



CAPITAL MARKETS

# N. A. SHAH BULLETIN

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N. A. SHAH ASSOCIATES LLP  
Chartered Accountants

## **1. Guidelines for filing of placement memorandum for issuance of units by InvITs that are proposed to be listed**

SEBI has issued following clarification on procedure for issuance of units by InvITs on a private placement basis which are proposed to be listed (applicable for issuance of units from January 15, 2020):

- a. InvITs shall file a draft placement memorandum with the Board and stock exchange(s) through a SEBI registered merchant banker at least 30 days prior to the opening of the issue.
- b. The draft placement memorandum shall contain specified disclosures and the merchant banker shall submit specified due diligence certificate.
- c. The Board shall issue observations on the draft placement memorandum within fifteen working days from the later of the following:
  - i. Date of receipt of draft placement memorandum by the Board; or
  - ii. Where the Board has sought any clarification, date of receipt of satisfactory reply from issuer/merchant banker/regulator/agency; or
  - iii. Date of receipt of copy of in-principle approval letter issued by stock exchange

## **2. Format on Statement of Deviation for utilization of funds**

In order to ensure uniformity in such reporting by listed entities, SEBI has notified a format for Statement of Deviation or Variation for reporting of deviation in the use of proceeds of public/rights/preferential issue.

Salient features of the format:

- a. Applicability: Format shall be applicable for funds raised by listed entities through public issue, rights issue, preferential issue, Qualified Institutional Placements (QIPs), etc.
- b. Frequency of Disclosure: Disclosure to the stock exchange to be made by the listed entity on a quarterly basis, until such funds are fully utilized or the purpose for which these funds were raised is achieved.
- c. Quarterly Review: Such statement of deviation shall be placed for review by Audit Committee/Board of Directors and the comments thereon shall be disclosed as a part of the format.

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From:

N. A. Shah Associates LLP

Chartered Accountants

Address: B 41-45 & B21-25, Paragon Centre, Pandurang Budhkar Marg, Mumbai  
– 400013.

Tel: 91-022-4073 3000, Fax: 91-022-4073 3090

E-mail Id: [info@nashah.com](mailto:info@nashah.com)