

4 ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS

27062022

ICDR (2018)

Ineligibility

Eligibility conditions

Alternate eligibility Norms.

General condition.

Additional condition for offer for sale

Not Applicability for offer for sale

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Procedure for Public issue.

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Price & Price Band

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ZPO grading

period for subscription

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Price under exist opportunity

underwriters

Differential Price

Reservation on competitive basis

Reservation for employee

Post issue responsibility of lead manager

Fast track issue.

Right issue/pre-exemption rights

entities not eligible to make right issue

General condition

Pref. issue.

QIP

Issue of ZPR

Lec - 3

No Past Year

Ineligibility (Entities Not eligible to make IPO).

same to FPO

- 1 - Issuer, promoter, Director Promoter group, Selling Shareholder are debarred from accessing the capital marketing.
- 2 - Promoter, Director of issuer is also a promoter or director of any other company and that company is debarred from accessing the capital market.
- 3 - Issuer, Promoter, director are wilful defaulter
- 4 - Promoter, director is fugitive offender.
- 5 - Outstanding Convertible securities shall first convert into equity shares. → This condition not in FPO.

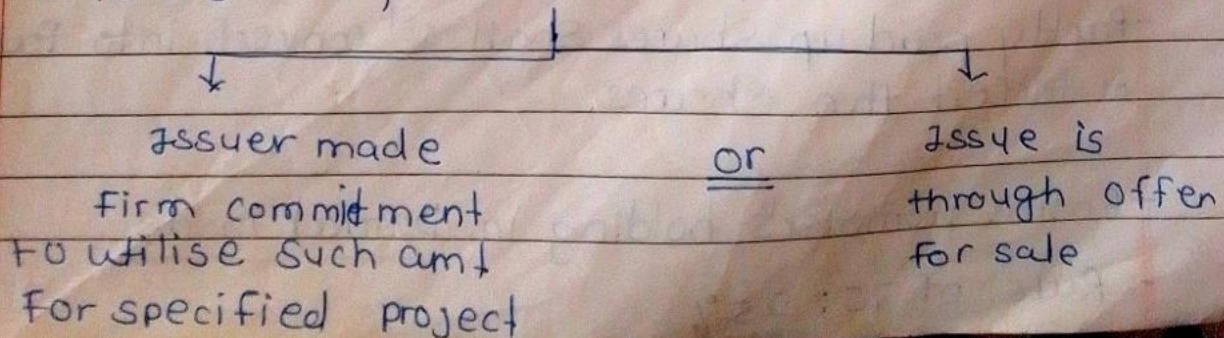
(Note): However if debarred period is over then Co can raise fund by way of IPO.

No Past Year

Eligibility condition of IPO

in each of the preceding three full years

Net tangible assets of ₹ 3cr [↑] & max monetary asset ~~can~~ ^{shall} be 50%. however can hold more than 50% monetary assets



2 Minimum Avg. operating profit of ₹ 15 cr. in preceeding 3 years with operating profit in each year.

3 Net worth of ₹ 1 cr in each of preceeding 3 year

only this condition for FPO

4 In case of change in name in last one year atleast 50% of total revenue should be from the activity suggested under new name.

• Alternate eligibility norms same to FPO

- 75% of net offer to public shall be allotted to QIB

and

- Issue shall be throughout book building method

Lec-4

30/06/2022

• General condition for ZPO & FPO also

(prior approval)

- Obtain ~~im~~principal approval ~~approval~~ from stock exchange. & Choose one of them as designated stock exchange

- Enter into depository agreement with depository.

- Partly paid up Shares shall 1st convert into Fully paid or forfeit the Shares.

- Entire promoter's holding in Demat mode.

- Rwe of 75: 25%

i.e utilize 75% of total issue proceeds for specified project and maximum 25% can be utilize for general corporate purpose. (75:25)

* Additional condition for offer for sale

- Shares must be fully paid-up.

Bonus issue Holding period of selling SH shall at least 1 year.

- Holding period shall be adjusted against holding of convertible security.

- ~~Draft~~ Holding period shall required to be completed at the time of filing of offer for sale.

* Not Applicability for offer for sale

- Govt Co

- Statutory Corporation

} Infrastructure sector

- If security issued under bonus issue prior holding of 1 year shall not apply.

- Merger share issued under merger & Amalgamation.

* Issue of Warrant

- One or more warrant can be attach to specified security
- Term of conversion shall not exceed 18 months
- Price shall disclose in the offer document
- At least 25% of issue price must be received upfront (advance)
- * If holder failed to exercise the option within 3 months then advance amount shall be forfeited

Lec-5

2/07/2022

Procedure for Public Issue

⇒

- Appoint lead manager
- Merchant Banker shall be reg with SEBI.
- at least one Merchant Banker shall not be associated with the issuer
- If any merchant Banker is associated then he should involve in only marketing.
- Appoint Register to an issue.

Agreement with the self certificate syndicate Bank for ASBA. (Application Supported Block Amt).

→

Filing offer documents

- file draft offer document or draft RHP to SEBI.
- Merchant Banker shall comply & carry out the due diligence about the adequacy of disclosure.
- file latest audited financial statement not more than 6 months older from issue opening date.
- Merchant Banker shall file certificate confirming an agreement has been entered betⁿ issuer & MB.
- file due diligence certificate from by Merchant Banker
- In case of issue of convertible debt security file due diligence certificate, by debenture trustee.
- Merchant Banker file 3 copies of draft prospectus with concerned regional office of SEBI.
- file draft offer document with RSE.



SEBI shall give observation with 30 days from

Receipt OF Draft Offer document.	From Receipt OF Satisfaction reply from MB.	Receipt of clarification from regulatory body	Receipt of an - principal approved stock exchange
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whichever is later

- carry out such modification by MB & file revised draft prospectus with SEBI.

Sec-6

3/07/2022

3) Draft offer document Available to Public.

- Draft offer document, SEBI shall made public for atleast 21 days from date of filing by hosting on website of SEBI, stock exchange, MB.
- Issuer within 2 days from filing with SEBI, make a public announcement in one english & hindi daily newspaper.
- It invites public for their comment
- lead manager shall file SEBI, the details of comments received by them.
- Copy of prospectus made available with stock exchange, RTI, share transfer agent.

4)

Promoter's contribution

• IPO

- Promoter shall hold at least 20% of post issue capital (however 10% of post capital can be allotted to foreign venture capital investor, schedule Commercial Banker, Public Financial institution, Alternate investment fund.) -★

- Promoter contribution either by the way of convertible security, equity shareholder or superior voting right. eg, SR, convertible secur.

- In case of issue of convertible security then and promoter's contribution is by way of equity shares then price of such shares shall not be less than weighted Avg. Price arising out of the conversion.

- Lec-8 5/07/2022

- IPO of convertible debt instrument without prior public issue of equity shares then promoter shall bring at least 20% of project cost ~~or~~ at least 20% issue size ~~is~~ from owned fund. for eg project cost is 15000 x 20% = 3000 or in 10000 is issue size 500, 1000 x 20% = 200 so in 300 at least 200 is in eq.

5)

- Promoter Contribution to be brought in before public issue.

- Promoter shall bring full amount at least 1 day prior to issue opening date & deposit in escrow.

- If promoter contribution is more than 100 cr & shares are partly paid up then bring ~~at least~~ at least 100 cr before 1 day & remaining amount shall bring before the call made to public

e) - Ineligible securities for ~~Bank~~ ^{Promoter Contribution} ~~capital~~

Specified securities acquired other than cash or capitalising of intangible assets during preceeding 3 years.

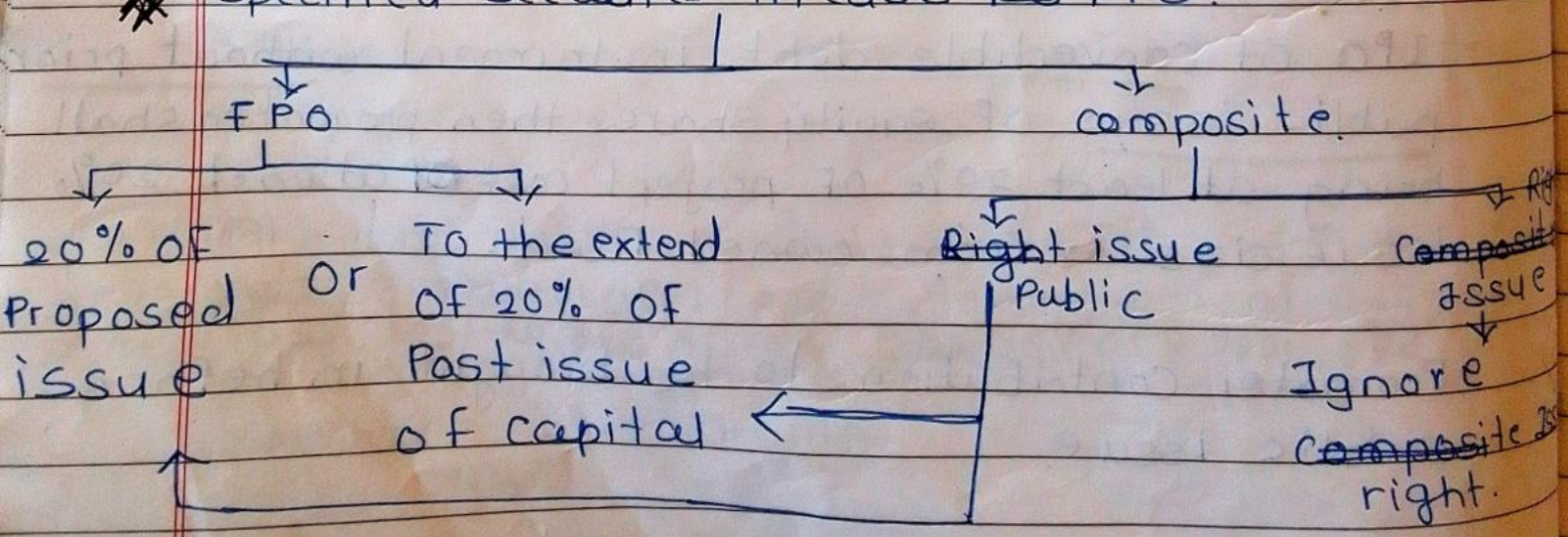
- Acquired by way of bonus issue by utilising revaluation reserve or unrealised gain.

- Securities acquired during preceeding one year at a lower price than issue price.

- Securities acquired at price less than issue price when company is formed by conversion of LLP / firm.

Specified securities pledge with the creditors *

* Specified securities in case ~~of~~ FPO.

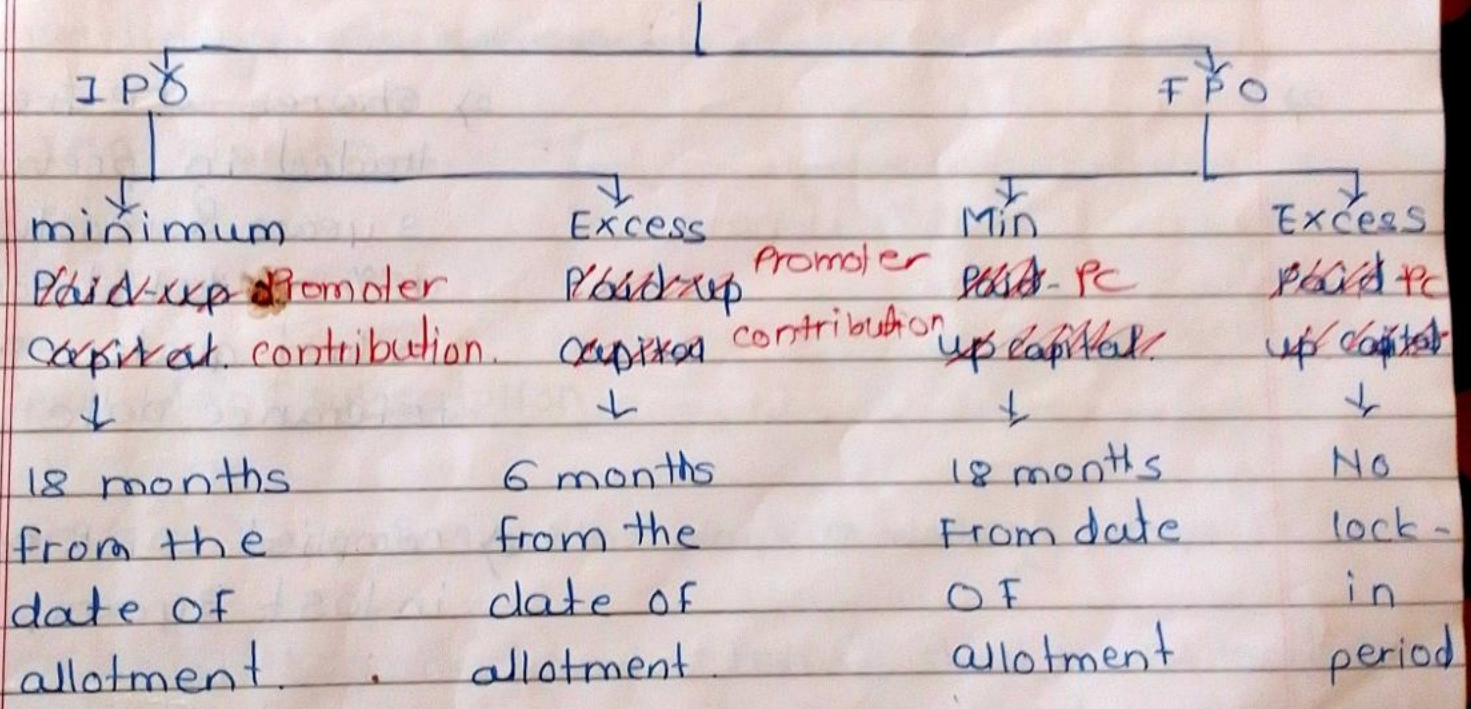


- * Securities ineligible for promoter contribution in FPO
- Securities acquired other than cash or Capitalising of intangible assets during preceeding 3 years
- Bonus shares issued by utilising revaluation reserve or unrealised gain
- Securities pledge with the creditors.

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6/07/2022

Lock in requirement



Price & Price Band

* Equity sh. hold by venture Capital Fund or Alternate investor fund, or foregin venture Capital investor shall be locked in for the period of ~~6~~ 6 month from the allotment

* Securities held by ^{person} other than promoter i.e pre-issue

Capital shall be locked-in for period for 5 months from the date of allotment

Lec-10

7/07/2022

Exemption from Promoter contribution

1 P O

↓

1) company not having identified Promoter

F P O

2) company not have identified promoter

2)

2) shares are frequently traded in previous 3 years & resolved 95% of total complaints in last quarter from reference date

2) complied LODR regulation in last 3 years

* Price & Price Band

- Mention price or price band in draft prospectus or mention lower price or price band in Draft Prospectus
- Cap price shall not exceed 120% of floor price
- Or Gap price betⁿ cap price & floor price shall not exceed 20%

Capital shall be locked-in for period for 5 months from the date of allotment

Lec-10

7/07/2022

Exemption from Promoter contribution

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↓

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FPO

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* Price & Price Band

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- Cap price shall not exceed 120% of Floor price
- or Gap price betⁿ Cap price & Floor price shall not exceed 20%

Minimum subscription

- At least 90% of total issue size and minimum public shareholding at least 25% of post issue capital.
- Refund of application money in case of non receipt of minimum subscription.

↓
Within ~~18~~ 4 days from closure of the issue in case a non underwritten

Issue → 15% if not.

↓
Within 70 days from closure of issue underwriter is appointed.

* Minimum application value

- Application size betⁿ 10,000 to 15k.
- Mini Application money 25% of issue.
- In offer for sale full issue price shall be payable
- Remaining call money within 12 money.

Lec-12

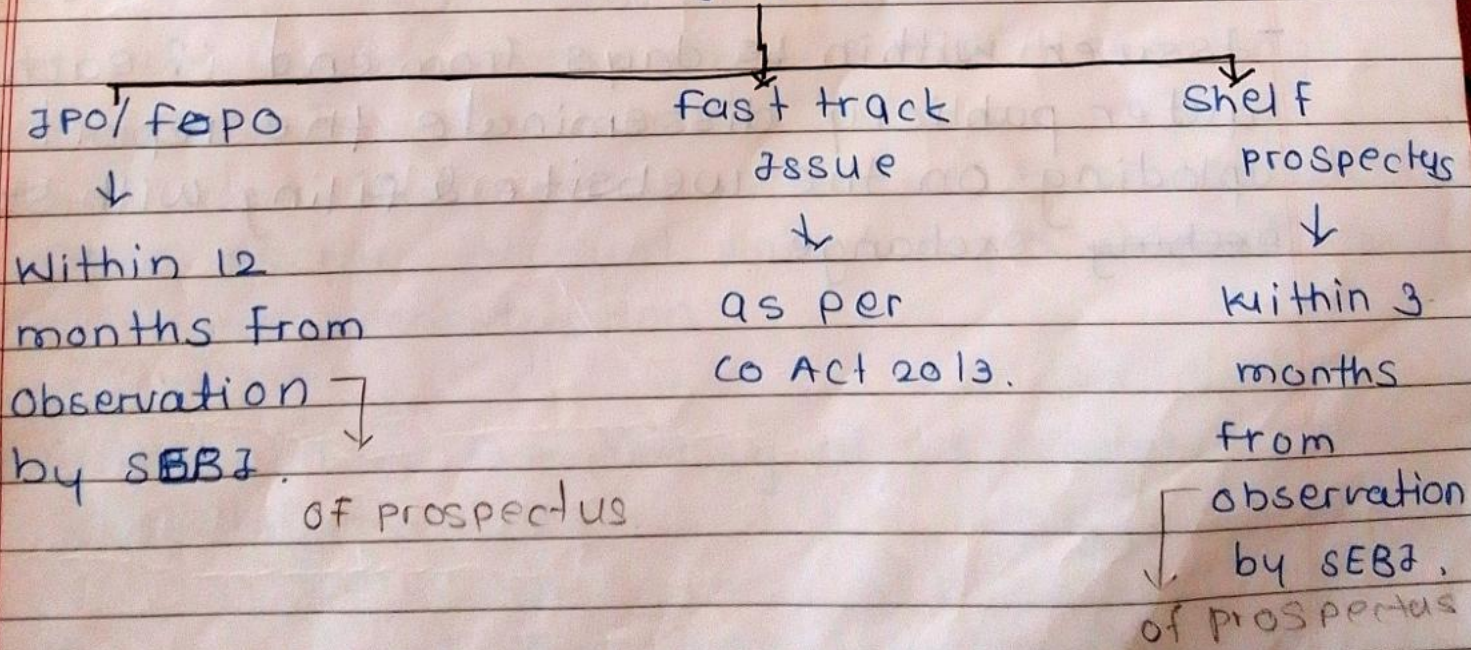
Basis of Allotment

- Minimum 1000 allottees.
- Allotment on pro-rata basis for all category except allotment RIJ (Retail individual inv) & Anchor investor.
- Minimum ~1 lot to each retail individual investor, subject to availability of shares & remaining shares on pro-rata basis.

- Op

• opening of issue

Opening of issue.



Monitoring agency

- Issue size exceeding 100 crore except offer for sales
- Appointment of monitoring agency
- ~~Schedule commercial banks or PFA should act as a monitoring agency~~ only CRR is give credit rating
- Monitoring agency shall file quarterly report to issuer till 100% of fund availed for specific project shall utilise for same.
100 → 75% → 95%
- On receipt of report from monitoring agency mgt shall give comments or clarification for the same.
- Issuer within 45 days from end of each quarter publicly disseminate the report by uploading on the website & filing with stock exchange.

• Exists Opportunity

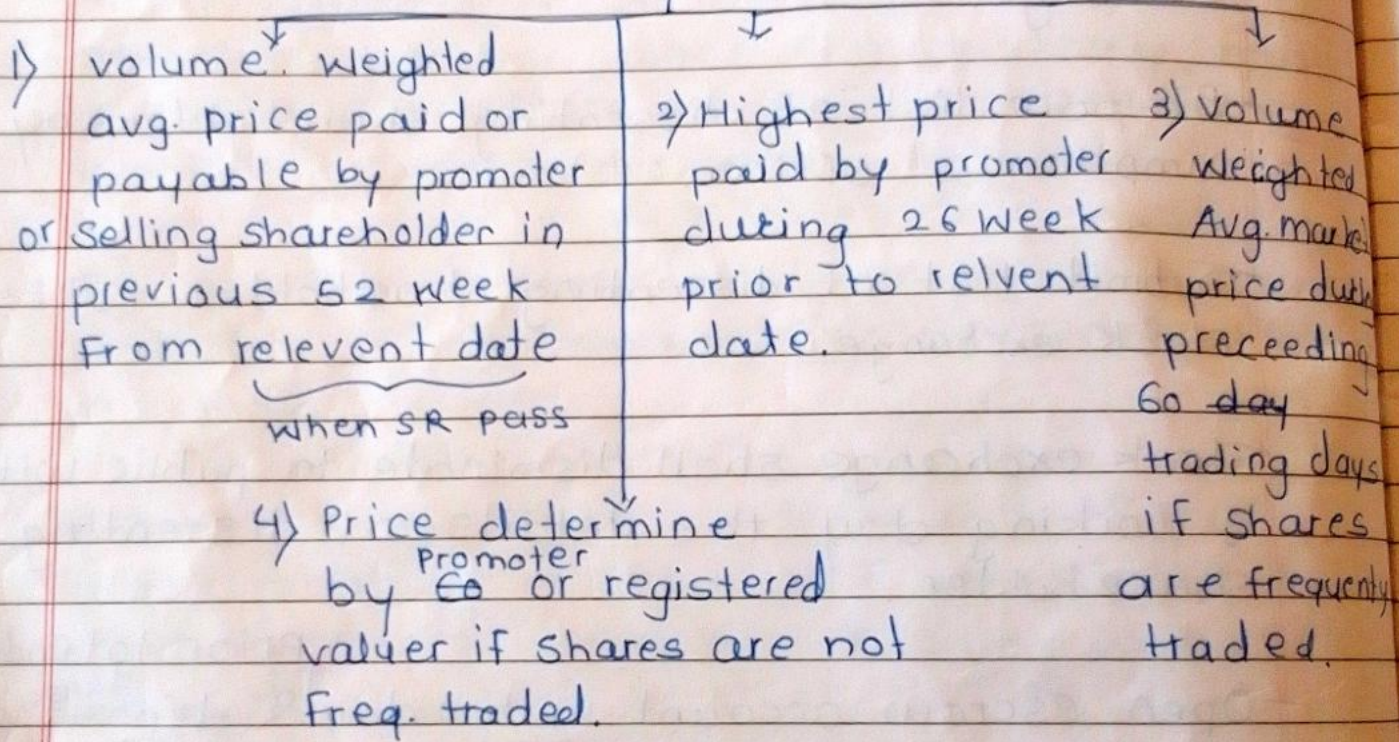
- Variation in terms ^{rejected} dissented by 10% of share holder & amt utilize for the project is less than 75% of issue proceeds.
- Pass Special Resolution
- Result of voting shall disclose Of Reg. Stock exchange.
- Pre-prepare list of dissenting shareholder by compliance officer (cs)
- Submit list of dissenting shareholder to Reg Stock exchange.
- Stock exchange shall disminate to public within 1 working day the details of dissenting shareholder.
- Open escrow account with 2 day ^{Prior to tendering} & deposit ^{days} and aggregate consideration.
- Within 1 days from passing of SR tendering period will begins.
 ↓
 give exist off period
- Tendering period remain open for 10 working days
- Payment to dissenting shareholder within 30 working days from disclosure of tendering period

- within 2 working days from payment inform to stock exchange details of aggregate no of shares tenders payments of consideration etc.

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Price under Exit opportunity

Price shall be highest of the following

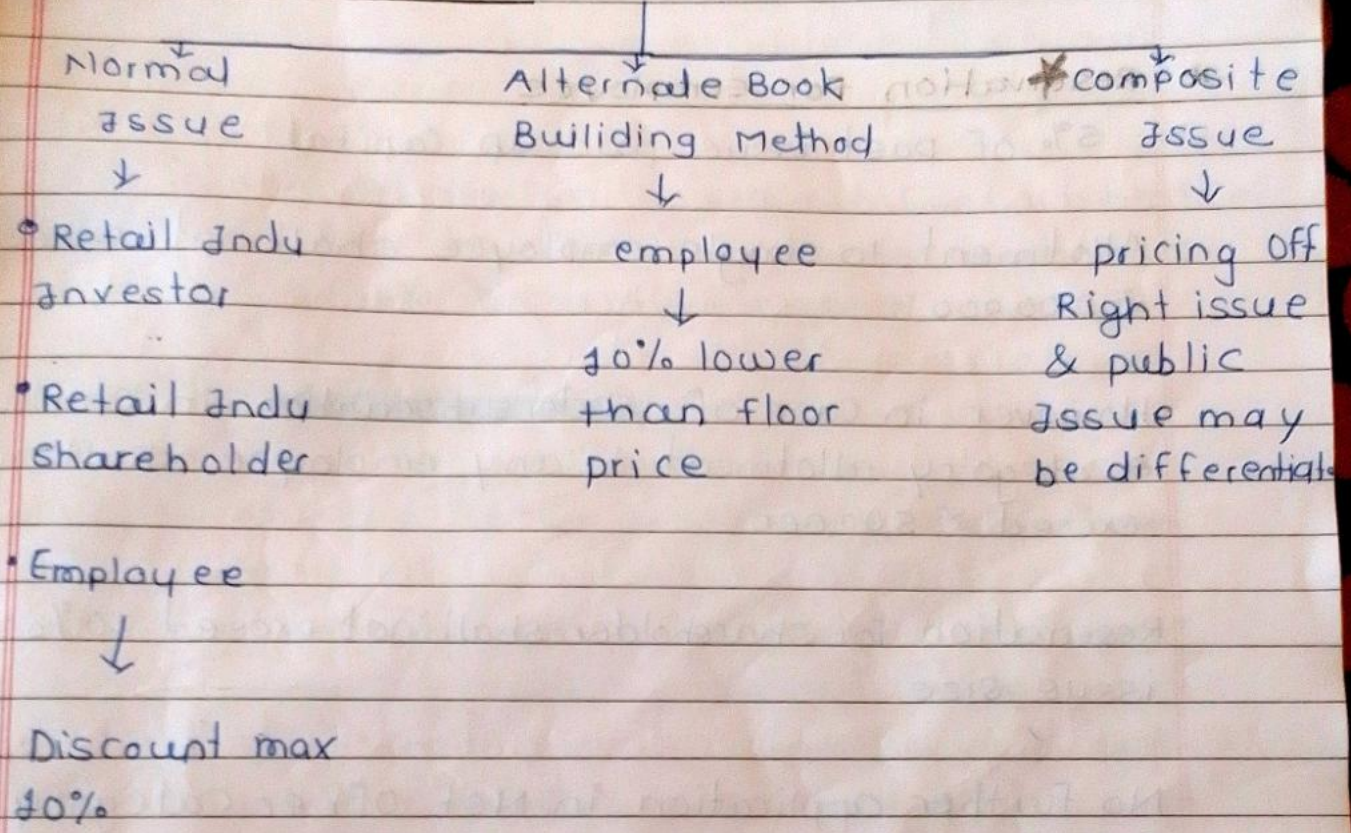


* Underwriters.

- * Underwriter by lead manager or syndicate member
- * 75% of net offer is compulsory allotted to QIB such portion cannot be underwritten
- * If underwriter fail to fulfill their obligation the lead manager shall fulfill the underwriting obligation
- * enter into an agreement with underwriter which specify the price & no of securities.
- * underwriting obligation should at least to the extent of minimum subscription

* Differential Price

PI-39J



* Reservation on competitive basis

ZPO

- Employee
- shareholder of listed subsidiary company & listed promoter company
- except lead manager, syndicate member, banker & their employee director promoter & group company

FPO

↓
existing Retail individual Shareholder.

Lec-14

* Reservation for Employee

5% of past issue paid up capital

- Allotment to simple employee shall not exceed ₹ 2,00,000.
- However in case of undersubscription in employee category allotment to any employee shall not exceed ₹ 5,00,000.
- Reservation for shareholder shall not exceed 10% of issue size.
- No further application in Net offer category if reservation is made except employee, R1S of issue, promoter company subsidiary Co.
- Inter-se adjustment is allowed.

* Post issue responsibility of lead Manager

- Monitor the redressal of investor grievance
- Responsible for post issue activities till the allotment & listing of refund
- Any act of omission or commission of the intermediary shall be reported to SEBI.

Lec-15

* Fast Track issue.

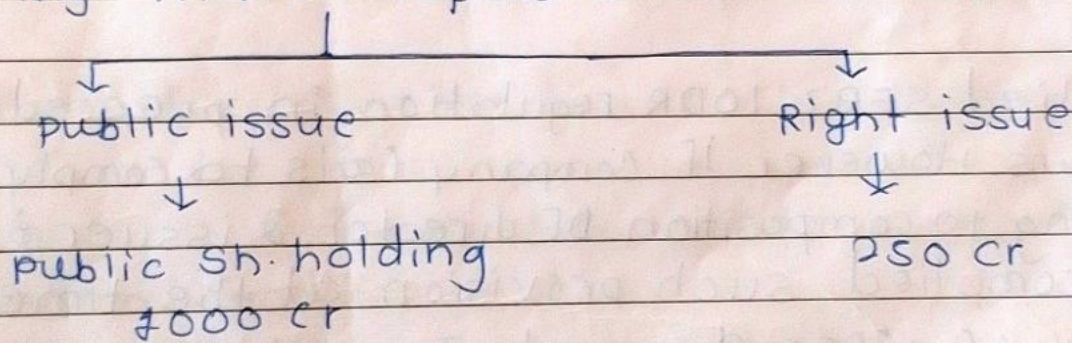
- In Fast track issue co ~~did~~ ^{need} not file draft offer docu to SEBI to ~~Obser~~ obtain observation. No need to make security deposit.

Condition :

- equity shares ^{↑ listed for} three preceeding date from ref. date.

Entire promoter holding demat mode.

- Avg. market capitalisation



- Annualised trading turnover during 6 month prior the moth of relevent date has been atleast 2% of weighted Avg no of shares. listed during last 6 month. however if public shareholding is less than 15% then free flo 2% of free floated shares shall be consider.

- Delivery based trading turnover during 6 month

prior to relevant date shall be 10% of annualised trading turnover.

- Redressal of at least 95% of complaints till the end of quarter preceding the month.
- No show cause notice by SEBI against the issuer/promoter/director.
- No violation of securities of law in preceding 3 years
- No trading suspension during the last 3 years
- Auditor qualification does not exceed 5% of net profit or loss after tax.
- Complied SEBI LODR regulation in preceding 3 years. However if company fails to comply provision relating to composition of director & issuer & has complied such provision at the time of filing of offer document. In such case SEBI may allow fast track offer.

Lec-16

• Right issue/pre-exemptions rights :

- a) Given to existing share holder.
- b) Decide record date for this purpose
- c) Issue size of ₹ 50 cr or more
- d) File draft offer document with ~~SB~~ SEBI & STX.

• Entities not eligible to make right issue :

- a) Promoter / director / issuer are debarred from accessing Capital.
- b) Promoter or director is promoter / director of another company is debarred.
- c) Promoter / Director / issuer is fugitive economic offender.

* General Condition :

- a) Same as IPO
- b) If Promoter / issuer / director is a wilful defaulter then promoter or promoter group shall not renounce their rights except within promoter grp.
- c) Issuer has issued SR equity shares then SR shareholder shall not renounce their rights SR Shares received in right shall remain under locking until conversion into ordinary shares.

* Preferential Issue:

- a) listed issuer
- b) selected group of persons on put placement basis.
- c) other than (ESOP issue of sweat ES or issue of depository except).
- d) Shall not be made to any person ^{Amendment.} who has sold or transferred Eq. sh during ^{90 days} ~~8 months~~ preceding relevant date [for promoter or promoter grp].
- e) Promoter or promoter grp fails to exercise the warrants shall be ineligible for one year from expiry of tenure of warrant or cancellation of warrant.
- f) Promoter/director/issuer is fugitive offender not eligible to make pref issue.

Lec-17

19/07/2022.

* Qualified institutional placement.

- i Issued ^{of} securities to QIB on Pvt. placement or through offer for sale.
- ii Conditions -
 - Pass SR
 - No need to Pass SR in case of offer for sale by promoter to fulfil minimum public shareholding requirement
 - Allotment shall be completed within 365 days from resolution.

- Equity shares listed of same class for atleast one year prior to passing of SR.
- Issuer / Promoter / Director is not fugitive economic offender.
- @IP shall be listed on RSE.
- No subsequent @IP until expiry of 2 weeks from prior @IP
- Promoter / member / Promote grp may make offer for sales to achieve mini public share holding

iii Restriction :

- Promoter / group shall not purchase / sale any Eq shares during 12 weeks prior to opening of issue & 12 weeks after closure of issue.

* Lec - 19

21/07/2022

• Issue of IDR

Issued by company incorporated outside India and subscribed by person resident in India.

* conditions

- 1) Adequate disclosure is made in financial statement
- 2) Financial statement is duly certified by auditor
- 3) Follow Accounting standard

* Eligibility

- 1) Issuing company is listed in its home country for atleast 3 immediately ^{preceding} years.
- 2) Issuer is not prohibited by regulatory body.

- 3) A end track record of Compliance in home Country
- 4) Not a fugitive economic offender
- 5) Issuer size atleast 50 crore
- 6) One denominator IDR.
- 7) Apply to one or more RSE in India For in principal Approval.
- 8) Agreement with depository

* listing of securities on sme platform

* condition

- i) a) Post issue paid up capital is 10 crore
- b) Post issue paid up capital is above 10 crore but upto 25 crore, Option to list on main board or SME Board.
- c) Listing with or without public issue
- d) SEBI does not issue any observation.
- e) IPO shall be 100% underwritten by underwriters.
- f) The lead manager shall underwrite atleast 15%
- g) Market making for 3 years.
- h) Min appli size ₹100,000/-.

i) Migration to Main Board by passing SR with majority of minority