

**SECURITIES AND EXCHANGE BOARD OF INDIA****NOTIFICATION**

Mumbai, the 28th September , 2020

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) (FOURTH AMENDMENT) REGULATIONS, 2020**

**SEBI/LAD-NRO/GN/2020/31.**— In exercise of the powers conferred under section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following Regulations to further amend the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, namely: -

1. These regulations may be called the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, -
  - I. In regulation 3,
    - a. in sub-regulation (b), the words ‘ten crores’ shall be substituted with the words ‘fifty crores’
    - b. in the first proviso, the words ‘ten crores’ shall be substituted with the words ‘fifty crores’;
  - II. In regulation 60, the words ‘ten crores’ shall be substituted with the words ‘fifty crores’;
  - III. In regulation 61, in the explanation, the words “promoters or directors of the issuer” shall be substituted with the words “persons or entities mentioned therein”;
  - IV. In regulation 62, in sub-regulation (1), in clause (c), following explanation shall be inserted, namely, -

“Explanation - For the purpose of this regulation ‘finance for the specific project’ shall mean finance of capital expenditures only.”;
  - V. In Chapter III, in Part IV, in the title the words “APPOINTMENT OF LEAD MANAGERS, OTHER INTERMEDIARIES AND COMPLIANCE OFFICER” shall be substituted with the words “APPOINTMENT OF LEAD MANAGERS AND OTHER INTERMEDIARIES”;
  - VI. In regulation 69, sub-regulation (8) shall be omitted;
  - VII. In regulation 70, sub-regulation (2), the words “Part A or Part B” shall be substituted with the words “Part B or Part B-1”;
  - VIII. In regulation 71, sub-regulation (1), in the proviso, the word “shall file” shall be substituted with “file”;
  - IX. In regulation 71, sub-regulation (2), clause (d) the words “Part E” shall be substituted with the words “Part F”;
  - X. In regulation 74, sub-regulation (2), following proviso shall be inserted, namely: -

“Provided that for the purposes of offering such rights entitlements, the issuer company shall not be required to credit rights entitlements.”;
  - XI. In regulation 78, sub-regulation (1), following proviso shall be inserted, namely,

“Provided that SCSBs shall accept such application forms only if all details required for making the application as per these regulations are specified in the plain paper application.”;
  - XII. In regulation 82, sub-regulation (2), between the word “issue” and the word “, excluding” the words “actually raised” shall be inserted;
  - XIII. In regulation 84, sub-regulation (1),

- a. clause (c) shall be substituted with the following, namely: -

“(c) a statement that if the shareholders entitled to receive the rights entitlements have neither received the original application forms nor are in a position to obtain the form; they may make an application through the form available on the website of Registrar, stock exchanges or lead managers or in writing on a plain paper to subscribe to the Rights Issue along with a format specifying therein the necessary particulars such as name, address, ratio of rights issue, issue price, number of equity shares held, ledger folio numbers, depository participant ID, client ID, number of equity shares entitled and applied for, additional shares if any, and the amount to be blocked with SCSB along with the application”;

- b. clause (d) shall be omitted;

- XIV. In regulation 86, in sub-regulation (1), the following proviso shall be inserted, namely, -

“Provided that minimum subscription criteria shall not be applicable to an issuer if:

- (a) the object of the issue involves financing other than financing of capital expenditure for a project; and  
(b) the promoters and the promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement and do not renounce their rights except to the extent of renunciation within the promoter group.”;

- XV. In regulation 90, in sub-regulation (1), the words “, except as provided in regulation 74(1) and (2)” shall be inserted after the word “offer”;

- XVI. In regulation 93, in sub-regulation (4), the words “collecting bank branches and/ or” and the words “despatch of security certificates or” shall be omitted;

- XVII. In regulation 99,

- a. clause (h) shall be substituted with the following, namely: -

“(h) that no show-cause notices, excluding proceedings for imposition of penalty, have been issued by the Board and pending against the issuer or its promoters or whole-time directors as on the reference date.;

In cases where against the issuer or its promoters or whole-time directors,

- i) show-cause notice(s) has been issued by the Board in a proceeding for imposition of penalty; or  
ii) prosecution proceedings have been initiated by the Board;  
necessary disclosures in respect of such action(s) along-with its potential adverse impact on the issuer shall be made in the letter of offer.”;

- b. clause (m) shall be substituted with the following, namely: -

“(m) for audit qualifications, if any, in respect of any of the financial years for which accounts are disclosed in the letter of offer, the issuer shall provide the restated financial statements adjusting for the impact of the audit qualifications.

Further, that for the qualifications wherein impact on the financials cannot be ascertained the same shall be disclosed appropriately in the letter of offer.;

- XVIII. In Schedule VI,

- a. Part B, shall be substituted with the following, namely, -

**“Part B - Disclosures in a letter of offer [See regulation 70(2)]**

- (1) An issuer, satisfying the following conditions, shall make the disclosures as specified in clause (4) of this Part, in the draft letter of offer/letter of offer:
- (a) The periodic reports, statements and information are being filed in compliance with the listing

- agreement or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable for the last one year immediately preceding the date of filing the letter of offer with the designated stock exchange in case of a fast track issue and in any other case, the date of filing the draft letter of offer with the Board;
- (b) the reports, statements and information referred to in sub-clause (a) above are available on the website of any stock exchange;
- (c) the issuer has investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by the board of directors of the issuer as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.
- (2) If the issuer does not satisfy the conditions specified in clause (1), it shall make disclosures in the letter of offer as specified in Part B-1 of this Schedule.
- (3) Following issuers shall mandatorily make disclosures in the draft letter of offer/letter of offer as specified in Part B-1 of this Schedule:
- (a) an issuer whose management has undergone any change pursuant to acquisition of control in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable and is making a rights issue of specified securities for the first time subsequent to such change and a period of three full years has not elapsed since such a change;
- (b) an issuer whose specified securities have been listed consequent to the relaxation granted by the Board under sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 for listing of its specified securities pursuant to a scheme sanctioned by a High Court under sections 391 to 394 of the Companies Act, 1956 or approved by a tribunal under sections 230-234 of the Companies Act, 2013, as applicable, and is making a rights issue of specified securities for the first time subsequent to such listing and a period of three full years has not elapsed since such listing.
- (4) An issuer proposing a rights issue shall make the following disclosures, as far as possible, in the letter of offer in the order in which the disclosures are specified in this clause:
- (I) **Cover Pages:** The cover page paper shall be of adequate thickness (minimum hundred GSM quality).
- (A) **Front Cover Pages:**
- i. Front inside cover page shall be kept blank.
  - ii. Front outside cover page shall contain only the following details:
    - (a) Type of letter of offer ("Draft Letter of Offer" or "Letter of Offer").
    - (b) Date of the draft letter of offer / letter of offer.
    - (c) Name of the issuer, its logo, date and place of its incorporation, corporate identity number, telephone number, address of its registered and corporate offices, website address and e-mail address (mention if where there has been any change in the address of the registered office or the name of the issuer, reference to the page of the offer document where details thereof are given).
    - (d) Nature, number and price of specified securities offered and issue size, as may be applicable.
    - (e) Name of the promoter.
    - (f) Details of the issuer or any of its promoters or directors being a wilful defaulter.
    - (g) The following clause on "General Risk" shall be incorporated in a box format:
 

"Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors shall rely on their own examination of the issuer and the offer including the risks involved.

The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number ..... under the section 'General Risks'."

- (h) The following clause on 'Issuer's Absolute Responsibility' shall be incorporated in a box format:

"The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this letter of offer contains all information with regard to the issuer and the issue, which is material in the context of the issue, and that the information contained in the letter of offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

- (i) Names, logos and addresses of all the lead manager(s) with their titles who have signed the due diligence certificate and filed the letter of offer with the Board, along with their telephone numbers, website addresses and e-mail addresses. (Where any of the lead manager(s) is an associate of the issuer, it shall disclose itself as an associate of the issuer and that its role is limited to marketing of the issue.)
- (j) Name, logo and address of the registrar to the issue, along with its telephone number, website address and e-mail address.
- (k) Issue schedule:
- Date of opening of the issue
  - Date of closing of the issue
- (l) Name(s) of the stock exchanges where the specified securities are listed and the details of their in-principle approval for listing obtained from these stock exchange(s).

**(II) Back cover pages:**

The back inside cover page and back outside cover page shall be kept blank.

**(III) Table of contents:** The table of contents shall appear immediately after the front inside cover page.

**(IV) Definitions and abbreviations:**

- (A) Conventional or general terms  
 (B) Issue related terms  
 (C) Issuer and industry related terms  
 (D) Abbreviations

**(V) Letter of offer summary:** This section shall contain summary of the following information, as applicable:

- (A) Primary business of the Issuer in not more than 50 words;  
 (B) Objects of the issue in a tabular format;  
 (C) Intention and extent of participation by promoter/promoter group with respect to:  
 a. their rights entitlement  
 b. their intention to subscribe over and above their right entitlement  
 (D) Summary table of outstanding litigations and a cross-reference to the section titled '*Outstanding Litigations and Defaults*';  
 (E) Cross-reference to the section titled '*Risk Factors*'.  
 (F) Cross-reference to contingent liabilities of the issuer as disclosed in audited financial

statements.

(G) Cross-reference to related part transactions (RPT) as disclosed in audited financial statements.

(H) Any issuances of equity shares made in the last one year for consideration other than cash.

**(VI) Risk factors:**

(A) Risk factors shall be printed in clear readable font (preferably of minimum point ten size).

(B) Risk factors shall be in relation to the following:

- (1) issue and objects of the issue;
- (2) issuer and its ongoing business activities;
- (3) summary of outstanding litigations as disclosed in the section on litigation in a tabular format along with amount involved, wherever quantifiable. Issuer shall also separately highlight any criminal and regulatory matters which may have any material adverse effect on the issuer.

(C) Risk factors shall be determined on the basis of their materiality. In doing so, the following shall be considered:

- (1) Some risks may not be material individually but may be found material collectively.
- (2) Some risks may have an impact which is qualitative though not quantitative.
- (3) Some risks may not be material at present but may have a material impact in the future.

(D) Each risk factor shall appear in the following manner:

- (1) Risk as envisaged by the issuer.
- (2) Proposals, if any, to address the risk.

(E) Proposals to address the risks shall not contain any speculative statement on the positive outcome to any matter or litigation, etc.

(F) Proposals to address the risks shall not be given for any matter that is sub-judice before any court or tribunal.

(G) Risk factors shall be disclosed in the descending order of materiality. Wherever risks about material impact are stated, likely or potential implications, including any financial implication, on the Company for the same shall be disclosed.

**(VII) Introduction:**

(A) **Summary:**

- (1) Issue details in brief.

(B) **General Information:**

- (1) Name, addresses of the registered and corporate offices, corporate identity number and the registration number of the issuer, along with the address of the Registrar of Companies where the issuer is registered.
- (2) Names, addresses, telephone numbers and e-mail addresses of the Company Secretary and compliance officer of the issuer.
- (3) Name, address, telephone number and e-mail address of the Statutory Auditor(s) of the issuer.
- (4) Names, addresses, telephone numbers, contact person, website addresses and e-mail addresses of the bankers to the issue, self-certified syndicate bankers and legal advisors to the issue; URL of SEBI website listing out the details of self-certified syndicate banks, registrar to issue and share transfer agents, depository participants, etc.
- (5) Statement of inter-se allocation of responsibilities among lead manager(s),

- (6) Following details of credit rating in case of an issue of convertible debt instrument:
    - (a) The names of all the credit rating agencies from which credit rating including unaccepted rating has been obtained for the issue of convertible debt instruments.
    - (b) Details of all credit ratings, including unaccepted ratings, obtained for the issue of convertible debt instruments.
    - (c) All credit ratings obtained during the preceding three years for any of the issuer's listed convertible debt instruments at the time of accessing the market through a convertible debt instrument.
  - (7) Name, address, telephone number, website address and e-mail address of the debenture trustee in case of an issue of convertible debt instruments.
  - (8) Name, address, telephone number and e-mail address of the monitoring agency, if appointed, and disclosure as to whether such appointment is pursuant to these regulations.
  - (9) Details of underwriting:
    - (a) Names, address, telephone numbers, and e-mail address of the underwriters and the amount underwritten by each of them.
    - (b) Declaration by the board of directors of the issuer that the underwriters have sufficient resources to discharge their respective obligations.
    - (c) In case of partial underwriting of the issue, the extent of such underwriting.
    - (d) Details of the final underwriting arrangement, indicating actual number of specified securities underwritten, in the letter of offer filed with the designated stock exchange.
  - (10) The fact of filing the letter of offer with the Board and the stock exchange(s) and the office of the Board where the letter of offer has been filed.
- (C) **Capital Structure:** The capital structure in the following manner in a tabular form:
- (1) Authorised, issued and subscribed capital, after suitable incorporation of the outstanding convertible securities (number of securities, description and aggregate nominal value).
  - (2) Paid-up capital.
    - (a) After the issue.
    - (b) After conversion of convertible instruments (if applicable).
  - (3) The following details of outstanding instruments:
    - (a) Details of options, if any.
    - (b) Details of convertible securities, if any
  - (4) Details of specified securities held by the promoter and promoter group including the details of lock-in, pledge of and encumbrance on such specified securities. This information can be either incorporated by reference with specific website details of stock exchange(s) or by providing required details in the letter of offer.
  - (5) Details of specified securities acquired by the promoter and promoter group in the last one year immediately preceding the date of filing of the letter of offer with the designated stock exchange in case of a fast track issue and in any other case, the date of filing of the draft letter of offer with the Board.
  - (6) Intention and extent of participation by the promoter and promoter group in the issue with respect to:
    - (1) their rights entitlement.

(2) their intention to subscribe over and above their rights entitlement.

**Provided that** such participation shall not result in a breach of the minimum public shareholding requirement stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- (7) Ex-rights price as referred under clause of (b) of sub-regulation 4 of regulation 10 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011.
- (8) Shareholding pattern as in the format prescribed in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as submitted to the stock exchanges. This information can be either incorporated by reference with specific website details of stock exchange(s) or by providing required details in the letter of offer.
- (9) Details of the shareholders holding more than one per cent. of the share capital of the issuer. This information can be either incorporated by reference with specific website details of stock exchange(s) or by providing required details in the letter of offer.

**(VIII) Particulars of the Issue**

**(A) Objects of the Issue:**

- (1) Objects of the issue for which funds are being raised
- (2) If the objects of the issue is repayment of loan or any other debt, then the following disclosures shall be made:
  - (a) details of loan proposed to be repaid such as name of the lender, tenure, brief terms and conditions and amount outstanding;
- (3) If one of the objects is investment in a joint venture or subsidiary or an acquisition, the following additional disclosures shall be made:
  - (a) details of the form of investment, i.e., equity, debt or any other instrument;
  - (b) if the form of investment has not been decided, a statement to that effect;
  - (c) if the investment is in debt instruments, complete details regarding the rate of interest, nature of security, terms of repayment, subordination, etc.;
  - (d) nature of benefit expected to accrue to the issuer as a result of the investment
- (4) If one of the objects of the issue is to grant a loan to an entity other than a subsidiary, details of the loan agreements including the rate of interest, whether secured or unsecured, duration, nature of security, terms of repayment, subordination, etc. and the nature of benefit expected to accrue to the issuer as a result of the investment. If such a loan is to be granted to any of the group companies, details of the same.
- (5) If one of the objects of the issue is utilisation of the issue proceeds for long term working capital, the following additional disclosures on a standalone basis:
  - (a) Basis of estimation of working capital requirement, along with relevant assumptions.
  - (b) Reasons for raising additional working capital, substantiating the same with relevant facts and figures.
  - (c) Details of the projected working capital requirement including detailed assessment of working capital after implementation of the project or achievement of objects of the issue, as the case may be, capacity utilisation assumptions, break-up of expected current assets into raw materials, finished goods, work in progress, sundry debtors etc., along with the assumption about the holding norms for each type of current

- asset, total current liabilities, net current assets and envisaged sources of finance for net current assets, i.e., bank finance, institutional finance, own funds, etc.
- (d) Total envisaged working capital requirement in a tabular form, the margin money thereof and the portion to be financed by any bank(s) or otherwise.
- (e) Details of the existing working capital available with the issuer, along with a break-up of total current assets into raw materials, finished goods, work in progress, sundry debtors, etc., total current liabilities, net current assets and sources of finance for net current assets, i.e., bank finance, institutional finance, own funds, etc.
- (f) If no working capital is shown as a part of the project for which the issue is being made, the reasons for the same.
- (6) If an object of the issue is to fund a project, the following details shall be given:
- (a) break-up of the cost of the project for which the money is being raised;
- (b) means of financing for the project.
- (c) location of the project
- (d) plant and machinery, technology, process, etc.
- (e) collaboration, performance guarantee if any, or assistance in marketing by the collaborators.
- (f) infrastructure facilities for raw materials and utilities like water, electricity, etc.
- (7) If one of the objects of the issue is to purchase any plant, machinery, technology, process, etc., the following details shall be given:
- (a) Details shall be given in a tabular form, which shall include the details of the equipment required to be bought by the issuer, cost of the equipment, name of the suppliers, date of placement of order and the date or expected date of supply, etc.
- (b) In case the order for the equipment is yet to be placed, the date of quotations relied upon for the cost estimates given shall also be mentioned.
- (c) The percentage and value terms of the equipment for which orders are yet to be placed shall be stated.
- (d) The details of the second hand equipment bought or proposed to be bought, if any, including the age of the machines, balance estimated life, etc. shall also be given.
- (8) If warrants or partly paid shares are proposed to be issued in a rights issue, disclosure of the objects towards which the funds from conversions of warrants/call money for partly paid shares is proposed to be used.

**(B) Requirement of Funds:**

- (1) Where the issuer proposes to undertake more than one activity or project, such as diversification, modernisation, expansion, etc., the total project cost activity-wise or project wise, as the case may be.
- (2) Where the issuer is implementing the project in a phased manner, the cost of each phase including the phase, if any, which has already been implemented.
- (3) Details of all material existing or anticipated transactions in relation to the utilisation of the issue proceeds or project cost with promoters, directors, key managerial personnel, associate companies (as defined under the Companies Act, 2013). The relevant documents shall be included in the list of material documents for inspection.
- (4) If any part of the proceeds of the issue is to be applied directly or indirectly:
- (A) in the purchase of any business; or



- (B) in the purchase of an interest in any business and by reason of that purchase, or anything to be done in consequence thereof, or in connection therewith; the issuer will become entitled to an interest in respect to either the capital or profits and losses or both, in such business exceeding fifty per cent. thereof;

a report made by accountants (who shall be named in the letter of offer) upon:

- (i) the profits or losses of the business of each of the five financial years immediately preceding the issue of the letter of offer; and
- (ii) the assets and liabilities of the business at the last date to which the accounts of the business were made, being a date not more than six months before the date of the issue of the letter of offer.

(5) If:

- (A) any part of the proceeds of the issue is to be applied directly or indirectly in any manner resulting in the acquisition by the issuer of shares in any other body corporate; and

- (B) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith, that body corporate will become a subsidiary of the issuer;

a report made by accountants (who shall be named in the letter of offer) upon:

- (i) the profits or losses of the other body corporate for each of the five financial years immediately preceding the issue of the Letter of Offer; and
- (ii) the assets and liabilities of the other body corporate at the last date to which its accounts were made.

(C) Strategic partners to the project or objects of the issue.

(D) Financial partners to the project or objects of the issue.

**(E) Funding plan (Means of Finance):**

- (1) An undertaking by the issuer confirming that firm arrangements of finance through verifiable means towards seventy-five per cent. of the stated means of finance, excluding the amount to be raised through the proposed issue and existing identifiable internal accruals, have been made.
- (2) Balance portion of the means of finance for which no firm arrangement has been made without specification.
- (3) Details of funds tied up and the avenues for deployment of excess proceeds, if any.

**(F) Appraisal (if applicable):**

- (1) Scope and purpose of the appraisal, if any, along with the date of appraisal.
- (2) Cost of the project and means of finance as per the appraisal report.
- (3) Explanation of revision, if any, in the project cost and the means of finance after the date of issue of the appraisal report.
- (4) Weaknesses, qualifications and threats given in the appraisal report, by way of risk factors.

**(G) Schedule of implementation:** The schedule of implementation of the project and the progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, trial production, date of commercial production and reasons for delay, if any.

**(H) Deployment of funds:**

- (1) Details of the sources of funds and the deployment of these funds on the project (where the issuer is raising capital for a project), up to a date not earlier than two months from the date of filing the letter of offer with the designated stock exchange, as certified by a Chartered Accountant, along with the name of the chartered accountant and the date of the certificate.
- (2) Where share application money brought in advance by the promoters is deployed in the project and the same is being adjusted towards their rights entitlement in the rights issue, the extent of deployment and utilisation of the funds brought in by the promoters.

(I) **Sources of financing of funds already deployed:** Means and source of financing, including details of "bridge loan" or other financial arrangement, which may be repaid from the proceeds of the issue.

(J) **Details of balance fund deployment:** Year wise break-up of the expenditure proposed to be incurred on the said project.

(K) **Interim use of funds:** A statement that net issue proceeds pending utilization (for the stated objects) shall be deposited only in the scheduled commercial banks.

(L) **Expenses of the issue:** Expenses of the issue (in terms of amount, as a percentage of total issue expenses and as a percentage of total issue size) under the following heads:

- (1) Lead manager(s) fees including underwriting commission
- (2) Brokerage, selling commission and upload fees
- (3) Registrars to the issue
- (4) Legal Advisors
- (5) Advertising and marketing expenses
- (6) Regulators including stock exchanges
- (7) Printing and distribution of issue stationary
- (8) Others, if any (to be specified).

(M) Any special tax benefits for the issuer and its shareholders and its material subsidiaries identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(N) Key Industry Regulations for the proposed objects of the issue (if different from existing business of the issuer).

(O) Interest of promoters, promoter group and directors, as applicable to the project or objects of the issue.

**(IX) Details of Business:** Description of the industry and nature of the company's operations and its principal activities, including the main categories of products sold and/or services performed, end-users of the issuer's products and/or services, plant, machinery, technology, process, principal markets in which the issuer competes, approach to marketing, business strategy and productive capacity and extent of utilization of the issuer's facilities.

**(X) Management (Board of Directors and Senior Management) and Organisational Structure:**

(A) 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), period of directorships and directorships in other companies.

(1) For each person, details of current and past directorship(s) for a period of five years in listed companies whose shares have been/were suspended from being traded on any of the stock exchanges, during his/her tenure, as follows:

- Name of the Company:
- Listed on [give name of the stock exchange(s)]

- Date of suspension on the stock exchanges:
  - If trading suspended for more than three months, reasons for suspension and period of suspension:
  - If the suspension of trading revoked, the date of revocation of suspension:
    - Term (along with relevant dates) of the director in the above company(ies). (The above details shall be given for the preceding five years. In case of offer documents for fast track issues filed under the provisions of these regulations, the period of five years shall be reckoned on the date of filing of the letter of offer.)
- (2) For each person, details of current and past directorship(s) in listed companies who have been/were delisted from the stock exchange(s) during his/her tenure in the past ten years, as follows:
- Name of the Company
  - Listed on [give name of the stock exchange(s)]
  - Date of delisting on the stock exchange(s)
  - Compulsory or voluntary delisting
  - Reasons for delisting
  - If relisted, date of relisting on [give name of the stock exchange(s)]
  - Term (along with relevant dates) of the director in the above company(ies).

(B) Details of senior management and key management.

(C) Current organisational structure.

**(XI) Financial Information of the issuer:**

One standard financial unit shall be used in the Letter of Offer.

**(A) Consolidated financial statements of the issuer:**

The audited consolidated financial statements prepared in accordance with applicable accounting standards for the last financial year (with the comparative prior full year period). In addition, latest limited review financial statements disclosed to the stock exchange with the comparative prior year period (this information should not be earlier than six months prior to the date of the opening of the issue).

Issuers may voluntarily include additional financial statements, including three years of audited financial statements (but not more than three years), additional stub periods and audited standalone financial statements.

The following shall be included in the letter of offer:

- i. Report of statutory auditors on the financial statements.
- ii. Balance sheets
- iii. Statements of income
- iv. Schedules to accounts
- v. Statements of changes in stockholders' equity
- vi. Statements of cash flows
- vii. Statement of accounting policies
- viii. Notes to financial statements
- ix. Accounting Ratios
  - a) Earnings per share (Basic and Diluted)
  - b) Return on net worth

- c) Net Asset Value per Share
  - d) EBITDA
- (B) **Proforma financial statements** – The Issuer shall provide pro forma financial statements, as certified by the statutory auditor, of all the subsidiaries or businesses material to the consolidated financial statements where the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the latest period for which financial information is disclosed in the letter of offer but before the date of filing of the letter of offer. For this purpose, the acquisition/divestment would be considered as material if acquired/ divested business or subsidiary in aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual consolidated financial statements of the issuer. The pro forma financial statements shall be prepared for the last completed financial year and the stub period (if any). The pro forma financial statements shall be prepared in accordance with the Guidance Note issued by the ICAI from time to time and certified by the statutory auditor. The issuer company may voluntarily choose to provide pro forma financial statements of acquisitions even when they are below the above materiality threshold. In case of one or more acquisitions or divestments, one combined set of pro forma financial statements should be presented. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses shall be prepared in accordance with the Guidance Note issued by the ICAI from time to time. Further, in case of non-material acquisitions/divestments, disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the statutory auditor of the issuer company.
- (C) **Audit Qualification.** If the auditors' report for the latest full year or limited review report for the latest stub period on the financial statements is modified, the issuer shall comply with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to audit report with modified opinion prior to issuing the final letter of offer, including issuing a Statement on Impact of Audit Qualifications in the format specified by the Board from time to time. The impact of any modification of auditors' opinion (where quantifiable), whether such modification is included in the audited report for the latest full year or limited review report for the latest stub period, shall be shown as adjustments in the line items specified by the Board from time to time to the extent possible for all the financial periods (full-year or stub) presented in the letter of offer, including any comparative prior year periods. Any type of audit modification (qualification, disclaimer or emphasis of matter) shall also be disclosed appropriately in the letter of offer, including as risk factor.
- (XII) A statement to the effect that the price has been arrived at in consultation between the issuer and the lead manager(s).
- (XIII) **Management Discussion and Analysis of financial condition and results of operations.**
- (XIV) **Disclosures pertaining to wilful defaulters:** If the issuer or any of its promoter or director has been declared as a wilful defaulter, it shall make the following disclosures with respect to each such person separately:
- (a) Name of the person declared as a wilful defaulter;
  - (b) Name of the bank declaring the person as a wilful defaulter;
  - (c) Year in which the person was declared as a wilful defaulter;
  - (d) Outstanding amount when the person was declared as a wilful defaulter;
  - (e) Steps taken, if any, by the person for removal of its name from the list of wilful defaulters;
  - (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.

- (XV) Outstanding Litigations and Defaults:**
- (A) Pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of the issuer.
- (B) Matters which are pending:
- (1) Issues of moral turpitude or criminal liability on the part of the issuer,
  - (2) Material violations of the statutory regulations by the issuer.
  - (3) Economic offences where proceedings have been initiated against the issuer.
- (C) For the purpose of determining materiality, the threshold shall be determined by the issuer as per requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (D) These disclosures shall be made in respect of the issuer and the subsidiary companies of the issuer whose financial statements are included in the draft letter of offer or letter of offer, either separately or in a consolidated form.
- (XVI) Government Approvals or Licensing Arrangements:** All material pending government and regulatory approvals pertaining to the objects of the issue.
- (XVII) Material Developments:** Any material development after the date of the latest balance sheet and its impact on the performance and prospects of the issuer.
- (XVIII) Other Regulatory and Statutory Disclosures:**
- (A) Authority for the issue and details of the resolution passed for the issue.
- (B) A statement by the issuer that the issuer, promoters, promoter group, directors have not been or are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by the Board.
- (C) A statement by the issuer if any of the directors of the issuer are associated with the securities market in any manner, and if yes, details of any outstanding action initiated by the Board against the said entities with the relevant details.
- (D) A statement by the issuer that it is in compliance with the provisions specified in Clause (1) of this Schedule.
- (E) For a fast track issue, details of compliance with the eligibility requirements.
- (F) Disclaimer clauses:
- (1) The letter of offer shall contain the following disclaimer clause in bold capital letters:
 

"It is to be distinctly understood that submission of Letter of Offer to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the Letter of Offer. Lead manager(s), ..... has certified that the disclosures made in the Letter of Offer are generally adequate and are in conformity with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 in force for the time being. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

It should also be clearly understood that while the issuer is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the letter of offer, the lead manager(s) is expected to exercise due diligence to ensure that the issuer discharges its responsibility adequately in this behalf and towards this purpose, the lead manager(s)

..... has furnished to the Securities and Exchange Board of India (SEBI) a due diligence certificate dated .....which reads as follows:

*(due diligence certificate submitted to the Board to be reproduced here)*

The filing of the letter of offer does not, however, absolve the issuer from any liabilities under the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the lead manager(s) any irregularities or lapses in letter of offer."

(2) Disclaimer statement from the issuer and lead manager(s):

A statement to the effect that the issuer and the lead manager(s) accept no responsibility for statements made otherwise than in the Letter of Offer or in the advertisement or any other material issued by or at the instance of the issuer and that anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in the issue will be deemed to have been represented by the issuer and lead manager(s) and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of our company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue.

(3) Disclaimer in respect of jurisdiction: A brief paragraph mentioning the jurisdiction under which the provisions of law and the rules and regulations are applicable to the letter of offer.

(4) Disclaimer clause of the stock exchanges.

(5) Disclaimer clause of the Reserve Bank of India, the Insurance Regulatory and Development Authority of India and of any other regulatory authority (if applicable).

(G) The fact of filing the letter of offer with the Board and the stock exchange(s) and the office of the Board where the letter of offer has been filed.

(H) Arrangements or any mechanism evolved by the issuer for redressal of investor grievances and the time normally taken by it for disposal of various types of investor grievances.

**(XIX) Offering Information:**

(1) Terms of payments and procedure and time schedule for allotment and demat credit of securities.

(2) How to apply, availability of application forms and letter of offer and mode of payment, including the following:

(a) Applications by mutual funds:

1. A statement under the heads "Procedure for applications by mutual funds" and "Multiple Applications" to indicate that a separate application can be made in respect of each scheme of an Indian mutual fund registered with the Board and that such applications shall not be treated as multiple applications.
2. A statement that the application made by an asset management company or by custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.

(b) Applications by non-resident Indians:

1. the name and address of at least one place in India from where individual non-resident Indian applicants can obtain the application forms.

(c) Application by ASBA investors: Details of Application Supported by Blocked Amount process including specific instructions for submitting Application Supported by Blocked Amount.

(d) A statement that the shareholders who have not received the application

form can apply, along with the requisite application money, by making an application that is available on the website of registrar, stock exchanges, lead managers or on a plain paper with same details as per application form available online.

- (e) The format to enable shareholders to make an application on a plain paper specifying therein necessary particulars such as name, address, ratio of rights issue, issue price, number of equity shares held, depository participant ID, client ID, number of equity shares applied for, amount to be blocked with SCSB for using ASBA facility. Application form available online on the website of registrar, stock exchanges, lead managers may be used for providing requisite details;
  - (f) A statement that shareholders making an application on a plain paper cannot renounce their rights and shall not utilise the application form for any purpose including renunciation even if it is received subsequently.
- (3) Dealing with Fractional Entitlement: Manner of dealing with fractional entitlement viz. payment of the equivalent of the value, if any, of the fractional rights in cash etc.
- (4) Provisions of the Companies Act, 2013, as relating to punishment for fictitious applications, including the disclosures that any person who:
- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
  - b) makes or abets making of multiple applications to a company in different names or in different combinations of his/her name or surname for acquiring or subscribing for its securities; or
  - c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to such person, or to any other person in a fictitious name.

Provided that any penalty imposed pursuant to Companies Act, 2013 shall also be disclosed.

- (5) A statement that credit of specified securities to the demat account/ issuing instructions for un- blocking of ASBA shall be done within a period of fifteen days and interest shall be payable in case of delay in <sup>99</sup> issuing instructions for un- blocking of ASBA at the prescribed rate. In cases where refunds are applicable, such refunds shall be made within a period of fifteen days and interest shall be payable in case of delay. Liability of issuer and its directors (who are officers in default) to issue instructions for unblocking/ make refunds along with specified rate of interest shall also be mentioned, in case refunds not made within the specified timeline.
- (6) Mode of making refunds:
- a) The mode in which the issuer shall make refunds to applicants in case of an oversubscription or failure to list or otherwise.
  - b) If the issuer proposes to use more than one mode of making refunds to applicants, the respective cases where each such mode will be adopted shall be disclosed.
  - c) The permissible modes of making refunds are as follows:
    - (i) Unblocking amounts blocked using ASBA facility;
    - (ii) In case of applicants residing in any of the centres specified by the Board: by crediting of refunds to the bank accounts of applicants through electronic transfer of funds by using Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer) or NACH (National Automated Clearing House), as applicable, as is for the time being permitted by the Reserve Bank of India;
    - (iii) In case of other applicants: by despatch of refund orders by registered post, where the value is `1500/- or more, or under certificate of posting

in other cases, (subject however to postal rules); and

- (iv) In case of any category of applicants specified by the Board: crediting of refunds to the applicants in any electronic manner permissible by the Board.

**(XX) Undertakings by the issuer in connection with the issue:** The issuer shall undertake that:

- (a) complaints received in respect of the issue shall be attended to by the issuer expeditiously and satisfactorily.
- (b) steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the specified securities are to be listed are taken within the time limit specified by the Board.
- (c) funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer.
- (d) where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (e) where release of block on the application amount for unsuccessful bidders or part of the application amount in case of proportionate allotment, a suitable communication shall be sent to the applicants.
- (f) adequate arrangements shall be made to collect all ASBA applications
- (g) in case of convertible debt instruments, the issuer shall additionally undertake that:
  - (1) it shall forward the details of utilisation of the funds raised through the convertible debt instruments, duly certified by the statutory auditors of the issuer, to the debenture trustee at the end of each half-year.
  - (2) it shall disclose the name and address of the debenture trustee in the annual report.
  - (3) it shall provide a compliance certificate to the convertible debt instrument holders on a yearly basis in respect of compliance with the terms and conditions of issue of debentures as contained in the Letter of Offer, duly certified by the debenture trustee.
  - (4) it shall furnish a confirmation certificate that the security created by the issuer in favour of the convertible debt instrument holders is properly maintained and is adequate to meet the payment obligations towards the convertible debt instrument holders in the event of a default.
  - (5) it shall extend necessary cooperation to the credit rating agency(ies) in providing the requisite information in a true and adequate manner till the debt obligations in respect of the instrument are outstanding.

**(XXI) Utilisation of Issue Proceeds:** The letter of offer, other than for an issue made by a scheduled commercial bank or a public financial institution, shall contain a statement of the board of directors of the issuer to the effect that:

- (A) all monies received out of issue of shares or specified securities to the public shall be transferred to a separate bank account.
- (B) details of all monies utilised out of the issue referred to in clause (A) shall be disclosed under an appropriate separate head in the balance sheet of the issuer indicating the purpose for which such monies had been utilised; and
- (C) details of all unutilised monies out of the issue of specified securities referred to in clause (A) shall be disclosed under an appropriate separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested.



**(XXII) Restrictions on foreign ownership of Indian securities, if any:**

- (A) Investment by NRIs.
- (B) Investment by foreign portfolio investors and foreign venture capital investors.
- (C) Investment by other non-residents.

**(XXIII) Statutory and other information:**

- (A) Allotment of specified securities shall be in the dematerialised form.
- (B) Material contracts and time and place of inspection which shall include copies of the Annual Reports of the issuer for the last five years.

**(XXIV) Any other material disclosures, as deemed necessary.****(XXV) Declaration:**

“No statement made in this letter of offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. All the legal requirements connected with the issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.”

The draft letter of offer (in case of issues other than fast track issues) and the letter of offer shall be approved by the Board of Directors of the issuer and shall be signed by all directors including the Managing Director within the meaning of the Companies Act, 2013 or Manager within the meaning of the Companies Act, 2013 and the Chief Financial Officer or any other person heading the finance function and discharging that function. The signatories shall further certify that all disclosures made in the letter of offer are true and correct.

- (5) An issuer shall make a copy of the offer document of the immediately preceding public issue or rights issue available to the public in the manner specified in these regulations and shall also make such document available as a material document for inspection.”

- b. After Part B, Part B-1 shall be inserted, namely,

**“Part B-1 – Disclosures in letter of offer  
[See regulation 70(2)]**

All disclosures specified under this Part shall be made in the draft letter of offer and the letter of offer.

**Instructions:**

- (a) All information shall be relevant and updated. The source and basis of all statements and claims shall be disclosed. Terms such as “market leader”, “leading player”, etc. shall be used only if these can be substantiated by citing a proper source.
- (b) All blank spaces in the draft letter of offer shall be filled up with appropriate data before filing the letter of offer with the designated stock exchanges.
- (c) Simple English shall be used to enable easy understanding of the contents. Technical terms, if any, used in explaining the business of the issuer shall be clarified in simple terms.
- (d) Wherever it is mentioned that details are given elsewhere in the document, the same shall be adequately cross-referenced by indicating the paragraph heading and page number.
- (e) There shall be no forward-looking statements that cannot be substantiated.
- (f) Consistency shall be ensured in the style of disclosures. If first person is used, the same may be used throughout. Sentences that contain a combination of first and third persons may be avoided.
- (g) For currency of presentation, only one standard financial unit shall be used.

- (1) Cover pages:** The cover pages shall be of adequate thickness (minimum hundred GSM quality) and shall be white in colour with no patterns.

**(A) Front cover pages:**

- (1) Front inside cover page shall be kept blank.
- (2) Front outside cover page shall contain only the following issue details:
  - a) The type of letter of offer (“Draft Letter of Offer” or “Letter of Offer”).
  - b) Date of the draft letter of offer / letter of offer.

- c) Name of the issuer, its logo, date and place of its incorporation, corporate identity number, address of its registered and corporate offices, telephone number, website address and e-mail address (where there has been any change in the address of the registered office or the name of the issuer, reference to the page of the letter of offer where details thereof are given).
- d) Names of the promoter(s) of the issuer.
- e) Details of the company or any of its promoters or directors being a wilful defaulter.
- f) Nature, number and price of specified securities offered and issue size, as may be applicable.
- g) The following clause on 'General Risk' shall be incorporated in a box format:

"Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number under the section 'General Risks'."

- h) The following clause on 'Issuer's Absolute Responsibility' shall be incorporated in a box format:

"The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this letter of offer contains all information with regard to the issuer and the issue which is material in the context of the issue, that the information contained in the letter of offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

- i) Names, logos and addresses of all the lead manager(s) with their titles who have signed the due diligence certificate and filed the letter of offer with the Board, along with their telephone numbers, website addresses and e-mail addresses. (Where any of the lead manager(s) is an associate of the issuer, it shall disclose itself as an associate of the issuer and that its role is limited to marketing of the issue.)
- j) Name, logo and address of the registrar to the issue, along with its telephone number, website address and e-mail address.
- k) Issue schedule:
  - (i) Date of opening of the issue
  - (ii) Date of closing of the issue
- l) Credit rating, if applicable.
- m) Name(s) of the stock exchanges where the specified securities are listed and the details of their in-principle approval for listing obtained from these stock exchange(s).

(B) **Back cover pages:** The back inside cover page and back outside cover page shall be kept blank.

(2) **Table of Contents:** The table of contents shall appear immediately after the front inside cover page.

(3) **Definitions and abbreviations:**

- (A) Conventional or general terms
- (B) Issue related terms
- (C) Issuer and industry related terms
- (D) Abbreviations

(4) **Letter of offer summary:** This section shall contain summary of the following information, as applicable:

- (A) Primary business of the Issuer and the industry in which it operates, in not more than 100 words each;
- (B) Names of the promoters;

- (C) Objects of the issue in a tabular format;
  - (D) Following details as per the restated consolidated financial statements for past 3 years and limited review stub period in tabular format:
    - a. Share capital;
    - b. Net Worth;
    - c. Revenue;
    - d. Profit after tax;
    - e. Earnings per share;
    - f. Net Asset Value per equity share; and
    - g. Total borrowings (as per balance sheet).
  - (E) Summary table of outstanding litigations and a cross-reference to the section titled '*Outstanding Litigations and Material Developments*'.
  - (F) Cross-reference to the section titled '*Risk Factors*'.
  - (G) Cross-reference to the contingent liabilities of the issuer as disclosed in the financial statements included in the letter of offer.
  - (H) Cross-reference to related party transactions as disclosed in the financial statements included in the letter of offer.
  - (I) Any issuances of equity shares made in the last one year for consideration other than cash.
  - (J) Any split/consolidation of equity shares in the last one year.
- (5) Risk factors:**
- (A) Risk factors shall be printed in a clear readable font (preferably of minimum point ten size).
  - (B) Risk factors shall be classified as those which are specific to the project and internal to the issuer and those which are external and beyond the control of the issuer.
  - (C) Risk factors shall be determined on the basis of their materiality. In doing so, the following shall be considered:
    - (1) Some risks may not be material individually but may be material when considered collectively.
    - (2) Some risks may have an impact which is qualitative though not quantitative.
    - (3) Some risks may not be material at present but may have a material impact in the future.
  - (D) Each risk factor shall appear in the following manner:
    - (1) The risk as envisaged by the issuer.
    - (2) Proposals, if any, to address the risk.
  - (E) Proposals to address the risks shall not contain any speculative statement on the positive outcome of any matter or litigation, etc. and shall not be given for any matter that is sub-judice before any court/tribunal.
  - (F) Risk factors shall be disclosed in the descending order of materiality. Wherever risks about material impact are stated, likely or potential implications, including financial implication, wherever quantifiable shall be disclosed. If it cannot be quantified, a distinct statement about the fact that the implications cannot be quantified shall be made.
  - (G) Risk factors covering the following subjects, shall necessarily be disclosed wherever applicable:
    - (1) Material statutory clearances and approval that are yet to be received by the issuer.
    - (2) Seasonality of the business of the issuer.
    - (3) Where an object of the issue is to finance acquisitions and the acquisition targets have not been identified, details of interim use of funds and the probable date of completing the acquisitions.
    - (4) Risk associated with orders not having been placed for plant and machinery in relation to the objects of the issue, indicating the percentage and value terms of the plant and machinery for which orders are yet to be placed.

- (5) Lack of significant experience of the issuer or its promoters in the industry segment for which the issue is being made.
- (6) If the issuer has incurred losses in the last three financial years.
- (7) Dependence of the issuer or any of its business segments upon a single customer or a few customers, the loss of any one or more may have a material adverse effect on the issuer.
- (8) Refusal of listing of any securities of the issuer or any of its subsidiaries during last ten years by any of the stock exchanges in India or abroad.
- (9) Failure of the issuer or any of its subsidiary to meet the listing requirements of any stock exchange in India or abroad and the details of penalty, if any, including suspension of trading, imposed by such stock exchanges.
- (10) Limited or sporadic trading of any specified securities of the issuer on the stock exchanges.
- (11) In case of outstanding debt instruments, any default in compliance with the material covenants such as creation of full security as per terms of issue, default in payment of interest, default in redemption, non-creation of debenture redemption reserve, default in payment of penal interest wherever applicable, non-availability or non-maintenance of asset cover, interest cover, debt-service cover, etc.
- (12) Unsecured loans, if any, taken by the issuer and its subsidiaries that can be recalled at any time.
- (13) Default in repayment of deposits or payment of interest thereon by the issuer and subsidiaries, and the roll-over of liability, if any.
- (14) Potential conflict of interest of the promoters or directors of the issuer if involved with one or more ventures which are in the same line of activity or business as that of the issuer.
- (15) Shortfall in performance vis-à-vis the objects stated in any of the issues made by the listed issuer or listed subsidiaries in the last five years, as disclosed under the heading "Performance vis-à-vis Objects" in the section "Other Regulatory and Statutory Disclosures", quantifying such shortfalls or delays.
- (16) Interests of the promoters, directors or key management personnel of the issuer, other than reimbursement of expenses incurred or normal remuneration or benefits. Any portion of the issue proceeds that is proposed to be paid by the issuer to the promoter, directors or key managerial personnel of the issuer.
- (17) Relationship of the promoter or directors of the issuer with the entities from whom the issuer has acquired or proposes to acquire land in the last 5 years, along with the relevant details.
- (18) Excessive dependence on any key managerial personnel for the project for which the issue is being made.
- (19) Any material investment in debt instruments by the issuer which are unsecured.
- (20) Non-provision for decline in the value of investments.
- (21) Summary of all outstanding litigations and other matters disclosed in the section titled '*Outstanding Litigations and Material Developments*' in a tabular format along with amount involved, where quantifiable. Issuer shall also separately highlight any criminal, regulatory or taxation matters which may have any material adverse effect on the issuer.
- (22) The delay, if any, in the schedule of the implementation of the project for which the funds are being raised in the issue.
- (23) If monitoring agency is not required to be appointed as per these Regulations, the statement that deployment of the issue proceeds is entirely at the discretion of the issuer.
- (24) Negative cash flow from operating activities in the last three financial years.
- (25) If the land proposed to be acquired from proceeds of the issue is not registered in the name of the issuer.
- (26) Any restrictive covenants as regards the interests of the equity shareholders in any shareholders' agreement, promoters' agreement or any other agreement for short term (secured and unsecured) and long term borrowings.
- (27) Existence of a large number of pending investor grievances against the issuer and listed subsidiaries.

(28) In case of issue of secured convertible debt instruments, risks associated with second or residual charge or subordinated obligation created on the asset cover.

**(6) Introduction:**

(A) Issue details in brief.

**(7) General information:**

(A) Name and address of the registered and corporate offices, the registration number of the issuer, and the address of the Registrar of Companies where the issuer is registered.

(B) Name, Age, designation, address and DIN of each member of the Board of directors of the issuer.

(C) Names, addresses, telephone numbers and e-mail addresses of the Company Secretary, and legal advisor.

(D) Name, address, telephone number and e-mail address of the compliance officer.

(E) Names, addresses, telephone numbers, contact person, website addresses and e-mail addresses of the lead manager(s), registrars to the issue, bankers to the issue; URL of SEBI website listing out the details of self-certified syndicate banks, registrar to the issue and share transfer agents, etc.

(F) Names, addresses, telephone numbers peer review number, firm registration number and e-mail addresses of the auditors of the issuer.

(G) Statement of inter-se allocation of responsibilities among lead manager(s).

(H) Following details of credit rating in case of an issue of convertible debt instruments/debt instruments:

(a) The names of all the credit rating agencies from which credit rating including unaccepted rating has been obtained for the issue of convertible debt instruments.

(b) Details of all credit ratings, including unaccepted ratings, obtained for the issue of convertible debt instruments.

(c) All credit ratings obtained during the preceding three years prior to the filing the draft letter of offer /letter of offer for any of the issuer's listed debt instruments at the time of accessing the market.

(I) Name, address, telephone number, website address and e-mail address of the debenture trustee, in case of issue of convertible debt instruments/debt instruments.

(J) Name, address, telephone number and e-mail address of the monitoring agency, if appointed, and disclosure as to whether such appointment is pursuant to these regulations. The fact of filing the letter of offer with the Board and the stock exchange(s) and the office of the Board where the letter of offer has been filed.

(K) Details of underwriting:

(a) Names, addresses, telephone numbers, and e-mail addresses of the underwriters and the amount underwritten by each of them.

(b) Declaration by the board of directors of the issuer that the underwriters have sufficient resources to discharge their respective obligations.

(c) In case of partial underwriting of the issue, the extent of such underwriting.

(d) Details of the final underwriting arrangement, indicating actual number of specified securities underwritten, in the letter of offer filed with the designated stock exchange.

(L) Changes in the auditors during the last three years along with name, address, email address, peer review number and firm registration number of auditors and reasons thereof.

**(8) Capital structure:**

(A) The capital structure in the following order in a tabular form:

(a) Authorised, issued, subscribed and paid-up capital (number of securities, description and aggregate nominal value).

(b) Paid-up capital:

(i) After the issue.

(ii) After conversion of convertible instruments (if applicable).

- (c) Intention and extent of participation by the promoter and promoter group in the issue with respect to:
  - (i) their rights entitlement.
  - (ii) the intention to subscribe over and above their rights entitlement: Provided that such participation shall not result in a breach of the minimum public shareholding requirement stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (d) Ex-rights price as referred under clause of (b) of sub-regulation 4 of regulation 10 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011.
- (e) Shareholding pattern of the issuer in the format as prescribed under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as last submitted to the stock exchanges. This information can either be incorporated by reference with specific website details of the stock exchange(s) or by providing the details in the letter of offer:
  - (i) Details of shareholders of the issuer holding 1% or more of the paid-up capital of the issuer as last disclosed to the stock exchanges. Details of shares locked-in, pledged, encumbrance by promoters and promoter group. This information can either be incorporated by reference with specific website details of the stock exchange(s) or by providing the details in the letter of offer.

**(9) Particulars of the issue:**

**(A) Objects of the issue:**

- (1) Objects of the issue.
- (2) If one of the objects of the issue is loan repayment:
  - (a) details of loan proposed to be repaid such as name of the lender, brief terms and conditions and amount outstanding;
  - (b) certificate from the statutory auditor certifying the utilization of loan for the purposed availed.
  - (c) If one of the objects is investment in a joint venture or a subsidiary or an acquisition, following additional disclosures:
  - (d) details of the form of investment, i.e., equity, debt or any other instrument;
  - (e) If the form of investment has not been decided, a statement to that effect;
  - (f) If the investment is in debt instruments, complete details regarding rate of interest, nature of security, terms of repayment, subordination, etc.;
  - (g) Nature of benefit expected to accrue to the issuer as a result of the investment
- (3) If one of the objects of the issue is to grant a loan to an entity other than a subsidiary, details of the loan agreements, including the rate of interest, whether secured or unsecured, duration, nature of security, terms of repayment, subordination etc. and the nature of benefit expected to accrue to the issuer as a result of the investment.
- (4) If one of the objects of the issue is utilisation of the issue proceeds for long term working capital, the following additional disclosures on a basis:
  - (a) Basis of estimation of working capital requirement along with the relevant assumptions.
  - (b) Reasons for raising additional working capital substantiating the same with relevant facts and figures.
  - (c) Details of the projected working capital requirement, including detailed assessment of working capital after implementation of the project or achievement of objects of the issue, as the case may be, capacity utilisation assumptions, break up of expected current assets into raw materials, finished goods, work in progress, sundry debtors etc., with assumption about the holding norms for each type of current asset, total

current liabilities, net current assets and envisaged sources of finance for net current assets, i.e., bank finance, institutional finance, own funds, etc.

- (d) Total envisaged working capital requirement in a tabular form, the margin money thereof and the portion to be financed by any bank(s) or otherwise.
- (e) Details of the existing working capital available to the issuer with a break up for total current assets into raw materials, finished goods, work in progress, sundry debtors, etc., total current liabilities, net current assets and sources of finance for net current assets i.e. bank finance, institutional finance, own funds etc.
- (f) If no working capital is shown as a part of project for which the issue is being made, the reasons for the same.

**(5) Land:**

- (a) Names of the entities from whom land has been acquired/ proposed to be acquired along with the cost of acquisition, and the relationship, if any, of such entities to any promoter or director of the issuer, in case the proceeds of the issue are being utilised for acquisition of land.
- (b) Details of whether the land acquired by the issuer is free from all encumbrances and has a clear title and whether it is registered in the name of the issuer.
- (c) Details of whether the issuer has applied/ received all the approvals pertaining to land. If no such approvals are required to be taken by the issuer, then this fact may be indicated by way of an affirmative statement.
- (d) Figures appearing under this section shall be consistent with the figures appearing under the section "Cost of the Project".

**(6) Project:**

If one of the objects of the issue is to fund a project, details of:

- (a) location of the project;
- (b) plant and machinery, technology, process, etc.;
- i) Details shall be given in a tabular form, which shall include the details of the machines required to be bought by the issuer, cost of the machines, name of the suppliers, date of placement of order and the date or expected date of supply, etc.
- ii) In case machines are yet to be delivered, the date of quotations relied upon for the cost estimates given shall also be mentioned.
- iii) The percentage and value terms of the plant and machinery for which orders are yet to be placed shall be stated.
- (c) The details of the second hand machinery bought or proposed to be bought, if any, including the age of the machines, balance estimated life, etc. shall also be given.
- (d) Collaboration, performance guarantee if any, or assistance in marketing by the collaborators. The following information regarding persons or entities with whom technical and financial agreements have been entered into shall be given:
  - i) place of registration and year of incorporation.
  - ii) paid up share capital.
  - iii) turnover of the last financial year of operation.
  - iv) general information regarding such persons relevant to the issuer.
- (e) Infrastructure facilities for raw materials and utilities like water, electricity, etc.

**(7) Property:**

If one of the object of the issue is to purchase any property, where arrangements have been made, details of:

- (a) names address, descriptions and occupations of the vendors;
- (b) the amount paid or payable in cash, shares or debentures to the vendor and, where there is more than one separate vendor, or the issuer is a sub purchaser, the amount so

paid or payable to each vendor, specifying separately the amount, if any, paid or payable for goodwill;

- (c) nature of the title or interest in such property acquired or to be acquired by the issuer;
- (d) short particulars of every transaction relating to the property completed within the two preceding years, in which any vendor of the property to the issuer or any person who is, or was at the time of the transaction, a promoter, or a director or proposed director of the issuer had any interest, direct or indirect, specifying the date of the transaction and the name of such promoter, director or proposed director and stating the amount payable by or to such vendor, promoter, director or proposed director in respect of the transaction;
- (e) The property to which sub-clause (a) applies is a property purchased or acquired by the issuer or proposed to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue or the purchase or acquisition of which has not been completed as of the date of the draft letter of offer or letter of offer, as the case may be.

**(8) Plant/ Equipment/ Technology/ Process:**

If one of the objects of the issue is to purchase any plant, machinery, technology, process, etc.

- (i) Details in a tabular form, which shall include the details of the equipment required to be bought by the issuer, cost of the equipment, name of the suppliers, date of placement of order and the date or expected date of supply, etc.
  - (ii) In case the order for the equipment is yet to be placed, the date of quotations relied upon for the cost estimates given.
  - (iii) The percentage and value terms of the equipment for which orders are yet to be placed.
  - (iv) The details of the second hand equipment bought or proposed to be bought, if any, including the age of the machines, balance estimated life, etc.
- (9) In case of issue of secured convertible debt instruments, description of the assets on which the security shall be created/asset cover, if required, shall be created, the basis for computation of the security cover, the valuation methods, the periodicity of such valuation and the ranking of the charge(s).
- (10) If warrants are issued, the objects for which the funds from conversions of warrants are proposed to be used.

**(B) Requirement of funds:**

- (1) Where the issuer proposes to undertake more than one activity or project, such as diversification, modernisation, expansion, etc., the total project cost activity-wise or project wise, as the case may be.
- (2) Where the issuer is implementing the project in a phased manner, the cost of each phase, including the phase, if any, which has already been implemented, shall be separately given.
- (3) Details of all material existing or anticipated transactions in relation to utilisation of the issue proceeds or project cost with promoters, promoter group, directors and key managerial personnel. The relevant documents shall be included in the list of material documents for inspection.

**(C) Funding plan (Means of Finance):**

- (1) An undertaking by the issuer confirming that firm arrangements of finance through verifiable means towards seventy five per cent of the stated means of finance, excluding the amount to be raised through the proposed issue and existing identifiable internal accruals, have been made.
- (2) Balance portion of the means of finance for which no firm arrangement has been made without specification.
- (3) Details of funds tied up and the avenues for deployment of excess proceeds, if any.

**(D) Appraisal (if applicable):**

- (1) Scope and purpose of the appraisal, if any, along with the date of appraisal.



- (2) Cost of the project and means of finance as per the appraisal report.
  - (3) Explanation of revision, if any, in the project cost and the means of finance after the date of issue of the appraisal report.
  - (4) Weaknesses, qualifications and threats given in the appraisal report, by way of risk factors.
- (E) Schedule of implementation:** The schedule of implementation of the project and the progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, trial production, date of commercial production and reasons for delay, if any.
- (F) Deployment of funds:**
- (1) Details of the sources of funds and the deployment of these funds on the project (where the issuer is raising capital for a project), up to a date not earlier than two months from the date of filing the letter of offer with the designated stock exchange, as certified by a Chartered Accountant, along with the name of the chartered accountant and the date of the certificate.
  - (2) Where share application money brought in advance by the promoters is deployed in the project and the same is being adjusted towards their rights entitlement in the rights issue, the extent of deployment and utilisation of the funds brought in by the promoters.
- (G) Sources of financing of funds already deployed:** Means and source of financing, including details of "bridge loan" or other financial arrangement, which may be repaid from the proceeds of the issue.
- (H) Details of balance fund deployment:** Year wise break-up of the expenditure proposed to be incurred on the said project.
- (I) Interim Use of Funds:** A statement that net issue proceeds pending utilization (for the stated objects) shall be deposited only in the scheduled commercial banks.
- (J) Expenses of the Issue:** Expenses of the issue along with a break up for each item of expense, including details of the fees payable to separately as under (in terms of amount, as a percentage of total issue expenses and as a percentage of total issue size):
- (1) Lead manager(s) fees including underwriting commission
  - (2) Brokerage, selling commission and upload fees
  - (3) Registrars to the issue
  - (4) Legal Advisors
  - (5) Advertising and marketing expenses
  - (6) Regulators including stock exchanges
  - (7) Printing and distribution of issue stationary
  - (8) Others, if any (to be specified).
- (K) Interest of promoters, promoter group and directors, as applicable to the project or objects of the issue.**
- (10) Tax Benefits:** Any special tax benefits (under direct and indirect tax laws) for the issuer and its shareholders and its material subsidiaries identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (11) About the Issuer:**
- (A) Industry Overview**
  - (B) Business Overview**
    - (1) Details of the business of the issuer:**
      - (a) Primary business of the Issuer;
      - (b) Plant, machinery, technology, process, etc.
      - (c) Description of subsisting collaborations, any performance guarantee or assistance in marketing by the collaborators, infrastructure facilities for raw materials and utilities like water, electricity, etc. Products or services of the issuer:

- (i) Nature of the product(s)/services, and the end users.
- (ii) Approach to marketing of products and services.
- (2) Business Strategy:** Description of the business strategy of the issuer, without any forecast of projections relating to the financial performance of the issuer.
- (3) Capacity and Capacity Utilisation:** A table shall be incorporated giving the existing installed capacities for each product, capacity utilisation for such products in the previous three years.
- (4) Intellectual Property Rights:**
- (a) If the issuer is entitled to certain intellectual property rights such as trademarks, brand names, etc. whether the same are legally held by the issuer and whether all formalities in this regard have been complied with.
- (b) In case any of the material intellectual property rights are not registered in the name of the issuer, the name of the entity with which these are registered.
- (c) In case the intellectual property rights are registered in the name of an entity in which the promoters are interested, the salient features of the agreement entered into for the use of the intellectual property rights by the issuer.
- (5) Property:** Details of its material properties.
- (C) Management:**
- (a) Board of Directors:**
- (i) Name, Director Identification Number, date of birth, age, qualifications, experience, 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), period of directorship, and their directorships in other companies.
- (ii) For each person, details of current and past directorship(s) in listed companies whose shares have been/were suspended from being traded on any of the stock exchanges, during his/her tenure, as follows:
- Name of the Company:
  - Listed on (give names of the stock exchange(s)):
  - Date of suspension on the stock exchanges:
  - If trading suspended for more than three months, reasons for suspension and period of suspension.
  - If the suspension of trading revoked, the date of revocation of suspension.
  - Term (along with relevant dates) of the director in the above company (ies).
- (The above details shall be given for the preceding five years. In case of fast track issues filed under the provisions of these regulations, the period of five years shall be reckoned on the date of filing of the offer document.)
- (iii) For each person, details of current and past directorship(s) in listed companies which have been/were delisted from the stock exchange(s), during his/her tenure, as follows:
- Name of the Company:
  - Listed on [give name of the stock exchange(s)]:
  - Date of delisting on the stock exchange(s):
  - Compulsory or voluntary delisting:
  - Reasons for delisting:
  - If relisted, date of relisting on [give name of the stock exchange(s)]
  - Term (along with relevant dates) of the director in the above company/companies.

(The above details shall be given for the preceding five years. In case of fast track issues filed under the provisions of these regulations, the period of five years shall be reckoned on the date of filing of the offer document.)

**(b) Management Organisation Structure.**

**(c) Corporate Governance:**

- (i) A statement that the issuer has complied with the requirements of corporate governance relating to the composition of its board of directors, constitution of committees such as audit committee, nomination and remuneration committee, stakeholders relationship committee, etc., as provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (ii) Details relating to the issuer's audit committee, nomination and remuneration committee, stakeholders' relationship committee and risk management committee (if applicable) including the names of committee members and the terms of reference under which the committees operate.

**(d) Key Managerial Personnel:**

- (i) Details of the key managerial personnel indicating name, date of joining, qualification, term of office with date of expiration of term and details of service contracts including termination/retirement benefits, if any, details of previous employment, etc.
- (ii) Past business experience, and functions and areas of experience in the issuer. Nature of any family relationship between any of the key managerial personnel.
- (iii) Status of each key managerial personnel, as a permanent employee or otherwise.

**(12) Promoters/ principal shareholders:** Brief profile of promoters including name and experience in the business, other directorships held in other companies. In case of corporate promoters' details including name, date of incorporation, brief financial details and market capitalization if such promoter is a listed entity. In case of AIF or venture capital fund is a promoter, name of the entity, date of incorporation, name of the fund manager and generic details of the fund.

**(13) Dividend policy:** Dividend policy and mode of payment of dividend, details of dividend paid in the last three financial years and the stub period, as applicable, and the period between last audited period and the date of the filing the draft letter of offer/ letter of offer.

**(14) Financial Statements:**

**(A) Restated Consolidated financial statements of the issuer:**

The audited and restated consolidated financial statements (CFS) prepared in accordance with applicable accounting standards for the last three financial years. In addition, latest limited review financial statements disclosed to the stock exchange with the comparative prior year period (this information should not be earlier than six months prior to the date of the opening of the issue).

The following shall be included in the letter of offer:

- i. Report of statutory auditors on the financial statements.
- ii. Balance sheets
- iii. Statements of income
- iv. Schedules to accounts
- v. Statements of changes in stockholders' equity
- vi. Statements of cash flows
- vii. Statement of accounting policies
- viii. Notes to financial statements
- ix. List of the related parties and all related party transactions of the consolidated entities (whether eliminated on consolidation or not), which require disclosure under Ind AS 24 and/ or covered under section 188(2) of the Companies Act, 2013 (as amended), as disclosed in the

separate financial statement of the consolidated entities, should be disclosed in the restated financial information.

**(B) Other Financial Information**

- (i) The following information shall be computed as per the *Guidance Note* issued by the ICAI from time to time and disclosed in other financial information
- Earnings per share (Basic and Diluted)
  - Return on net worth
  - Net Asset Value per share
  - EBITDA
- (ii) If the proceeds, fully or partly, directly or indirectly, is to be used for acquisition of one or more material businesses or entities, the audited statements of balance sheets, profit and loss, cash flow for the latest three financial years and stub period (if available) prepared as per framework applicable to the business or subsidiary proposed to be acquired shall be included in the draft letter of offer/letter of offer. For this purpose, the proposed acquisition (covering all businesses or subsidiaries proposed to be acquired) shall be considered material if it will make 20% or more contribution in aggregate to either turnover, or net worth or profit before tax in the latest annual CFS. The issuer may voluntarily choose to provide financial statements of above acquisitions out of the proceeds of the issue even if they are below the above materiality threshold. In cases where the general purpose financial statement of the businesses/entities to be acquired/divested are not available, combined/carved-out financial statements for that business/entity shall be prepared in accordance with *Guidance Note* issued by the ICAI from time to time. The combined/carved-out financials statements shall be audited by the auditor of the seller in accordance with applicable framework.
- (iii) **Proforma financial statements** – The Issuer shall provide Proforma financial statements, as certified by the statutory auditor, of all the subsidiaries or businesses material to the consolidated financial statements where the issuer or its subsidiaries have made an acquisition or divestment including deemed disposal after the latest period for which financial information is disclosed in the letter of offer but before the date of filing of the letter of offer. For this purpose, the acquisition/divestment would be considered as material if acquired/ divested business or subsidiary in aggregate contributes 20% or more to turnover, net worth or profit before tax in the latest annual CFS of the issuer. The Proforma financial statements shall be prepared for the last completed financial year and the stub period (if any). The Proforma financial statements shall be prepared in accordance with *Guidance Note* issued by the ICAI from time to time and certified by the statutory auditor. The issuer Company may voluntarily choose to provide proforma financial statements of acquisitions even when they are below the above materiality threshold. In case of one or more acquisitions or divestments, one combined set of Proforma financial statements should be presented. Where the businesses acquired/ divested does not represent a separate entity, general purpose financial statement may not be available for such business. In such cases, combined/ carved-out financial statements for such businesses shall be prepared in accordance with *Guidance Note* issued by the ICAI from time to time. Further, in case of non-material acquisitions/divestments disclosures in relation to the fact of the acquisition/divestment, consideration paid/received and mode of financing shall be certified by the statutory auditor of the issuer company
- (iv) **Audit Qualification.** If the auditors' report for the last three full years or limited review report for the latest stub period on the financial statements is modified, the issuer shall comply with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to audit report with modified opinion prior to issuing the final letter of offer, including issuing a Statement on Impact of Audit Qualifications in the format specified by the Board from time to time. The impact of any modification of auditors' opinion (where quantifiable), whether such modification is included in the audited report for the last three full year or limited review report for the latest stub period, shall be shown as adjustments in the line items specified by the Board from time to time to the extent possible for all the financial periods (full-year or stub) presented in the letter of offer, including any comparative prior year periods. Any type of audit modification (qualification, disclaimer or emphasis of matter) shall also be disclosed appropriately in the letter of offer, including as risk factor.

**(C) Management's Discussion and Analysis of Financial Position and Results of Operations as reflected in the CFS shall be provided in other financial information.**

- (i) Significant developments subsequent to the last financial year or when applicable subsequent to the stub period: A statement by the directors whether in their opinion there have arisen any circumstances since the date of the last financial statements as disclosed in the letter of offer and which materially and adversely affect or is likely to affect within the next twelve months:
- a. the trading or profitability of the issuer; or
  - b. the value of its assets; or
  - c. its ability to pay its liabilities.
- (ii) Factors that may affect the results of operations.
- (iii) Discussion on the results of operations: This information shall inter-alia contain the following:
- a. A summary of the past financial results for the past three full financial years and the stub period (if any) containing significant items of income and expenditure shall be given.
  - b. A summary of major items of income and expenditure for the last three years and the stub period (if any).
  - c. The income and sales on account of major product/ main activities.
  - d. In case, the other income constitutes more than 10% of the total income, the break-up of the same along with the nature of the income, i.e., recurring or non-recurring shall be stated.
  - e. If a material part of the income is dependent upon a single customer/supplier or a few major customers/suppliers, disclosure of this fact along with relevant data. Similarly, if any foreign customer/supplier constitutes a significant portion of the issuer's business, disclosure of the fact along with its impact on the business on account of exchange rate fluctuations.
  - f. In case the issuer has deviated from applicable accounting standards for recording sales and revenues, its impact may be analysed and disclosed.
  - g. The nature of miscellaneous income and miscellaneous expenditure for the interim period and preceding years.
- (iv) Comparison of last three years and the stub period (if any) on the major heads of the profit and loss statement, including an analysis of reasons for the changes in significant items of income and expenditure shall also be given, *inter-alia*, containing the following:
- a. unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc;
  - b. significant economic changes that materially affected or are likely to affect income from continuing operations;
  - c. known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;
  - d. expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known;
  - e. the extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices;
  - f. total turnover of each major industry segment in which the issuer operated;
  - g. status of any publicly announced new products or business segment, if applicable;
  - h. the extent to which business is seasonal;
  - i. any significant dependence on a single or few suppliers or customers;
  - j. competitive conditions.

- (v) 'Management's Discussion and Analysis shall be based on the restated financial information for the last three years and the limited review financial information for the stub period (if any).

**(D) Capitalisation statement**

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

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

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

**(15) Legal and Other Information:**

**(A) Outstanding Litigations and Material Developments:**

- (1) Pending Litigations involving the issuer/ its directors/ promoters/ subsidiaries:
- (i) All criminal proceedings;
  - (ii) All actions by regulatory authorities and statutory authorities;
  - (iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in the last five financial years including outstanding action;
  - (iv) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount;
  - (v) Other pending litigations - As per the policy of materiality defined by the board of directors of the issuer and disclosed in the letter of offer and/or in accordance with the materiality policy framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (2) If any of the above mentioned litigations, material developments, dues to creditors etc., arise after the filing the draft letter of offer, the facts shall be incorporated appropriately in the letter of offer. In case there are no such cases, a distinct negative statement is required to be made in this regard in the letter of offer. Material developments since the date of the last balance sheet.

(3) **Disclosures pertaining to wilful defaulters in case of a rights issue:** If the issuer or any of its promoter or director has been declared as a wilful defaulter, it shall make the following disclosures with respect to each such person separately:

- (a) Name of the person declared as a wilful defaulter;
- (b) Name of the Bank declaring the person as a wilful defaulter;
- (c) Year in which the person was declared as a wilful defaulter;
- (d) Outstanding amount when the person was declared as a wilful defaulter;
- (e) Steps taken, if any, by the person for removal of its name from the list of wilful defaulters;
- (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.

(16) **Government approvals:** All material pending government and regulatory approvals pertaining to the objects of the issue.

(17) **Other Regulatory and Statutory Disclosures:**

- (A) Authority for the issue and details of resolution(s) passed for the issue.
- (B) A statement by the issuer that the issuer, promoters, promoter group, directors, person(s) in control of the promoter or issuer, if applicable, are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court.
- (C) A confirmation that the issuer, its promoters, promoter group is in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018.
- (D) A confirmation whether any of the directors of the issuer are associated with the securities market in any manner, and if yes, any outstanding action against them initiated by the Board in the past five years.
- (E) For a fast track issue, details of compliance with the eligibility requirements.
- (F) Disclaimer clauses:

(1) The letter of offer shall contain the following disclaimer clause in bold capital letters:

"It is to be distinctly understood that submission of the letter of offer to the Securities and Exchange Board of India (SEBI) should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the letter of offer. The lead manager(s), has certified that the disclosures made in the letter of offer are generally adequate and are in conformity with the Regulations. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

It should also be clearly understood that while the issuer is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the letter of offer, the lead manager(s) is expected to exercise due diligence to ensure that the issuer discharges its responsibility adequately in this behalf and towards this purpose, the lead manager(s) \_\_\_\_\_ has furnished to SEBI a due diligence certificate dated \_\_\_\_\_ which reads as follows:

*(due diligence certificate submitted to the Board to be reproduced here)*

The filing of the letter of offer does not, however, absolve the issuer from any liabilities under the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up, at any point of time, with the lead manager(s) any irregularities or lapses in the letter of offer."

- (2) Disclaimer Statement from the issuer and lead manager(s): A statement to the effect that the issuer and the lead manager(s) accept no responsibility for statements made otherwise than in the letter of offer or in the advertisement or any other material issued by or at the instance of the issuer and that anyone placing reliance on any other source of information would be doing so at their own risk.
  - (3) Disclaimer in respect of jurisdiction: A brief paragraph mentioning the jurisdiction under which the provisions of law and the rules and regulations are applicable to the letter of offer.
  - (4) Disclaimer clause of the stock exchanges.
  - (5) Disclaimer clause of the Reserve Bank of India, the Insurance Regulatory and Development Authority of India or of any other relevant regulatory authority.
- (G) Listing: Names of the designated stock exchange and other stock exchanges to which application has been made for listing of the specified securities offered in the present issue.
- (H) Consent of the directors, auditors, solicitors or advocates, lead manager(s), registrar to the issue, bankers to the issuer and experts.
- (I) Expert opinion obtained, if any.
- (J) Performance vis-à-vis objects:
- i. Issuer:
    - (a) A list of all the public/rights issues made during the preceding five years, along with the year of issue.
    - (b) Details of non-achievement of objects, with quantification of shortfall and delays for such public/rights issues.

**(K) Stock market data for equity shares of the issuer, if listed:**

Particulars of:

- (1) high, low and average market prices of the equity shares of the issuer during the preceding three years;
- (2) monthly high and low prices for the six months preceding the date of filing the draft letter of offer with the Board which shall be updated till the time of filing the letter of offer with the designated stock exchange;
- (3) number of shares traded on the days when high and low prices were recorded in the relevant stock exchange(s) during the said period of (a) and (b) above and indicating the total number of days of trading during the preceding six months and the average volume of equity shares traded during that period and a statement if the equity shares were not actively traded;
- (4) 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 relevant stock exchange recognises the change in the capital structure (e.g. when the shares have become ex-rights or ex-bonus);
- (5) market price of equity shares immediately after the date on which the resolution of the board of directors approving the issue;
- (6) volume of securities traded in each month during the six months preceding the date on which the letter of offer with the designated stock exchange; and
- (7) volume of shares traded along with high, low and average prices of shares of the issuer shall also be stated for respective periods.

**Explanation:** If the equity shares of the issuer are listed on more than one stock exchange, the above information shall be provided for each stock exchange separately. Average market prices in point (1) above should be calculated on closing price on the stock exchange.

- (L) The fact of filing the letter of offer with the Board and the stock exchange(s) and the office of the Board where the letter of offer has been filed.
- (M) Arrangements or any mechanism evolved by the issuer for redressal of investor grievances and the time normally taken by it for disposal of various types of investor grievances.



**(18) Offering Information:**

- (1) Terms of payments and procedure and time schedule for allotment and demat credit of securities.
- (2) How to apply, availability of application forms and letter of offer and mode of payment, including the following:
  - (a) Applications by mutual funds:
    1. A statement under the heads "Procedure for applications by mutual funds" and "Multiple Applications" to indicate that a separate application can be made in respect of each scheme of an Indian mutual fund registered with the Board and that such applications shall not be treated as multiple applications.
    2. A statement that the application made by an asset management company or by custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.
  - (b) Applications by non-resident Indians:
    1. the name and address of at least one place in India from where individual non-resident Indian applicants can obtain the application forms.
  - (c) Application by ASBA investors: Details of Application Supported by Blocked Amount process including specific instructions for submitting Application Supported by Blocked Amount.
  - (d) A statement that the shareholders who have not received the application form can apply, along with the requisite application money, by making an application that is available on the website of registrar, stock exchanges, lead managers or on a plain paper with same details as per application form available online.
  - (e) The format to enable shareholders to make an application on a plain paper specifying therein necessary particulars such as name, address, ratio of rights issue, issue price, number of equity shares held, depository participant ID, client ID, number of equity shares applied for, amount to be blocked with SCSB for using ASBA facility. Application form available online on the website of registrar, stock exchanges, lead managers may be used for providing requisite details;
  - (f) A statement that shareholders making an application on a plain paper cannot renounce their rights and shall not utilise the application form for any purpose including renunciation even if it is received subsequently.
- (3) Dealing with Fractional Entitlement: Manner of dealing with fractional entitlement viz. payment of the equivalent of the value, if any, of the fractional rights in cash etc.
- (4) Provisions of the Companies Act, 2013, as relating to punishment for fictitious applications, including the disclosures that any person who:
  - d) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
  - e) makes or abets making of multiple applications to a company in different names or in different combinations of his/her name or surname for acquiring or subscribing for its securities; or
  - f) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to such person, or to any other person in a fictitious name.

Provided that any penalty imposed pursuant to Companies Act, 2013 shall also be disclosed.

- (5) A statement that credit of specified securities to the demat account/ issuing instructions for un-blocking of ASBA shall be done within a period of fifteen days and interest shall be payable in case of delay in issuing instructions for un-blocking of ASBA at the prescribed rate. In cases where refunds are applicable, such refunds shall be made within a period of fifteen days and interest shall be payable in case of delay. Liability of issuer and its directors (who are officers in default) to issue instructions for unblocking/ make refunds along with specified rate of interest shall also be mentioned, in case refunds not made within the specified timeline.

## (6) Mode of making refunds:

- a) The mode in which the issuer shall make refunds to applicants in case of an oversubscription or failure to list or otherwise.
- b) If the issuer proposes to use more than one mode of making refunds to applicants, the respective cases where each such mode will be adopted shall be disclosed.
- c) The permissible modes of making refunds are as follows:

## (i) Unblocking amounts blocked using ASBA facility

(ii) In case of applicants residing in any of the centres specified by the Board: by crediting of refunds to the bank accounts of applicants through electronic transfer of funds by using Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer) or NACH (National Automated Clearing House), as applicable, as is for the time being permitted by the Reserve Bank of India;

(iii) In case of other applicants: by dispatch of refund orders by registered post, where the value is ₹1500/- or more, or under certificate of posting in other cases, (subject however to postal rules); and

(iv) In case of any category of applicants specified by the Board: crediting of refunds to the applicants in any electronic manner permissible by the Board.

**(19) Undertaking by the issuer:**

## a) The following undertaking by the issuer shall be disclosed:

- (i) that the complaints received in respect of the issue shall be attended to by the issuer expeditiously and satisfactorily;
- (ii) that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within the period prescribed by the Board;
- (iii) that the funds required for unblocking to unsuccessful applicants as per the mode(s) disclosed shall be made available to the registrar to the issue by the issuer;
- (iv) that no further issue of securities shall be made till the securities offered through the letter of offer are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than as disclosed in accordance with Regulation 56;
- (v) where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (vi) where release of block on the application amount for unsuccessful bidders or part of the application amount in case of proportionate allotment, a suitable communication shall be sent to the applicants.
- (vii) adequate arrangements shall be made to collect all ASBA applications.
- (viii) in case of convertible debt instruments, the issuer shall additionally undertake that:
  - (A) it shall forward the details of utilisation of the funds raised through the convertible debt instruments, duly certified by the statutory auditors of the issuer, to the debenture trustee at the end of each half-year.
  - (B) it shall disclose the name and address of the debenture trustee in the annual report.
  - (C) it shall provide a compliance certificate to the convertible debt instrument holders on a yearly basis in respect of compliance with the terms and conditions of issue of debentures as contained in the Letter of Offer, duly certified by the debenture trustee.
  - (D) it shall furnish a confirmation certificate that the security created by the issuer in favour of the convertible debt instrument holders is properly maintained and is adequate to meet the payment obligations towards the convertible debt instrument holders in the event of a default.
  - (E) it shall extend necessary cooperation to the credit rating agency(ies) in providing the requisite information in a true and adequate manner till the debt obligations in respect of the instrument are outstanding.

**(20) Utilisation of Issue Proceeds:** The letter of offer, other than for an issue made by a scheduled commercial bank or a public financial institution, shall contain a statement of the board of directors of the issuer to the effect that:

- (A) all monies received out of issue of shares or specified securities to the public shall be transferred to a separate bank account.
- (B) details of all monies utilised out of the issue referred to in clause (A) shall be disclosed under an appropriate separate head in the balance sheet of the issuer indicating the purpose for which such monies had been utilised; and
- (C) details of all unutilised monies out of the issue of specified securities referred to in clause (A) shall be disclosed under an appropriate separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested.

**(21) Restrictions on foreign ownership of Indian securities, if any:**

- (A) Investment by NRIs.
- (B) Investment by foreign portfolio investors and foreign venture capital investors.
- (C) Investment by other non-residents.

**(22) Statutory and other information:**

- (A) Allotment of specified securities shall be in the dematerialised form.
- (B) Material contracts and time and place of inspection which shall include copies of the Annual Reports of the issuer for the last five years.

**(23) Any other material disclosures, as deemed necessary.**

**(24) Other Information:**

The draft letter of offer (in case of issues other than fast track issues) and the letter of offer shall be approved by the Board of Directors of the issuer and shall be signed by all directors including the Managing Director within the meaning of the Companies Act, 2013 or Manager, within the meaning of the Companies Act, 2013 and the Chief Financial Officer or any other person heading the finance function and discharging that function. The signatories shall further certify that all disclosures are true and correct.

An issuer shall make a copy of the offer document of the immediately preceding public issue or rights issue available to the public in the manner specified in these regulations and shall also make such document available as a material document for inspection.

**DECLARATION BY THE ISSUER:** We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the letter of offer is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements are true and correct.”

- c. In Part E, in the title reference the words “, 71(2)(d)” shall be omitted;
- d. Part F, shall be substituted with the following, namely,

**“Part F - Disclosures in an abridged letter of offer**

**[See regulation [71(2)(d) and] 75]**

An abridged letter of offer (“**ALOF**”) shall contain information as is material and appropriate to enable investors to make an informed decision. This Part F shall apply to issuers making rights issues with disclosures in the letter of offer specified under Part B or Part B-1 of this Schedule.

**General Instructions:**

- (I) ALOF shall be printed in a booklet form of A4 size paper and, along with the application form.

- (II) The ALOF shall be printed in a font size which shall not be visually smaller than Times New Roman size 11 (or equivalent) with 1.0 line spacing.
- (III) The application form shall be so positioned that on the tearing-off of the application form, no part of the ALOF is mutilated.

**FOR THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY ONLY**

This is an Abridged Letter of Offer containing salient features of the Letter of Offer dated XXX (“**Letter of Offer**”) which is available on the websites of the Registrar, our Company, the Lead Managers and the stock exchanges where the Equity Shares of our Company are listed, *i.e.*, BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”, and together with BSE, the “**Stock Exchanges**”). You are encouraged to read greater details available in the Letter of Offer. Capitalized terms not specifically defined herein shall have the meaning ascribed to them in the Letter of Offer.

**THIS ABRIDGED LETTER OF OFFER CONTAINS XXX PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES**

Our Company has made available on the Registrar’s website at xxx and the Company’s website at xxx, this Abridged Letter of Offer and the Application Form for the Eligible Equity Shareholders. You may also download the Letter of Offer from the websites of the Securities and Exchange Board of India (“**SEBI**”), the Stock Exchanges and the Lead Managers, *i.e.*, at xxx, respectively.]

Logo and Name of the Company
Registered and Corporate Office Address, telephone number
Contact Person name, designation, email address
Company website address
CIN number of the Issuer Company

Promoter(s) of the Company:
Issue details to be provided including ratio of rights offering.
Listing and details of in-principle approval from stock exchanges.
Eligibility for the Issue: State whether company is eligible for rights issue under Part B or Part B-1 of Schedule VI and Fast Track.
Minimum Subscription: If applicable provide details of the same.

**INDICATIVE TIMETABLE**

Issue Opening Date		Date of Allotment / Initiation of Refunds (on or about)	
Last Date for On Market Renunciation		Date of credit of Equity Shares to demat account of Allottees (on or about)	
Issue Closing Date		Date of listing / Commencement of trading of Equity	
Finalisation of basis of Allotment (on or about)		Shares on the Stock Exchanges (on or about)	

**GENERAL RISKS**

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on

their own examination of our Company and this Issue including the risks involved. The Equity Shares have neither been recommended nor approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the Letter of Offer. Specific attention of the Investors is invited to the section “*Risk Factors*” on page xxx of the Letter of Offer and “*Internal Risk factors*” on page xxx of this Abridged Letter of Offer before making an investment in the Issue.

Names of Lead Managers and Contact Details			
Registrar and Contact Details			
Statutory Auditor(s) name			
Self-Certified Syndicate Bank	Details of SEBI website providing requisite details		
Banker to the Issue			

Following information shall be provided

1. Summary of business.
2. Summary of Objects of the Issue and Means of Finance.
3. Name of Monitoring Agency.
4. Equity shareholding pattern: Shareholding pattern as included in Letter of Offer in summarised form giving details for categories such as Promoter and Promoter Group, Public, Non promoter-non Public and number of shares held and % holding in tabular form.
5. Board of Directors of the Issuer: Name, designation and other directorships of the members of the Board.
6. Details of the Issuer or any of its promoters or directors being a wilful defaulter.
7. Financial Statement Summary: For last audited full year and latest limited reviewed stub period as disclosed in the Letter of Offer prepared under Part B. In case of companies who have used Part B- 1 disclosure framework financial summary for periods included in Letter of Offer shall be disclosed.

Particulars	Latest stub period	Latest full year period
Total Income from Operations (net)		
Net Profit/(Loss) before Tax and extraordinary items		
Profit/(Loss) after Tax and extraordinary items		
Equity Share Capital		
Reserves and Surplus		
Net Worth		
Basic earnings per share		
Diluted earnings per share		
Net asset value per share		
Return on Net Worth (RONW)		

Note: Particulars mentioned above are indicative and may be suitably modified. Ratios cannot be annualised except RONW.

8. Internal Risk Factors: (Minimum of top 5 but not exceeding top 10 internal risk factors to be provided. Word limit 500)
9. Summary table of Outstanding Litigations as disclosed in the Letter of Offer.
10. Terms of the Issue: The abridged letter of offer shall also include the particulars of the issue including the procedure for application and renunciation as applicable for a rights issue and the following disclosures:
  - (a) Provisions pertaining to applications referred to in sub-regulations (1), (2) and (3) of regulation 78;