

<sup>72</sup>[CHAPTER VIII-A  
INSTITUTIONAL PLACEMENT PROGRAMME

**Applicability.**

**91A.** (1) The provisions of this Chapter shall apply to issuance of fresh shares and or offer for sale of shares in a listed issuer for the purpose of achieving minimum public shareholding in terms of Rule 19(2)(b) and 19A of the Securities Contracts (Regulation) Rules, 1957.

(2) Unless otherwise specified, no provisions of these regulations shall be applicable to the institutional placement programme except for the following:-

- (a) regulations 2, 5, 12, 18, 19, 47, 48, 51, 59, 60, 61, 64, 65, 66 and 68;
- (b) clauses (a) and (b) of sub-regulation (2) of regulation 4;
- (c) clause (b) of regulation 7.

**Definitions.**

**91B.** For the purpose of this Chapter:

- (a) “eligible securities” shall mean equity shares of same class listed and traded in the stock exchange(s);
- (b) “eligible seller” include listed issuer, promoter/promoter group of listed issuer;
- (c) “institutional placement programme” means a further public offer of eligible securities by an eligible seller, in which the offer, allocation and allotment of such securities is made only to qualified institutional buyers in terms of this Chapter.

**Conditions for institutional placement programme.**

**91C.** (1) An institutional placement programme may be made only after a special resolution approving the institutional placement programme has been passed by the shareholders of the issuer in terms of section 81(1A) of the Companies Act, 1956.

(2) No partly paid-up securities shall be offered.

(3) The issuer shall obtain an in-principle approval from the stock exchange(s).

**Appointment of merchant banker.**

**91D.** An institutional placement programme shall be managed by merchant banker(s) registered with the Board who shall exercise due diligence.

**Offer Document.**

**91E.** (1) The institutional placement programme shall be made on the basis of the offer document which shall contain all material information, including those specified in **Schedule XVIII**.

(2) The issuer shall, simultaneously while registering the offer document with the Registrar of Companies, file a copy thereof with the Board and with the stock exchange(s) through the lead merchant banker.

(3) The issuer shall file the soft copy of the offer document with the Board as specified in **Schedule V**, along with the fee as specified in **Schedule IV**.

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<sup>72</sup> Inserted by SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2012, w.e.f. 30.01.2012.

(4) The offer document shall also be placed on the website of the concerned stock exchange and of the issuer clearly stating that it is in connection with institutional placement programme and that the offer is being made only to the qualified institutional buyers.

(5) The merchant banker shall submit to the Board a due diligence certificate as per Form A of **Schedule VI**, stating that the eligible securities are being issued under institutional placement programme and that the issuer complies with requirements of this Chapter.

#### **Pricing and allocation/allotment.**

**91F.** (1) The eligible seller shall announce a floor price or price band at least one day prior to the opening of institutional placement programme.

(2) The eligible seller shall have the option to make allocation/allotment as per any of the following methods –

- (a) proportionate basis;
- (b) price priority basis; or
- (c) criteria as mentioned in the offer document.

(3) The method chosen shall be disclosed in the offer document.

(4) Allocation/allotment shall be overseen by stock exchange before final allotment.

#### **Restrictions.**

**91G.** (1) The promoter or promoter group who are offering their eligible securities should not have purchased and/ or sold the eligible securities of the company in the twelve weeks period prior to the offer and they should undertake not to purchase and / or sell eligible securities of the company in the twelve weeks period after the offer.

(2) Allocation/allotment under the institutional placement programme shall be made subject to the following conditions:

(a) Minimum of twenty five per cent. of eligible securities shall be allotted to mutual funds and insurance companies:

Provided that if the mutual funds and insurance companies do not subscribe to said minimum percentage or any part thereof, such minimum portion or part thereof may be allotted to other qualified institutional buyers;

(b) No allocation/allotment shall be made, either directly or indirectly, to any qualified institutional buyer who is a promoter or any person related to promoters of the issuer:

Provided that a qualified institutional buyer who does not hold any shares in the issuer and who has acquired the rights in the capacity of a lender shall not be deemed to be a person related to promoters.

(3) The issuer shall accept bids using ASBA facility only.

(4) The bids made by the applicants in institutional placement programme shall not be revised downwards or withdrawn.

**Explanation:** For the purpose of clause (b) of sub-regulation (2), a qualified institutional buyer who has any of the following rights shall be deemed to be a person related to the promoters of the issuer:-

(a) rights under a shareholders' agreement or voting agreement entered into with promoters or persons related to the promoters;

(b) veto rights; or

(c) right to appoint any nominee director on the board of the issuer.

**Minimum number of allottees.**

**91H.** (1) The minimum number of allottees for each offer of eligible securities made under institutional placement programme shall not be less than ten:

Provided that no single allottee shall be allotted more than twenty five per cent. of the offer size.

(2) The qualified institutional buyers belonging to the same group or who are under same control shall be deemed to be a single allottee.

**Explanation:** For the purpose of sub-regulation (2), the expression “qualified institutional buyers belonging to the same group” shall have the same meaning as derived from sub-section (11) of section 372 of the Companies Act, 1956;

**Restrictions on size of the offer.**

**91-I.** (1) The aggregate of all the tranches of institutional placement programme made by the eligible seller shall not result in increase in public shareholding by more than ten per cent. or such lesser per cent. as is required to reach minimum public shareholding.

(2) Where the issue has been oversubscribed, an allotment of not more than ten per cent. of the offer size shall be made by the eligible seller.

**Period of Subscription and display of demand.**

**91J.** (1) The issue shall be kept open for a minimum of one day or maximum of two days.

(2) The aggregate demand schedule shall be displayed by stock exchange(s) without disclosing the price.

**Withdrawal of offer.**

**91K.** The eligible seller shall have the right to withdraw the offer in case it is not fully subscribed.

**Transferability of eligible securities.**

**91L.** The eligible securities allotted under institutional placement programme shall not be sold by the allottee for a period of one year from the date of allocation/allotment, except on a recognised stock exchange.]