Comparative statement of the **major** existing and proposed changes in the disclosure norms of RIs

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<th>S.No.</th>
<th>Existing requirements</th>
<th>Proposed modifications</th>
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| 1.    | Contents of the front and back cover pages  
Information regarding issue details, the clause on ‘risks in relation to the first issue’, clause on general risk, clause on ‘issuer’s absolute responsibility’, issue schedule, IPO grading, etc. | The contents of the front and back cover pages remain the same. No modification is proposed. |
| 2.    | Risk factors  
Risk factors to be classified as those specific to the project and internal to the issuer and those which are external and beyond the control of the issuer. Risk factors to be determined on the basis of materiality, considering various factors like individual or collective materiality, qualitative / quantitative impact, risks envisaged by the management, proposals if any, to mitigate the risks, etc. | Only those risk factors which are (a) in relation to the rights issue and objects of the rights issue (b) in relation to issuer and its ongoing business activities and (c) in relation to material litigations which impacts the business of the issuer to be disclosed.  
Classification of the risk factors and the parameters to determine materiality of the risk factor remain the same. No modification is proposed for the purpose. |
| 3.    | Summary of the industry and the business of the issuer company | The said disclosure is proposed to be done away with. |
| 4.    | Offering details in brief. | The requirement is proposed to be retained. |
| 5.    | Summary consolidated financial, operating and other data. | The requirement is proposed to be retained. |
| 6.    | General information  
Details regarding name, address of the issuer, Board of Directors of the issuer, brief details of Chairman, MD, Whole Time Directors, names and contact details of company secretary and compliance officer of the issuer, names and contact details of merchant bankers, registrars to the issue, bankers to the issue, brokers, syndicate members, auditors of the issuer, inter-se allocation of responsibilities amongst lead managers, details of credit rating, IPO grading, name | The clause on ‘general information’ is proposed to be retained with minor modifications. Requirement to disclose details of the Board of Directors of the issuer, contact details of bankers to the company, etc. is proposed to be done away with. |
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<td><strong>of monitoring agency, details of underwriting., a brief on the book building process, etc. to be disclosed.</strong></td>
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| **7. Capital structure of the company**  
Details of issued, subscribed and paid-up capital of the issuer, size of the present issue, paid up capital - after the present issue and after the conversion of debentures (if applicable), details of promoters holding (pre-issue and post issue) and the lock-in, pre and post issue shareholding pattern, etc. to be disclosed. Promoters’ intention to subscribe to their entire rights entitlement is also to be disclosed. | **The clause on ‘capital structure’ is proposed to be retained with minor modifications. Requirement to disclose size of present issue is proposed to be removed as it is disclosed under ‘offering information’.** |   |
| **8. Objects of the offering**  
The object of raising funds through the issue as to whether it is for fixed asset creation and/or for working capital or any other purpose, etc. is to be disclosed. | **The section on ‘objects of the offering’ is proposed to be retained.** |   |
| **9. Funds requirement**  
The requirement for funds proposed to be raised through the issue is to be disclosed. If the issuer proposes to undertake more than one activity, i.e., diversification, modernisation, expansion, etc., the total project cost activity-wise or project wise as the case may be are also to be disclosed. | **If the objects of the issue are to fund any project, details of the same are proposed to be disclosed under the section on ‘funds requirement’ .**  
Hitherto, this disclosure requirement was a part of ‘financial information’. |   |
| **10. Funding Plan (Means of Finance)**  
An undertaking to be given by the issuer confirming firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed Rights issue, have been made and also disclose the balance portion of the means of finance for which no firm arrangement has been made. | **No changes are proposed in this regard.** |   |
| **11. Appraisal**  
The scope and purpose of the appraisal, date of appraisal, cost, etc. to be disclosed. | **No changes are proposed in this regard.** |   |
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<th><strong>Schedule of Implementation</strong></th>
<th>No changes are proposed in this regard.</th>
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<td><strong>12.</strong></td>
<td><strong>Schedule of Implementation</strong></td>
<td>Schedule of implementation of the project and progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, trial production, date of commercial production, etc. to be disclosed.</td>
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<tr>
<td><strong>13.</strong></td>
<td><strong>Funds Deployed</strong></td>
<td>It is proposed to retain the clause with modification. The requirement to disclose cash flow statement showing funds which have been brought in as promoters’ contribution and have been deployed prior to the public issue, is proposed to be done away with.</td>
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<td><strong>13.</strong></td>
<td><strong>Funds Deployed</strong></td>
<td>Where share application money brought in advance by the promoters is deployed in the project and the same is being adjusted towards their rights entitlement in the rights issue, the extent of deployment and utilisation of the funds brought in by the promoters is proposed to be disclosed.</td>
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<tr>
<td><strong>14.</strong></td>
<td><strong>Sources of Financing of Funds Already Deployed</strong></td>
<td>No changes are proposed in this regard.</td>
</tr>
<tr>
<td><strong>14.</strong></td>
<td><strong>Sources of Financing of Funds Already Deployed</strong></td>
<td>Means and source of financing, including details of &quot;bridge loan&quot; or other financial arrangement, which may be repaid from the proceeds of the issue to be disclosed.</td>
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<tr>
<td><strong>15.</strong></td>
<td><strong>Details of Balance Fund Deployment</strong></td>
<td>No changes are proposed in this regard.</td>
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<tr>
<td><strong>15.</strong></td>
<td><strong>Details of Balance Fund Deployment</strong></td>
<td>Year wise break up of the expenditure proposed to be incurred on the said project to be disclosed.</td>
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<tr>
<td><strong>16.</strong></td>
<td><strong>Interim Use of Funds</strong></td>
<td>No changes are proposed in this regard.</td>
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<tr>
<td><strong>16.</strong></td>
<td><strong>Interim Use of Funds</strong></td>
<td>Investment avenues in which the management proposes to deploy issue proceeds, pending its utilisation in the proposed project to be disclosed.</td>
</tr>
<tr>
<td><strong>17.</strong></td>
<td><strong>Basic terms of the issue (Terms of the present issue)</strong></td>
<td>It is proposed to shift the details disclosed under this section to the section under ‘offering information’.</td>
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<td><strong>17.</strong></td>
<td><strong>Basic terms of the issue (Terms of the present issue)</strong></td>
<td>Accordingly, details on terms of payments and procedure and time schedule for allotment and issue of certificates, credit of securities to the investors’ demat</td>
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<tr>
<td></td>
<td><strong>Basic terms of the issue (Terms of the present issue)</strong></td>
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| 18. **Basis for issue price**  
Details regarding basis for issue price /floor price/price band to be disclosed. Justification to be given for the same on the basis of EPS, P/E ratio (pre-issue), Average Return on Networth, minimum Return on increased Networth required to maintain pre-issue EPS, NAV as per last balance sheet, NAV after issue and comparison thereof, comparison of accounting ratios of the issuer, face value of shares, etc.  

The SCODA has recommended that this requirement may be done away with. However, disclosure about the basic accounting ratio is useful information for making informed investment decisions whereby the information relating to the financial performance of the issuer company is given in a snapshot at a single place. Hence, a disclosure on the basic accounting ratios may be preferred. |
|---|
| 19. **Special tax benefits**  
Any special tax benefits for the issuer company and its shareholders to be disclosed.  

The clause is proposed to be retained. |
| 20. **About the issuer company**  
Details regarding industry overview, business overview, business of the issuer, brief statement about the business strategy of the issuer, future prospects, including the capacity and capacity utilisation, etc. to be disclosed.  

Further details regarding purchase of property of the issuer are to be disclosed.  

Key Industry Regulation, history and corporate structure of the company stating the history and major events, main objects of the issuer, subsidiaries of the issuer (if any) and their businesses, etc. are to be disclosed.  

Details on shareholder agreements and other agreements entered into by the issuer, strategic account, how to apply, availability of application forms and Letter of Offer; and mode of payment, etc. are proposed to be disclosed under ‘offering information’.  

Since the offering is only to existing shareholders who received annual reports from the issuer, the SCODA has recommended that this clause may be done away with. However, in the case of companies which have not come out with any public / Rights issue in the past few years, say upto 10 years or more, there may be no information in public domain relating to history and corporate structure of the issuer company.  

Hence, it may be preferable to disclose the history and corporate structure of the company stating the major events in the past, for those companies which have not come out with any issue in the past 10 years or more. It may also be preferable to retain the details regarding the Board of Directors of the company. |
partners and financial partners of the company are to be disclosed.

Details of the management, Board of Directors, compensation of MD / Whole-Time Directors, interest of Directors, Management Organisation Structure, details of 'Key Management Personnel', etc. are to be disclosed.

Disclosure to be made regarding compliance with the corporate governance requirements in terms of the Listing Agreement.

Employee stock option schemes / employee stock purchase scheme of the issuer, etc. to be disclosed.

Profile of the promoters (being individuals) alongwith their educational qualifications and experience, history of the promoters (being companies alongwith the details of their change of management, etc. are to be disclosed.

Dividend policy of the issuer is also to be disclosed.

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<th>21.</th>
<th><strong>Financial statements</strong></th>
<th>Financial information of the issuer company</th>
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<td>Selected consolidated financial and operating data of the issuer, financial information of the issuer company, financial information of the group companies, etc. are to be disclosed for the last five years preceding the issue.</td>
<td>The following are proposed to be disclosed as regards the Stand-alone and consolidated financial statements of the issuer company:</td>
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<td></td>
<td>Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company is to be disclosed.</td>
<td>I. A report by the auditors of the company with respect to profit or loss and assets and liabilities in respect of the last completed accounting year for which audit has been completed.</td>
</tr>
<tr>
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<td></td>
<td>II. A report by the auditors of the company on a limited review of the profit or loss and assets and liabilities</td>
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Details of any pending litigations, defaults against the

as at a date not earlier than six months prior to the
date of the opening of the issue where audited
counts as at such date are not available.

For the purpose of above, it shall be sufficient if:
(a) the statement of the assets and liabilities discloses
the main heads of assets and liabilities as provided
in Part I of Schedule VI of the Companies Act,
1956. Provided that, where an issuer is governed
by a statute other than the Companies Act, 1956,
the statement of assets and liabilities shall disclose
the main heads of assets and liabilities as provided
in such statute.

(b) the statement of profit or loss discloses the
information required under the heads of income
and expenditure specified in Clause 41 of the
Equity Listing Agreement in respect of quarterly
financial information to be filed with the Stock
Exchanges.

It is proposed that re-statement of financial statements
is not required.

Earlier requirement of providing financial information of
the last five years is proposed to be done away with.
The present proposal is to disclose the financial
statements for the previous financial year plus the stub
period.

The requirement to disclose change in accounting
policies is proposed to be done away with.

The SCODA has recommended that the requirement to
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<th>Company, the group companies and the business relationship of these companies with the issuer is to be disclosed.</th>
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<tr>
<td>Promise versus performance for the earlier Public/Rights issues of the Company, or group companies is to be disclosed.</td>
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<tr>
<td>Accounting ratios and capitalisation statement are to be disclosed.</td>
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<td>disclose details of litigations may be done away with.</td>
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<td>Though the listing agreement requires the companies to disclose details of litigation / dispute with a material impact on a continuous basis, all the companies do not follow a uniform practice as regards disclosure of material litigations. While some companies may disclose the details of litigations on a continuous basis, some others may not disclose litigations as a part of this requirement citing the issue of non-materiality. Hence, there is no information in public domain as regards the outstanding litigations filed by / against the company, on an updated basis. Further, where a listed company has disclosed information regarding the material litigations earlier, but has not updated the same, prospective investors may not be in a position to have complete information in this regard. Hence, a disclosure on the material outstanding litigations by the listed entities may be preferred.</td>
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<td>The requirement for disclosing the ‘promise vs performance’ with respect to the earlier Public/Rights issue is proposed to be done away with. The rationale being that issuers are not permitted to give any promises in the Offer Document and that the details of any promise made prior to that may be out dated and may not be of any relevance.</td>
</tr>
<tr>
<td>The requirement to disclose capitalisation statement is proposed to be retained.</td>
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|   | Material changes and commitments, if any, affecting financial position of the company.  
  Week-end prices for the last four weeks; current market price; and highest and lowest prices of equity shares during the period with the relative dates.  
 
 |   | The SCODA has recommended that the section may be done away with. However, it may be preferable to have atleast the names of the listed group companies of the issuer.  
 |   | Following particulars in regard to the listed companies under the same management within the meaning of section 370(1B) which made any capital issue in the last three years.  
 Name of the company, year of issue, type of issue (rights), amount of issue, date of closure of issue, date of dispatch of share/ debenture certificate completed, date of completion of the project, where object of the issue was financing of a project, rate of Dividend paid, etc. are to be disclosed.  
 |   | Since the offering is only to existing shareholders who received annual reports from the issuer, this clause is proposed to be done away with.  
 |   | Management discussion and analysis of the financial conditions and results of the operations as reflected in the financial statement.  
 Any material development after the date of the latest balance sheet and its impact on performance and prospects of the company to be disclosed.  
 |   | This section is proposed to be removed.  
 |   | Legal and other information  
 Outstanding litigations and material developments are to be disclosed.  
 |   | This section is proposed to be retained.  
 |   | Other Regulatory and statutory disclosures  
 Details regarding authority for the issue, details of resolution passed for the issue, prohibition by SEBI, eligibility of issuer to enter capital market, disclaimer clause in the prospectus, disclaimer statement from the issuer and lead manager, disclaimer in respect of jurisdiction, disclaimer clause of the stock exchanges,  
 |
disclaimer clause of RBI, etc. are to be disclosed.

Details of fee payable to the various intermediaries to the issue, outstanding litigation, expert opinion obtained if any, etc. are to be disclosed.

Utilisation of issue proceeds to be disclosed.

Mechanism for dispatch of allotment orders and refund orders, etc. are to be disclosed.

| 26. | **Statutory and other information**  
|     | • **Option to Subscribe**  
|     | (a) The details of option to subscribe for securities to be dealt in a depository.  
|     | (b) The lead merchant banker shall incorporate a statement in the offer document and in the application form to the effect that the investor shall have an option either to receive the security certificates or to hold the securities in dematerialised form with a depository.  
|     | • **Material contracts and time and place of inspection.**  
|     | This section is proposed to be retained. |

| 27. | **Undertaking by Directors**  
|     | An undertaking by the Directors to the effect that no statement made in this form shall contravene any of the provisions of the Companies Act, 1956 and the rules made thereunder and that all the legal requirements connected with the said issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.  
|     | The said requirement is proposed to be retained.  
|     | It is proposed that the signatories shall further certify that all disclosures made in the Letter of Offer are true and correct.  
|     | The said requirement is proposed to be retained. |