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To All Registered Merchant Bankers / Stock Exchanges

Dear Sirs,

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

1. In exercise of the powers conferred under sub-section (1) of Section 11 of the Securities and Exchange Board of India Act, 1992, it has been decided to amend the SEBI (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as "SEBI (DIP) Guidelines").
2. The full text of amendments is given in **Annexure I** and the amendments are given in brief as under:
 - (i) **Introduction of Fast Track Issues (FTIs)**
 - (a) SEBI (DIP) Guidelines presently enable a listed company, which satisfies certain specified requirements, to prepare a draft offer document containing rationalised disclosures, as against comprehensive disclosures for an IPO. The draft offer document is, however, processed by SEBI and stock exchanges in a manner similar to that of a draft IPO document.
 - (b) It is felt that there is a need to enable well established and compliant listed companies to access Indian primary market in a time effective manner through follow-on public offerings and rights issues. Accordingly, it has been decided to enable listed companies satisfying certain specified requirements to make Fast Track Issues (FTIs).
 - (c) The amendments made vide this circular enable such listed companies to proceed with follow-on public offering / rights issue by filing a copy of the Red Herring Prospectus (in case of book built issue) / Prospectus (in case

of fixed price issue) registered with the Registrar of Companies or the letter of offer filed with Designated Stock Exchange, as the case may be, with SEBI and stock exchanges. Such companies are not required to file draft offer document with SEBI and stock exchanges.

(ii) **Amendments to Guidelines on Issue of Indian Depository receipts (IDRs)**

Presently, SEBI (DIP) Guidelines provide that only Qualified Institutional Buyers (QIBs) can apply in an IPO of IDRs. It has been decided to amend SEBI (DIP) Guidelines to allow all categories of investors to apply in IDR issues, subject to (i) at least 50% of the issue being subscribed by QIBs, and (ii) the balance being made available for subscription to other categories of investors at the discretion of the issuer, which shall be disclosed in the prospectus. Further, it has been decided to reduce the minimum application value in IDR from Rs. 2,00,000/- to Rs. 20,000/- and to carry out certain consequential amendments to SEBI (DIP) Guidelines pursuant to amendments to IDR rules by the Ministry of Corporate Affairs.

(iii) **Quoting of PAN mandatory**

Presently, as per SEBI (DIP) Guidelines, all applicants in public and rights issues are required to disclose their PAN/GIR in the application form if they are making an application for a value exceeding Rs. 50,000/-. It has been decided to extend the requirement of quoting PAN in application forms to all applicants, irrespective of the application value.

(iv) **Discount in issue price for retail investors / retail shareholders**

Presently, SEBI (DIP) Guidelines do not provide for issuance of shares at differential price to investors within the net public offer category. SEBI has been receiving requests to permit issuance of shares to retail individual investors / retail individual shareholders at a price lower than that being offered to other categories. It has now been decided to introduce a provision in SEBI (DIP) Guidelines, permitting companies making public issues to issue securities to retail individual investors / retail individual shareholders at a discounted price,

provided that such discount does not exceed 10% of the price at which securities are issued to other categories of public.

(v) **Definition of “Retail individual shareholder” for listed companies**

Presently, listed companies making public issues can make reservation on competitive basis for its existing shareholders who, as on the record date, are holding shares worth up to Rs. 50,000/-. However, no limit has been set on the value of the application that can be made by such shareholders. It has now been decided to define the term “Retail Individual Shareholder” to mean a shareholder (i) whose shareholding is of value not exceeding Rs. 1,00,000/- as on the day immediately preceding the record date, and (ii) who makes application or bids in a public issue for value not exceeding Rs 1,00,000/-.

(vi) **Clarification on the term CEO / CFO**

SEBI (DIP) Guidelines requires all directors, CEO and CFO of the issuer company to certify that disclosures made in the offer document are true and correct. It is now clarified that the terms “CEO” and “CFO” in SEBI (DIP) Guidelines shall have the same meaning as assigned to them in clause 49 of the Equity Listing Agreement.

(vii) **Deletion of the chapter on “Guidelines for Issue of Capital by Designated Financial Institutions (DFIs)”**

SEBI had introduced separate guidelines in 1992 for primary issuances by DFIs, to place companies / corporations / institutions engaged mainly in financing of developmental activities and playing a catalytic role in the infrastructure development of the country on a different footing. Presently, DFIs operationally compete on equal footing with private entities and it is felt that DFIs, as a concept, may have outlived its utility. It has therefore been decided to remove the special dispensations given to DFIs by deleting the chapter on “Guidelines for Issue of Capital by DFIs” from SEBI (DIP) Guidelines.

(viii) **Monitoring of issue proceeds**

Presently, as per SEBI (DIP) Guidelines, every issuer making an issue of more than Rs. 500 crores is required to appoint a monitoring agency, which is required to file a monitoring report with SEBI for record purpose. It has been decided that this provision shall not apply to (i) issues by banks and public financial institutions and (ii) offers for sale. Further, it has been decided that the monitoring agency shall henceforth be required to file the monitoring report with the issuer company and not with SEBI, so as to enable the company to place the report before its Audit committee.

(ix) **Amendments to Guidelines for Preferential Issues**

It has been decided that listed companies intending to make preferential allotment shall be required to obtain PAN of each of the applicants of the preferential issue before making the preferential allotment.

(x) **Miscellaneous amendments**

- (a) SEBI issues standard observations as a supplement to issue-specific observations on each and every draft offer document filed with SEBI. These standard observations are being rationalised / reviewed. Accordingly, it has been decided to amend SEBI (DIP) Guidelines to incorporate certain clauses from the standard observations, essentially those pertaining to confirmations, undertakings, documents, information, etc., to be submitted by the Lead Manager/s to the Issue while filing an offer document with SEBI. Lead Managers shall also be required to file as an annexure to the due diligence certificate, a detailed check list indicating compliance of each of the clauses of the relevant chapters of SEBI (DIP) Guidelines.
- (b) SEBI (DIP) Guidelines contain certain provisions, which have become redundant or need to be aligned with other provisions of SEBI (DIP) Guidelines / the Companies Act, 1956 or in respect of which, there have been requests for exemption on regular basis. Consequently, it has been decided to fine-tune the guidelines by modifying such clauses.

3. Applicability

3.1 The amendments made vide this circular shall be applicable as under:

- (i) Amendments to clauses 6.8.3.2, 6.8.4.6, 6.13.2.17, 6.19.2 and 8.3.4 shall be applicable to all prospectuses and Red Herring Prospectuses registered with the Registrar of Companies or letters of offer filed with stock exchanges on or after the date of this circular.
- (ii) Amendments to clauses 5.3.3, 6.8.4.1 and 6.12.4 shall be applicable to all draft offer documents filed with SEBI after the date of this circular.
- (iii) All other amendments shall come into force with immediate effect.

- 4. This circular and the entire text of SEBI (DIP) Guidelines, including the amendments issued vide this circular, are available on SEBI website at www.sebi.gov.in under the categories “Legal Framework” and “Issues and Listing”.
- 5. All registered merchant bankers are directed to ensure compliance with the applicable amendments made vide this circular.

Yours faithfully,

Neelam Bhardwaj

Encl.: Annexure I

ANNEXURE I**AMENDMENTS TO SEBI (DIP) GUIDELINES, 2000****CHAPTER I
PRELIMINARY**

1. In clause 1.2.1, after sub-clause (xiib), the following sub-clause shall be inserted, namely:-

*“xiic) **“Fast Track Issue”** means a public issue or rights issue made by a listed company which satisfies all the requirements of clause 2.1.2A.”*

2. In clause 1.2.1, after sub-clause (xxiv a), the following sub-clause shall be inserted, namely:-

*“xxiv b) **“Retail Individual Shareholder”** means a shareholder of a listed company, who –*

- a) *as on the record date (i.e., the date fixed for the purpose of determining eligible shareholders), is holding shares which, on the basis of the closing price of the shares as on the previous day, are worth up to Rs. 1,00,000/-; and*
- b) *applies or bids for securities of or for a value of not more than Rs. 1,00,000/-.”*

**CHAPTER II
ELIGIBILITY NORMS FOR COMPANIES ISSUING SECURITIES**

3. After clause 2.1.2, the following clause shall be inserted, namely:-

“2.1.2A Fast Track Issues

2.1.2A.1 Nothing contained in clauses 2.1.1 and 2.1.2 shall apply to a public issue of securities by a listed issuer company or a rights issue of securities by a listed issuer company, where the aggregate value of

such securities, including premium, if any, exceeds Rs. 50 lacs, if the following conditions are satisfied:

- (a) The shares of the company have been listed on any stock exchange having nationwide terminals for a period of at least three years immediately preceding the reference date;*
- (b) The “average market capitalisation of public shareholding” of the company is at least Rs. 10,000 crores for a period of one year up to the end of the quarter preceding the month in which the proposed issue is approved by the Board of Directors / shareholders of the issuer;*
- (c) The annualized trading turnover of the shares of the company during six calendar months immediately preceding the month of the reference date has been at least two percent of the weighted average number of shares listed during the said six months period;*
- (d) The company has redressed at least 95% of the total shareholder / investor grievances or complaints received till the end of the quarter immediately preceding the month of the reference date;*
- (e) The company has complied with the listing agreement for a period of at least three years immediately preceding the reference date;*
- (f) The impact of auditors’ qualifications, if any, on the audited accounts of the company in respect of the financial years for which such accounts are disclosed in the offer document does not exceed 5% of the net profit/ loss after tax of the company for the respective years.*
- (g) No prosecution proceedings or show cause notices issued by the Board are pending against the company or its promoters or whole time directors as on the reference date; and*
- (h) The entire shareholding of the promoter group is held in dematerialised form as on the reference date.*

Explanation: For the purposes of this clause:

- (a) *“Reference date” shall mean:*
 - (i) *in case of a public issue of securities by a listed company satisfying all the requirements specified in this clause, the date of filing of red herring prospectus (in case of a book built issue) or prospectus (in case of a fixed price issue) with ROC; and*
 - (ii) *in case of a rights issue of securities by a listed company satisfying all the requirements specified in this clause, where the aggregate value of such securities, including premium, if any, exceeds Rs. 50 lacs, the date of filing of letter of offer with Designated Stock Exchange.*
- (b) *“Average market capitalisation of public shareholding” shall mean the sum of daily market capitalization of “public shareholding” for a period of one year up to the end of the quarter preceding the month in which the proposed issue was approved by the Board/ shareholders, as the case may be, divided by the number of trading days. For this purpose, “public shareholding” shall have the same meaning as assigned to it in clause 40A of the Listing Agreement.*

2.1.2A.2 *A listed issuer company satisfying all the requirements specified in this clause and filing a red herring prospectus (in case of a book built issue) or prospectus (in case of a fixed price issue) with ROC or letter of offer with Designated Stock Exchange, as the case may be, shall simultaneously with such filing or as soon thereafter as reasonably practicable, but in any case not later than the opening of the issue, file a copy thereof with the Board.”*

**CHAPTER III
PRICING BY COMPANIES ISSUING SECURITIES**

4. After clause 3.4.1, the following clause shall be inserted, namely:-

“3.4.1A An unlisted company or a listed company making a public issue of equity shares or securities convertible at a later date into equity shares may issue such securities to retail individual investors and/or retail individual shareholders at a price lower than the price at which net offer is made to other categories of public.

***Provided that** the difference between the price at which the securities are issued to retail individual investors and/or retail individual shareholders and the price at which the net offer is made to other categories of public, is not more than 10% of the price at which securities are offered to other categories of public.”*

5. In clause 3.4.3, for the words and figures “sub-clause 3.4.1”, the words and figures “*sub-clauses 3.4.1 and 3.4.1A*” shall be substituted.
6. In clause 3.4.4, for the words and figures “sub-clauses 3.4.1 and 3.4.2”, the words and figures “*sub-clauses 3.4.1, 3.4.1A and 3.4.2*” shall be substituted.

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

PART II - LOCK-IN REQUIREMENTS

7. For clause 4.0, the following clause shall be substituted, namely:-

“4.0 Promoters’ contribution in any issue shall be in accordance with the following provisions as on –

- (i) *the date of filing red herring prospectus (in case of a book built issue) or prospectus (in case of a fixed price issue) with ROC or letter of offer with*

Designated Stock Exchange, as the case may be, in case of a fast track issue; and

- (ii) *the date of filing draft offer document with the Board, in any other case.*”

PART II - LOCK-IN REQUIREMENTS

8. Clauses 4.13 and 4.13.1 and the proviso to the latter shall be omitted.

CHAPTER V PRE- ISSUE OBLIGATIONS

9. In clause 5.2, the following sentence shall be inserted at the end, namely:-

“In case of a fast track issue, the requisite fee shall be paid along with the copy of the red herring prospectus, prospectus or letter of offer, as the case may be, filed under clause 2.1.2A.2.”

10. In clause 5.3.2.2, the following proviso shall be inserted, namely:-

*“**Provided that** in case of a fast track issue, inter-se allocation of responsibilities (Schedule II) shall not be submitted to the Board.”*

11. In clause 5.3.3.1, for the word “prospectus”, the words “*offer document*” shall be substituted.

12. Clause 5.3.3.1A shall be renumbered as “*clause 5.3.3.1B*” and after the words “along with the draft offer document” and before the full stop, the words “*or in case of a fast track issue, along with the copy of the red herring prospectus, prospectus or letter of offer filed under clause 2.1.2A.2*” shall be inserted.

13. The following shall be inserted before the renumbered clause 5.3.3.1B, namely:-
- “5.3.3.1A In case of a fast track issue, the lead merchant banker shall furnish a due diligence certificate to the Board as per the format specified in Schedule III, after including therein additional confirmations / certification to Schedule III, as specified in **Schedule VI-A**, along with the copy of the red herring prospectus, prospectus or letter of offer, as the case may be, filed under clause 2.1.2A.2.”*
14. In clause 5.4.1.1, after the existing proviso, the following proviso shall be inserted, namely:-
- “**Provided further that** a merchant banker who is an associate of the issuer company may be appointed as a merchant banker for the issue, if it is involved only in the marketing of the issue.”*
15. In clause 5.6.1 for the word and figures “30 days”, the word and figures “15 days” shall be substituted.
16. After clause 5.6.2(i), the following sub-clause shall be inserted, namely:-
- “(i-a) while filing the copy of the red herring prospectus, prospectus or letter of offer, as the case may be, with the Board under clause 2.1.2A.2, also file the copy of the red herring prospectus, prospectus or letter of offer with the stock exchanges on which the securities to be offered in the fast track issue are proposed to be listed;*
17. In clause 5.6.2(ii), the following proviso shall be inserted, namely:-
- “**Provided that** nothing contained in this sub-clause, other than the provisions pertaining to hosting of the final offer documents on the websites of all the lead managers / syndicate members associated with the issue and ensuring that the contents of the final offer documents hosted on the websites are the same as that of their printed versions, shall apply to a fast track issue.”*

18. In clause 5.6A.1, the following proviso shall be inserted, namely:-

“Provided that in case of a fast track issue, the advertisement shall be made before the issue opening date.”

19. After 5.6B.1, the following clause shall be inserted, namely:-

“5.6B.1 IPO grading reports for each of the grades obtained by the unlisted company shall be included in the list of material contracts required under clause 6.15.1.”

20. In clause 5.8.1 for the word and figures “30 days”, the word and figures “21 days” shall be substituted.

21. After clause 5.15.1, the following clauses shall be inserted namely:-

“5.15A Non applicability of certain provisions to fast track issues

5.15A.1 Nothing contained in clauses 5.3.1.3, 5.3.3.1, 5.3.3.2, 5.3.4.1, 5.3.5.1, 5.3.6.1, 5.3.6.2 and sub-clauses (i) and (iii) of clause 5.6.2 shall apply to a fast track issue.”

CHAPTER VI CONTENTS OF OFFER DOCUMENT

SECTION I - CONTENTS OF THE PROSPECTUS

22. In clause 6.3 -

- (i) before the existing first proviso, the following proviso shall be inserted, namely:-

“Provided that nothing contained in sub-clauses (a) and (j) of clause 6.8.3.2 and clause 6.9.5.8 and nothing contained in clause 6.10.3.1 in respect of entities not covered under section 370 (1)(B) of the Companies

Act, 1956 shall apply to a listed company satisfying all the requirements specified in clause 2.1.2A.1.”

- (ii) in the existing 1st proviso, for the words “**Provided that** in case of a public issue by listed company”, the words “**Provided further that** in case of a public issue by a listed company other than a fast track issue” shall be substituted.
- (iii) in the existing second proviso, for the word “aforesaid”, the word “second” shall be substituted.

23. In clause 6.8.2.8, the following proviso shall be inserted, namely:-

“Provided that in case of a fast track issue the inter-se allocation of responsibilities shall be disclosed, notwithstanding that it was not filed with the Board.”

24. In clause 6.8.3.2 –

- (i) after sub-clause (a), the following provisos shall be inserted, namely:-

“Provided that in case of a public or rights issue by a listed company, where shares had been issued under one or more employee stock option schemes, particulars of shares issued under the employee stock option schemes may be aggregated quarter-wise, indicating the aggregate number of shares issued and the price range within which shares have been issued in each quarter.

Provided further that in cases falling within the foregoing proviso, a document giving date-wise details of shares issued under employee stock option scheme(s), including price at which they were issued, shall be made available as a material document for inspection.”

- (ii) after sub-clause (b), the following sub-clauses shall be inserted, namely:-

“(ba) The manner in which clause 4.6 has been complied with.”

“(bb) If the issuer is exempt from the requirements of promoters’ contribution, the relevant provisions should be indicated.”

25. In clause 6.8.4.1, the following shall be inserted at the end, namely:-

“Further, a disclosure to the effect that activities proposed to be undertaken by the issuer out of the funds raised in the present issue fall within the main objects listed in the Memorandum of Association or other charter or instrument governing the issuer shall be made in the prospectus.”

26. In clause 6.8.4.6, after sub-clause (a), the following clause shall be inserted, namely:-

“(b) A cash flow statement showing funds which have been brought in as promoters’ contribution and have been deployed prior to the public issue.”

27. After clause 6.9.5.7, the following clause shall be inserted, namely:-

“6.9.5.7A Corporate Governance

“A disclosure to the effect that the issuer has complied with the requirements of Corporate Governance contained in the Equity Listing Agreement, particularly those relating to composition of Board of Directors, constitution of committees such as Audit Committee, Shareholder / Investor Grievance Committee, etc.”

28. In clauses 6.9.6.1, after sub-clause (b), the following proviso shall be inserted, namely:-

*“**Provided that** nothing contained in sub-clause (b) shall apply to a fast track issue.”*

29. In clauses 6.9.6.2, after sub-clause (c), the following proviso shall be inserted, namely:-

“Provided that nothing contained in sub-clause (c) shall apply to a fast track issue.”

30. In clause 6.10.3.1, after sub-clause (k)(ii), the following proviso shall be inserted, namely:-

“Provided that nothing contained in this clause shall apply to an issue made by any government company, statutory authority or corporation or any special purpose vehicle set up by any of them.”

31. In clause 6.10.3.2, after the words “filing draft prospectus with the Board” and before the colon, the words “*or in case of a fast track issue, one month before the reference date*” shall be inserted.

32. After clause 6.10.3.2, the following Explanation shall be inserted, name:-

“Explanation:

For the purposes of this clause, the term “reference date” shall have the same meaning as assigned to it in Explanation (a) to clause 2.1.2A.1.”

33. In clause 6.11.1.3, after sub-clause (f), the following proviso shall be inserted, namely:-

“Provided that nothing contained in this clause shall apply to an issue made by any government company, statutory authority or corporation or any special purpose vehicle set up by any of them.”

34. After clause 6.12.3A, the following new clause shall be inserted, namely:-

“6.12.3B Details of compliance with eligibility requirements to make a fast track issue, if applicable”

35. In sub-clause (a) of clause 6.12.4, for the words starting from “in accordance with” and ending up to the words “fulfill their underwriting commitments”, the following shall be substituted, namely:-

“which reads as follows (due diligence certificate submitted to the Board to be reproduced here):”

36. For sub-clause (c) of clause 6.13.2.17, the following sub-clause shall be substituted, namely:-

“(c) Instruction to applicants to disclose Permanent Account Number in the application form, irrespective of the amount for which application / bid is made, along with the instruction that applications without Permanent Account Number would be rejected.”

37. In clause 6.13.2.28, after sub-clause (b)(ii), the following proviso shall be inserted, namely:-

*“**Provided that** nothing contained in this clause shall apply to public issues or rights issues made by banks or public financial institutions or to offers for sale.”*

38. In clause 6.15.2, for the declaration, the following shall be substituted, namely:-

“(a) The draft prospectus (in case of issues other than fast track issues), red herring prospectus and prospectus shall be approved by the Board of Directors of the issuer and shall be signed by all Directors, the Chief Executive Officer, i.e., the Managing Director or Manager within the meaning of the Companies Act, 1956 and the Chief Financial Officer, i.e., the whole-time Finance Director or any other person heading the finance function and discharging that function.

(b) The signatories shall further certify that all disclosures made in the prospectus are true and correct.”

SECTION II - CONTENTS OF ABRIDGED PROSPECTUS

39. For sub-clause (e)(iii) of clause 6.19.2, the following sub-clause shall be inserted, namely:-

“iii. Instruction to applicants to disclose Permanent Account Number in the application form, irrespective of the amount for which application / bid is made, along with the instruction that applications without Permanent Account Number would be rejected.”

SECTION III - CONTENTS OF THE LETTER OF OFFER

40. In clause 6.39 –

(i) for the words “Section of this Chapter”, the words “*Section I of this Chapter*” shall be substituted.

(ii) before the existing first proviso, the following proviso shall be inserted, namely:-

*“**Provided that** nothing contained in clauses 6.8.2.2, 6.8.2.3, sub-clauses (a), (b), (c), (d) and (e) of clause 6.8.3.2, clauses 6.8.4.12, 6.9.2.1, 6.9.2.2, 6.9.2.3, 6.9.2.4, 6.9.4, 6.9.6, 6.10.3, 6.12.16, 6.12.17, 6.12.18, 6.12.20 and 6.12.21 shall apply to a rights issue falling under 2.1.2A.1.”*

(iii) in the existing first proviso, for the words “**Provided that**”, the words “***Provided further that** in a case not falling within the preceding proviso*” shall be substituted.

(iv) in the existing second proviso, for the word “aforesaid”, the word “*second*” shall be substituted.

**CHAPTER VIA
ISSUE OF INDIAN DEPOSITORY RECEIPTS (IDRs)**

PART I – GENERAL REQUIREMENTS

41. In clause 6A.3 –

(i) for sub-clause (4), the following shall be substituted, namely:-

“4. In every issue of IDR –

(i) At least 50% of the IDRs issued shall be subscribed to by QIBs;

(ii) The balance 50% shall be available for subscription by non-institutional investors (i.e., investors other than QIBs and retail individual investors) and retail individual investors, including employees. IDRs shall be allocated among non-institutional investors, retail individual investors and employees at the discretion of the issuer. The manner of allocation shall be disclosed in the prospectus for IDRs.”

(ii) in sub-clause (5), for the word and figures “Rs. 2,00,000/-“, the words and figures “Rs. 20,000/-” shall be substituted.

PART II – DISCLOSURES IN A PROSPECTUS FOR IDRs

42. In clause 6A.6, in sub-clause (i), for the words and figures “Rule 5 (i) (b)”, the words and figures “Rule 5(1)(ii)” shall be substituted.

43. In clause 6A.20 –

(i) In sub-clause (2), for the proviso, the following shall be substituted, namely:-

“Provided that the gap between the date of issue and the date of report shall not be more than 180 days, wherever statutory audit is required under laws of the country where the issuer is incorporated.”

- (ii) In sub-clause (3), for the word and figures “120 days”, the word and figures “180 days” shall be substituted.

44. In clause 6A.26, for sub-clause (1), the following shall be substituted, namely:-

“1. Promoters and their background. If there are no identifiable promoters, details and background of all the persons who hold 5% or more equity share capital of the company.”

PART IV: CONTENTS OF ABRIDGED PROSPECTUS (See Rule 8(i) of the IDR Rules)

45. For sub-clause (iii) of clause 8.3, the following sub-clause shall be inserted, namely:-

“iii. Instruction to applicants to disclose Permanent Account Number in the application form, irrespective of the amount for which application / bid is made, along with the instruction that applications without Permanent Account Number would be rejected.”

**CHAPTER VII
POST - ISSUE OBLIGATIONS**

46. After clause 7.2.2.2, the following clause shall be inserted, namely:-

“7.2.2.3 Due diligence certificate to be submitted with final post issue monitoring report

*The post issue lead merchant banker shall file a due diligence certificate in the format given in **Schedule XVI-A** along with the final post-issue monitoring report.”*

47. In clause 7.7.1, for the words “finalisation of the basis of allotment” occurring at the end, the words and figures “*the date of allotment*” shall be substituted.

CHAPTER VIII OTHER ISSUE REQUIREMENTS

48. In clause 8.2.1(e) –

- (i) after the words “draft offer document with the Board” and before the full stop, the words “*and also at time of filing red herring prospectus and prospectus with ROC*” shall be inserted.
- (ii) the following proviso shall be inserted, namely:-

*“**Provided that** in case of a public issue of securities by a listed company satisfying all the requirements specified in clause 2.1.2A, there shall be no partly paid up shares/other securities at the time of filing red herring prospectus and prospectus with ROC.”*

49. In clause 2A of Explanation to clause 8.3.4, for the words “the shareholders who, on the record date (date fixed for the purpose of determining the eligible shareholders) , are holding shares worth up to Rs. 50,000/- determined on the basis of closing price as on the previous day”, the words “*retail individual shareholders*” shall be substituted.

50. In clause 8.5, after sub-clause (g), the following sub-clause shall be inserted, namely:-

“(h) No payment in the nature of discount, commission, allowance or otherwise shall be made by the issuer or promoters, directly or indirectly, to any person who receives securities by way of firm allotment in an issue.”

51. After clause 8.7.1, the following proviso shall be inserted, namely:-

*“**Provided that** in case of a fast track issue, no such further issue of capital shall be made during the period between filing of the red herring prospectus (in case of a book built issue) or prospectus (in case of a fixed price issue) with ROC or the letter of offer with Designated Stock Exchange and listing of the securities offered in the issue and/or refund of application moneys, unless full disclosures regarding the total capital proposed to be so raised are made in the offer document.”*

52. In clause 8.9.1, the following proviso shall be inserted, namely:-

*“**Provided that** nothing contained in this clause shall apply to a fast track issue.”*

53. After clause 8.17.1., the following proviso shall be inserted, namely:-

*“**Provided that** nothing contained in this clause shall apply to public issues or rights issues made by banks or public financial institutions or to offers for sale.”*

54. For clause 8.17.2, the following clause shall be substituted, namely:-

*“8.17.2 (i) A monitoring report, as per the format specified in **Schedule XIX**, shall be filed by the monitoring agency with the issuer company, on a half yearly basis, till the proceeds of the issue have been entirely utilized.*

(ii) The monitoring report together with the management’s comments thereon shall be placed by the issuer company before its audit committee without delay.”

55. In clause 8.18.4, after the words “in the draft prospectus” and before the full stop, the words “and/or red herring prospectus and prospectus filed with ROC” shall be inserted.

56. In clause 8.21.1 -

- (i) for the words and figures “22nd day”, the words and figures “31st day” shall be substituted;
- (ii) in proviso to the clause, after the words “shelf prospectus” and before the full stop, the words “or fast track issue” shall be inserted.

CHAPTER IX GUIDELINES ON ADVERTISEMENT

57. After clause 9.2, the following clause shall be inserted, namely:-

“9.2A *Applicability to fast track issues*

9.2A.1 *In case of a fast track issue, all references made in clauses 9.1 and 9.2 to “draft offer document filed with SEBI” shall be construed as having been made to “red herring prospectus (in case of a book built issue) or prospectus (in case of a fixed price issue) filed with ROC or letter of offer filed with Designated Stock Exchange’, unless the context otherwise requires.”*

CHAPTER X GUIDELINES FOR ISSUE OF DEBT INSTRUMENTS

58. In clause 10.2.5, the following proviso shall be inserted, namely:-

“Provided that in case of a fast track issue of debt instruments, the certificate specified in this clause shall not be filed with SEBI.”

**CHAPTER XI
GUIDELINES ON BOOK BUILDING**

59. In clause 11.3.1, for sub-clause (xx-a), the following sub-clause shall be substituted, namely:-

“(xx-a) The bidding terminals shall contain a online graphical display of demand and bid prices updated at periodic intervals, not exceeding 30 minutes. The book running lead manager shall ensure the availability of adequate infrastructure for data entry of the bids in a timely manner.”

60. After clause 11.3.6 and the sub-clauses thereto, the following clauses shall be inserted, namely:-

“11.4 Applicability to fast track issues

11.4.1 Unless specified otherwise in this Chapter and unless the context otherwise requires, all references in this Chapter to “draft prospectus” shall be construed as having been made to “red herring prospectus”, in application to fast track issues.

11.4.2 Nothing contained in sub-clause (vi) of clause 11.2 or sub-clause (viii) of clause 11.3.1 shall apply to a fast track issue.”

**CHAPTER XII
GUIDELINES FOR ISSUE OF CAPITAL BY DESIGNATED FINANCIAL
INSTITUTIONS**

61. Chapter XII shall be omitted.

**CHAPTER XII-A
SHELF PROSPECTUS**

62. In sub-clause (a) of clause 12A.1, the word “debt”, appearing between the words “issues of” and “securities” shall be omitted.
63. In clause 12A.2.1, the following proviso shall be inserted, namely:-

“Provided that nothing contained in this clause shall apply to a fast track issue.”

**CHAPTER XIII
GUIDELINES FOR PREFERENTIAL ISSUES**

64. After clause 13.1B, the following clause shall be inserted, namely:-

“13.1C A listed company shall not make any preferential allotment of equity shares, FCDs, PCDs or any other financial instrument which may be converted into or exchanged with equity shares at a later date unless it has obtained the Permanent Account Number of the proposed allottees.”

**CHAPTER XVI
OPERATIONAL GUIDELINES**

65. In clauses 16.1.2 and 16.1.3, the following proviso shall be inserted, namely:-

“Provided that nothing contained in this clause shall apply to a fast track issue.”

66. In clause 16.1.5, the following proviso shall be inserted, namely:-

“Provided that nothing contained in sub-clause (a) and (b) shall apply to a fast track issue.”

SCHEDULE – III
FORMAT OF DUE DILLIGENCE CERTIFICATE TO BE GIVEN BY LEAD
MERCHANT BANKER(S) ALONGWITH DRAFT OFFER DOCUMENT

67. In the main part -

(i) In item (2), in clause (c), the words *“and such disclosures are in accordance with the requirements of the Companies Act, 1956, the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and other applicable legal requirements”* shall be inserted at the end.

(ii) After item (5), the following paragraphs shall be inserted, namely:-

“6. We certify that clause 4.6 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, which relates to securities ineligible for computation of promoters contribution, has been duly complied with and appropriate disclosures as to compliance with the clause have been made in the draft prospectus/letter of offer.

7. We undertake that clauses 4.9.1, 4.9.2, 4.9.3 and 4.9.4 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 shall be complied with. We confirm that arrangements have been made to ensure that promoters’ contribution and subscription from all firm allottees would be received at least one day before the opening of the issue .We undertake that auditors’ certificate to this effect shall be duly submitted to the Board. We further confirm that arrangements have been made to ensure that promoters’ contribution shall be kept in an escrow account with a Scheduled Commercial Bank and shall be released to the company along with the proceeds of the public issue.

8. Where the requirements of promoters’ contribution is not applicable to the issuer, we certify the requirements of promoters’ contribution under clause 4.10 {sub-clause (a), (b) or (c), as may be applicable} are not applicable to the issuer.

9. *We certify that the proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried out until now are valid in terms of the object clause of its Memorandum of Association.*
10. *We confirm that necessary arrangements have been made to ensure that the moneys received pursuant to the issue are kept in a separate bank account as per the provisions of Section 73(3) of the Companies Act, 1956 and that such moneys shall be released by the said bank only after permission is obtained from all the stock exchanges mentioned in the prospectus/letter of offer. We further confirm that the agreement entered into between the bankers to the issue and the issuer specifically contains this condition.*
11. *We certify that no payment in the nature of discount, commission, allowance or otherwise shall be made by the issuer or the promoters, directly or indirectly, to any person who receives securities by way of firm allotment in the issue.*
12. *We certify that a disclosure has been made in the prospectus that the investors shall be given an option to get the shares in demat or physical mode.*
13. *We certify that the following disclosures have been made in the draft prospectus/letter of offer:*
 - (a) *An undertaking from the issuer that at any given time there shall be only one denomination for the shares of the company and*
 - (b) *An undertaking from the issuer that it shall comply with such disclosure and accounting norms specified by the Board from time to time."*

68. In the Annexure to the Due Diligence Certificate, after item 23, the following items shall be inserted, namely:-

“24. A detailed checklist indicating compliance with each of the clauses contained in Chapters II, III, IV, V, VI, VI-A, VII, VIII, VIII-A, IX, X, XI, XI A, XII-A and XVI of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.”

**SCHEDULE III-A
FORMAT OF DUE DILLIGENCE CERTIFICATE TO BE GIVEN BY DEBENTURE
TRUSTEE**

69. In Schedule III-A, in item (2)(d), between the words “draft prospectus /” and “letter of offer”, the words *“Red Herring Prospectus (in case of a book built issue) / Prospectus (in case of a fixed price issue) filed with ROC /”* shall be inserted.

**SCHEDULE IV
FORMAT FOR DUE DILIGENCE CERTIFICATE AT THE TIME OF FILING THE
OFFER DOCUMENT WITH ROC**

70. In Schedule IV, after the para ending with “draft prospectus with SEBI till date” and before the words “Yours faithfully,”, the following paras shall be inserted, namely:-

“We confirm that agreements have been entered into with both the depositories for dematerialisation of the securities of the issuer.

We certify that as per the requirements of 1st proviso to clause 4.9.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, cash flow statement has been prepared and disclosed in the red herring prospectus and / or prospectus.”

71. After Schedule VI, the following Schedule shall be inserted, namely:-

“SCHEDULE VI-A

(Clause 5.3.3.1A)

**ADDITIONAL CONFIRMATIONS / CERTIFICATION TO BE INCLUDED IN DUE
DILIGENCE CERTIFICATE FOR FAST TRACK ISSUES**

1. *We confirm that none of the intermediaries named in the red herring prospectus (in case of a book built issue) / prospectus (in case of a fixed price issue) / letter of offer (in case of a rights issue) have been debarred from functioning by any regulatory authority.*
2. *We confirm that the issuer is eligible to make fast track issue in terms of clause 2.1.2A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000. The fulfilment of the eligibility criteria as specified in that clause, by the issuer, has also been disclosed in the red herring prospectus (in case of a book built issue) / prospectus (in case of a fixed price issue) / letter of offer (in case of a rights issue).*
3. *We confirm that all the material disclosures in respect of the issuer have been made in the red herring prospectus (in case of a book built issue) / prospectus (in case of a fixed price issue) / letter of offer (in case of a rights issue) and certify that any material development in the issuer or relating to the issue up to the commencement of listing and trading of the shares offered through this issue shall be informed through public notices/ advertisements in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.*
4. *We confirm that the abridged prospectus / abridged letter of offer contains all the disclosures as specified in the SEBI (Disclosure and Investor Protection) Guidelines, 2000.*
5. *We confirm that agreements have been entered into with both the depositories for dematerialisation of the securities of the issuer.*

6. *We certify that as per the requirements of 1st proviso to clause 4.9.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, cash flow statement has been prepared and disclosed in the red herring prospectus and / or prospectus.*

**SCHEDULE VIIA
ORDER OF PRESENTATION OF DISCLOSURES IN PROSPECTUS**

72. For clause (X)(2)(xvii)(c), the following clause shall be substituted, namely:-

“(c) *Permanent Account Number.*”

73. After Schedule XVI, the following Schedule shall be inserted, namely:-

**“SCHEDULE XVI-A
(Clause 7.2.2.3)
FORMAT OF DUE DILIGENCE CERTIFICATE TO BE GIVEN BY
LEAD MERCHANT BANKER(S) ALONG WITH FINAL POST ISSUE
MONITORING REPORT**

To
SECURITIES AND EXCHANGE BOARD OF INDIA

Dear Sirs,

SUB.: ISSUE OFBYLTD.

We, the under noted post issue Lead Merchant Banker(s) to the abovementioned issue state as follows:

- (1) *We confirm that –*
- (a) *share certificates in respect of locked-in shares have been stamped ‘not transferable’ indicating the period of non-transferability;*

- (b) *if the shares offered for lock-in are in dematerialised form, non-transferability details have been informed to the depositories;*
- (c) *details of lock-in have been provided to all the stock exchanges on which securities are to be listed, before the listing of the securities.*
- (2) *We certify that shares offered as minimum promoters' contribution, if any, have been locked-in for a period of three years as per clauses 4.11.1 and 4.11.2 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.*
- (3) *We certify that excess promoters' contribution has been locked-in as per clauses 4.12.1 and 4.12.2 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.*
- (4) *We certify that clause 4.12.3 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 has been duly complied with.*
- (5) *We certify that provisions regarding lock-in of securities have been duly complied with in accordance with clause 4.14 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.*

PLACE: LEAD MERCHANT BANKERS TO THE ISSUE
DATE: WITH OFFICIAL SEAL(S)”

SCHEDULE XX-A
FORMATS OF ISSUE ADVERTISEMENTS

74. In Parts B and C of Schedule XX-A, the words “, Syndicate Members, Brokers”, appearing in the para under the heading “**AVAILABILITY OF APPLICATION FORMS**”, shall be omitted.

SCHEDULE XXIX
FINAL REPORT FOR GREEN SHOE OPTION

75. In Schedule XXIX, after item “o”, the following shall be inserted, namely:-

“p. *Amount transferred to the investor protection fund of each of the stock exchanges on which the shares of issuer company are listed (Rs.)*”
