FAQs (Frequently Asked Questions):

1. **What is IPO?**
   The first public offer of shares made by a company is called an Initial Public Offer (IPO). An IPO is made by a company whose shares are not listed on a stock exchange. Once the IPO is made, the shares have to be compulsorily listed and the shares become available for trading on the stock exchange. An IPO can either be a fresh issue of shares or it can be an Offer for Sale (OFS) of existing shares by any of the existing share holder.

2. **What is the difference between Fixed Price Public Offers and Book Built IPO?**
   Fixed Price Offer is an issue in which the price of the security offered is fixed by the issuer. Investor is required to make application for the desired quantity of shares at the fixed offer price. On the other hand, in a Book Built Issue, Price is discovered through the bidding mechanism. Usually, a band (range) of the price is announced, and interested investors apply or bid for the security within this band i.e. the application can be for any price within this range.

3. **What is the meaning of a bid?**
   A bid in the context of Public offer of shares, is offer made by investor to the issuer for requisite quantity of securities at a price. The investor can choose any price within the specified price band of the issue. The price at which he wants to apply is the bid price. A bid is applicable only in case of book-building IPO.

4. **What is the difference between a first time issue (IPO) and a follow-on public offer (FPO)?**
   While an IPO is the first or initial sale of shares of a company to the general public, an FPO is an additional share sale offer. In an IPO, the company or the issuer whose shares get listed is a private company. After the IPO, the issuer joins the likes of other publicly traded companies. But in an FPO, the shares for sale belong to a company that has already been listed on the exchanges in the past. In an IPO, we have a price bank or a fixed price for the share sale, as decided during the filing process by the merchant banker and the company. However, in case of an FPO, the price of shares are driven or determined by the market as well as the number of shares being increased or decreased (depending on whether it is a dilutive or non-dilutive FPO).

5. **How are investors categorized?**
   a) **Qualified Institutional Bidders (QIBs)** - who are the domestic and foreign institutions (which are registered with SEBI) which are eligible to apply in the public offers. These institutions normally apply for very large amounts.
   b) **Retail Investors** - The investors who invest up to maximum of Rs.2,00,000 (Rs. Two Hundred Thousand), are defined as Retail Investors.

c) **Non-Institutional Investors** - Those Investors who are neither in the QIB Category nor in the Retail Investor Category are defined as Non-Institutional Investors. Note: In some IPOs a certain number of shares issued are reserved for employees of the issuing company.

6. **Is there a fixed quota for allotment for each investor category in an IPO?**
   There are two regulations for book building process as Regulation 6(1) & 6(2). As per Regulation 6(1), the reservations are QIB- 50%, HNI-15% & RETAIL- 35% of the net issue. As per Regulation 6(2), the reservations are QIB- 75%, HNI-15% & RETAIL- 10% of the net issue.

7. **Who is a BRLM?**
   A BLRM is the Book Running Lead Manager, who manages the entire IPO exercise and acts as the guide to the issuer in all matters relating to the public issue. The BRLM should be a SEBI-registered Category-I and is responsible for preparing and filing the Offer Document of Issue with SEBI & Registrar of Companies (ROC). The BRLM ensures that all information presented before the investing public is proper. The BRLM advises the company on the price band, the timing of the issue etc. BRLM is required to market the issue. The BRLM also coordinates between the company and other intermediaries like registrars, legal advisors, bankers etc.

8. **Who is a Syndicate Member/Broker?**
   Syndicate members are commercial or investment banks, usually registered with market regulator, SEBI in India, or registered as brokers with stock exchanges, responsible for underwriting IPOs. They work as intermediaries between the Issuer Company and investors who bid for IPO stocks.

9. **What is ASBA?**
   Applications Supported by Blocked Amount (ASBA) is a method developed by SEBI to block the funds for Initial Public Offer (IPO), Rights issue, Follow-on Public Offer (FPO) etc., applications. In ASBA, an IPO applicant's bank account doesn't get debited until they receive the allotment of shares. Investors may submit their ASBA Applications to these SCSB (Self Certified Syndicate Banks).

10. **What is UPI?**
    Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood. One can apply for IPO using UPI ID as a payment option on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

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11. **Who is a Sponsor Bank?**
    The Banker to the Offer registered with SEBI, which has been appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the UPI Mandate Request and/or payment instructions of the Retail Investors using the UPI and carry out other responsibilities, in terms of the UPI Circulars.

12. **What is UPI Mandate request?**
    A request (intimating the Retail Individual Investor, by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS directing the Retail Individual Investor to such UPI linked mobile application) to the Retail Individual Investor using the UPI Mechanism initiated by the Sponsor Bank to authorize blocking of funds equivalent to the Bid Amount in the relevant ASBA Account through the UPI linked mobile application, and the subsequent debit of funds in case of Allotment.

13. **What is an SCSB?**
    An SCSB is a Self-Certified Syndicate Bank, who has systems in place, including the ability to upload the BID to the stock exchange system. Can a retail investor revise his/her bid? Yes, a retail investor can revise his/her bid any number of times during the issue period.

14. **What is cut-off price?**
    A retail investor can bid at any price within the price band or can bid at cut-off. Cut-off means the investor is ready to pay whatever price is decided by the company at the end of the book building process. While making the application at Cut off, the investor is required to pay the amount at the highest price band. The excess amount, in case the price discovered is lower, is refunded. Cut-off option can be exercised only by Retail Investors and Employees of the issuing company applying in the Employee Category.

15. **What is bid-lot?**
    A Bid-lot is the pre-determined number of shares which have to be applied for by an investor. It is different for each issue. There is a minimum lot size which is pre-decided by the company and mentioned in the application form. Eg: Minimum bid lot in IPO of XYZ co. - 10 Bid-lot Multiples of 10 Price Band - 100-120. It means that a retail investor cannot apply for less than 10 shares in that particular issue. The application for more than 10 shares has to be in multiples of 10 like 20,30,40, etc.

16. **What is price discovery?**
    Based on demand at various prices, Issuer Company, in consultation with BRLMs decides the final price of the offer. The price thus finalized is called discovered price.

17. **How many applications can be made from a bank account?**
    Only one application can be made from a bank account in a Public Issue. (However, in case the investor is eligible in any additional reservation category, the investor may apply in that category as well). Further, the investor cannot apply on behalf of any Third-Party from own bank account.

18. **I have multiple bank accounts, how many bank accounts can I use for ASBA blocking in a single IPO issue?**
    Multiple Bank accounts cannot be used by an investor for ASBA blocking in a single IPO issue. An investor can use only one bank account per IPO issue for ASBA blocking.

19. **How I can apply for an IPO?**
    An investor needs to approach Exchange Member (Broker) /Bank to apply in the IPO. Investor can login through mobile application provided by Member (Broker) and apply for IPO or use Netbanking option.

20. **What is the time line for an investor to accept the mandate?**
    Mandate will expire on last at 05.00 pm for an IPO. It is advisable to apply before time instead of waiting till last moment.

21. **Why is a demat account necessary for applying in an IPO?**
    As per SEBI guidelines shares allotted out of IPOs / FPOs can be given to investors only in demat mode hence it is mandatory to have demat account. Application not having demat account will not be able to apply for an IPO.

22. **Why is your Demat Account No. (DP-10 & Client-ID) Important?**
    The DP-ID + Client ID, is the definitive identification of the applicant. Demat account fed into electronic bid file, is used to credit shares as well as remit refund. Registrar is required to process application based on bid file and in absence of any other possible validation, wrong but valid demat account, can lead to wrong refund / credit of shares. bid file, thus it is very important that the Demat Account Number is stated correctly in the application form.

23. **Why is PAN important?**
    As per SEBI guidelines, all applicants are required to provide their PAN while applying in an Issue. Application without PAN or with invalid PAN is rejected. Investors are requested to ensure that their DP account is updated with proper PAN details.

24. **What are the special points Investor should take care of while applying in an IPO?**
    Please ensure your Demat Account Number and PAN is clearly written without any smudging or overwriting. Your payment details like account number in case of ASBA / UPI ID, etc. are clearly

written. Your bid is for the proper bid lot and a price within the bid range. The order of names in the application is the same as in your DP account. The application form is signed.

25. Who is a registrar to the Issue?

A Registrar to an Issue is a SEBI-registered entity, qualified to act as such, and who electronically processes all the applications and carries out the allotment process, as per the rules/prospectus. The Registrar is responsible for complying with the time deadlines of updating the electronic credit of shares to the successful applicants, dispatching/uploading of refunds and attending to all investor related queries after the issue is completed. Usually, the Registrar continues to work with the company, even after the IPO, as its Registrar and Transfer Agent.

26. What is the Role of a Registrar in an IPO?

The Registrar's role in an IPO can be divided into three phases: Pre-IPO, when the Registrar completes all preparatory work for the IPO, including instructing the escrow / ASBA bankers about the procedures they have to follow and the timelines to which they have to adhere. Post IPO closure but pre-Listing –, during which the Registrar receives the Final BID file from the exchanges, validates the same, coordinates with the bankers to ensure that final collection certificates are received along with bank schedules / data. for reconciliation with final bid files received from Stock Exchanges. The Registrar identifies all other technical and multiple rejections. The Registrar after considering all the rejections, and after reconciling the banked bids with the Final Bid file, prepares the basis of allotment in consultation with the BRLMs and Issuer, and submits this basis for approval to the Stock Exchange. Upon approval by the Stock Exchange, the Registrar proceeds with the allotment of shares, ensures that the electronic files for credit of shares and debit and unblocking files to SCSBs are properly prepared and ensures the completion of all these processes within the prescribed time limits. Post allotment / listing phase during which the Registrar attends to all the complaints and strives for speedy resolution of the same.

27. What is the time deadline by which the allotment process should be completed?

As per current norms, the equity shares issued in IPO / FPO have to be listed, on or before the 6th working day after the issue/ offer is closed.

28. Unblocking of funds through ASBA UPI modes?

The latest SEBI Circular, mandates SCSBs to ensure that the unblock process for no allotted/partially allotted applications is completed by the closing hours of one Working Day subsequent to the finalization of the Basis of Allotment. In case the funds are still blocked in the applicant's accounts, they can approach the respective SCSBs/ Registrar to ensure their funds are unblocked immediately.

29. **Why does the credit of shares not happen?**
    Credit to your demat account does not happen, if
    a) Your demat account is not active and there is a bar on accepting credits to your account.
    b) Your demat account number is not accepted by the system as a result of mismatch of data.
    c) Your demat account as provided in bid file is erroneous.

30. **What do you do if you have been allotted shares, but you have not received the credit to your demat account?**
    Ensure that your DP account is active and is in ready state for receiving credits. Provide a copy of your Client Master to Registrar to enable upload of your allotted shares in your account. Copy can be sent by Fax/Scanned image.

31. **When can you trade in the new shares?**
    You can trade in new shares after they are listed and after ensuring that the allotted shares have been credited into your Demat Account. As per current rules, you cannot affect any off market transfers from your account till the shares are listed.

32. **What are the different types of Investor categories which can apply in IPO?**
    1. Retail Individual Investors are those who invest not more than Rs.2 lakh in an issue.
    2. Non-Institutional Investors who are investors who invest Rs.2 lakh or above in an issue.
    3. Qualified Institutional Buyers (QIB) which includes mutual funds, financial institutions, scheduled commercial banks, alternative investment funds etc.
    4. Anchor Investors are Qualified Institutional Buyers who make an application for a value of Rs. 10 crore or more in a public issue on the main board made through the book building process.
    5. Shareholders of the promoter group companies. 6. Employees: In case of a new issuer, persons who are in the permanent and full-time employment of the promoting companies excluding the promoters and an immediate relative of the promoter of such companies.