

Additional requirements for issue of convertible debt instruments.

10. (1) In addition to other requirements laid down in these regulations, an issuer making an initial public offer of convertible debt instruments shall also comply with the following conditions:

- (a) it has obtained credit rating from at least one credit rating agency;
- (b) it has appointed at least one debenture trustee in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
- (c) it shall create a debenture redemption reserve in accordance with the provisions of the Companies Act, 2013 and rules made thereunder;
- (d) if the issuer proposes to create a charge or security on its assets in respect of secured convertible debt instruments, it shall ensure that:
 - (i) such assets are sufficient to discharge the principal amount at all times;
 - (ii) such assets are free from any encumbrance;
 - (iii) where security is already created on such assets in favour of any existing lender or security trustee or the issue of convertible debt instruments is proposed to be secured by creation of security on a leasehold land, the consent of such lender or security trustee or lessor for a second or *pari passu* charge has been obtained and submitted to the debenture trustee before the opening of the issue;
 - (iv) the security or asset cover shall be arrived at after reduction of the liabilities having a first or prior charge, in case the convertible debt instruments are secured by a second or subsequent charge.

(2) The issuer shall redeem the convertible debt instruments in terms of the offer document.

Conversion of optionally convertible debt instruments into equity shares.

11. (1) The issuer shall not convert its optionally convertible debt instruments into equity shares unless the holders of such convertible debt instruments have sent their positive consent to the issuer and non-receipt of reply to any notice sent by the issuer for this purpose shall not be construed as consent for conversion of any convertible debt instruments.

(2) Where the value of the convertible portion of any listed convertible debt instruments issued by an issuer exceeds ten crore rupees and the issuer has not determined the conversion price of such convertible debt instruments at the time of making the issue, the holders of such convertible debt instruments shall be given the option of not converting the convertible portion into equity shares:

Provided that where the upper limit on the price of such convertible debt instruments and justification thereon is determined and disclosed to the investors at the time of making the issue, it shall not be necessary to give such option to the holders of the convertible debt instruments for converting the convertible portion into equity share capital within the said upper limit.

(3) Where an option is to be given to the holders of the convertible debt instruments in terms of sub-regulation (2) and if one or more of such holders do not

exercise the option to convert the instruments into equity share capital at a price determined in the general meeting of the shareholders, the issuer shall redeem that part of the instruments within one month from the last date by which option is to be exercised, at a price which shall not be less than its face value.

(4) The provision of sub-regulation (2) shall not apply if such redemption is as per the disclosures made in the offer document.

Issue of convertible debt instruments for financing.

12. An issuer shall not issue convertible debt instruments for financing or for providing loans to or for acquiring shares of any person who is part of the promoter group or group companies:

Provided that an issuer shall be eligible to issue fully convertible debt instruments for these purposes if the period of conversion of such debt instruments is less than eighteen months from the date of issue of such debt instruments.

Issue of warrants.

13. An issuer shall be eligible to issue warrants in an initial public offer subject to the following:

- (a) the tenure of such warrants shall not exceed eighteen months from the date of their allotment in the initial public offer;
- (b) a specified security may have one or more warrants attached to it;
- (c) the price or formula for determination of exercise price of the warrants shall be determined upfront and disclosed in the offer document and at least twenty-five per cent of the consideration amount based on the exercise price shall also be received upfront:

Provided that in case the exercise price of warrants is based on a formula, twenty-five per cent consideration amount based on the cap price of the price band determined for the linked equity shares or convertible securities shall be received upfront.

- (d) in case the warrant holder does not exercise the option to take equity shares against any of the warrants held by the warrant holder, within three months from the date of payment of consideration, such consideration made in respect of such warrants shall be forfeited by the issuer.

PART III

PROMOTERS' CONTRIBUTION

Minimum promoters' contribution.

14. (1) The promoters of the issuer shall hold at least twenty per cent of the post-issue capital:

Provided that in case the post-issue shareholding of the promoters is less than twenty per cent, alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India may contribute to meet the shortfall in minimum contribution as specified for the

promoters, subject to a maximum of ten per cent of the post-issue capital without being identified as promoter(s):

Provided further that the requirement of minimum promoters' contribution shall not apply in case an issuer does not have any identifiable promoter.

(2) The minimum promoters' contribution shall be as follows:

- (a) the promoters shall contribute twenty per cent as stipulated in sub-regulation (1), as the case may be, either by way of equity shares '[, including SR equity shares held, if any,] or by way of subscription to convertible securities:

Provided that if the price of the equity shares allotted pursuant to conversion is not pre-determined and not disclosed in the offer document, the promoters shall contribute only by way of subscription to the convertible securities being issued in the public issue and shall undertake in writing to subscribe to the equity shares pursuant to conversion of such securities.

- (b) in case of any issue of convertible securities which are convertible or exchangeable on different dates and if the promoters' contribution is by way of equity shares (conversion price being pre-determined), such contribution shall not be at a price lower than the weighted average price of the equity share capital arising out of conversion of such securities.

- (c) subject to the provisions of clauses (a) and (b) above, in case of an initial public offer of convertible debt instruments without a prior public issue of equity shares, the promoters shall bring in a contribution of at least twenty per cent of the project cost in the form of equity shares, subject to contributing at least twenty per cent of the issue size from their own funds in the form of equity shares:

Provided that if the project is to be implemented in stages, the promoters' contribution shall be with respect to total equity participation till the respective stage *vis-à-vis* the debt raised or proposed to be raised through the public issue.

(3) The promoters shall satisfy the requirements of this regulation at least one day prior to the date of opening of the issue.

(4) In case the promoters have to subscribe to equity shares or convertible securities towards minimum promoters' contribution, the amount of promoters' contribution shall be kept in an escrow account with a scheduled commercial bank, which shall be released to the issuer along with the release of the issue proceeds:

Provided that where the promoters' contribution has already been brought in and utilised, the issuer shall give the cash flow statement disclosing the use of such funds in the offer document:

Provided further that where the minimum promoters' contribution is more than one hundred crore rupees and the initial public offer is for partly paid shares, the promoters shall bring in at least one hundred crore rupees before the date of opening of the issue and the remaining amount may be brought on a *pro rata* basis before the calls are made to the public.

1. Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019, w.e.f. 29-7-2019.

Explanation.—For the purpose of this regulation:

- (I) Promoters' contribution shall be computed on the basis of the post-issue expanded capital:
 - (a) assuming full proposed conversion of convertible securities into equity shares;
 - (b) assuming exercise of all vested options, where any employee stock options are outstanding at the time of initial public offer in terms of proviso (a) to sub-regulation (2) of regulation 5.
- (II) For computation of "weighted average price":
 - (a) "weight" means the number of equity shares arising out of conversion of such specified securities into equity shares at various stages;
 - (b) "price" means the price of equity shares on conversion arrived at after taking into account the pre-determined conversion price at various stages.

Securities ineligible for minimum promoters' contribution.

15. (1) For the computation of minimum promoters' contribution, the following specified securities shall not be eligible:

- (a) specified securities acquired during the preceding three years, if these are:
 - (i) acquired for consideration other than cash and revaluation of assets or capitalisation of intangible assets is involved in such transaction; or
 - (ii) resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against equity shares which are ineligible for minimum promoters' contribution;
- (b) specified securities acquired by the promoters and alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India, during the preceding one year at a price lower than the price at which specified securities are being offered to the public in the initial public offer:

Provided that nothing contained in this clause shall apply:

- (i) ¹[if the promoters and alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India], as applicable, pay to the issuer the difference between the price at which the specified securities are offered in the initial public offer and the price at which the specified securities had been acquired;
- (ii) if such specified securities are acquired in terms of the scheme under ²[****] sections 230 to 234 of the Companies Act, 2013, as approved by a

1. Substituted for "if the promoters and alternative investment funds" by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022, w.e.f. 14-1-2022.

2. Words "sections 391 to 394 of the Companies Act, 1956 or" omitted, *ibid*.

High Court or a Tribunal or the Central Government, as applicable, by the promoters in lieu of business and invested capital that had been in existence for a period of more than one year prior to such approval;

(iii) to an initial public offer by a Government company, statutory authority or corporation or any special purpose vehicle set up by any of them, which is engaged in the infrastructure sector;

(c) specified securities allotted to '[the promoters and alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India] during the preceding one year at a price less than the issue price, against funds brought in by them during that period, in case of an issuer formed by conversion of one or more partnership firms or limited liability partnerships, where the partners of the erstwhile partnership firms or limited liability partnerships are the promoters of the issuer and there is no change in the management:

Provided that specified securities, allotted to the promoters against the capital existing in such firms for a period of more than one year on a continuous basis, shall be eligible;

(d) specified securities pledged with any creditor.

(2) Specified securities referred to in clauses (a) and (c) of sub-regulation (1) shall be eligible for the computation of promoters' contribution if such securities are acquired pursuant to a scheme which has been approved by a High Court ²[***] or approved by a Tribunal or the Central Government under sections 230 to 234 of the Companies Act, 2013.

PART IV

LOCK-IN AND RESTRICTIONS ON TRANSFERABILITY

Lock-in of specified securities held by the promoters.

16. ³[(1)] The specified securities held by the promoters shall not be transferable (hereinafter referred to as "lock-in") for the periods as stipulated hereunder:

(a) minimum promoters' contribution including contribution made by alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India referred to in proviso to sub-regulation (1) of regulation 14, shall be locked-in for a period of ⁴[eighteen months from the date of allotment in the initial public offer];

1. Substituted for "the promoters and alternative investment funds" by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022, w.e.f. 14-1-2022.

2. Words "under the sections 391 to 394 of the Companies Act, 1956" omitted, *ibid*.

3. Renumbered as sub-regulation (1) by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019, w.e.f. 29-7-2019.

4. Substituted for "three years from the date of commencement of commercial production or date of allotment in the initial public offer, whichever is later" by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w.e.f. 13-8-2021.

¹[**Provided** that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be three years from the date of allotment in the initial public offer;]

- (b) promoters' holding in excess of minimum promoters' contribution shall be locked-in for a period of ²[six months] from the date of allotment in the initial public offer:

¹[**Provided** that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be one year from the date of allotment in the initial public offer.]

³[*Explanation.*—For the purpose of this sub-regulation, “capital expenditure” shall include civil work, miscellaneous fixed assets, purchase of land, building and plant and machinery, etc.]

⁴[(2) The SR equity shares shall be under lock-in until conversion into equity shares having voting rights same as that of ordinary shares or shall be locked-in for a period specified in sub-regulation (1), whichever is later.]

Lock-in of specified securities held by persons other than the promoters.

17. The entire pre-issue capital held by persons other than the promoters shall be locked-in for a period of ²[six months] from the date of allotment in the initial public offer:

Provided that nothing contained in this regulation shall apply to:

- (a) equity shares allotted to employees, whether currently an employee or not, under an employee stock option or employee stock purchase scheme of the issuer prior to the initial public offer, if the issuer has made full disclosures with respect to such options or scheme in accordance with Part A of Schedule VI;
- (b) equity shares held by an employee stock option trust or transferred to the employees by an employee stock option trust pursuant to exercise of options by the employees, whether currently employees or not, in accordance with the employee stock option plan or employee stock purchase scheme:

Provided that the equity shares allotted to the employees shall be subject to the provisions of lock-in as specified under the ⁵[*Securities and Exchange*

1. Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w.e.f. 13-8-2021.

2. Substituted for “one year”, *ibid*.

3. Substituted, *ibid*. Prior to its substitution, *Explanation* read as under :

'Explanation.—For the purposes of this clause, the expression “date of commencement of commercial production” means the last date of the month in which commercial production of the project in respect of which the funds raised are proposed to be utilised as stated in the offer document, is expected to commence.'

4. Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019, w.e.f. 29-7-2019.

5. Substituted for “Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014” by the SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2023, w.e.f. **23-5-2023**.

Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021].

- (c) equity shares held by a venture capital fund or alternative investment fund of Category I or Category II or a foreign venture capital investor:

Provided that such equity shares shall be locked in for a period of at least ¹[six months] from the date of purchase by the venture capital fund or alternative investment fund ²[of Category I or Category II] or foreign venture capital investor.

Explanation ³[(i)].—For the purpose of clause (c), in case such equity shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of ⁴[six months] period and convertible securities shall be deemed to be fully paid-up, if the entire consideration payable thereon has been paid and no further consideration is payable at the time of their conversion.

²[(ii) For the purpose of clause (c), in case such equity shares have resulted pursuant to a bonus issue, then the holding period of such equity shares against which the bonus issue is made as well as holding period of resultant bonus equity shares together shall be considered for the purpose of calculation of six months period, subject to the following:

- (a) that the bonus shares being issued out of free reserves and share premium existing in the books of account as at the end of the financial year preceding the financial year in which the draft offer document is filed with the Board; and
- (b) that the bonus shares not being issued by utilisation of revaluation reserves or unrealized profits of the issuer.]

Lock-in of specified securities lent to stabilising agent under the green shoe option.

18. The lock-in provisions shall not apply with respect to the specified securities lent to stabilising agent for the purpose of green shoe option, during the period starting from the date of lending of such specified securities and ending on the date on which they are returned to the lender in terms of sub-regulation (5) or (6) of regulation 57:

Provided that the specified securities shall be locked-in for the remaining period from the date on which they are returned to the lender.

Lock-in of Partly-paid securities.

19. If the specified securities which are subject to lock-in are partly paid-up and the amount called-up on such specified securities is less than the amount called-up on the specified securities issued to the public, the lock-in shall end only on the

1. Substituted for “one year” by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021, w.e.f. 13-8-2021.
2. Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022, w.e.f. 14-1-2022.
3. *Explanation* renumbered as *Explanation (i)*, *ibid*.
4. Substituted for “one year”, *ibid*.

expiry of three years after such specified securities have become *pari passu* with the specified securities issued to the public.

Inscription or recording of non-transferability.

20. The certificates of specified securities which are subject to lock-in shall contain the inscription “non-transferable” and specify the lock-in period and in case such specified securities are dematerialised, the issuer shall ensure that the lock-in is recorded by the depository.

Pledge of locked-in specified securities.

21. Specified securities ¹[, except SR equity shares,] held by the promoters and locked-in may be pledged as a collateral security for a loan granted by a scheduled commercial bank or a public financial institution or a systemically important non-banking finance company or a housing finance company, subject to the following:

- (a) if the specified securities are locked-in in terms of clause (a) of regulation 16, the loan has been granted to the issuer company or its subsidiary(ies) for the purpose of financing one or more of the objects of the issue and pledge of specified securities is one of the terms of sanction of the loan;
- (b) if the specified securities are locked-in in terms of clause (b) of regulation 16 and the pledge of specified securities is one of the terms of sanction of the loan:

Provided that such lock-in shall continue pursuant to the invocation of the pledge and such transferee shall not be eligible to transfer the specified securities till the lock-in period stipulated in these regulations has expired.

Transferability of locked-in specified securities.

22. Subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the specified securities ¹[, except SR equity shares,] held by the promoters and locked-in as per regulation 16, may be transferred to another promoter or any person of the promoter group or a new promoter and the specified securities held by persons other than the promoters and locked-in as per regulation 17, may be transferred to any other person holding the specified securities which are locked-in along with the securities proposed to be transferred:

Provided that the lock-in on such specified securities shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated in these regulations has expired.

PART V

APPOINTMENT OF LEAD MANAGERS, OTHER
INTERMEDIARIES AND COMPLIANCE OFFICER

Appointment of lead managers, other intermediaries and compliance officer*.

23. (1) The issuer shall appoint one or more merchant bankers, which are registered with the Board, as lead manager(s) to the issue.

1. Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2019, w.e.f. 29-7-2019.

*Heading is provided by Editor.

(2) Where the issue is managed by more than one lead manager, the rights, obligations and responsibilities, relating *inter alia* to disclosures, allotment, refund and underwriting obligations, if any, of each lead manager shall be pre-determined and be disclosed in the draft offer document and the offer document as specified in Schedule I.

(3) At least one lead manager to the issue shall not be an associate (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) of the issuer and if any of the lead manager is an associate of the issuer, it shall disclose itself as an associate of the issuer and its role shall be limited to marketing of the issue.

(4) The issuer shall, in consultation with the lead manager(s), appoint other intermediaries which are registered with the Board after the lead manager(s) have independently assessed the capability of other intermediaries to carry out their obligations.

(5) The issuer shall enter into an agreement with the lead manager(s) in the format specified in Schedule II and enter into agreements with other intermediaries as required under the respective regulations applicable to the intermediary concerned:

Provided that such agreements may include such other clauses as the issuer and the intermediaries may deem fit without diminishing or limiting in any way the liabilities and obligations of the lead manager(s), other intermediaries and the issuer under the Act, the Companies Act, 2013 [***], the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder or any statutory modification or statutory enactment thereof:

Provided further that in case of ASBA process, the issuer shall take cognizance of the deemed agreement of the issuer with the self-certified syndicate banks.

(6) The issuer shall, in case of an issue made through the book building process, appoint syndicate member(s) and in the case of any other issue, appoint bankers to issue, at centres in the manner specified in Schedule XII.

(7) The issuer shall appoint a registrar to the issue, registered with the Board, which has connectivity with all the depositories:

Provided that if the issuer itself is a registrar, it shall not appoint itself as registrar to the issue:

Provided further that the lead manager shall not act as a registrar to the issue in which it is also handling the post-issue responsibilities.

(8) The issuer shall appoint a compliance officer who shall be responsible for monitoring the compliance of the securities laws and for redressal of investors' grievances.

1. Words "or the Companies Act, 1956 (to the extent applicable)" omitted by the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022, w.e.f. 14-1-2022.

PART VI

DISCLOSURES IN AND FILING OF OFFER DOCUMENTS

Disclosures in the draft offer document and offer document.

24. (1) The draft offer document and offer document shall contain all material disclosures which are true and adequate to enable the applicants to take an informed investment decision.

(2) Without prejudice to the generality of sub-regulation (1), the red-herring prospectus, and prospectus shall contain:

- (a) disclosures specified in the Companies Act, 2013 and;
- (b) disclosures specified in Part A of Schedule VI.

(3) The lead manager(s) shall exercise due diligence and satisfy themselves about all aspects of the issue including the veracity and adequacy of disclosure in the draft offer document and the offer document.

(4) The lead manager(s) shall call upon the issuer, its promoters and its directors or in case of an offer for sale, also the selling shareholders, to fulfil their obligations as disclosed by them in the draft offer document and the offer document and as required in terms of these regulations.

(5) The lead manager(s) shall ensure that the information contained in the draft offer document and offer document and the particulars as per restated audited financial statements in the offer document are not more than six months old from the issue opening date.

Filing of the draft offer document and offer document.

25. (1) Prior to making an initial public offer, the issuer shall file three copies of the draft offer document ¹[with the Board], in accordance with Schedule IV, along with fees as specified in Schedule III, through the lead manager(s).

(2) The lead manager(s) shall submit the following to the Board along with the draft offer document:

- (a) a certificate, confirming that an agreement has been entered into between the issuer and the lead manager(s);
- (b) a due diligence certificate as per Form A of Schedule V;
- (c) in case of an issue of convertible debt instruments, a due diligence certificate from the debenture trustee as per Form B of Schedule V;

(3) The issuer shall also file the draft offer document with the stock exchange(s) where the specified securities are proposed to be listed, and submit to the stock exchange(s), the Permanent Account Number, bank account number and passport number of its promoters where they are individuals, and Permanent Account Number, bank account number, company registration number or equivalent and the address of the Registrar of Companies with which the promoter is registered, where the promoter is a body corporate.

(4) The Board may specify changes or issue observations, if any, on the draft offer document within thirty days from the later of the following dates:

- (a) the date of receipt of the draft offer document under sub-regulation (1); or

1. Substituted for "with the concerned regional office of the Board under the jurisdiction of which the registered office of the issuer company is located" by the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, w.e.f. 21-11-2022.

- (b) the date of receipt of satisfactory reply from the lead manager(s), where the Board has sought any clarification or additional information from them; or
 - (c) the date of receipt of clarification or information from any regulator or agency, where the Board has sought any clarification or information from such regulator or agency; or
 - (d) the date of receipt of a copy of in-principle approval letter issued by the stock exchange(s).
- (5) If the Board specifies any changes or issues observations on the draft offer document, the issuer and lead manager(s) shall carry out such changes in the draft offer document and shall submit to the Board an updated draft offer document complying with the observations issued by the Board and highlighting all changes made in the draft offer document and before ¹["**"] filing the offer documents with the Registrar of Companies or an appropriate authority, as applicable.
- (6) If there are any changes in the draft offer document in relation to the matters specified in Schedule XVI, an updated offer document or a fresh draft offer document, as the case may be, shall be filed with the Board along with fees specified in Schedule III.
- (7) Copy of the offer documents shall also be filed with the Board and the stock exchange(s) through the lead manager(s) promptly after ²[filing] the offer documents with Registrar of Companies.
- (8) The draft offer document and the offer document shall also be furnished to the Board in a soft copy.
- (9) The lead manager(s) shall submit the following documents to the Board after issuance of observations by the Board or after expiry of the period stipulated in sub-regulation (4) of regulation 25 if the Board has not issued observations:
- (a) a statement certifying that all changes, suggestions and observations made by the Board have been incorporated in the offer document;
 - (b) a due diligence certificate as per Form C of Schedule V, at the time of ²[filing] of the offer document;
 - (c) a copy of the resolution passed by the Board of directors of the issuer for allotting specified securities to promoter(s) towards amount received against promoters' contribution, before opening of the issue;
 - (d) a certificate from a statutory auditor, before opening of the issue, certifying that promoters' contribution has been received in accordance with these regulations, accompanying therewith the names and addresses of the promoters who have contributed to the promoters' contribution and the amount paid and credited to the issuer's bank account by each of them towards such contribution;
 - (e) a due diligence certificate as per Form D of Schedule V, in the event the issuer has made a disclosure of any material development by issuing a public notice pursuant to para 4 of Schedule IX.

Draft offer document and offer document to be available to the public.

26. (1) The draft offer document filed with the Board shall be made public for comments, if any, for a period of at least twenty one days from the date of filing,

1. Words "registering or" omitted by the SEBI (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w.e.f. 1-1-2020.
2. Substituted for "registering", *ibid*.

by hosting it on the websites of ¹[*the issuer,*] the Board, stock exchanges where specified securities are proposed to be listed and lead manager(s) associated with the issue.

(2) The issuer shall, within two days of filing the draft offer document with the Board, make a public announcement in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one regional language newspaper with wide circulation at the place where the registered office of the issuer is situated, disclosing the fact of filing of the draft offer document with the Board and inviting the public to provide their comments to the Board, the issuer or the lead manager(s) in respect of the disclosures made in the draft offer document.

(3) The lead manager(s) shall, after expiry of the period stipulated in sub-regulation (1), file with the Board, details of the comments received by them or the issuer from the public, on the draft offer document, during that period and the consequential changes, if any, that are required to be made in the draft offer document.

(4) The issuer and the lead manager(s) shall ensure that the offer documents are hosted on the websites as required under these regulations and its contents are the same as the versions as filed with the Registrar of Companies, Board and the stock exchanges, as applicable.

(5) The lead manager(s) and the stock exchanges shall provide copies of the offer document to the public as and when requested and may charge a reasonable sum for providing a copy of the same.

PART VII

PRICING

Face value of equity shares.

27. The disclosure about the face value of equity shares shall be made in the draft offer document, offer document, advertisements and application forms, along with the price band or the issue price in identical font size.

Pricing.

28. (1) The issuer may determine the price of equity shares, and in case of convertible securities, the coupon rate and the conversion price, in consultation with the lead manager(s) or through the book building process, as the case may be.

(2) The issuer shall undertake the book building process in the manner specified in Schedule XIII.

Price and price band.

29. (1) The issuer may mention a price or a price band in the offer document (in case of a fixed price issue) and a floor price or a price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before ²[filing] the prospectus with the Registrar of Companies:

Provided that the prospectus ³[filed] with the Registrar of Companies shall contain only one price or the specific coupon rate, as the case may be.

1. Inserted by the SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2023, w.e.f. **23-5-2023**.

2. Substituted for "registering" by the SEBI (Issue of Capital and Disclosure Requirements) (Seventh Amendment) Regulations, 2019, w.e.f. 1-1-2020.

3. Substituted for "registered", *ibid*.