

NO. #1

**CS Coaching at
Laxmi Nagar**

**CS EXECUTIVE
MODULE - 2**

**SECURITIES LAWS &
CAPITAL MARKETS**

**Amendment
July - 2020**

By:-

**CS. NITESH
KR. JAISWAL**

(Company Secretary, FCS, LL.B)

“Senior Qualified CS” Faculty



SECURITIES AND EXCHANGE BOARD OF INDIA

SECURITIES APPELLATE TRIBUNAL (SAT)

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>In order to afford proper appellate remedies, Chapter VIB of SEBI Act provides for the establishment of the Securities Appellate Tribunals to consider appeals against SEBI's orders, of penalties. The Central Government has set up a tribunal at Mumbai.</p>	<p>In order to afford proper appellate remedies, Chapter VIB of SEBI Act provides for the establishment of the Securities Appellate Tribunals to consider appeals against SEBI's orders, of penalties. The Central Government has set up a tribunal at Mumbai.</p>
<p>The Securities Appellate Tribunals shall consist of a Presiding Officer and two other members to be appointed by the Central Government by notification.</p>	<p>COMPOSITION According to Section 15 L, the Securities Appellate Tribunal shall consist of a Presiding Officer and such number of Judicial Members and Technical Members as the Central Government may determine, by notification. Subject to the provisions of this Act,—</p>
<p>QUALIFICATION</p>	<p>(a) the jurisdiction of the Securities Appellate Tribunal may be exercised by Benches thereof;</p>
<p>Only a person who is a sitting or retired Judge of the Supreme Court or a sitting or retired Chief Justice of a High Court is qualified for appointment as the Presiding Officer of Securities Appellate Tribunals It has also been prescribed that the presiding officer of the Securities Appellate Tribunal shall be appointed by the Central Government in consultation with chief justice of India or his nominee.</p>	<p>(b) a Bench may be constituted by the Presiding Officer of the Securities Appellate Tribunal with two or more Judicial or Technical Members as he may deem fit;However, every Bench constituted shall include at least one Judicial Member and one Technical Member;</p>
<p>A person shall not be qualified for appointment as a member of Securities Appellate Tribunal unless he is a person of ability, integrity and standing who has shown capacity in dealing with problems relating to securities market and has qualification and experience of corporate law, securities laws, finance, economics or accountancy.</p>	<p>(c) the Benches of the Securities Appellate Tribunal shall ordinarily sit at Mumbai and may also sit at such other places as the Central Government may, in consultation with the Presiding Officer, notify.</p>
<p>DISQUALIFICATION</p>	<p>QUALIFICATION</p>
<p>A member of SEBI or any person holding a post at senior management level at SEBI cannot be appointed as presiding officer or member of Securities Appellate Tribunal during his service or tenure as such with the Board or within two years from the date on which he ceases to hold office as such in the Board.</p>	<p>Only a person who is a sitting or retired Judge of the Supreme Court or a sitting or retired Chief Justice of a High Court is qualified for appointment as the Presiding Officer of Securities Appellate Tribunals It has also been prescribed that the presiding officer of the Securities Appellate Tribunal shall be appointed by the Central Government in consultation with chief justice of India or his nominee.</p>
<p>TERM OF OFFICE</p>	
<p>Section 15N lays down that the Presiding Officer and every other member of Securities Appellate</p>	

Tribunal shall hold office for a term of **five years** from the date he enters upon his office and is eligible for reappointment. It has also been provided that the person attaining the age of **sixty-eight years** cannot hold office as the presiding officer of Securities Appellate Tribunal. A person who has attained the age of **sixty-two years** cannot hold office as **member** of Securities Appellate Tribunal

A person shall not be qualified for appointment as a member of Securities Appellate Tribunal unless he is a person of ability, integrity and standing who has shown capacity in dealing with problems relating to securities market and has qualification and experience of corporate law, securities laws, finance, economics or accountancy.

DISQUALIFICATION

A member of SEBI or any person holding a post at senior management level at SEBI cannot be appointed as presiding officer or member of Securities Appellate Tribunal during his service or tenure as such with the Board or within two years from the date on which he ceases to hold office as such in the Board.

TERM OF OFFICE

Section 15N lays down that the Presiding Officer or every Judicial or Technical Member of the Securities Appellate Tribunal shall hold office for a term of **five years** from the date on which he enters upon his office, and shall **be eligible for reappointment** for another term of **maximum five years**;

However, no Presiding Officer or the Judicial or Technical Member shall hold office after he has attained the age of **seventy years**

CAPITAL MARKET INTERMEDIARIES

REGISTRARS AND SHARE TRANSFER AGENTS - REGISTRATION

Regulation 6 lays down that SEBI shall take into account the following matters while considering the applications for registration. It shall assess whether the applicant:

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>(a) has the necessary infrastructure like adequate office space, equipments and manpower to effectively discharge his activities;</p> <p>(b) has any past experience in the activities; any person directly or indirectly connected with him has been granted registration by SEBI under the Act;</p> <p>(c) fulfills the capital adequacy requirement;(Category-I =₹6 lacs, Category-II =₹3 lacs)</p> <p>(d) has been subjected to any disciplinary proceedings under the Act;</p> <p>(e) any of its director, partner or principal officer is or has at any time been convicted for any offence involving moral turpitude or has been found guilty of any economic offence;</p> <p>(f) is a fit and proper person.</p> <p>Regulation 11 says that in case of refusal to grant or renew a certificate of registration, the concerned person shall cease to carry on any activity as registrar or share transfer agent.</p>	<p>(a) has the necessary infrastructure like adequate office space, equipments and manpower to effectively discharge his activities;</p> <p>(b) has any past experience in the activities;any person directly or indirectly connected with him has been granted registration by SEBI under the Act.</p> <p>(c) fulfills the capital adequacy requirement;(Category-I =`50 lacs, Category-II =25 lacs)</p> <p>(d) has been subjected to any disciplinary proceedings under the Act;</p> <p>(e) any of its director, partner or principal officer is or has at any time been convicted for any offence involving moral turpitude or has been found guilty of any economic offence;</p> <p>(f) is a fit and proper person.</p> <p>Regulation 11 says that in case of refusal to grant or renew a certificate of registration, the concerned person shall cease to carry on any activity as registrar or share transfer agent.</p>

DEBENTURE TRUSTEES - REGISTRATION

Regulation 6 lays down that SEBI shall take into account the following matters in considering the application, namely that the applicant:

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>(a) has the necessary infrastructure like adequate office space, equipments, and manpower to effectively discharge his activities;</p> <p>(b) has any past experience as a debenture trustee or has in his employment minimum two persons who had the experience in matters which are relevant to a debenture trustee; or</p> <p>(c) any person, directly or indirectly connected</p>	<p>(a) has the necessary infrastructure like adequate office space, equipments, and manpower to effectively discharge his activities;</p> <p>(b) has any past experience as a debenture trustee or has in his employment minimum two persons who had the experience in matters which are relevant to a debenture trustee; or</p> <p>(c) any person, directly or indirectly connected</p>

<p>with the applicant has not been granted registration by SEBI under the Act;</p> <p>(d) has in his employment at least one person who possesses the professional qualification in law from an institution recognised by the Government; or</p> <p>(e) any of its director or principal officer is or has at any time been convicted for any offence involving moral turpitude or has been found guilty of any economic offence and is a fit and proper person;</p> <p>(f) is a fit and proper person;</p> <p>(g) fulfills the capital adequacy requirements. (networth of not less than ₹One crore)</p>	<p>with the applicant has not been granted registration by SEBI under the Act;</p> <p>(d) has in his employment at least one person who possesses the professional qualification in law from an institution recognised by the Government; or</p> <p>(e) any of its director or principal officer is or has at any time been convicted for any offence involving moral turpitude or has been found guilty of any economic offence and is a fit and proper person;</p> <p>(f) is a fit and proper person;</p> <p>(g) fulfills the capital adequacy requirements. (networth of not less than 10 crore)</p>
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PORTFOLIO MANAGER- REGISTRATION

Regulation 3A lays down that an application by a portfolio manager for grant of the certificate shall be made to SEBI in the prescribed form-A.

Regulation 6 lays down that SEBI shall take into account the following matters in considering the application, namely that:-

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>(a) the applicant is a body corporate;</p> <p>(b) the applicant has the necessary infrastructure to effectively discharge the activities of a portfolio manager;</p> <p>(c) the principal officer of the applicant has the professional qualifications in finance, law, accountancy or business management from an institution recognised by the Government;</p> <p>(d) the applicant has in its employment minimum of two persons who, between them, have at least five years experience as portfolio manager or stock broker or investment manager or in the areas related to fund management;</p> <p>(e) any previous application for grant of certificate made by any person directly or indirectly connected with the applicant has been rejected by the Board;</p> <p>(f) any disciplinary action has been taken by the</p>	<p>(a) the applicant is a body corporate;</p> <p>(b) the applicant has the necessary infrastructure to effectively discharge the activities of a portfolio manager;</p> <p>(c) the principal officer of the applicant has the professional qualifications in finance, law, accountancy or business management from an institution recognised by the Government;</p> <p>(d) the applicant has in its employment minimum of two persons who, between them, have at least five years experience as portfolio manager or stock broker or investment manager or in the areas related to fund management;</p> <p>(e) any previous application for grant of certificate made by any person directly or indirectly connected with the applicant has been rejected by the Board;</p> <p>(f) any disciplinary action has been taken by the Board against a person directly or indirectly</p>

<p>Board against a person directly or indirectly connected with the applicant under the Act or the Rules or the Regulations made there under.</p> <p>(g) the applicant, its director, principal officer or the employee is involved in any litigation connected with the securities market which has an adverse bearing on the business of the applicant;</p> <p>(h) the applicant, its director, principal officer or the employee has at any time been convicted for any offence involving moral turpitude or has been found guilty of any economic offence;</p> <p>(i) the applicant is a fit and proper person;</p> <p>(j) grant of certificate to the applicant is in the interests of investors</p> <p>(k) The applicant fulfils the Capital adequacy requirement of not less than network of fifty lacs rupees.</p>	<p>connected with the applicant under the Act or the Rules or the Regulations made there under.</p> <p>(g) the applicant, its director, principal officer or the employee is involved in any litigation connected with the securities market which has an adverse bearing on the business of the applicant;</p> <p>(h) the applicant, its director, principal officer or the employee has at any time been convicted for any offence involving moral turpitude or has been found guilty of any economic offence;</p> <p>(i) the applicant is a fit and proper person;</p> <p>(j) grant of certificate to the applicant is in the interests of investors</p> <p>(k) The applicant fulfils the Capital adequacy requirement of not less than network of five crores rupees.</p>
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DEPOSITORIES

AUDIT UNDER SEBI (DEPOSITORIES AND PARTICIPANTS) REGULATIONS, 2018

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>SEBI (Depositories and Participants) Regulations, 2018 provides that every issuer shall submit audit report on a quarterly basis to the concerned stock exchanges audited by a practicing Company Secretary or a qualified Chartered Accountant, for the purposes of reconciliation of the total issued capital, listed capital and capital held by depositories in dematerialized form, the details of changes in share capital during the quarter and the in-principle approval obtained by the issuer from all the stock exchanges where it is listed in respect of such further issued capital.</p> <p>The audit report is required to give the updated status of the register of members of the issuer and confirm that securities have been dematerialized as per requests within 21 days from the date of receipt of requests by the issuer and where the dematerialization has not been effected within the said stipulated period, the report would disclose the reasons for such delay.</p>	<p>Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 provides that every issuer shall submit audit report on a quarterly basis to the concerned stock exchanges audited by a practicing Company Secretary or a qualified Chartered Accountant, for the purposes of reconciliation of the total issued capital, listed capital and capital held by depositories in dematerialized form, the details of changes in share capital during the quarter and the in-principle approval obtained by the issuer from all the stock exchanges where it is listed in respect of such further issued capital.</p> <p>The audit report is required to give the updated status of the register of members of the issuer and confirm that securities have been dematerialized as per requests within 21 days from the date of receipt of requests by the issuer and where the dematerialization has not been effected within the said stipulated period, the report would disclose the reasons for such delay.</p>

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SECURITIES LAW
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LISTING AGREEMENT

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

ANNUAL REPORT FILINGS TO STOCK EXCHANGE

REGULATION 34

Before Amendment (Earlier)

After Amendment (Now)

(1) The listed entity shall submit the annual report to the stock exchange within **twenty one working days** of it being approved and adopted in the annual general meeting as per the provisions of the Companies Act, 2013.

(2) The annual report shall contain the following:-

- (a) audited financial statements i.e. balance sheets, profit and loss accounts etc;
- (b) consolidated financial statements audited by its statutory auditors;
- (c) cash flow statement presented only under the indirect method as prescribed in applicable accounting Standard.
- (d) directors report;
- (e) management discussion and analysis report - either as a part of directors report or addition thereto;

Business Responsibility report

(f) for the top five hundred (500) listed entities based on market capitalization (calculated as on March 31 of every financial year), business responsibility report **describing the initiatives taken by them from an environmental, social and governance perspective.**

(1) The listed entity shall submit the annual report to the stock exchange within **twenty one working days** of it being approved and adopted in the annual general meeting as per the provisions of the Companies Act, 2013.

(2) The annual report shall contain the following:-

- (a) audited financial statements i.e. balance sheets, profit and loss accounts etc;
- (b) consolidated financial statements audited by its statutory auditors;
- (c) cash flow statement presented only under the indirect method as prescribed in applicable accounting Standard.
- (d) directors report;
- (e) management discussion and analysis report - either as a part of directors report or addition thereto;

Business Responsibility report

(f) **for the top one thousand (1000) listed entities** based on market capitalization (calculated as on March 31 of every financial year), business responsibility report **describing the initiatives taken by them from an environmental, social and governance perspective.**

TRANSFER OR TRANSMISSION OF SECURITIES

PCS CERTIFICATION

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
	<p data-bbox="824 470 1084 499"><u>-NEW PROVISION-</u></p> <p data-bbox="824 533 1432 600"><u>OTHER PROVISIONS RELATING TO OUTSTANDING SR EQUITY SHARES.</u></p> <p data-bbox="824 604 1010 634">Regulation 41A</p> <p data-bbox="824 667 1432 802"><i>“SR equity shares” means the equity shares of an issuer having superior voting rights compare d to all other equity shares issued by that issuer</i></p> <p data-bbox="824 835 1432 970">(1) The SR equity shares shall be treated at par with the ordinary equity shares in every respect, including dividends, except in the case of voting on resolutions.</p> <p data-bbox="824 974 1432 1171">(2) The total voting rights of SR shareholders (including ordinary shares) in the issuer upon listing, pursuant to an initial public offer, shall not at any point of time exceed seventy four per cent.</p> <p data-bbox="824 1205 1432 1339">(3) The SR equity shares shall be treated as ordinary equity shares in terms of voting rights (i.e. one SR share shall only have one vote) in the following circumstances -</p> <p data-bbox="824 1373 1432 1440">i.appointment or removal of independent directors and/or auditor;</p> <p data-bbox="824 1491 1432 1558">ii.where a promoter is willingly transferring control to another entity;</p> <p data-bbox="824 1608 1432 1709">iii.related party transactions in terms of these regulations involving an SR shareholder;</p> <p data-bbox="824 1759 1334 1789">iv.voluntary winding up of the listed entity;</p> <p data-bbox="824 1839 1432 1906">v.changes to the Articles of Association or Memorandum of Association of the listed entity,</p>

	except any change affecting the SR equity share;
	vi.initiation of a voluntary resolution process under the Insolvency Code;
	vii.utilization of funds for purposes other than business;
	viii.substantial value transaction based on materiality threshold as specified under these regulations;
	ix.passing of special resolution in respect of delisting or buy-back of shares; and
	x.other circumstances or subject matter as may be specified by the Board, from time to time.
	(4) The SR equity shares shall be converted into equity shares having voting rights same as that of ordinary shares on the <i>fifth anniversary of listing of ordinary shares</i> of the listed entity:
	Provided that the SR equity shares may be valid for upto an additional five years, after a resolution to that effect has been passed, where the SR shareholders have not been permitted to vote:
	Provided further that the SR shareholders may convert their SR equity shares into ordinary equity shares at any time prior to the period as specified in this sub-regulation.
	(5) The SR equity shares shall be compulsorily converted into equity shares having voting rights same as that of ordinary shares on the occurrence of <u>any of the following events</u>:
	i.demise of the promoter(s) or founder holding such shares;
	ii.an SR shareholder resigns from the executive position in the listed entity;
	iii.merger or acquisition of the listed entity having SR shareholder/s, where the
	control would no longer remain with the SR shareholder/s;

RECORD DATE OR DATE OF CLOSURE OF TRANSFER BOOKS

The listed entity shall intimate the record date in advance of at least **seven working days** to all the stock exchange(s) where it is listed for the following purposes:-

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>(a) declaration of dividend;</p> <p>(b) issue of right or bonus shares;</p> <p>(c) issue of shares for conversion of debentures or any other convertible security;</p> <p>(d) shares arising out of rights attached to debentures or any other convertible security.</p> <p>(e) corporate actions like mergers, de-mergers, splits and bonus shares etc.</p> <p>(f) such other purposes as may be specified by the stock exchange(s).</p> <p>The listed entity shall recommend or declare all dividend and/or cash bonuses at least five working days before the record date fixed for the purpose.</p> <p>The listed entity shall ensure the time gap of at least thirty days between two record dates.</p>	<p>(a) declaration of dividend;</p> <p>(b) issue of right or bonus shares;</p> <p>(c) issue of shares for conversion of debentures or any other convertible security;</p> <p>(d) shares arising out of rights attached to debentures or any other convertible security.</p> <p>(e) corporate actions like mergers, de-mergers, splits and bonus shares etc.</p> <p>(f) such other purposes as may be specified by the stock exchange(s).</p> <p>2) The listed entity shall give notice in advance of at least seven working Days excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date;</p> <p>97 [Provided that in the case of rights issues, the listed entity shall give notice in advance of at least three working days (excluding the date of intimation and the record date</p> <p>The listed entity shall recommend or declare all dividend and/or cash bonuses at least five working days before the record date fixed for the purpose.</p> <p>The listed entity shall ensure the time gap of at least thirty days between two record dates</p>

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

REGULATION 17

Before Amendment (Earlier)

COMPOSITION OF BOARD

1. The Board of Directors of the company shall have an **optimum combination** of executive and non-executive directors with at least **one woman director** and not less than **fifty percent of the Board of Directors comprising non-executive directors**.
2. Where the Chairman of the Board is a non-executive director, at least **one-third** of the Board should comprise independent directors and in case the company does not have a regular non-executive Chairman, at least **half** of the Board should comprise independent directors.

Provided that where the regular non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.

Explanation:For the purpose of the expression "related to any promoter" referred to in above:

- i. If the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it;
- ii. If the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it."

After Amendment (Now)

COMPOSITION OF BOARD

1. The Board of Directors of the company shall have an **optimum combination** of executive and non-executive directors with at least **one woman director** and not less than **fifty percent of the Board of Directors comprising non-executive directors**.
2. Where the Chairman of the Board is a non-executive director, at least **one-third** of the Board should comprise independent directors and in case the company does not have a regular non-executive Chairman, at least **half** of the Board should comprise independent directors.

Provided that where the regular non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.

Explanation:or the purpose of the expression "related to any promoter" referred to in above:

- i. If the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it;
- ii. If the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it."

However, Where the listed company has outstanding SR equity shares, atleast half of the board of directors shall comprise of

independent directors.

QUALIFIED AND INDEPENDENT AUDIT COMMITTEE

REGULATION 18

A qualified and independent audit committee shall be set up, giving the terms of reference subject to the following:

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<ol style="list-style-type: none">1. The audit committee shall have minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors.2. All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.3. The Chairman of the Audit Committee shall be an independent director;4. The Chairman of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries;5. The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee.6. The Company Secretary shall act as the secretary to the committee.	<ol style="list-style-type: none">3. The audit committee shall have minimum three directors as members. Two-thirds of the members of audit committee shall be independent directors. However, Where the listed company has outstanding SR equity shares, 100% of the board of directors shall comprise of independent directors.4. All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.3. The Chairman of the Audit Committee shall be an independent director; The Chairman of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries;5. The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee.6. The Company Secretary shall act as the secretary to the committee.

NOMINATION AND REMUNERATION COMMITTEE

REGULATION 19

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>The board of directors shall constitute the nomination and remuneration committee as follows:</p> <p>(a) the committee shall comprise of at least three directors ;</p> <p>(b) all directors of the committee shall be non-executive directors; and</p> <p>(c) at least fifty percent of the directors shall be independent directors.</p> <p>(2) The Chairperson of the nomination and remuneration committee shall be an independent director: Provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.</p> <p>(3) The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries</p>	<p>(1) board of directors shall constitute the nomination and remuneration committee as follows:</p> <p>(a) the committee shall comprise of at least three directors ;</p> <p>(b) all directors of the committee shall be non-executive directors; and</p> <p>(c) at least fifty percent of the directors shall be independent directors. However, Where the listed company has outstanding SR equity shares, atleast 2/3rd of the board of directors shall comprise of independent directors.</p> <p>(2) The Chairperson of the nomination and remuneration committee shall be an independent director: Provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.</p> <p>(3) The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries</p>

STAKEHOLDERS RELATIONSHIP COMMITTEE

REGULATION 20

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>(1) The listed entity shall constitute a Stakeholders Relationship Committee to specifically look into the mechanism of redressal of grievances of shareholders, debenture holders and other security holders.</p> <p>(2) The chairperson of this committee shall be a non-executive director.</p> <p>(3) The board of directors shall decide other members of this committee.</p>	<p>(1)The listed entity shall constitute a Stakeholders Relationship Committee to specifically look into the mechanism of redressal of grievances of shareholders, debenture holders and other security holders.</p> <p>(2) The chairperson of this committee shall be a non-executive director.</p> <p>(3) at least one of the directors shall be independent directors. However, Where the listed company has outstanding SR equity shares, at least 2/3rd of the board of directors shall comprise of independent directors.</p> <p>(3) The board of directors shall decide other members of this committee.</p>

RISK MANAGEMENT COMMITTEE

REGULATION 21

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>(1) The board of directors shall constitute a Risk Management Committee.</p> <p>(2) The majority of members of Risk Management Committee shall consist of members of the board of directors.</p> <p>(3) The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.</p> <p>(4) The board of directors shall define the role and</p>	<p>(1)The board of directors shall constitute a Risk Management Committee.</p> <p>(2) The majority of members of Risk Management Committee shall consist of members of the board of directors.</p> <p>(3) The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee. Where the listed company has outstanding SR equity shares, 2/3rd of the board of</p>

<p>responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.</p> <p>(5) The provisions of this regulation shall be applicable to top 100 listed entities, determined on the basis of market capitalisation, as at the end of the immediate previous financial year.</p>	<p>directors shall comprise of independent directors.</p> <p>(4) The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.</p> <p>(5) The provisions of this regulation shall be applicable to top 100 listed entities, determined on the basis of market capitalisation, as at the end of the immediate previous financial year.</p>
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RELATED PARTY TRANSACTIONS

REGULATION 23

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>(1) The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions “including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly”:</p> <p>Explanation.- A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.</p> <p>Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with</p>	<p>(1) The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions “including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly”:</p> <p>Explanation.- A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.</p> <p>Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with</p>

<p>previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.</p> <p>(2) All related party transactions shall require prior approval of the audit committee. Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.</p>	<p>previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.</p> <p>(2) All related party transactions shall require prior approval of the audit committee. Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.</p>
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SEBI (ISSUE OF CAPITAL & DISCLOSURE REQUIREMENT) REGULATIONS, 2018

(QIB ROUTE)

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p data-bbox="235 667 462 703"><u>Regulation 6(2)</u></p> <div data-bbox="224 722 800 873" style="border: 1px solid black; padding: 5px;"> <p data-bbox="235 722 800 873">The issue is made through book building process, with at least 75% of the net offer to public being allotted to qualified institutional buyers (QIBs).</p> </div>	<p data-bbox="872 667 1099 703"><u>Regulation 6(2)</u></p> <div data-bbox="860 722 1437 873" style="border: 1px solid black; padding: 5px;"> <p data-bbox="872 722 1437 873">The issue is made through book building process, with at least 75% of the net offer to public being allotted to qualified institutional buyers (QIBs).</p> </div> <p data-bbox="824 905 1437 1010"><u>ADDITIONAL CONDITION If an issuer has issued SR equity (Superior rights equity shares)</u></p> <p data-bbox="824 1052 1437 1192"><i>“SR equity shares” means the equity shares of an issuer having superior voting rights compared to all other equity shares issued by that issuer</i></p> <p data-bbox="824 1234 1437 1486"><u>If an issuer has issued SR equity shares to its promoters/ founders, the said issuer shall be allowed to do an initial public offer of only ordinary shares for listing on the Main Board subject to compliance with the provisions of these regulations and these clauses -</u></p> <div data-bbox="860 1528 1437 1787" style="border: 1px solid black; padding: 5px;"> <p data-bbox="872 1535 1437 1787">1. the issuer shall be intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value addition.</p> </div> <div data-bbox="860 1797 1437 1900" style="border: 1px solid black; padding: 5px;"> <p data-bbox="872 1797 1437 1900">2. the SR shareholder shall not be part of the promoter group whose collective net worth is more than rupees 500</p> </div>

	<p>crores:</p> <p>3. The SR shares were issued only to the promoters/ founders who hold an executive position in the issuer company;</p> <p>4. The issue of SR equity shares had been authorized by a special resolution passed at a general meeting of the shareholders of the issuer where the notice calling for such general meeting specifically provided for – a. the size of issue of SR equity shares, b. ratio of voting rights of SR equity shares vis-à-vis the ordinary shares, c. rights as to differential dividends, if any d. sunset provisions, which provide for a time frame for the validity of such SR equity shares, e. matters in respect of which the SR equity shares would have the same voting right as that of the ordinary shares</p> <p>5. The SR equity shares have been held for a period of at least 6 months prior to the filing of the red herring prospectus;</p> <p>6. The SR equity shares shall have voting rights in the ratio of a minimum of 2:1 upto a maximum of 10:1 compared to ordinary shares and such ratio shall be in whole numbers only;</p> <p>7. The SR equity shares shall have the same face value as the ordinary shares;</p> <p>8. The issuer shall only have one class of SR equity shares; –</p> <p>9. The SR equity shares shall be equivalent to ordinary equity shares in all respects, except for having superior voting rights</p>
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ADDITIONAL COMMON/GENERAL NORMS FOR BOTH UNLISTED COMPANY(IPO) AND LISTED COMPANY (FPO)
REGULATION 7,8,104,105

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>1. The issuer shall not make an allotment pursuant to a public issue if the number of prospective allottees is less than one thousand.</p> <p>2. An issuer making a public offer shall ensure that -</p> <p>(a) it has made an application to one or more stock exchanges to seek an in-principle approval for listing of its specified securities on such stock exchanges and has chosen one of them as the designated stock exchange, in terms of Schedule XIX;</p> <p>(b) it has entered into an agreement with a depository for dematerialisation of specified securities already issued and proposed to be issued;</p> <p>(c) all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited;</p> <p>(d) it has made firm arrangements of finance through verifiable means towards seventy five per cent. of the stated means of finance for the specific project proposed to be funded from the issue proceeds, excluding the amount to be raised through the proposed public issue or through existing identifiable internal accruals.</p> <p>3. <u>Additional conditions for an offer for sale</u> Only such fully paid-up equity shares may be offered for sale to the public, which have been held by the sellers for a period of at least one year prior to the filing of the draft offer document: <u>Provided that</u> the requirement of holding equity shares for a period of one year shall not apply: (a) in case of an offer for sale of a government company or statutory authority or corporation or any special purpose vehicle set up and controlled by any one or more of</p>	<p>1. The issuer shall not make an allotment pursuant to a public issue if the number of prospective allottees is less than one thousand.</p> <p>2. An issuer making a public offer shall ensure that -</p> <p>(a) it has made an application to one or more stock exchanges to seek an in-principle approval for listing of its specified securities on such stock exchanges and has chosen one of them as the designated stock exchange, in terms of Schedule XIX;</p> <p>(b) it has entered into an agreement with a depository for dematerialisation of specified securities already issued and proposed to be issued;</p> <p>(c) all its specified securities held by the promoters are in dematerialised form prior to filing of the offer document;(only IPO)</p> <p>(d) all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited;</p> <p>(e) it has made firm arrangements of finance through verifiable means towards seventy five per cent. of the stated means of finance for the specific project proposed to be funded from the issue proceeds, excluding the amount to be raised through the proposed public issue or through existing identifiable internal accruals.</p> <p>the amount for general corporate purposes, as mentioned in objects of the issue in the draft offer document and the offer document shall not exceed 25% of the amount being raised by the issuer.</p> <p>3. <u>Additional conditions for an offer for sale</u> Only such fully paid-up equity shares may be offered for sale to the public, which have been</p>

<p>them, which is engaged in the infrastructure sector;</p> <p>(b) if the equity shares offered for sale were acquired pursuant to any scheme approved by a tribunal or the Central Government under the Sections 230 to 234 of Companies Act, 2013</p>	<p>held by the sellers for a period of at least one year prior to the filing of the draft offer document:</p> <p><u>Provided that the requirement of holding equity shares for a period of one year shall not apply:</u></p> <p>(a) in case of an offer for sale of a government company or statutory authority or corporation or any special purpose vehicle set up and controlled by any one or more of them, which is engaged in the infrastructure sector;</p> <p>(b) if the equity shares offered for sale were acquired pursuant to any scheme approved by a tribunal or the Central Government under the Sections 230 to 234 of Companies Act, 2013</p>
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ISSUE OPENING DATE

REGULATION 44

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>The issue must open within 12 months from the date of issuance of the observation letter by SEBI, if any.</p> <p>An issue shall be opened after at least three working days from the date of registering offer document with the Registrar of Companies.</p>	<p>The issue must open within 12 months from the date of issuance of the observation letter by SEBI, if any.</p> <p>An issue shall be opened after at least three working days from the date of filing offer document with the Registrar of Companies.</p>

PROMOTER'S CONTRIBUTION

<u>Before Amendment (Earlier)</u>		<u>After Amendment (Now)</u>	
Type of issue	Amount of promoter's contribution	Type of issue	Amount of promoter's contribution
<u>IPO</u> (REG 14)	20% of the post-issue capital	<u>IPO</u> (REG 14)	20% of the post-issue capital
<u>FPO</u> (REG 113)	20% of proposed issue or such percentage which constitutes 20% of post-issue capital	<u>FPO</u> (REG 113)	20% of proposed issue or such percentage which constitutes 20% of post-issue capital
<u>COMPOSITE</u>	20% of proposed issue	<u>COMPOSITE</u>	20% of proposed issue

<u>ISSUE BY LISTED COMPANY</u> (REG 113)	or such percentage which constitutes 20% of post-issue capital <i>(excluding Right issue component)</i>	<u>ISSUE BY LISTED COMPANY</u> (REG 113)	or such percentage which constitutes 20% of post-issue capital <i>(excluding Right issue component)</i>
The promoters contribution must be received at least one day prior to the issue opening date and kept in an escrow account with a scheduled commercial bank .If the promoters’ contribution exceeds ₹100 crores , the promoters can bring in ₹100 crores before the opening of the issue and balance contribution in advance on pro rata basis before the calls are made on public.		<p>The SR equity shares of promoters, if any, shall be eligible towards computation of minimum promoters’ contribution</p> The promoters contribution must be received at least one day prior to the issue opening date and kept in an escrow account with a scheduled commercial bank .If the promoters’ contribution exceeds ₹100 crores , the promoters can bring in ₹100 crores before the opening of the issue and balance contribution in advance on pro rata basis before the calls are made on public.	

SECURITIES INELIGIBLE FOR MINIMUM PROMOTERS’ CONTRIBUTION(FPO)

Regulation 114

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p><i>whichever is later.</i></p> <p>The excess promoter’s contribution over the requirement minimum contribution shall be locked-in for a period of one year from date of commencement of commercial production or the date of allotment, whichever is later.</p>	<p><i>whichever is later.</i></p> <p>The excess promoter’s contribution over the requirement minimum contribution shall be locked-in for a period of one year from date of commencement of commercial production or the date of allotment, whichever is later.</p> <p>The SR equity shares shall be under lock-in until their conversion to equity shares having voting rights same as that of ordinary shares, provided they are in compliance with the other provisions of these regulations.</p>

ASBA (APPLICATION SUPPORTED BY BLOCKED AMOUNT)

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>						
<p>ASBA (Application Supported by Blocked Amount) is an application for subscribing to an issue, containing an authorization to block the application money in bank account.</p> <p>The ASBA process is available in all public issues made through book-building route. If an investor is applying through ASBA, his application money shall be debited from the bank account only if his application is selected for allotment.</p> <p><u>Eligibility of Investors</u></p> <table border="1"> <tr> <td rowspan="5" style="text-align: center; vertical-align: middle;">An Investor is eligible to apply through ASBA process, if he/she:-</td> <td>(i) is a “Resident Retail Individual Investor”;</td> </tr> <tr> <td>(ii) is bidding at cut-off, with single option as to the number of shares bid for;</td> </tr> <tr> <td>(iii) is applying through blocking of funds in a bank account with the SCSB;</td> </tr> <tr> <td>(iv) has agreed not to revise his/her bid;</td> </tr> <tr> <td>(v) is not bidding under any of the reserved categories.</td> </tr> </table>	An Investor is eligible to apply through ASBA process, if he/she:-	(i) is a “Resident Retail Individual Investor”;	(ii) is bidding at cut-off, with single option as to the number of shares bid for;	(iii) is applying through blocking of funds in a bank account with the SCSB;	(iv) has agreed not to revise his/her bid;	(v) is not bidding under any of the reserved categories.	<p>ASBA (Application Supported by Blocked Amount) is an application for subscribing to an issue,</p> <p>containing an authorization to block the application money in bank account.</p> <p>The ASBA process is available in all public issues made through book-building route. If an investor is applying through ASBA, his application money shall be debited from the bank account only if his application is selected for allotment.</p> <p style="background-color: yellow;">The issuer shall accept bids using only the ASBA facility in the manner specified by the Board.</p>
An Investor is eligible to apply through ASBA process, if he/she:-		(i) is a “Resident Retail Individual Investor”;					
		(ii) is bidding at cut-off, with single option as to the number of shares bid for;					
		(iii) is applying through blocking of funds in a bank account with the SCSB;					
		(iv) has agreed not to revise his/her bid;					
	(v) is not bidding under any of the reserved categories.						

RIGHT ISSUE OF SHARES

PROVISIONS OF SEBI (ICDR), REGULATIONS ON RIGHT ISSUE OF SHARE

ELIGIBILITY CONDITIONS

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
An issuer shall not be eligible to make a rights issue of specified securities:	An issuer shall not be eligible to make a rights issue of specified securities:
(a) if the issuer, any of its promoters, promoter group or directors of the issuer are debarred from accessing the capital market by SEBI;	(a) if the issuer, any of its promoters, promoter group or directors of the issuer are debarred from accessing the capital market by SEBI;
(b) if any of the promoters or directors of the issuer is a promoter or director of any other company which is debarred from accessing the capital market by SEBI;	(b) if any of the promoters or directors of the issuer is a promoter or director of any other company which is debarred from accessing the capital market by SEBI;
(c) if any of its promoters or directors is a fugitive economic offender.	(c) if any of its promoters or directors is a fugitive economic offender.
	(d) Where the issuer has issued SR equity shares to its promoters or founders, then such a SR shareholder shall not renounce their rights and the SR shares received in a rights issue shall remain under lockin until conversion into equity shares having voting rights same as that of ordinary equity shares along with existing SR equity shares.

GENERAL CONDITIONS

The issuer making a rights issue of specified securities shall ensure that:

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
(a) it has made an application to one or more stock exchanges to seek an in-principle approval for listing of its specified securities on such stock exchanges and has chosen one of them as the designated stock exchange,	(a) it has made an application to one or more stock exchanges to seek an in-principle approval for listing of its specified securities on such stock exchanges and has chosen one of them as the designated stock exchange,
(b) all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited	(b) all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited
<u>RECORD DATE</u>	<u>RECORD DATE</u>
A listed issuer making a rights issue shall announce a record date for the purpose of determining the	A listed issuer making a rights issue shall announce a record date for the purpose of determining the

shareholders eligible to apply for specified securities in the proposed rights issue for such period as may be specified in SEBI Listing Regulations, 2015

PRICING

The issuer shall decided the issue price, in consultation with the lead manager(s), before determining the record date, which shall be determined in accordance with the designated stock exchange.

The issue price shall not be less than the face value of the specified securities.

The issue shall disclose the issue price in the letter of offer filed with SEBI and the stock exchanges.

ABRIDGED LETTER OF OFFER

The abridged letter of offer shall contain the disclosures as specified by SEBI and shall not contain any matter extraneous to the contents of the letter of offer.

Every application form distributed by the issuer or any other person in relation to the issue shall be accompanied by a copy of the abridged letter of offer.

ASBA

The issuer shall provide the ASBA facility in the manner specified by SEBI where not more than one payment option is provided.

AVAILABILITY OF LETTER OF OFFER AND OTHER ISSUE MATERIALS

The abridged letter of offer, along with application form, shall be dispatched through registered post or speed post or by courier service or by electronic transmission to all the existing shareholders at least three days before the date of opening of the issue.

The letter of offer shall also be provided by the issuer or lead manager(s) to any existing shareholder who makes a request in this regard.

CONDITIONS FOR MAKING APPLICATIONS ON PLAIN PAPER

Shareholders who have not received the application form may make an application in writing on a plain paper, along with the requisite application money.

SUBSCRIPTION PERIOD

shareholders eligible to apply for specified securities in the proposed rights issue for such period as may be specified in SEBI Listing Regulations, 2015

PRICING

The issuer shall decided the issue price, in consultation with the lead manager(s), before determining the record date, which shall be determined in accordance with the designated stock exchange.

The issue price shall not be less than the face value of the specified securities.

The issue shall disclose the issue price in the letter of offer filed with SEBI and the stock exchanges.

ABRIDGED LETTER OF OFFER

The abridged letter of offer shall contain the disclosures as specified by SEBI and shall not contain any matter extraneous to the contents of the letter of offer.

Every application form distributed by the issuer or any other person in relation to the issue shall be accompanied by a copy of the abridged letter of offer.

ASBA

An applicant to the rights issue shall do so **only** through the ASBA facility, which facility shall be provided by the issuer in the manner specified by the Board:

AVAILABILITY OF LETTER OF OFFER AND OTHER ISSUE MATERIALS

The abridged letter of offer, along with application form, shall be dispatched through registered post or speed post or by courier service or by electronic transmission to all the existing shareholders at least three days before the date of opening of the issue.

The letter of offer shall also be provided by the issuer or lead manager(s) to any existing shareholder who makes a request in this regard.

CREDIT OF RIGHTS ENTITLEMENTS AND ALLOTMENT OF SPECIFIED SECURITIES.

Regulation 77A.

<p>A rights issue shall be open for subscription for a minimum period of fifteen days and for a maximum period of thirty days</p>	<p>(1) The rights entitlements shall be credited to the demat account of the shareholders before the date of opening of the issue.</p> <p>(2) Allotment of specified securities shall be made in the dematerialised form only.</p> <p><u>CONDITIONS FOR MAKING APPLICATIONS ON PLAIN PAPER</u></p> <p>Shareholders who have not received the application form may make an application in writing on a plain paper, along with the requisite application money.</p> <p><u>SUBSCRIPTION PERIOD</u></p> <p>A rights issue shall be open for subscription for a minimum period of fifteen days and for a maximum period of thirty days and no withdrawal of application shall be permitted after the issue closing date</p>
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LISTING PURSUANT TO INITIAL PUBLIC ISSUE

An entity seeking issue and listing of its specified securities shall file a draft offer document along with necessary documents with SEBI along with prescribed fees.

The offer document shall disclose the broad objects of the issue.

Procedure of listing pursuant to public issue

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>1. The minimum application size shall be 10 lakh rupees. 2. The number of allottees shall be atleast 200.</p>	<p>1. The minimum application size shall be 2 lakh rupees.</p>
<p>2. The allocation in the net offer to public category shall be as follows: • 75% to institutional investors; However, there shall be no separate allocation for Anchor Investors; • 25% to non-institutional investors;</p>	<p>2. The number of allottees shall be atleast 50.</p> <p>3. The allotment to institutional investors as well as noninstitutional investors shall be on a proportionate basis</p>
<p>3. Any under-subscription in the non-institutional investor category shall be available for subscription under the institutional investors' category.</p>	<p>4. Any under-subscription in the non-institutional investor category shall be available for subscription under the institutional investors' category.</p>
<p>4. The allotment to institutional investors may be on a discretionary basis whereas the allotment to non-institutional investors shall be on a proportionate basis.</p>	<p>5. The allotment to institutional investors may be on a discretionary basis whereas the allotment to non-institutional investors shall be on a proportionate basis.</p>
<p>5. The mode of allotment to institutional investors, i.e., whether discretionary or</p>	<p>6. The mode of allotment to institutional investors, i.e., whether discretionary or proportionate, shall be disclosed prior to or at the time of filing of the Red Herring</p>

<p>proportionate, shall be disclosed prior to or at the time of filing of the Red Herring Prospectus.</p>	<p>Prospectus.</p>
<p>6. In case of discretionary allotment to institutional investors, no institutional investor shall be allotted more than 10% of the issue size.</p>	<p>7. In case of discretionary allotment to institutional investors, no institutional investor shall be allotted more than 10% of the issue size.</p>
<p><u>LOCK-IN</u></p> <p>The entire pre-issue capital of the shareholders shall be locked-in for a period of six months from the date of allotment in case of listing pursuant to public issue or date of listing in case of listing without public issue.</p> <p><u>TRADING LOT</u></p> <p>The minimum trading lot on the stock exchange shall be ten lakh rupees.</p>	<p><u>LOCK-IN</u></p> <p>The entire pre-issue capital of the shareholders shall be locked-in for a period of six months from the date of allotment in case of listing pursuant to public issue or date of listing in case of listing without public issue.</p> <p><u>TRADING LOT</u></p> <p>The minimum trading lot on the stock exchange shall be two lakh rupees.</p>