

**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND  
DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**

**SCHEDULE XIX**

[See regulations 103(2)(b) and 103(3)]

**DISCLOSURES IN PROSPECTUS AND ABRIDGED PROSPECTUS FOR ISSUE OF  
INDIAN DEPOSITORY RECEIPTS**

**PART A**

[See regulation 103(2)(b)]

**DISCLOSURES IN PROSPECTUS FOR ISSUE OF INDIAN DEPOSITORY RECEIPTS**

A prospectus for issue of Indian Depository Receipts (IDR) shall contain all details as specified herein.

**(1) GENERAL INSTRUCTIONS WITH RESPECT TO CONTENTS OF THE PROSPECTUS:**

- (a) The merchant banker has the option to file the draft prospectus as a public filing or a confidential filing, accompanied with fees as prescribed in Rule 5(1)(ii) of the Companies (Issue of Indian Depository Receipts) Rules, 2004.
- (b) Where the merchant banker opts for confidential filing of the draft prospectus, it shall subsequently file an updated draft prospectus with the Board (without payment of any additional fees), after incorporating therein changes, if any, suggested or specified by the Board. The updated draft prospectus shall be made public for a period of twenty one days from the date of its filing with the Board.
- (c) The contents of the prospectus including the financial statements of the issuing company, its subsidiaries and associates shall be in plain English.
- (d) The term “associate” for the purpose of this Schedule would mean “associate” as defined in Indian GAAP, or IFRS or US GAAP in which the financial statements of the issuing company are disclosed.
- (e) The prospectus shall contain all material information which shall be true and adequate so as to enable the investors to make informed decision on the investments in the issue.
- (f) The prospectus shall also contain the information and statements specified herein.
- (g) The issuing company shall, through a merchant banker file a prospectus certified by two authorized signatories of the issuing company, one of whom shall be a whole-time director and other the Chief Accounts Officer or the Chief Financial Officer, stating the particulars of the resolution of the Board or the shareholders by which it was approved, with the Board and Registrar of Companies, New Delhi, before such issue. They shall also certify that all the disclosures made in the prospectus are correct and adequate.
- (h) The agreement made with the domestic depository shall also be furnished along with the prospectus.
- (i) The lead merchant banker who is responsible for conducting due diligence exercise with respect to contents of the offer document, as per inter-se allocation of responsibilities, shall sign the due diligence certificate
- (j) A statement shall be made by the merchant banker in the prospectus (including a due diligence certificate) in the format as specified in format specified in **Part C**.

- (k) A statement will be made by the issuing company, disclaiming responsibility for statements made otherwise than in the prospectus, as follows:  
“The issuing company, its directors and the merchant banker accept no responsibility for statements made otherwise than in the prospectus or in the advertisements or any other material issued by at our instance and anyone placing reliance on any other source of information including our website \_\_\_\_\_ shall be doing so at his or her own risk.”
- (2) **THE ISSUE:** Summary of the terms of offer shall be incorporated, including:
- (a) Offer and listing details
  - (b) Plan of distribution
  - (c) Markets
  - (d) Selling shareholders, if any
  - (e) Dilution
  - (f) Expenses of the Issue
- (3) **FORWARD LOOKING STATEMENTS:** A paragraph on the statements that are forward looking statements and not matters of historical facts shall be incorporated. A statement on the sources of data used in the prospectus and their accuracy shall also be incorporated. A line should also be incorporated on whether these have been independently verified.
- (4) **GENERAL INFORMATION:**
- (a) Definitions/terms used in the prospectus
  - (b) Name, address and contact information of the registered office of the issuing company;
  - (c) Name, address and contact information of the domestic depository, the overseas custodian bank with the address of its office in India, the merchant banker, the underwriter to the issue, advisors to the issue and any other intermediary which may be appointed in connection with the issue of IDR;
  - (d) Names, addresses and contact information of experts and counsel;
  - (e) Name, address and contact information of the compliance officer in relation to the issue of IDR. [*The compliance officer should be placed in India*].
  - (f) Name, address and contact information of stock exchanges where applications are made or proposed to be made for listing of the IDR;
  - (g) Disclosure about provisions relating to punishment for fictitious applications;
  - (h) Statement/declaration for refund of excess subscription
  - (i) Statement that an interest of 15% p.a. would be paid to the investors if the allotments letters / refund orders are not despatched within fifteen days of the closure of the public issue
  - (j) Declaration about issue of allotment letters/certificates/ IDR within the stipulated period;
  - (k) Date of opening of issue;
  - (l) Date of closing of issue;
  - (m) Method and expected timetable of the issue
  - (n) A statement that subscription to the issue shall be kept open for at least three working days and not more than ten working days
  - (o) Date of earliest closing of the issue;

- (p) Declaration by the merchant banker with regard to adequacy of resources of underwriters to discharge their respective obligations, in case of being required to do so;
  - (q) A statement by the issuing company that all moneys received out of issue of IDR shall be transferred to a separate domestic bank account, name and address of the bank and the nature and number of the account to which the amount shall be credited;
  - (r) Details of availability of prospectus and forms, i.e., date, time, place etc;
  - (s) Amount and mode of payment seeking issue of IDR
  - (t) Disclosure on Investor Grievances and Redressal System:
    - (i) The arrangements or any mechanism evolved by the issuing company for redressal of investor grievances.
    - (ii) The past record (for a minimum period of three years before the date of the prospectus) of investor grievance redressal of the issuing company and its listed subsidiaries/associates including details as to the time normally taken by it for disposal of various types of investor grievances.
    - (iii) That the company undertakes to subject itself to the jurisdiction of Indian courts having jurisdiction over the place where the stock exchange is situated regarding grievances of the IDR applicants and IDR holders.
- (5) RISK FACTORS AND MANAGEMENT PERCEPTION, IF ANY:**
- (a) Risk factors shall be disclosed as follows:
    - (i) Risk factors associated with the issuing company's business
    - (ii) Risk factors associated with the country of the issuing company proposing to issue IDR
    - (iii) Risk factors associated with the IDR / underlying shares
  - (b) Risk factors shall be classified as those which are specific to the project and internal to the issuing company and those which are external and beyond the control of the issuing company.
  - (c) Risk factors shall be determined on the basis of their materiality.
  - (d) Materiality shall be decided taking the following factors into account:
    - (i) Some events may not be material individually but may be found material collectively.
    - (ii) Some events may have material impact qualitatively instead of quantitatively.
    - (iii) Some events may not be material at present but may be having material impacts in future.
  - (e) The Risk factors shall appear in the prospectus in the following manner:
    - (i) Risks envisaged by the management of the issuing company.
    - (ii) Proposals, if any, to address the risks.
    - (iii) Any 'notes' required to be given prominence shall appear immediately after the risk factors.
- (6) RECENT DEVELOPMENTS:** Important events in the recent past (two financial years preceding the issue) providing details of important developments on three key areas: Operations & Management, Shareholding patterns and Business Environment, shall be mentioned.
- (7) MARKET PRICE INFORMATION AND OTHER INFORMATION CONCERNING THE SHARES IN THE DOMESTIC MARKET OF THE ISSUING COMPANY:** The

following information should be provided exchange-wise, if the securities are listed in more than one exchange. This information should be updated as on last available date before the date of prospectus. This information shall also be given if it is a further issue of IDR which are already listed in India:

- (a) Market price of shares for each quarter of the last three calendar years preceding the calendar year preceding the year of the issue of Prospectus (High, Low, Average Daily Trading Volume)
- (b) Market price of shares for each month of the calendar year preceding the year of the issue of prospectus (High, Low, Average Daily Trading Volume)
- (c) Market price of shares for the month preceding the date of prospectus (High, Low, Average Daily Trading Volume)
- (d) The opening and closing price on the last day of the month preceding the date of the prospectus along with the volume

**(8) DIVIDENDS:**

- (a) Dividend policy of the issuing company
- (b) Rate of dividend and amount of dividend paid for the last five financial years
- (c) Regulatory framework in the country of incorporation/share listed concerning dividends
- (d) Details of arrangement with the depositories for payment of dividend to the IDR holders
- (e) Information about changes, if any, in dividends announced and dividends paid and time gap between the dividends announced and dividends paid.
- (f) Information about dividend yield.
- (g) Taxation aspects of dividend distribution.

**(9) EXCHANGE RATES:**

- (a) Brief history of the pattern of exchange rates between the country of incorporation/where shares are listed and India
- (b) High, Low, Average Rates for the last five years
- (c) High, Low, Average Rates for the last twelve months

**(10) FOREIGN INVESTMENT AND EXCHANGE CONTROLS OF THE COUNTRY OF INCORPORATION/ WHERE SHARES ARE LISTED:** Information relating to the relevant foreign investment laws and exchange control regulations of the country of incorporation or country where the underlying equity shares are listed.

**(11) OBJECTS OF THE ISSUE / USE OF PROCEEDS:** The following shall be disclosed:

- (a) The purpose of the issue
- (b) Break-up of the cost of project for which the money is raised through the IDR issue
- (c) The means of financing such project and
- (d) The proposed deployment status of the proceeds at each stage of the project.

**(12) CAPITALISATION STATEMENT**

Particulars	Pre-issue as (Figures in Rs. crores)
Short-Term Debt	

Long Term Debt	
Shareholders Funds	
- Share Capital	
- Reserves	
Total Shareholders Funds	
Long Term Debt/Equity	

**(13) CAPITAL STRUCTURE:**

- (a) Authorised, issued, subscribed and paid up capital (number of instruments, description, aggregate nominal value).
- (b) Size of present issue.
- (c) Paid-up Capital:
  - (i) before the issue;
  - (ii) after the issue (if the IDR issue involves issue of fresh equity shares); and
  - (iii) share premium account (before and after the issue)
- (d) Detailed notes to capital structure
- (e) Information with respect to Capital Structure shall also contain details regarding holdings of major shareholders i.e., the person or persons who are in over-all control of the company.

**(14) FINANCIAL INFORMATION:**

- (a) The audited consolidated or unconsolidated financial statements, prepared in accordance with Indian GAAP (including all Accounting Standards issued by the Institute of Chartered Accountants of India) or with the International Financial Reporting Standards (IFRS) or US GAAP, for a period of three financial years immediately preceding the date of prospectus shall contain the following:
  - (i) Report of 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) Statement Relating to Subsidiary Companies (in case of unconsolidated financial statements)
  - (x) Related Party transactions
  - (xi) Liquidity and Capital Resources.
- (b) The financial information in the prospectus shall be disclosed in the issuing company's functional currency/reporting currency/national currency and the reporting currency shall be restricted to Sterling Pound/Euro/Yen/US Dollar.
- (c) In case, the financial results are prepared as per IFRS or US GAAP, the financial results shall be audited by a professional accountant or certified public accountant or equivalent (by whatever name called in the home country in accordance with the International Standards on Auditing (ISA)).
- (d) Where the law of the home country requires annual statutory audit of the accounts of the issuing company, a report of the statutory auditor on the audited financial

statements of the issuing company for each of the three financial years immediately preceding the date of the prospectus including the profits or losses, assets, liabilities and cash-flow statement of the issuing company at the last date to which the accounts of the issuing company were made in the specified form:

Provided the gap between date of opening of issue and date of report shall not exceed 120 days.

(e) The report prepared by the statutory auditors of the issuing company should disclose financial statements (as per relevant period in the annual report) in Indian Rupees (at the closing rate of exchange, as at the date on which the financial information is presented), compiled in a tabular form and include the consolidated or unconsolidated income statement, consolidated or unconsolidated cash flow statements, consolidated or unconsolidated balance sheet and the capitalisation statement required under item (12).

(f) The interim audited financial statements in respect of the period ending on a date which is less than 180 days prior to the date of opening of the issue have to be included in the report, if the gap between the ending date of the latest audited financial statements disclosed as above and the date of the opening of the issue is more than 180 days:

Provided that if the gap between such date of latest audited financial statements and the date of opening of issue is 180 days or less, the requirement above shall be deemed to be complied with, if disclosures in respect of material changes in the financial position of issuing company for such gap are disclosed in the prospectus:

Provided further that in case of an issuing company which is a foreign bank incorporated outside India and which is regulated by a member of the Bank for International Settlements or a member of the International Organization of Securities Commissions which is a signatory to a Multilateral Memorandum of Understanding, the requirement above, in respect of period beginning with last date of period for which the latest audited financial statements are made and the date of opening of the issue shall be satisfied, if the relevant financial statements are based on limited review report of such statutory auditor.

(g) In case the issuing company opts to prepare and disclose the financial results as per US GAAP, a reconciliation statement vis-a-vis Indian GAAP and summary of significant differences between the Indian GAAP and US GAAP has to be annexed with the report. If financial results are prepared in accordance with IFRS, then issuing company shall annex the summary of significant differences between the Indian GAAP and IFRS.

(h) Where the law of the home country does not require annual statutory audit of the accounts of the issuing company, a report, prepared in accordance with Indian GAAP certified by Chartered Accountant in practice within the terms and meaning of the Chartered Accountants Act, 1949 on the financial statements/ results of the issuing company for each of the three financial years immediately preceding the date of prospectus including the profits or losses, assets, liabilities and cash-flow statement of the issuing company at the last date to which the accounts of the issuing company were made in the specified form:

Provided that the gap between date of opening of issue and date of report shall not exceed 120 days.

(i) The report prepared by the Chartered Accountants should disclose financial statements in Indian Rupees (at the closing rate of exchange, as at the date on which the financial information is presented), compiled in a tabular form and include the consolidated or

unconsolidated income statement, consolidated or unconsolidated cash flow statements, consolidated or unconsolidated balance sheet and the capitalisation statement required under item (12).

- (j) The interim financial statements in respect of the period ending on a date which is less than 180 days prior to the date of opening of the issue have to be included in report, if the gap between the ending date of the latest financial statements disclosed above and the date of the opening of the issue is more than 180 days:

Provided that if the gap between such date of latest audited financial statements and the date of opening of issue is 180 days or less, the requirement above shall be deemed to be complied with if disclosures in respect of material changes in the financial position of issuing company for such gap are disclosed in the prospectus.

- (k) If the proceeds of the IDR issue are used for investing in other body (ies) corporate, then following details of such body (ies) corporate shall be given:
- (i) Names and address(es) of the body(ies) corporate;
  - (ii) The reports as stated above in respect of those body(ies) corporate also.

- (15) STATEMENT ON MATERIAL DEVELOPMENTS SUBSEQUENT TO THE DATE OF THE LAST FINANCIAL STATEMENTS AS DISCLOSED IN THE PROSPECTUS:** 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 prospectus any which materially and adversely affect or is likely to affect the trading or profitability of the issuing company, or the value of its assets, or its ability to pay its liabilities within the next twelve months, and if so, an outline of such circumstances and an assessment of their likely impact.

- (16) MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (BY COMPARING THE RECENT FINANCIAL YEAR WITH THE PREVIOUS THREE FINANCIAL YEARS):**

- (a) A summary of past financial results after adjustments as given in the auditors report for the past three years containing significant items of income and expenditure shall be given.
- (b) Overview of the business of the issuing company.
- (c) Factors that may affect results of the operations.
- (d) An analysis of reasons for the changes in significant items of income and expenditure shall also be given, *inter alia*, containing the following:
  - (i) unusual or infrequent events or transaction;
  - (ii) significant economic changes that materially affected or are likely to effect income from continuing operations;
  - (iii) known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;
  - (iv) 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;
  - (v) 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;
  - (vi) total turnover of each major industry segment in which the issuing company operated
  - (vii) status of any publicly announced new products or business segment;

- (viii) the extent to which business is seasonal;
- (ix) any significant dependence on a single or few suppliers or customers;
- (x) competitive conditions.

**(17) INDUSTRY AND BUSINESS OVERVIEW:** Market including details of the competition, past production figures for the industry, existing industry capacity, past trends and future prospects regarding exports (if applicable), demand and supply forecasts (if given, should be essentially with assumptions unless sourced from a market research agency of repute), etc. to be given. Source of data used shall be mentioned.

**(18) DETAILS OF THE ISSUING COMPANY:**

- (a) Main object, history and present business of the issuing company
- (b) Location of the project, if any
- (c) Installed capacity and the details of plant and machinery, infrastructure facilities, technology etc., where applicable
- (d) Schedule of implementation of project and progress made so far, if applicable;
- (e) Nature of product(s), consumer(s), industrial users
- (f) Research and development, patents and licenses, etc.
- (g) Property, plants and equipment
- (h) Particulars of financial and other defaults, if any
- (i) Underwriting
- (j) Experts
- (k) Where you can find additional information
- (l) Enforcement of civil liabilities against foreign persons

**(19) SUBSIDIARIES AND ASSOCIATES OF THE ISSUING COMPANY:**

- (a) The following information for the last three years based on the audited statements in respect of subsidiaries and associates of the issuing company:
  - (i) Date of Incorporation
  - (ii) Nature of activities
  - (iii) Equity Capital
  - (iv) Reserves (excluding revaluation reserve)
  - (v) Sales
  - (vi) Profit after tax (PAT)
  - (vii) Earnings per share (EPS) and
  - (viii) Net Asset Value (NAV)
- (b) If the subsidiaries and associates are not required to prepare such audited statements as per the laws prevailing in those countries, the same may be certified as true and correct by the Board of Directors and the management of such companies, provided a certificate from a certified public accountant or equivalent practicing in the concerned country is submitted to the Board.

**(20) MANAGEMENT:**

- (a) Details with respect to the promoters and their background. If there are no identifiable promoters, then the details and background of all persons who hold 5% or more equity share capital of the issuing company.)

- (b) Details of the Board of Directors and the Key Managerial Personnel (i.e. name, address(es) of directors, manager, managing director or other principal officers of the issuing company, age, qualifications, industry experience, other directorships).
- (c) Remuneration of the Directors and the Key managerial personnel with detailed breakup, sitting fees, their relation with promoters / controlling shareholder(s), if any, their equity holding in the issuing company, duration of their association with the issuing company.
- (d) Organisational structure
- (e) Practices of the Board of Directors
- (f) Employees

**(21) SECURITIES MARKET OF THE COUNTRY OF INCORPORATION WHERE SHARES ARE LISTED:**

- (a) Brief History
- (b) Stock exchange regulation
- (c) Listing Regulations
- (d) Details of the securities market regulator of the country of the issuing company
- (e) Whether the securities market regulator of the country of the issuing company has signed any MoU with the Board/IOSCO
- (f) Disclosure under the Companies Act and Securities Regulations (or equivalent thereof)
- (g) Stock exchanges
- (h) Takeover Code/Buy back Code
- (i) Reforms in some key sectors of the economy
- (j) Restriction on foreign ownership of securities
- (k) Overview of the financial sector
- (l) Nature of the securities trading market in that country
- (m) A statement of how the enforcement of Indian securities laws would be affected by the fact that the issuing company is located outside India
- (n) A comparative analysis of the corporate governance provisions that would be followed by the issuing company vis-à-vis that is applicable to Indian listed companies.

**(22) DESCRIPTION OF THE IDR AND RIGHTS OF IDR HOLDERS:**

- (a) Brief description of the IDR
- (b) Dividends, other distributions and rights of IDR holders
- (c) Voting rights if any and the manner of their exercise by IDR holders, if any.
- (d) Record dates and how the same will be disclosed.
- (e) Reports and other communication to which the IDR holders will be entitled.
- (f) Procedure of conversion of IDR into shares
- (g) Governing law regarding various aspects of IDR and transactions therein.

**(23) PROVISIONS REGARDING TRANSFER OF SHARES AND DEPOSITORY RECEIPTS:**

- (a) Provisions regarding transfer of IDR
- (b) Outline of provisions regarding transfer of underlying shares after conversion

**(24) INFORMATION RELATING TO THE DEPOSITORY - INDIAN AND INTERNATIONAL:** Brief details of the domestic depository, overseas custodian bank and depository agreement.

**(25) APPROVALS OF THE GOVERNMENT/REGULATORY AUTHORITIES:**  
Information relating to statutory and regulatory approvals required in home country for the issue and the related aspects and their status, and approvals from Indian regulatory authorities.

**(26) TAXATION FRAMEWORK IN INDIA AND THE COUNTRY OF INCORPORATION/ WHERE SHARES ARE LISTED:** Information relating to relevant provisions of taxation law, tax treaties and their impact for IDR holders.

**(27) OUTSTANDING LITIGATIONS AND DEFAULTS:**

- (a) Material litigation / liabilities/defaults including arrears / potential liabilities of the issuing company, its promoters / controlling shareholders / directors and its subsidiaries and associates.
- (b) Materiality shall be determined on the basis of factors which are specific to the project and to the issuing company, its promoters / controlling shareholders / directors, its subsidiaries and associates, which may have a bearing on the performance of the issuing company.
- (c) Materiality shall be decided taking the following factors into account:
  - (i) Some litigation/defaults may not be material individually but may be found material collectively.
  - (ii) Some litigation/defaults may have material impact qualitatively instead of quantitatively.
  - (iii) Some litigation/defaults may not be material at present but may be having a material impact in future.

**(28) BASIS OF ISSUE PRICE:**

- (a) Earnings per share i.e. EPS pre-issue for the last three years (as adjusted for changes in capital)
- (b) P/E pre-issue
- (c) Average return on net worth in the last three years
- (d) Minimum return on increased net worth required to maintain pre-issue EPS
- (e) Net Asset Value per share based on last balance sheet
- (f) Net Asset Value per share after issue and comparison thereof with the issue price
- (g) Comparison of all the accounting ratios of the issuing company as mentioned above with the industry average and with the accounting ratios of the peer group (i.e. companies of of shares (including the statement about the issue price being “X” times of the face value) and that of the IDR. The aggregate face value of the total equity shares underlying a single comparable size in the same industry. *[The source from which industry average and accounting ratios of the peer group has been taken should be indicated]*.
- (h) The face value IDR shall also be given.  
Provided that the projected earnings shall not be used as a justification for the issue price in the prospectus.

Provided further that the accounting ratios disclosed in the prospectus in support of basis of the issue price shall be calculated after giving effect to the consequent increase in capital on account of compulsory conversions outstanding, as well as on the

assumption that the options outstanding, if any, to subscribe for additional capital will be exercised.

**(29) MAIN PROVISIONS OF ARTICLES OF ASSOCIATION / MAIN CHARTER OF THE ISSUING COMPANY**

**(30) MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION:** Place at which inspection of the documents specified under rule 7 of the Companies (Issue of Indian Depository Receipts) Rules, 2004, the prospectus, the financial statements and auditor's report thereof will be allowed during the normal business hours.

**(31) OTHER INFORMATION:**

- (a) Disclosure of mandatory vetting of the prospectus by the legal counsel to the issuing company operating at the place where the registered office of the Issuing company is situated.
- (b) Consent of merchant bankers, overseas custodian bank, the domestic depository and all other intermediaries associated with the issue of IDR.
- (c) Fees and expenses payable to the intermediaries involved in the issue of IDR

**PART B**  
**[See regulation 103(3)]**

**DISCLOSURES IN ABRIDGED PROSPECTUS FOR ISSUE OF INDIAN DEPOSITORY RECEIPTS**

**General Instructions:**

- (1) The information to be provided under each of the heads specified below shall be as per the requirement of Part A of this Schedule except when specified otherwise.
- (2) The abridged prospectus shall be printed in a font size which shall not be visually smaller than Times New Roman Size 10.
- (3) The order in which items appear in the abridged prospectus shall correspond, as far as may be applicable, to the order in which items appear in the prospectus.
- (4) The application form shall be so positioned that on the tearing-off of the application form, no part of the information given in the abridged prospectus is mutilated.

The abridged prospectus for the issue of Indian Depository Receipts (IDR) shall contain the following disclosures:

**(1) General Information:**

- (a) The name of the issuing company and address of the registered office of the issuing company, along with telephone number, fax number, e-mail address and website address, and where there has been a change in the address of the registered office or name of the issuing company, details thereof.
- (b) Name, address and contact information of the registered office of the issuing company;
- (c) Name, address and contact information of the domestic depository, the overseas custodian bank with the address of its office in India, the merchant banker, the underwriter to the issue, advisors to the issue and any other intermediary which may be appointed in connection with the issue of IDR;
- (d) Names, addresses and contact information of experts and counsel;
- (e) Name, address and contact information of the compliance officer in relation to the issue of IDR. The compliance officer should be placed in India
- (f) Name, address and contact information of Stock Exchanges where applications are made or proposed to be made for listing of the IDR;
- (g) Disclosure about provisions relating to punishment for fictitious applications;
- (h) Statement/declaration for refund of excess subscription
- (i) Statement that an interest of 15% p.a. would be paid to the investors if the allotments letters / refund orders are not despatched within 15 days of the closure of the public issue, as the case may be
- (j) Declaration about issue of allotment letters/certificates/ IDR within the stipulated period;
- (k) Date of opening of issue;
- (l) Date of closing of issue;
- (m) Method and Expected Timetable of the issue;
- (n) A statement that subscription to the issue shall be kept open for atleast 3 working days and not more than 10 working days;
- (o) Date of earliest closing of the issue;

- (p) Declaration by the merchant banker with regard to adequacy of resources of underwriters to discharge their respective obligations, in case of being required to do so;
  - (q) A statement by the issuing company that all moneys received out of issue of IDR shall be transferred to a separate domestic bank account, name and address of the bank and the nature and number of the account to which the amount shall be credited;
  - (r) Details of availability of prospectus and forms, i.e., date, time, place etc;
  - (s) Amount and mode of payment seeking issue of IDR
  - (t) Disclosure on Investor Grievances and Redressal System:
  - (u) That the issuing company undertakes to subject itself to the jurisdiction of Indian Courts having jurisdiction over the place where the stock exchange is situated regarding grievances of the IDR applicants and IDR holders.
- (2) Capital Structure of the issuing company:** Following details to be furnished:
- (a) Authorised, issued, subscribed and paid up capital (Number of instruments, description, aggregate nominal value).
  - (b) Size of present issue.
  - (c) Paid-up Capital:
    - (i) before the issue;
    - (ii) after the issue (if the IDR issue involves issue of fresh equity shares); and
    - (iii) share premium account (before and after the issue)
  - (d) Detailed notes to Capital Structure
- (3) Terms of the Present Issue:**
- (a) Authority for the issue, terms of payment and procedure and time schedule for allotment and issue of certificates/ refund orders.
  - (b) The clause "Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders in case of public issues" shall appear.
- (4) Instructions for applicants:**
- (a) How to apply, availability of prospectus, abridged prospectus and application forms, mode of payment and book building procedure, if relevant.
  - (b) In the application form, the declaration relating to nationality and residentship shall be shown prominently as under:  
"Nationality and Residentship (Tick whichever is applicable)
    - (i) I am / We are Indian National(s) resident in India and I am/we are not applying for the said equity shares as nominee(s) of any person resident outside India or Foreign National(s).
    - (ii) I am / We are Indian National(s) resident in India and I am / We are applying for the said equity shares as Power of Attorney holder(s) of Non- Resident Indian(s) mentioned below on non-repatriation basis.
    - (iii) I am / We are Indian National(s) resident outside India and I am/we are applying for the said equity shares on my / our own behalf on non-repatriation basis."
  - (c) The application form should contain necessary instructions/ provisions for the following:
    - (i) Instructions to applicants to mention the number of application form on the reverse of the instruments to avoid misuse of instruments submitted along with the applications for shares/ debentures in public issues.

- (ii) Provision in the application form for inserting particulars relating to bank account number and the name of the bank with whom such account is held, to enable printing of the said details in the refund orders or for refunds through Electronic Clearing System.
  - (iii) Instruction to applicants to disclose Permanent Account Number in the application form, irrespective of the amount for which application / bid is made, along with the instruction that applications without Permanent Account Number would be rejected.
  - (iv) Disclosure of PAN/GIR number.
  - (v) Details of options, if any, to receive securities subscribed for and a statement that trading in securities on the stock exchanges in physical form will be available only subject to limits prescribed by the Board for time to time.
  - (d) Any special tax benefits for issuing company and its shareholders (Only section numbers of the Income Tax Act and their substance should be mentioned, without reproducing the text of the sections)
  - (e) Restrictions on investments in IDR / fungibility of IDR
- (5) Particulars of the Issue:**
- (a) Objects of the issue
  - (b) Project cost
  - (c) Means of financing
  - (d) Name of Appraising Agency, if any
  - (e) Name of Monitoring Agency, if any
- (6) Description of the IDR and Rights of IDR Holders:**
- (a) Brief description of the IDR
  - (b) Dividends, Other Distributions and Rights of IDR holders
  - (c) Voting rights and their manner of exercise by IDR holders, if any.
  - (d) Record dates and how the same will be disclosed.
  - (e) Reports and other communication to which the IDR holders will be entitled.
  - (f) Conversion procedure of IDR into shares
  - (g) Governing Law regarding various aspects of IDR and transactions therein.
- (7) Company, Management and Project:**
- (a) History and main objects and present business of the company.
  - (b) Promoters / controlling shareholders and their background.
  - (c) Names, address and occupation of manager, managing director, and other Directors (including nominee-directors and whole-time directors) giving their directorships in other companies.
  - (d) Location of the project
  - (e) Plant and machinery, technology, process, etc
  - (f) Collaboration, any performance guarantee or assistance in marketing by the collaborators
  - (g) Infrastructure facilities for raw materials and utilities like water, electricity, etc.
  - (h) Schedule of implementation of the project and progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, trial production, date of commercial production etc
  - (i) Nature of the products/services and end users

- (j) Existing, licensed and installed capacity of the product, demand of the product-existing, and estimated in the coming years as estimates by a Government authority or by any other reliable institution, giving source of the information. In case the company is providing services, relevant information with regard to nature/ extent of services, etc., have to be furnished.
  - (k) Approach to marketing and proposed marketing set up
  - (l) Export possibilities and export obligations, if any.
  - (m) Stock Market Data: Disclose particulars of:-
    - (i) Market price of shares for each quarter of the last three calendar years preceding the calendar year preceding the year of the issue of Prospectus (High, Low, Average Daily Trading Volume)
    - (ii) Market price of shares for each month of the calendar year preceding the year of the issue of Prospectus (High, Low, Average Daily Trading Volume)
    - (iii) Market price of shares for the month preceding the date of Prospectus (High, Low, Average Daily Trading Volume)
    - (iv) The Opening and Closing price on the last day of the preceding month of the date of Prospectus along with the volume
    - (v) This information should be provided, exchange wise, if the securities are listed in more than one exchange
    - (vi) This information should updated as on last available date before the date of prospectus
    - (vii) If it is a further issue of IDR which are already listed in India, the above information should be given about such IDR also
- (8) Particulars with regard to the subsidiaries / associates of the issuing company:** The following information for the last 3 years based on the audited statements in respect of subsidiaries and associates of the issuing company:
- (a) Date of Incorporation;
  - (b) Nature of activities;
  - (c) Equity Capital;
  - (d) Reserves (excluding revaluation reserve);
  - (e) Sales;
  - (f) Profit after tax (PAT);
  - (g) Earnings per share (EPS); and
  - (h) Net Asset Value (NAV);
- (9) Basis for Issue Price:**
- (a) Earnings per share i.e. EPS pre-issue for the last three years (as adjusted for changes in capital);
  - (b) P/E pre-issue
  - (c) Average return on net worth in the last three years
  - (d) Minimum return on increased net worth required to maintain pre-issue EPS;
  - (e) Net Asset Value per share based on last balance sheet;
  - (f) Net Asset Value per share after issue and comparison thereof with the issue price.
  - (g) Comparison of all the accounting ratios of the issuing company as mentioned above with the industry average and with the accounting ratios of the peer group (i.e., companies of comparable size in the same industry. (Indicate the source from which industry average and accounting ratios of the peer group has been taken)

Provided that the projected earnings shall not be used as a justification for the issue price in the prospectus.

Provided further that the accounting ratios disclosed in the prospectus in support of basis of the issue price shall be calculated after giving effect to the consequent increase in capital on account of compulsory conversions outstanding, as well as on the assumption that the options outstanding, if any, to subscribe for additional capital will be exercised.

- (h) The face value of shares (including the statement about the issue price being “X” times of the face value) and that of the IDR. The aggregate face value of the total equity shares underlying a single IDR also shall be given
  
- (10) Outstanding Material Litigations and Defaults** (in a summarised tabular form): Material Litigation / Liabilities including arrears/Potential liabilities of the issuing company, its promoters / controlling shareholders / directors and its subsidiaries and associates.
  
- (11) Material Development:** Any material development after the date of the latest balance sheet and its impact on performance and prospects of the company.
  
- (12) Expert opinion obtained, if any.**
  
- (13) Change, if any, in directors and auditors during the last three years and reasons thereof.**
  
- (14) Time and Place of Inspection of material contracts (List of material contracts not required)**
  
- (15) Financial Performance of the Issuing company for the last three years** (Figures to be taken from the audited annual accounts in a tabular form):
  - (a) Balance Sheet Data: Equity Capital, Reserves (State Revaluation Reserve, the year of revaluation and its monetary effect on assets) and borrowings
  - (b) Profit and Loss data: Sales, Gross profit, Net profit, dividend paid, if any
  - (c) Any change in accounting policies during the last three years and their effect on the profits and the reserves of the issuing company
  - (d) Following information as extracted from the report of the auditors reproduced in the main prospectus:
    - (i) net profit before accounting for extra ordinary items
    - (ii) extra ordinary items
    - (iii) net profit after accounting for extra ordinary items
  
- (16) Management Discussions and Analysis on Accounts**
  
- (17) Listed Ventures of Promoters / controlling shareholders**
  
- (18) Disclosure on Investor Grievances and Redressal System**
  
- (19) Statement regarding minimum subscription clause:**
  - (a) Following statements shall appear for non-underwritten IDR issues:

- (i) “If the issuing company does not receive the minimum subscription of ninety per cent. of the offer through offer document on the date of closure of the issue, or if the subscription level falls below ninety per cent. after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the issuing company shall forthwith refund the entire subscription amount received.”
    - (ii) “If the issuing company fails to refund the entire subscription amount within fifteen days from the date of the closure of the issue, it is liable to pay the amount with interest to the subscribers at the rate of fifteen per cent. per annum for the period of delay.”
  - (b) Following statement shall appear for underwritten IDR issues:  
“If the issuing company does not receive the minimum subscription of ninety per cent. of the offer through offer document including devolvement of underwriters within sixty days from the date of closure of the issue, the issuing company shall forthwith refund the entire subscription amount received with interest to the subscribers at the rate of fifteen per cent. per annum for the period of delay beyond sixty days.”
- (20) Information relating to relevant provisions of Taxation law, Tax Treaties and their impact for IDR holders.”**
- (21) Brief details of the Domestic Depositary, Overseas Custodian Bank and Depositary Agreement.**
- (22) Information relating to statutory and regulatory approvals required in home country for the issue and the related aspects and their status, and approvals from Indian regulatory authorities.**
- (23) Signatories to the Prospectus.**

**PART C**  
[See regulation <sup>121</sup>[101(5)]]

**FORMAT OF THE DUE DILIGENCE CERTIFICATE TO BE FILED BY THE LEAD  
MANAGER FOR IDR ISSUES**

**To,**  
**Securities and Exchange Board of India**

Dear Sirs,

**Sub.: Issue of ..... (hereinafter referred to as ‘IDR’) by .....(hereinafter referred to as the ‘issuing company’)**

We, the undernoted, have been appointed as the Merchant Banker (hereinafter referred to as the ‘Lead Merchant Banker’) to the proposed issue of IDR by the Issuing Company and we state as follows:

- (1) The Draft Red Herring Prospectus (hereinafter referred to as the ‘DRHP’) is being filed with the Securities and Exchange Board of India (hereinafter referred to as the “Board”) in compliance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as the Regulations) or any statutory modification or re-enactment thereof read with the Companies (Issue of Indian Depository Receipts) Rules, 2004 (hereinafter referred to as “the IDR Rules”), on a public basis, for approval.
- (2) We have examined the disclosures made by the Issuing Company in jurisdictions where its underlying equity shares are listed so as to ensure uniformity and parity of information shared with investors across different regulatory jurisdictions (hereinafter referred to as “publicly available information”) and participated in discussions with the senior management of the Issuing Company for the purpose of preparing disclosures on the Issuing Company in the DRHP.
- (3) We have examined various documents, more particularly referred to in the Annexure hereto, in connection with the finalization of the DRHP pertaining to the said issue.
- (4) On the basis of such examination and the discussions with the Issuing Company, its directors and other officers and other independent agencies/ experts/ reports, WE CONFIRM that:
  - (a) the DRHP forwarded to the Board is in conformity with the publicly available information and information based on representations made by the senior management of the Issuing Company;
  - (b) the requirements under the IDR Rules and the Regulations DIP Guidelines and other relevant laws framed by the Board, the Government and any other competent authority in this behalf have been duly complied with; and
  - (c) based on the publicly available information and representations made by the senior management of the Issuing Company, the disclosures made in the DRHP are certified to be true and are adequate to enable the investors to make a well informed decision as to the investment in the proposed issue.

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<sup>121</sup> Substituted for “101 (6)” by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2010, w.e.f. 12.11.2010.

- (5) We confirm that besides ourselves, all the other intermediaries named in the DRHP, except [ ], are registered with the Board and that till date such registration is valid.
- (6) We have satisfied ourselves about the worth of the underwriters to fulfil their underwriting commitments.
- (7) We certify that the proposed activities of the Issuing Company for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the Issuing Company and that the activities which have been carried out until now are valid in terms of the object clause of its Memorandum of Association.
- (8) We confirm that necessary arrangements have been made to ensure that the moneys received pursuant to the issue are kept in a separate bank account and that such moneys shall be released by the said bank only, after permission, for listing of IDR, is obtained from all the stock exchanges mentioned in the prospectus. We further confirm that the agreement entered into between the bankers to the issue and the Issuing Company specifically contains this condition.
- (9) We certify that no payment in the nature of discount, commission, allowance or otherwise shall be made by the Issuing Company or the promoters, directly or indirectly, to any person who receives securities by way of firm allotment in the issue.
- (10) We certify that disclosure has been made in the prospectus that the investors shall be given an option to get the IDR in demat or physical mode.
- (11) We certify that the following disclosures have been made in the draft prospectus:
  - (a) An undertaking from the Issuing Company that at any given time there shall be only one denomination for the IDR of the Issuing Company and
  - (b) An undertaking from the Issuing Company that it shall comply with such disclosure and accounting norms specified by the Board from time to time.
- (12) We confirm that none of the intermediaries named in the red herring prospectus / prospectus have been debarred from functioning by any regulatory authority.
- (13) We confirm that all the material disclosures in respect of the Issuing Company have been made in the red herring prospectus / prospectus and certify that any material development in the Issuing Company or relating to the issue, up to the commencement of listing and trading of the IDR offered through this issue, shall be informed through public notices/ advertisements in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.
- (14) We confirm that the abridged prospectus contain all the disclosures as specified in the Regulations.
- (15) We confirm that agreements have been entered into with both the depositories for dematerialisation of the IDR of the Issuing Company

**Place:**

**Lead Merchant Banker(s) to the Issue**

**Date:**

**with Official Seal(s)**

**ANNEXURE TO THE DUE DILIGENCE CERTIFICATE FOR THE ISSUE OF**  
**..... BY .....**

- (1) Memorandum and Articles of Association of the Issuing Company.
- (2) Necessary clearance from governmental, statutory, municipal authorities etc., for implementation of the project, wherever applicable.
- (3) Documents in support of the track record and experience of the promoters and their professional competence.
- (4) Listing Agreement of the Issuing Company for existing securities on the Stock Exchanges.
- (5) Consent letters from Issuing Company's auditors, Bankers to issue, Bankers to the Issuing Company, Lead Merchant Bankers, Brokers and where applicable, proposed Trustees.
- (6) Applications made by the Issuing Company to the financial institutions/banks for financial assistance as per object of the issue and copies of relative sanction letters.
- (7) Underwriting letters from the proposed underwriters to the issue.
- (8) Audited Balance Sheets of the Issuing Company/Promoter companies for relevant periods.
- (9) Auditors certificate regarding tax-benefits available to the Issuing Company, shareholders and debenture holders.
- (10) Certificate from architects or any other competent authority on project implementation schedule furnished by the Issuing Company, if applicable.
- (11) Reports from Government agencies / expert agencies / consultants / Issuing Company regarding market demand and supply for the product, industry scenario, standing of the foreign collaborators, etc.
- (12) Documents in support of the infrastructural facilities, raw material availability, etc.
- (13) Auditors' Report for the period for which the accounts are disclosed in the offer document, indicating summary of audited accounts of the issuing company and also the summary of the audited accounts of the subsidiaries of the issuing company.
- (14) Stock Exchange quotations of the last 3 years duly certified by designated stock exchange.
- (15) Minutes of the general body meetings and board meetings of the Issuing Company for matters which are in the prospectus
- (16) Revaluation certificate of Issuing Company's assets given by the Government Valuer or any other approved valuer.
- (17) Certificate from solicitors of the Issuing Company in regard to compliance of legal provisions of the prospectus.
- (18) Certificate from Issuing Company's legal counsel, operating at the place of its registered office, confirming that the legal counsel has done the mandatory vetting of the prospectus.
- (19) A detailed checklist indicating compliance with each applicable regulation of the Regulations.

**Place:**  
**Date:**

**Lead Merchant Banker(s) to the Issue**  
**with Official Seal(s)**