

Consultation Paper

RATIONALIZATION OF PLACEMENT DOCUMENT FOR
QUALIFIED INSTITUTIONS PLACEMENT

MAY 02, 2025



1. OBJECTIVE

- 1.1. The objective of this consultation paper is to seek comments / views / suggestions from the public and other stakeholders on various proposals for rationalizing the Placement Document for Qualified Institutions Placement.

2. BACKGROUND

- 2.1. Qualified Institutional Placement (QIP) is one of the mechanism for the listed companies to raise funds from qualified institutional investors.

- 2.2. Funds raised through QIP during last five years i.e. 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 are as follows:

F.Y.	No. of Issues	Amount raised (INR Crore)
2019-20	14	54,389
2020-21	31	78,738
2021-22	29	31,440
2022-23	11	8,212
2023-24	61	68,972

Source: SEBI Annual Reports

- 2.3. QIP is one of the important source of fund raising for the listed companies. During the year 2023-24, it has emerged as key equity fund raising mechanism for the listed entities, garnering 35 percent of the total fund mobilisation through equity. (Source: SEBI Annual Report)

- 2.4. Recently SEBI has reviewed the rights issue framework for listed companies, considering that such companies are already subject to comprehensive periodic disclosure obligations under SEBI LODR Regulations and pertinent corporate and financial information can be accessed through the public domain. SEBI has streamlined the rights issue process inter-alia by reducing the disclosure requirements in letter of offer, expediting the timelines etc. Since QIPs are also undertaken by listed companies, the current disclosures prescribed under Schedule VII of SEBI ICDR Regulations may also be reviewed with a view to reduce the information which is already available in public domain that result in duplication of the information in placement document.

3. REGULATORY BACKGROUND

- 3.1. Regulation 2(tt) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") defines 'Qualified Institutions Placement' as under:



“Qualified institutions placement means issue of eligible securities by a listed issuer to qualified institutional buyersⁱ on a private placement basis and includes an offer for sale of specified securities by the promoters and/or promoter group on a private placement basis, in terms of these regulations.”

- 3.2. Chapter VI of SEBI ICDR Regulations has laid down the regulatory provisions for a Qualified Institutions Placement such as conditions for making a QIP, appointment of lead managers, placement document, pricing, application and allotment etc.

4. Rationalization of Placement Document for Qualified Institutions Placement

4.1. Disclosure Requirements in the Placement Document

- 4.1.1. Schedule VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 mandates comprehensive disclosures for Qualified Institutions Placement. These disclosures aim to provide QIBs with detailed information about the issuer and the issue. The disclosures majorly cover information regarding the risk factors, use of issue proceeds, financial information, industry description, business description, organizational structure, taxation aspects, information about auditors etc.

4.2. Reviewing the current disclosures in Schedule VII

- 4.2.1. Currently, in QIPs the issuer is required to disclose the details in the placement document as prescribed in Schedule VII of SEBI ICDR Regulations. Such disclosures are detailed in nature and preparing a lengthy placement document is a time consuming exercise that may result in duplication of information, which is already available in the public domain.
- 4.2.2. The issuer entity making a QIP is listed and is already subject to comprehensive and continuous disclosures requirements as specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations). Key Information pertaining to financial performance, material developments, corporate governance and other relevant disclosures are periodically made available to the public and could be accessible through stock exchange platform and issuer's website.
- 4.2.3. Further, QIPs are issued to Qualified Institutional Buyers (QIBs) who are sophisticated investors and possess the expertise and resources to take an informed investment decision independently. These investors are generally well-versed with the issuer's business operations, financials and industry

ⁱ Qualified Institutions Buyer is defined under Regulation 2(ss) of SEBI ICDR Regulations.

positions and therefore may not require the same level of aggregation of detailed disclosures as may be necessary in a public offering to retail investors.

4.2.4. Also in Preferential Issues which is a private placement, the disclosures prescribed in SEBI ICDR Regulations, requires the issuer to disclose only brief information regarding the issue such as objects of the issue, maximum number of specified securities to be issued, time frame within which the issue shall be completed, etc.

4.2.5. Recently as mentioned above, Rights Issue process has also been reviewed by SEBI, inter-alia, to rationalize the content of the letter of offer and with an objective to reduce the timelines for completion of rights issue. Herein the detailed disclosure requirements in the offer document have been reduced to contain only the relevant information with respect to the issue.

4.2.6. In view of the above, there is need to review the disclosures prescribed in Schedule VII of SEBI ICDR Regulations for the placement document for QIPs, to rationalize the content of placement document and to contain only the relevant information related to the issue and issuer.

4.3. Proposal

4.3.1. It is proposed to rationalise the content of the placement document of Qualified Institutions Placement by prescribing only the relevant information regarding the Issue. The proposed content of placement document is placed at [Annexure-I](#).

4.3.2. The revised content in Placement Document along with rationale is provided in the following table:

Sr. No.	Existing Disclosures	Revised Disclosures	Rationale
1.	Disclaimer	Disclaimer	No change
2.	Glossary of terms/abbreviations	Glossary of terms/abbreviations: a) Conventional or general terms b) Issue related terms c) Issuer and industry related terms d) Abbreviations	To align with Schedule VI (IPO and Rights Issue) to avoid any ambiguity.
3.	Lead manager(s) and other advisors	Lead manager(s) and other advisors	No change
4.	Summary of the issue and the eligible security	Summary of the issue and the eligible security	No change
5.	Risk factors	Risk factors:	Currently details regarding risk factors are not specifically defined in Schedule VII and



Sr. No.	Existing Disclosures	Revised Disclosures	Rationale
		<p>Risk factors shall be in relation to the following:</p> <p>a) Issue and object of the issue;</p> <p>b) Risks material to the issuer and its business;</p> <p>In each of the above, where applicable, along with the instances of occurrence of such risk in the past and financial or other impact thereof, if any, on the issuer and its business.</p>	<p>the issuers usually disclose all the general risks associated with the issuers business, industry, issue and other external factors that sometimes may result in excessive information in the placement document which may not be relevant to the investors.</p> <p>While risk disclosure is vital, repeating generic risks may not be relevant to the investors. Therefore, prescribing specific material risks related to the issue, issuer and its business may enhance the investor's understanding.</p>
6.	Market prices	Market prices	No change
7.	<p>Use of proceeds:</p> <p>(a) purpose of the placement;</p> <p>(b) break-up of the cost of the project for which the money is being raised;</p> <p>(c) means of financing for the project;</p> <p>(d) proposed deployment status of the proceeds at each stage of the project.</p>	<p>Object of Issue</p> <p>a) purpose of the placement;</p> <p>b) break-up of the cost of the project for which the money is being raised;</p> <p>c) means of financing for the project;</p> <p>d) proposed deployment status of the proceeds at each stage of the project.</p>	No change, however instead of 'Use of proceeds' we may prescribe 'Object of Issue' in order to align with Schedule VI (IPO and Rights Issue) to avoid any ambiguity.
8.	Capitalization statement	<p>Capitalization statement:</p> <p>Capitalisation Statement showing total borrowings, total equity, and the borrowing/ equity ratios before and after the issue is made shall be incorporated. It shall be prepared on the basis of the Consolidated Financial Statement for the latest financial year or when applicable at the end of the stub period. In case of any change in the share capital since the date as of which the financial information has been disclosed in the placement document, a note</p>	Currently this section is not specifically defined and issuers usually include details regarding the history of equity capital raised by the issuer in addition to the pre and post issue capital structure. Such information may not be relevant to the investors. Therefore, in the proposed placement document the section 'Capitalisation Statement' may be defined by including the specific details only.



Sr. No.	Existing Disclosures	Revised Disclosures	Rationale
		<p>explaining the nature of the change shall be given.</p> <p>Capital Structure</p> <p>a) Authorised, issued and subscribed capital, after suitable incorporation of the outstanding convertible securities (number of securities, description and aggregate nominal value)</p> <p>b) Paid-up capital</p> <p>i. before the issue</p> <p>ii. after the issue</p> <p>iii. after conversion of convertible instruments (if applicable)</p>	
9.	Dividends in the preceding three years prior to the date of the placement document.	Dividends in the preceding three years prior to the date of the placement document.	No change
10.	Selected financial and other information	<p>The following extract of the audited consolidated financial statements prepared in accordance with applicable accounting standards for the last financial year (with the comparative prior full year period) and latest limited review financial statements, if any, disclosed to the stock exchange with the comparative prior year period shall be included in the placement document (for the limited reviewed period, this information should not be earlier than six months prior to the date of the opening of the issue). The latest quarterly results disclosed to the public can be included in the placement document</p> <p>i. Total income from operations</p>	<p>Currently, Issuers making QIPs are providing details as specified in Schedule VI for IPOs. Detailed disclosure of the financial statements by the issuer may result in duplication of the information that is already disclosed in audited financial statements filed with the stock exchanges. Therefore, a summary may be included in the placement document and a reference may be given to the audited reports filed with the stock exchanges.</p> <p><i>Note: In case any QIP is being marketed to foreign investor, the issuer may include additional detail regarding financial statement to comply with the requirements of international laws. However, it may not be mandated in Schedule VII of SEBI ICDR Regulations.</i></p>
11.	<p>The audited consolidated or unconsolidated financial statements, as applicable prepared in accordance with applicable accounting standards for the last three financial years. In addition, latest reviewed financials disclosed to the stock exchange.</p> <p>a) Report of statutory auditors on the financial statements included in the preliminary placement document/ placement document.</p> <p>b) Balance sheets</p> <p>c) Statements of income</p> <p>d) Schedules to accounts</p> <p>e) Statements of changes in stockholders' equity</p> <p>f) Statements of cash flows</p> <p>g) Statement of accounting policies</p> <p>h) Notes to financial statements</p>		



Sr. No.	Existing Disclosures	Revised Disclosures	Rationale
	i) Statement relating to subsidiary companies (in case of unconsolidated financial statements)	ii. Net profit/loss before tax and extraordinary items iii. Net profit/loss after tax and extraordinary items iv. Equity share capital v. Reserves and surplus vi. Net worth vii. Basic Earnings per share viii. Diluted Earnings per share ix. Return on net worth x. Net Asset Value per Share	
12.	Management's discussion and analysis of financial condition and results of operations	-	This section may be deleted as the same is not required in rights issue and preferential issues.
13.	Industry description	Primary business of the Issuer and the industry in which it operates, in a summary form.	A summary about the business of the issuer and the industry in which it operates may be sufficient, as the investors are already aware about such details.
14.	Business description		
15.	Organizational structure	Organizational structure	No change
16.	Board of directors and senior management	Name, date of birth, age, Director Identification Number, address, occupation and date of expiration of the current term of office of manager, managing director and other directors (including nominee directors and whole-time directors),	Specific details may be mentioned in Schedule VII to align with Schedule VI (IPO and Rights Issue) to avoid any ambiguity.
17.	Latest shareholding pattern as submitted to the stock exchange(s)	Latest shareholding pattern as submitted to the stock exchange(s)	No change
18.	Taxation aspects relating to the eligible securities	Taxation aspects relating to the eligible securities	No change
19.	Legal proceedings to be disclosed in accordance with the materiality policy framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	1. Outstanding litigations and legal proceedings: Summary of outstanding litigations and legal proceeding in a tabular format along with the amount involved, wherever quantifiable for the pending matters which, if they result in	In order to rationalize the placement document specific details may be prescribed. Further, the materiality thresholds specified in Schedule VI for IPOs and Rights Issue may also be incorporated in Schedule VII to align with Schedule VI to avoid any ambiguity.



Sr. No.	Existing Disclosures	Revised Disclosures	Rationale
		<p>an adverse outcome, would materially and adversely affect the operations or the financial position of the issuer</p> <p>2. Matters which are pending:</p> <p>i. Involving criminal liability on the part of the issuer.</p> <p>ii. Material violations of the statutory regulations by the issuer.</p> <p>iii. Economic offences where proceedings have been initiated against the issuer.</p> <p>For the purpose of determining materiality, the threshold shall be lower of threshold criteria mentioned below—</p> <p>i. As per the policy of materiality defined by the board of directors of the issuer and disclosed in the placement document;</p> <p>ii. Litigation where the value or expected impact in terms of value, exceeds the lower of the following:</p> <p>a) Two percent of turnover, as per the latest annual restated consolidated financial statements of the issuer;</p> <p>b) two percent of net worth, as per the latest annual restated consolidated financial statements of the issuer, except in case the arithmetic value of the net worth is negative; or</p>	



Sr. No.	Existing Disclosures	Revised Disclosures	Rationale
		c) five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial statements of the issuer.	
20.	Auditors	Auditors	No change
21.	General information	General information	No change
22.	Such other information as is material and appropriate to enable investors to make an informed investment decision.	Such other information as is material and appropriate to enable investors to make an informed investment decision.	No change
23.	Disclosures pertaining to wilful defaulters or fraudulent borrowers: If the issuer or any of its promoter or director has been declared as a wilful defaulter or a fraudulent borrower, it shall make the following disclosures with respect to each such person separately: a) Name of the person declared as wilful defaulter or a fraudulent borrower; b) Name of the bank declaring the person as a wilful defaulter or a fraudulent borrower; c) Year in which the person was declared as a wilful defaulter or a fraudulent borrower; d) Outstanding amount when the person was declared as a wilful defaulter or a fraudulent borrower; e) Steps taken, if any, by the person for removal of its name from the list of wilful defaulters or fraudulent borrowers; f) Other disclosures, as deemed fit by the issuer, in order to enable	Disclosures pertaining to wilful defaulters or fraudulent borrowers	No change



Sr. No.	Existing Disclosures	Revised Disclosures	Rationale
	investors to take an informed decision; g) Any other disclosure as specified by the Board.		

5. PUBLIC COMMENTS

5.1. Public Comments are solicited on the aforesaid proposals with respect to rationalizing the Placement Document for Qualified Institutions Placement. The comments / suggestions along with rationale should be submitted not later than **May 23, 2025** through the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

5.2. In case of any technical issue in submitting your comment through web based public comments form, you may write to consultationcfid@sebi.gov.in with the subject: "Comments on the proposal for Rationalization of Placement Document for Qualified Institutions Placement".



Schedule VII- Disclosures in Placement Document

1. Disclaimer

“The preliminary placement document and placement document relates to an issue made to qualified institutional buyers under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and that no offer is being made to the public or any other class of investors.”

2. Glossary of terms/abbreviations:

- a) Conventional or general terms
- b) Issue related terms
- c) Issuer and industry related terms
- d) Abbreviations

3. Lead Manager(s) and other advisors

4. Summary of the issue and the eligible security

5. Risk factors:

Risk factors shall be in relation to the following:

- a) Issue and object of the issue;
- b) Risks material to the issuer and its business;

In each of the above, where applicable, along with the instances of occurrence of such risk in the past and financial or other impact thereof, if any, on the issuer and its business.

6. Market prices:

- a) high, low and average market prices of the equity shares of the issuer during the preceding three years;
- b) monthly high and low prices for the six-month period preceding the date of filing of the preliminary placement document/placement document;
- c) number of equity shares traded on the days when high and low prices were recorded in the relevant stock exchange during period of (a) and (b) above, and total volume traded on those dates; (stock market data referred to above shall be shown separately for periods marked by a change in capital structure, with such period commencing from the date the concerned stock exchange recognizes the change in the capital structure (e.g., when the equity shares have become ex-rights or ex-bonus)

- d) market price immediately after the date on which the resolution of the board of directors approving the issue was approved
- e) volume of securities traded in each month during the six-month period preceding the date on which the preliminary placement document / placement document is filed with Registrar of Companies; (along with high, low and average prices of shares of the issuer, details relating to volume of business transacted should also be stated for respective periods.

7. Use of proceeds:

- a) purpose of the placement;
- b) break-up of the cost of the project for which the money is being raised;
- c) means of financing for the project;
- d) proposed deployment status of the proceeds at each stage of the project

8. Capitalization statement:

Capitalisation Statement showing total borrowings, total equity, and the borrowing/equity ratios before and after the issue is made shall be incorporated. It shall be prepared on the basis of the CFS for the latest financial year or when applicable at the end of the stub period. In case of any change in the share capital since the date as of which the financial information has been disclosed in the placement document, a note explaining the nature of the change shall be given.

Capital Structure

- a) Authorised, issued and subscribed capital, after suitable incorporation of the outstanding convertible securities (number of securities, description and aggregate nominal value)
- b) Paid-up capital
 - i. before the issue
 - ii. after the issue
 - iii. after conversion of convertible instruments (if applicable)

9. Dividends in the preceding three years prior to the date of the placement document.

10. Financial Information:

The following extract of the audited consolidated financial statements prepared in accordance with applicable accounting standards for the last financial year (with the comparative prior full year period) and latest limited review financial statements, if any, disclosed to the stock exchange with the comparative prior year period shall be included in the preliminary placement document/placement document (for the limited



reviewed period, this information should not be earlier than six months prior to the date of the opening of the issue). The latest quarterly results disclosed to the public can be included in the preliminary placement document/placement document

- i. Total income from operations
- ii. Net profit/loss before tax and extraordinary items
- iii. Net profit/loss after tax and extraordinary items
- iv. Equity share capital
- v. Reserves and surplus
- vi. Net worth
- vii. Basic Earnings per share
- viii. Diluted Earnings per share
- ix. Return on net worth
- x. Net Asset Value per Share Detailed disclosure of the financial statements by the issuer may result in duplication of the information that is already disclosed in audited financial statements filed with the stock exchanges. Therefore, a summary may be included in the placement document and a reference may be given to the audited reports filed with the stock exchanges.

11. Primary business of the Issuer and the industry in which it operates, in a summary form.

12. Organizational structure

13. Name, date of birth, age, Director Identification Number, address, occupation and date of expiration of the current term of office of manager, managing director and other directors (including nominee directors and whole-time directors).

14. Latest shareholding pattern as submitted to the stock exchange(s)

15. Taxation aspects relating to the eligible securities

16. Outstanding litigations and legal proceedings:

Summary of outstanding litigations and legal proceeding in a tabular format along with the amount involved, wherever quantifiable for the pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of the issuer

I. Matters which are pending:

- i. Involving criminal liability on the part of the issuer.



- ii. Material violations of the statutory regulations by the issuer.
 - iii. Economic offences where proceedings have been initiated against the issuer.
- II. For the purpose of determining materiality, the threshold shall be lower of threshold criteria mentioned below—
- i. As per the policy of materiality defined by the board of directors of the issuer and disclosed in the placement document;
 - ii. Litigation where the value or expected impact in terms of value, exceeds the lower of the following:
 - a) two percent of turnover, as per the latest annual restated consolidated financial statements of the issuer;
 - b) two percent of net worth, as per the latest annual restated consolidated financial statements of the issuer, except in case the arithmetic value of the net worth is negative; or
 - c) five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial statements of the issuer.
17. Name, address, telephone number and e-mail address of the Statutory Auditor(s) of the issuer.
18. General information
19. Such other information as is material and appropriate to enable investors to make an informed investment decision.
20. Disclosures pertaining to wilful defaulters or fraudulent borrowers: If the issuer or any of its promoter or director has been declared as a wilful defaulter or a fraudulent borrower, it shall make the following disclosures with respect to each such person separately:
- a) Name of the person declared as a wilful defaulter or a fraudulent borrower;
 - b) Name of the bank declaring the person as a wilful defaulter or a fraudulent borrower;
 - c) Year in which the person was declared as a wilful defaulter or a fraudulent borrower;
 - d) Outstanding amount when the person was declared as a wilful defaulter or a fraudulent borrower;
 - e) Steps taken, if any, by the person for removal of its name from the list of wilful defaulters or fraudulent borrowers;

- f) Other disclosures, as deemed fit by the issuer, in order to enable investors to take an informed decision;
- g) Any other disclosure as specified by the Board.