

Guide to understand an Offer Document

This sub-section attempts to inform the structure of presentation of the content in an offer document. The basic objective is to help the reader to navigate through the content of an offer document.

(a) Cover Page

Under this head full contact details of the Issuer Company, lead managers and registrars, the nature, number, price and amount of instruments offered and issue size, and the particulars regarding listing. Other details such as Credit Rating, IPO Grading, risks in relation to the first issue, etc are also disclosed if applicable.

(b) Risk Factors

Under this head the management of the issuer company gives its view on the Internal and external risks envisaged by the company and the proposals, if any, to address such risks. The company also makes a note on the forward looking statements. This information is disclosed in the initial pages of the document and also in the abridged prospectus. It is generally advised that the investors should go through all the risk factors of the company before making an investment decision.

(c) Introduction

Under this head a summary of the industry in which the issuer company operates, the business of the Issuer Company, offering details in brief, summary of consolidated financial statements and other data relating to general information about the company, the merchant bankers and their responsibilities, the details of brokers/syndicate members to the Issue, credit rating (in case of debt issue), debenture trustees (in case of debt issue), monitoring agency, book building process in brief, IPO Grading in case of First Issue of Equity capital and details of underwriting Agreements are given. Important details of capital structure, objects of the offering, funds requirement, funding plan, schedule of implementation, funds deployed, sources of financing of funds already deployed, sources of financing for the balance fund requirement, interim use of funds, basic terms of issue, basis for issue price, tax benefits are also covered.

(d) About us

Under this head a review of the details of business of the company, business strategy, competitive strengths, insurance, industry-regulation (if applicable), history and corporate structure, main objects, subsidiary details, management and board of directors, compensation, corporate governance, related party transactions, exchange rates, currency of presentation and dividend policy are given.

(e) Financial Statements

Under this head financial statement and restatement as per the requirement of the Guidelines and differences between any other accounting policies and the Indian Accounting Policies (if the Company has presented its Financial Statements also as per either US GAAP/IFRS) are presented.

(f) Legal and other information

Under this head outstanding litigations and material developments, litigations involving the company, the promoters of the company, its subsidiaries, and group companies are disclosed. Also material developments since the last balance sheet date, government approvals/licensing arrangements, investment approvals (FIPB/RBI etc.), technical approvals, and indebtedness, etc. are disclosed.

(g) Other regulatory and statutory disclosures

Under this head, authority for the Issue, prohibition by SEBI, eligibility of the company to enter the capital market, disclaimer statement by the issuer and the lead manager, disclaimer in respect of jurisdiction, distribution of information to investors, disclaimer clause of the stock exchanges, listing, impersonation, minimum subscription, letters of allotment or refund orders, consents, expert opinion, changes in the auditors in the last 3 years, expenses of the issue, fees payable to the intermediaries involved in the issue process, details of all the previous issues, all outstanding instruments, commission and brokerage on, previous issues, capitalization of reserves or profits, option to subscribe in the issue, purchase of property, revaluation of assets, classes of shares, stock market data for equity shares of the company, promise vis-à-vis performance in the past issues and mechanism for redressal of investor grievances is disclosed.

(h) Offering information

Under this head Terms of the Issue, ranking of equity shares, mode of payment of dividend, face value and issue price, rights of the equity shareholder, market lot, nomination facility to investor, issue procedure, book building procedure in details along with the process of making an application, signing of underwriting agreement and filing of prospectus with SEBI/ROC, announcement of statutory advertisement, issuance of confirmation of allocation note("can") and allotment in the issue, designated date, general instructions, instructions for completing the bid form, payment instructions, submission of bid form, other instructions, disposal of application and application moneys, , interest on refund of excess bid amount, basis of allotment or allocation, method of proportionate allotment, dispatch of refund orders, communications, undertaking by the company, utilization of issue proceeds, restrictions on foreign ownership of Indian securities, are disclosed.

(i) Other Information

This covers description of equity shares and terms of the Articles of Association, material contracts and documents for inspection, declaration, definitions and abbreviations, etc.



SHARE BROKERS PVT. LTD.

Investment in public Issues/ rights issues

(a) Where can I get application forms for applying/ bidding for the shares?

Application forms for applying/bidding for shares are available with all syndicate members, collection centers, the brokers to the issue and the bankers to the issue. In case you intend to apply through new process introduced by SEBI i.e. APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA), you may get the ASBA application forms from the Self Certified Syndicate Banks. For more details on “ASBA process” please refer to the “FAQs on [ASBA](#)”

(b) Whom should I approach if the information disclosed in the offer document appears to be factually incorrect?

The document is prepared by Merchant Banker(s), registered with SEBI. They are required to do the due diligence while preparing an offer document. The draft offer document submitted to SEBI is put on website for public comments. In case, you find any instance of misinformation/ lack of information, you may send your complaint to Lead Manager to the issue and/ or to SEBI, at this address: Securities & Exchange Board of India, C4 A, G Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400051.

(c) Is it compulsory for me to have a Demat Account?

As per the requirement, all the public issues of size in excess of Rs.10 crore, are to be made compulsorily in demat mode. Thus, if you intend to apply for an issue that is being made in a compulsory demat mode, you are required to have a demat account and also have the responsibility to put the correct DP ID and Client ID details in the bid/application forms. You can also refer to FAQs relating to demat available in the URL <http://investor.sebi.gov.in/faq/dematfaq.html> in the Investor Education section of the SEBI website.

(d) Is it compulsory to have PAN?

Yes, it is compulsory to have PAN. Any investor who wants to invest in an issue should have a PAN which is required to be mentioned in the application form. It is to be distinctly understood that the photocopy of the PAN is not required to be attached along with the application form at the time of making an application.

(e) For how many days an issue is required to be kept open?

The period for which an issue is required to be kept open is:

For **Fixed price public issues:** 3-10 working days

For **Book built public issues:** 3-7 working days extendable by 3 days in case of a revision in the price band

For **Rights issues:** 15-30 days.

(f) When do I get the allotment/ refund of shares?

For **Fixed price public issues:** 30 days of the closure of the issue
For **Book built public issues:** 15 days of the closure of the issue
For **Rights issues:** 15 days of the closure of the issue

(g) How can I know about the demand for an issue at any point of time?

The status of bidding in a book built issue is available on the website of BSE/NSE on a consolidated basis. The data regarding bids is also available investor category wise. After the price has been determined on the basis of bidding, the public advertisement containing, inter alia, the price as well as a table showing the number of securities and the amount payable by an investor, based on the price determined, is issued. However, in case of a fixed price issue, information is available only after the closure of the issue through a public advertisement, issued within 10 days of dispatch of the certificates of allotment/ refund orders.

(h) How will I get my refund in an issue?

You can get refunds in an issue through various modes viz. registered/ordinary post, Direct Credit, RTGS (Real Time Gross Settlement), ECS (Electronic Clearing Service) and NEFT (National Electronic Funds Transfer). As stated above, if you are residing in one of the 68 centers as specified by Reserve Bank of India, then you will get refunds through ECS only except where you are otherwise disclosed eligible under Direct Credit and RTGS. If you are residing at any other center, then you will continue to get refunds through registered/ordinary post. You are therefore advised to read the instructions given in the prospectus/ abridged prospectus/ application form about centers. For more details, you may read subsection on [“Electronic Clearing Scheme for Refunds”](#).

(i) When will the shares allotted to me get listed?

In book built public issue the listing of shares will be done within 3 weeks after the closure of the issue. In case of fixed price public issue, it will be done within 37 days after closure of the issue.

(j) How will I know which issues are coming to the market?

The information about the forthcoming issues may be obtained from the websites of Stock Exchanges. Further the issuer coming with an issue is required to give issue advertisements in an English national Daily with wide circulation, one Hindi national newspaper and a regional language newspaper with wide circulation at the place where the registered office of the issuer is situated.

(k) Where to I get the copies of the offer document?

The soft copies of the offer documents are put up on the website of Merchant banker and on the website of SEBI under Reports/Documents section [http://www.sebi.gov.in/Index.jsp?contentDisp=Section&sec_id=5]. Copies of the offer documents in hard form may be obtained from the merchant banker or office of SEBI, SEBI Bhawan, Plot No. C4-A “G” Block, BKC, Bandra (E), Mumbai - 400051 on a payment of Rs 100 through Demand Draft.

(l) How do I find the status of offer documents filed by issuers with SEBI?

SEBI updates the processing status of offer documents on its website every week under the section <http://www.sebi.gov.in/Index.jsp?contentDisp=PrimaryMarket> in SEBI website. The draft offer documents are put up on the website under Reports/Documents section. The final offer documents that are filed with SEBI/ROC are also put up for information under the same section.

(m) Whom do I approach if I have grievances in respect of non receipt of shares, delay in refund etc.?

You can approach the compliance officer of the issue, whose name and contact number is mentioned on the cover page of the Offer Document. You can also address your complaints to SEBI at the following address: Office of Investor Assistance & Education, Securities & Exchange Board of India, C4A, G Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400051.

Understanding Book Building

(a) What is book Building?

Book building is a process of price discovery. The issuer discloses a price band or floor price before opening of the issue of the securities offered. On the basis of the demands received at various price levels within the price band specified by the issuer, Book Running Lead Manager (BRLM) in close consultation with the issuer arrives at a price at which the security offered by the issuer, can be issued.

(b) What is a price band?

The price band is a band of price within which investors can bid. The spread between the floor and the cap of the price band shall not be more than 20%. The price band can be revised. If revised, the bidding period shall be extended for a further period of three days, subject to the total bidding period not exceeding thirteen days.

(c) How does Book Building work?

Book building is a process of price discovery. A floor price or price band within which the bids can move is disclosed at least two working days before opening of the issue in case of an IPO and atleast one day before opening of the issue in case of an FPO. The applicants bid for the shares quoting the price and the quantity that they would like to bid at. After the bidding process is complete, the 'cut-off' price is arrived at based on the demand of securities. The basis of Allotment is then finalized and allotment/refund is undertaken. The final prospectus with all the details including the final issue price and the issue size is filed with ROC, thus completing the issue process. Only the retail investors have the option of bidding at 'cut-off'.

(d) How does “cut-off” option works for investors?

“Cut-off” option is available for only retail individual investors i.e investors who are applying for securities worth up to Rs 1,00,000/- only. Such investors are required to tick the cut-off option which indicates their willingness to subscribe to shares at any price discovered within the price band. Unlike price bids (where a specific price is indicated) which can be invalid, if price indicated by applicant is lower than the price discovered, the cut-off bids always remain valid for the purpose of allotment

(e) Can I change/revise my bid?

Yes, you can change or revise the quantity or price in the bid using the form for changing/revising the bid that is available along with the application form. However, the entire process of changing or revising the bids shall be completed within the date of closure of the issue.

(f) Can I cancel my Bid?

Yes, you can cancel your bid anytime before the finalization of the basis of allotment by approaching/ writing/ making an application to the registrar to the issue.

(g) What proof can I request from a trading member or a syndicate member for entering bids?

The syndicate member returns the counterfoil with the signature, date and stamp of the syndicate member. You can retain this as a sufficient proof that the bids have been accepted by the trading / syndicate member for uploading on the terminal.