter who has partially agreed has commented that disclosures under object of issue may be limited to details required by monitoring agency to monitor utilization of issue proceeds, thus a limited disclosure may be proposed.

• SEBI’s analysis

Existing details required to be disclosed in placement document regarding the object of issue are proposed to be kept same. Only the term ‘Use of proceeds’ has been substituted with ‘Object of issue’, in order to align with Schedule VI (IPO and Rights Issue) to avoid any ambiguity. Further, suggestion of the commenter who has partially agreed is not relevant to the proposal.

4. Disclosure regarding ‘Capitalization Statement’ in Placement Document prescribed in Schedule VII of ICDR Regulations-

4.1. Public Comments and SEBI’s analysis on the proposals in the consultation paper are as under-

4.1.1. Proposal - To prescribe specific details to be included under Capitalization Statement

• Public Comments

Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
4	2	2	0

Two commentators have agreed with the proposal and two commentators have partially agreed while suggesting that being a listed

entity all the details about past issuances are usually available on exchange platforms or on MCA website and accordingly, a detailed build up regarding past issuances may not be necessary.

• **SEBI's analysis-**

Currently this section is not specifically defined and issuers usually include details regarding the history of equity capital raised by the issuer in addition to the pre and post issue capital structure. Such information may not be relevant to the investors. Therefore, in the proposed placement document the section 'Capitalisation Statement' may be defined by including the specific details only.

5. Disclosure regarding 'audited consolidated or unconsolidated financial statements, as applicable prepared in accordance with applicable accounting standards for the last three financial years' in Placement Document prescribed in Schedule VII of ICDR Regulations-

5.1. Public Comments and SEBI's analysis on the questions asked in the consultation paper are as under-

5.1.1. Proposal - To prescribe financial information in summary form

• **Public Comments**

Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
7	2	4	1

Two commentators have agreed with the proposal. The commentators who have partially agreed with the proposal, have commented the following-

- a) Issuers should be given flexibility to include additional information that is material for the investment decisions of bulge bracket domestic and international QIBs. This may include historic financial information for 3 years, management's discussion and analysis of financial information etc.
- b) Hyperlinks to key financial disclosures may be provided in placement document.
- c) The commenter who has disagreed with the proposal and has commented that Equity share capital, reserves and surplus, return on net worth and net asset value per share can be prepared only from the balance sheet which is not prepared as a part of limited reviewed financial statements.

- **SEBI's analysis-**

Detailed disclosure of the financial statements by the issuer may result in duplication of the information that is already disclosed in audited financial statements filed with the stock exchanges. Therefore, a summary may be included in the placement document and a reference may be given to the audited reports filed with the stock exchanges. However, considering the public comments and to be in compliance with the requirements of Companies (Prospectus and Allotment of Securities) Rules, 2014 for making private placement, the proposal is modified to disclose summary of financial position of the issuer as in the three audited balance sheets immediately preceding the date of issue may be included in the placement document. The same will also address the issue highlighted by the commenter who has been in disagreement with the proposal.

6. Disclosure regarding 'Management's discussion and analysis of financial condition and result of operations' in Placement Document prescribed in Schedule VII of ICDR Regulations-

6.1.1. Proposal - To delete the Management's discussion and analysis of financial condition and results of operations section

- **Public Comments**

Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
5	2	2	1

Commentators who have partially agreed and disagreed with the proposal have commented the following-

a) Issuers should be given flexibility to include Management's discussion and analysis section in case any QIP is being marketed to foreign investors in order to comply with the requirements of international laws.

- **SEBI's analysis-**

This section may be deleted as the same is not required in rights issue and preferential issues. However, based on the public comments the issuer may be allowed to voluntarily include the details regarding Management's discussion and analysis of financial condition and result

of operations in the placement document.

7. Disclosure regarding 'Industry description and Business description' in Placement Document prescribed in Schedule VII of ICDR Regulations-

7.1.1. Proposal - To prescribe industry description and business description in summary form

• **Public Comments**

Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
5	2	2	1

Two commentators have agreed with the proposal and the commentators who have partially agreed or dis-agreed with the proposal have commented the following-

a) The issuer may voluntary include detailed Business and Industry description to comply with the requirements of international laws or customary international market practice.

• **SEBI's analysis-**

A summary about the business of the issuer and the industry in which it operates may be sufficient, as the investors are already aware about such details. However, based on the public comments the issuer may be allowed to voluntarily include additional details regarding business and industry description in the placement document.

8. Disclosure regarding 'Board of Directors and Senior Management' in Placement Document prescribed in Schedule VII of ICDR Regulations-

8.1.1. Proposal - To prescribe specific details to be included under Board of Directors and senior Management

• **Public Comments**

Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
5	3	2	0

Three commentators have agreed with the proposal and one commenter who has partially agreed has not provided any relevant rationale for partial agreement.

• **SEBI's analysis-**

Specific details may be mentioned in Schedule VII to align with

Schedule VI (IPO and Rights Issue) to avoid any ambiguity.

9. **Disclosure regarding 'Legal proceedings' in Placement Document prescribed in Schedule VII of ICDR Regulations-**

9.1.1. Proposal - To prescribe specific details to be included under Legal Proceedings section and to align the materiality threshold with Schedule VI of SEBI ICDR Regulations.

• **Public Comments**

Total Comments received	No. of Comments in agreement	No. of Comments in partial agreement	No. of Comments in dis-agreement
5	3	1	1

Three commentators have agreed with the proposal. Commentators who have partially agreed or disagreed with the proposal have commented the following-

- a) For the purpose of determining materiality the threshold may be as per policy of materiality framed under Regulation 30 of SEBI LODR Regulations.
- b) The materiality thresholds mentioned for turnover net worth absolute profit after tax are on the latest annual restated consolidated financial statements of the issuer. The same parameters should be based on latest annual audited consolidated financial statements of the issuer.

• **SEBI's analysis-**

In order to rationalize the placement document specific details may be prescribed. Further, the materiality thresholds specified in Schedule VI for IPOs and Rights Issue may also be incorporated in Schedule VII to align with Schedule VI to avoid any ambiguity. However, suggestion of the commenter has been taken into consideration and accordingly incorporated in the proposal.

Draft Amendments to SEBI ICDR Regulations, 2018

(This shall be notified at a later date)