

SEBI/CFD/DIL/DIP/27/2007/10/7

July 10, 2007

To All Registered Merchant Bankers / Stock Exchanges

Dear Sirs,

Sub.: Amendments to SEBI (Disclosure and Investor Protection) Guidelines, 2000.

1. In order to facilitate government companies/corporations, statutory authorities/corporations or any special purpose vehicle set up by any of them, which are engaged in infrastructure sector, to raise funds in the Indian primary market through IPOs, it has been decided to amend certain provisions of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, in exercise of the powers conferred under sub-section (1) of Section 11 of the Securities and Exchange Board of India Act, 1992. The full text of amendments is given in detail in **Annexure I**.
2. The amendments made vide this circular shall be applicable to all draft offer documents on which observations are issued by SEBI on or after the date of the circular.
3. This circular is available on SEBI website at www.sebi.gov.in under the category "Legal Framework". The entire text of the SEBI (Disclosure and Investor Protection) (DIP) Guidelines, 2000, including the amendments issued vide this circular, is available on the SEBI website under the categories "Legal Framework" and "Issues and Listing".

Yours faithfully,

Neelam Bhardwaj

Encl.: Annexure I.

ANNEXURE I

AMENDMENTS TO SEBI (DIP) GUIDELINES, 2000

CHAPTER III PRICING BY COMPANIES ISSUING SECURITIES

1. After sub-clause (i) of clause 3.7.1, the following proviso to sub-clause (i) and Explanation to the proviso shall be inserted, namely:

“Provided that nothing contained in sub-clause (i) shall apply to initial public offer made by any government company, statutory authority or corporation or any special purpose vehicle set up by any of them, which is engaged in infrastructure sector.

Explanation:

For the purposes of this proviso, the term “Infrastructure sector” shall include the following facilities/services:

- (i) *Transportation (including inter modal transportation), including the following:*
 - (a) *Roads, national highways, state highways, major district roads, other district roads and village roads, including toll roads, bridges, highways, road transport providers and other road-related services;*
 - (b) *Rail system, rail transport providers, metro rail roads and other railway related services;*
 - (c) *Ports (including minor ports and harbours), inland waterways, coastal shipping including shipping lines and other port related services;*
 - (d) *Aviation, including airports, heliports, airlines and other airport related services;*
 - (e) *Logistics services;*

- (ii) *Agriculture, including the following:*
 - (a) *Infrastructure related to storage facilities;*
 - (b) *Construction relating to projects involving agro-processing and supply of inputs to agriculture;*
 - (d) *Construction for preservation and storage of processed agro-products, perishable goods such as fruits, vegetables and flowers including testing facilities for quality;*

- (iii) *Water management, including the following:*
 - (a) *Water supply or distribution;*
 - (b) *Irrigation;*
 - (c) *Water treatment, etc.*

- (iv) *Telecommunication, including the following:*
 - (a) *Basic or cellular, including radio paging;*
 - (b) *Domestic satellite service (i.e., satellite owned and operated by an Indian company for providing telecommunication service);*
 - (c) *Network of trunking, broadband network and internet services;*

- (v) *Industrial, Commercial and Social development and maintenance, including the following:*
 - (a) *Real estate development, including an industrial park or special economic zone;*
 - (b) *Tourism, including hotels, convention centres and entertainment centres;*
 - (c) *Public markets and buildings, trade fair, convention, exhibition, cultural centres, sports and recreation infrastructure, public gardens and parks;*
 - (d) *Construction of educational institutions and hospitals;*
 - (e) *Other urban development, including solid waste management systems, sanitation and sewerage systems, etc.;*

- (vi) *Power, including the following:*
 - (a) *Generation of power through thermal, hydro, nuclear, fossil fuel, wind and other renewable sources;*

- (b) *Transmission ,distribution or trading of power by laying a network of new transmission or distribution lines;*

- (vii) *Petroleum and natural gas, including the following:*
 - (a) *Exploration and production;*
 - (b) *Import terminals;*
 - (c) *Liquefaction and re-gasification;*
 - (d) *Storage terminals;*
 - (e) *Transmission networks and distribution networks including city gas infrastructure;*

- (viii) *Housing, including the following:*
 - (a) *Urban and rural housing including public / mass housing, slum rehabilitation etc;*
 - (b) *Other allied activities such as drainage, lighting, laying of roads, sanitation facilities etc.;*

- (ix) *Other miscellaneous facilities/services, including the following:*
 - (a) *Mining and related activities;*
 - (b) *Technology related infrastructure;*
 - (c) *Manufacturing of components and materials or any other utilities or facilities required by the infrastructure sector like energy saving devices and metering devices, etc;*
 - (d) *Environment related infrastructure;*
 - (e) *Disaster management services;*
 - (f) *Preservation of monuments and icons;*
 - (g) *Emergency services (including medical, police, fire, and rescue);*

- (x) *Such other facility/service which, in the opinion of the Board, constitutes infrastructure sector.”*

**CHAPTER IV
PROMOTERS' CONTRIBUTION AND LOCK-IN REQUIREMENTS**

PART I – PROMOTERS' CONTRIBUTION

2. After 2nd proviso to clause 4.6.2, the following proviso and Explanation thereto shall be inserted, namely:-

*“**Provided further that** nothing contained in clause 4.6.2 shall apply to an unlisted government company, statutory authority or corporation or any special purpose vehicle set up by any of them, which is engaged in infrastructure sector.*

Explanation:

For the purposes of 3rd proviso above, the term “Infrastructure sector” shall have the same meaning as assigned to it in Explanation to proviso to sub-clause (i) of clause 3.7.1.”

PART II – LOCK-IN REQUIREMENTS

3. After sub-clause (ii) of clause 4.14.2, the following proviso to sub-clause (ii) and Explanation to the proviso shall be inserted, namely:

*“**Provided that** the minimum holding requirement of pre-issue capital shall not apply to an offer for sale of equity shares of an unlisted government company, statutory authority or corporation or any special purpose vehicle set up by any of them, which is engaged in infrastructure sector.*

Explanation:

For the purposes of this proviso, the term “Infrastructure sector” shall have the same meaning as assigned to it in Explanation to proviso to sub-clause (i) of clause 3.7.1.”

CHAPTER VIII
OTHER ISSUE REQUIREMENTS

4. For clause 8.3.3, the following clause and Explanation thereto shall be substituted, namely:-

“8.3.3 Clauses 8.3.1 and 8.3.2 shall not apply to -

- a) *an infrastructure company, satisfying the requirements specified in sub-clause (iii) of clause 2.4.1, inviting subscription from public; and*
- b) *a government company, statutory authority or corporation or any special purpose vehicle set up by any of them, which is engaged in infrastructure sector.*

Explanation:

For the purpose of sub-clause (b) above, the term “Infrastructure sector” shall have the same meaning as assigned to it in Explanation to proviso to sub-clause (i) of clause 3.7.1.”