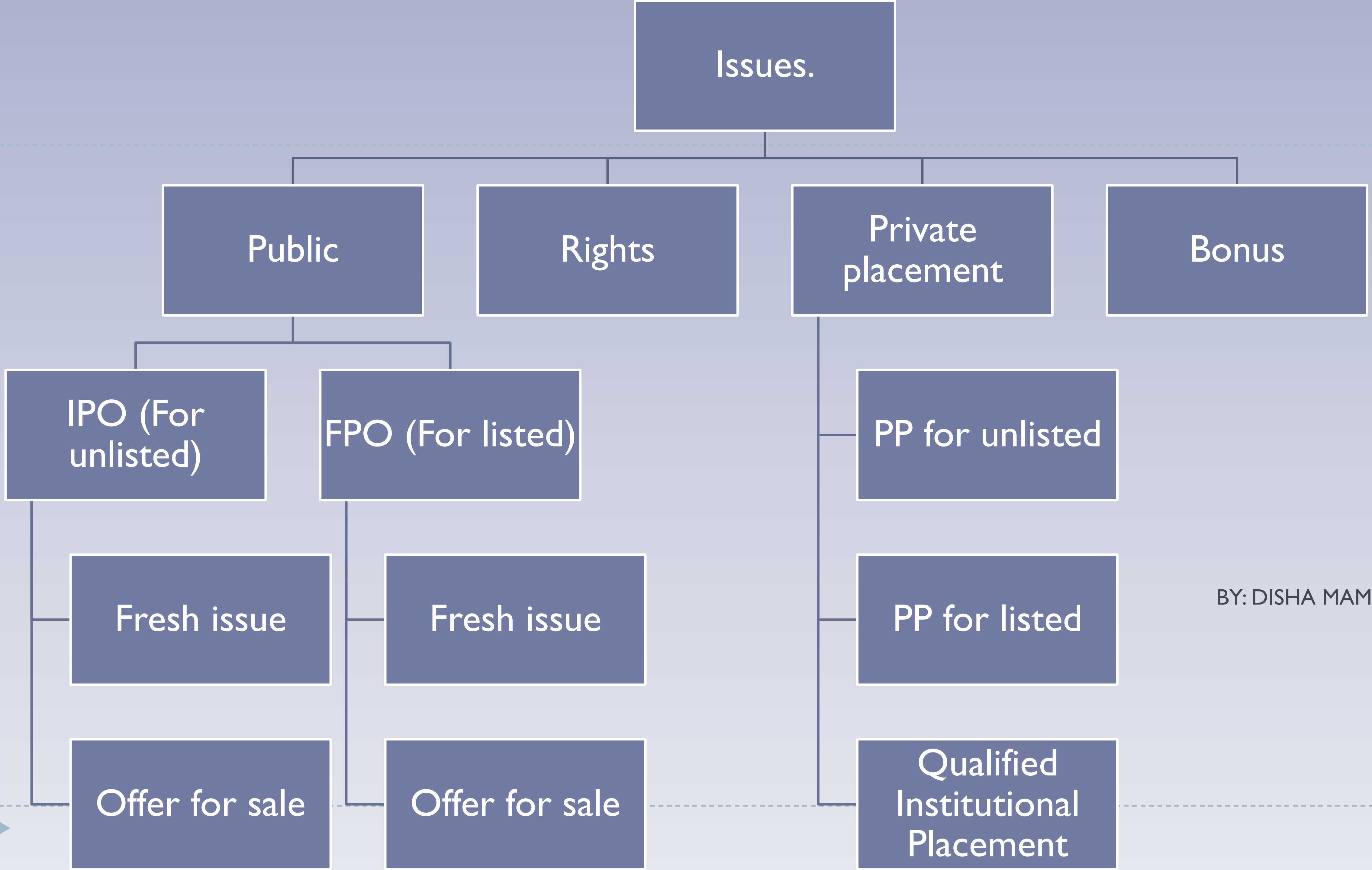
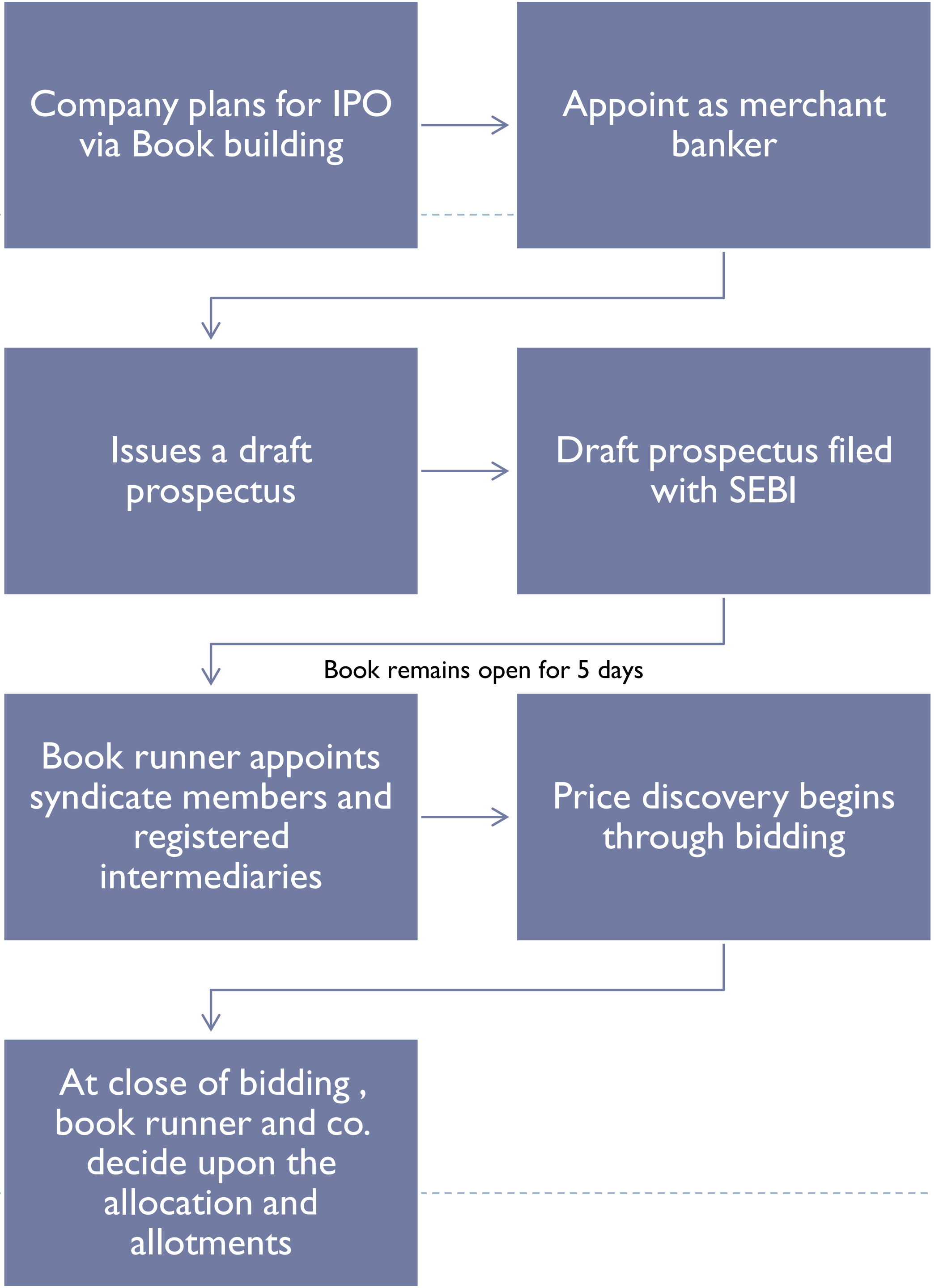
SEBI (ICDR) Guidelines , 2009

Notified on 26th August 2009



BY: DISHA MAMTORA

Issue type	**Fixed Price Issues**	**Book building issues**
Offer Price	Already known	20% price band is offered
Demand	Known after closure of issue	Known real time on BSE
Payment	100 % advance payment	10 % adv payment by QIBs , other have to pay 100% adv payment
Reservation	50 % reserve for appln <100000	50 % reserve for QIBS , 35%for small investors



Pricing in public issue

- Conditions :
  - Issue price 500 or more : 1>FV> 10
  - Issue price < 500 : FV must be 10
- Minimum offer :
  - If post issue capital at offer price <= 1600cr : 25% of issue size
  - If PIC >1600 cr but <4000 cr : issue equivalent to 400 crores
  - PIC > 4000 cr : 10% of issue size

Promoters Contribution

- Contribution
  - IPO : 20% of post Issue capital
  - FPO : 20% of proposed issue size or 20% of post issue capital
  - Composite issue : 20% of proposed issue size or 20% of post issue capital excluding rights issue
- Lock in period
  - 3 years from commencement of commercial prod or date of allotment w.e. later
  - If holding excess 1 year lock in period
  - In case of IPO, entire pre issue capital of unlisted co. 1 year lock in period
  - Locked in shares can be pledged or t/fed between promoters

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Pre requisites for IPO (for Unlisted CO.)

- Net tangible asset > 3 cr in each preceding 3 years, 50% in monetary assets
- Track record of distributable profits , out of profits, for at least 3 years out of 5 years
- Net worth <1 cr in perc 3 years
- Proposed + previous issue (in the same FY) < 5 (pre issue net worth of prec FY (audited)) – same for listed CO
- Change in name in last 1 year, 50% income from activity indicated in new name same for listed CO
- Above cond not satisfied may make IPO
  - If made through Book Building
  - Issuer gives > 75% net offer to public, to QIB and if it fails refund
- IPO of Convertible Debentures can be done without prior issue of equity shares
- If no. of allotments < 1000, no issue
- No IPO , if any security gives right to receive equity shares

Steps for IPO

- Appoint Merchant Bank
  - Bankers to issue : collection of forms and money
  - Broker to issue : marketing support, underwriting support and help with the investors
- Registration of offer document
  - 10 copies of draft prospectus to SEBI
  - Amendment if any within 21 days of filing
- Marketing of issue
- After closure of subscription
  - Merchant banker to inform within 3 days , whether 90% amount has been subscribed or not
    - Not subscribed then underwriters to bring shortfall within 60 days
  - In case of over subscription allocation on pro rata basis, excess amount refunded within 30 days of closure

Rights issue

- eligible
  - Listed co. , whose securities + premium < 50 lakhs
  - Has filed draft letter of offer with SEBI , at least 30 days prior to the filing of the letter of offer with designated stock exchange
- procedure
  - Announce record date
  - If issuer withdraw rights after announce of record date , he cannot apply for listing till 12 months

Bonus Issue

Paid out of

- Free reserves of the co.
- Securities premium account
- Capital redemption reserve account
- Not from reserves created out of revaluation of assets

Conditions

- Authorized by AOA
- Board has to recommend the issue of bonus shares
- Authorizes in GM
- Not defaulted in payment of interest or principal w.r.t to fixed deposits or debt securities

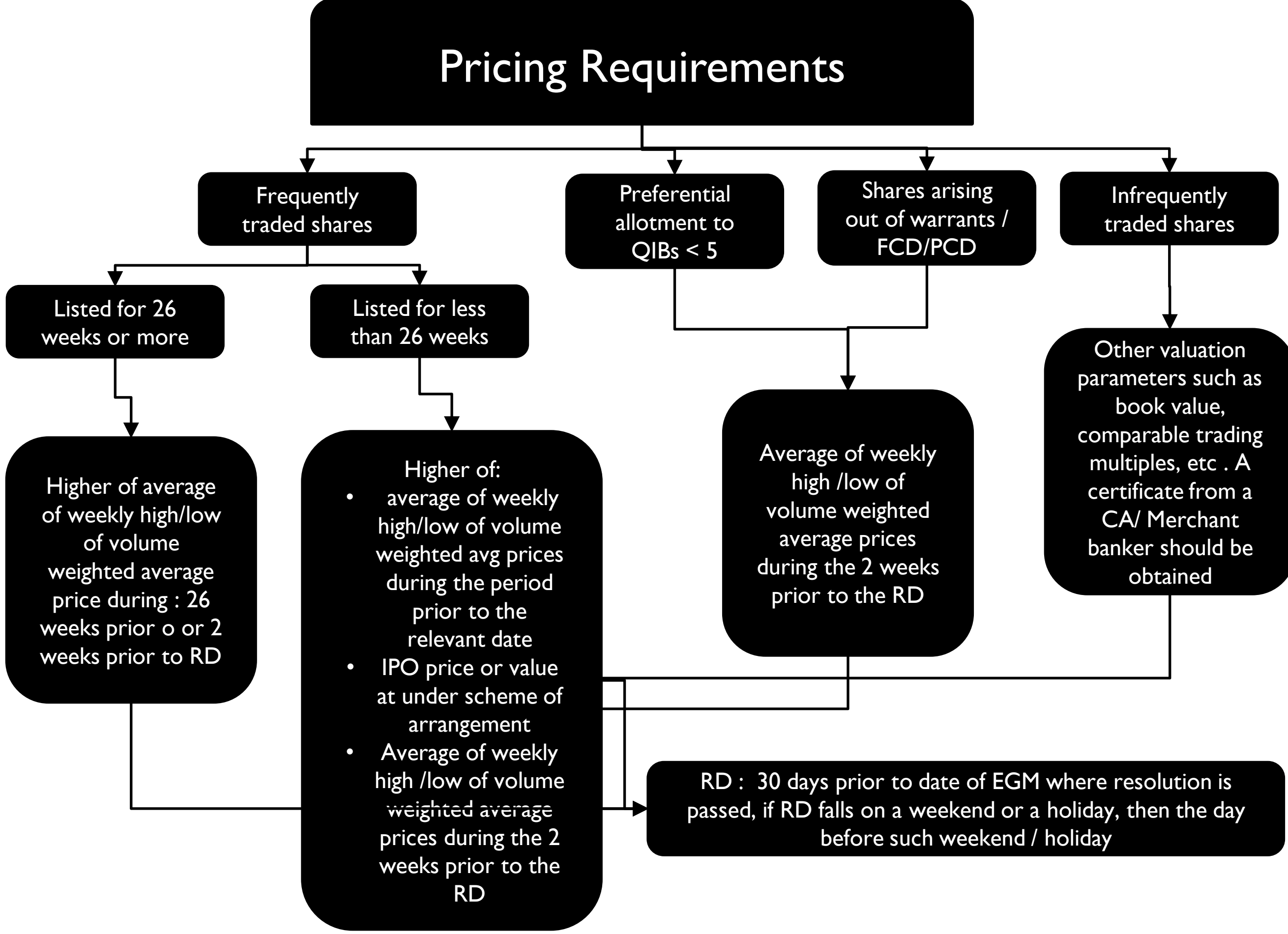
Restrictions

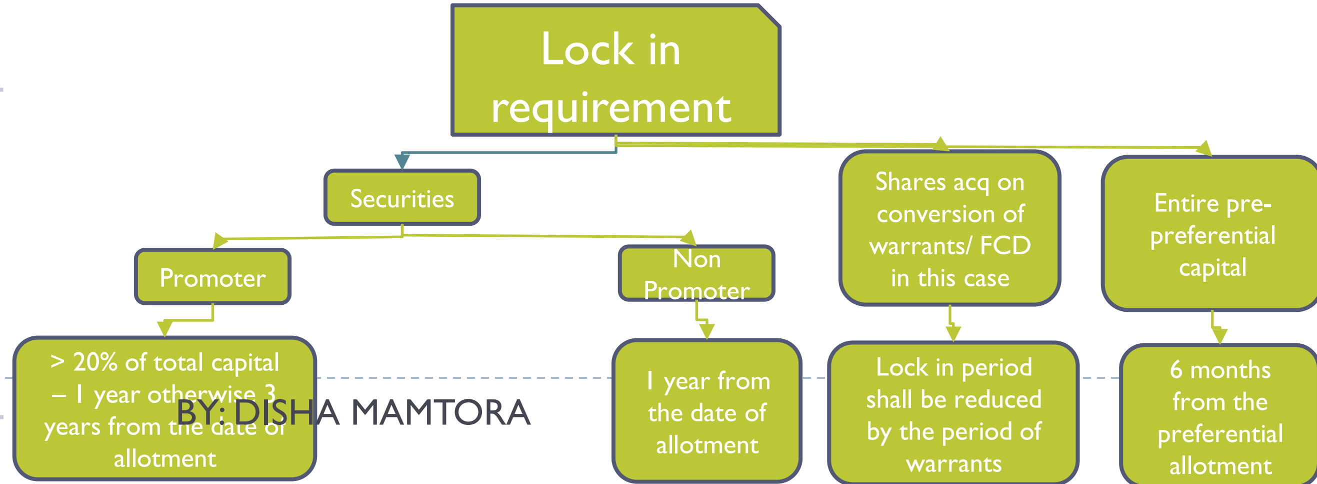
- Not issued to holders of convertible debt , issued when such are converted
- Shall no be in lieu of dividend
- Shall implement within 15 days from approval of board and for capitalization members permission is required, such should be implemented within 2 months from the meeting of board

Preferential allotment

Conditions for listed co

- Approval from S/H shall be taken
- Existing proposed allotees shall have shares in demat form
- Shall not make pref issue unless it
  - Is in compliance with conditions of continuous listing
  - Has obtained PAN of proposed allotees
- Cannot be made to a person who have sold equity shares during 6 months preceding relevant date





Approval of shareholders & validity of S/H
- Special resolution
- Allotment of securities within period of 12 months

Merchant banker
- Seeking approval

Listed securities
- Listed at least 1 year prior to the date of issuance of AGM Notice

Allotment of securities

Minimum no. of allotte
- Not less than 2 for issue size <=250 cr
- 5 when issue size >50% of issue size

Pricing
- Same criteria

Partly paid up
- Not allot partly paid up eligible securities

Allotment conditions
- Minimum 10% - mutual funds

Allotment to promoters
- No QIB promoter shall be allotted

BIDS

Quantum of issue
- Shall be < 50* net worth issuer as per audited b/s

Tenure of conv sec
- < 60 months from allotment

Transferability of eligible securities
- QIP shall not be sold for a period of 1 year from the date of allotment, except RSE

Placement document
- Hard copy of preliminary placement document
- Soft copy of the preliminary document
- Due diligence certificate of the lead merchant banker
- Within 30 days of allotment of eligible securities