Nanubhai Desai & Co.

Going IPO

CONTENTS

TERMINOLOGY GUIDE

AIM	Alternative Investment Market
ATS	Alternative Trading System
AXS	Australian Stock Exchange
BSE	Bombay Stock Exchange
CSF	Critical Success Factors
DRHP	Draft Red Herring Prospectus
IPO	Initial Public Offering
M&A	Mergers and Acquisitions
NASDAQ	National Association of Securities Dealers Automated Quotation
NSE	National Stock Exchange
OTC	Over-The-Counter
OTCQX	Over-The-Counter Market-Qualifying Company
REIT	Real Estate Investment Trusts
SEC	Securities and Exchange Commission
SPAC	Special Purpose Acquisition Company
SEBI	Securities and Exchange Board of India

1. What is an Initial Public Offering (IPO)?

An IPO stands for Initial Public Offering. It is the process by which a private company offers its shares to the public for the first time, transitioning from private ownership to public ownership. During an IPO, the company sells its shares to investors, who can then trade those shares on the open market.

The primary purpose of an IPO is to raise equity capital for the company, which can be used for various purposes such as paying off debts, funding growth initiatives, or allowing company insiders to diversify their holdings. IPOs can be attractive to investors because they often produce volatile price movements in the short term, which can result in large gains or losses. However, it is important for investors to carefully evaluate each IPO based on the prospectus of the company going public, as well as their own financial circumstances and risk tolerance. Overall, an IPO is a significant milestone for a company as it provides access to raising a large amount of money, which can support the company's growth and expansion.

2. Why companies go public?

Companies go public through an Initial Public Offering (IPO) for several reasons. One of the main motivations is to raise capital for growth and expansion. By issuing shares to the public, companies can access a large pool of funds to invest in new projects, acquire other companies, or strengthen their balance sheet. This injection of capital can help companies accelerate their business plans, increase their market share, and gain a competitive edge in their industry.

Another reason companies go public is to gain increased visibility and credibility. Being listed on a stock exchange can be a symbol of success and prestige, and can attract more customers, investors, and talent to the company. Publicly traded companies also have access to a wider range of funding options, including debt and equity markets, which can provide greater flexibility and stability. Additionally, going public can provide liquidity for shareholders, allowing them to sell their shares and realize their investment gains. Overall, going public can be a significant milestone for companies looking to scale their business and achieve long-term success.

- **Some typical IPO cases are**:
  - → *Start-ups:* Many Start-ups, such as Uber, Airbnb, and Slack, have gone public through IPOs to raise capital and achieve liquidity for their early investors.
  - → *Established companies:* Established companies, such as companies in the S&P 500, may go public through IPOs to raise capital for specific projects or to gain access to the public markets.
  - → *Private Equity-backed companies:* Companies backed by private equity firms, such as Blackstone Group or KKR, may go public through IPOs to realize returns on their investments.
  - → *Technology companies:* Technology companies, such as software companies like Microsoft or Oracle, often go public through IPOs to raise capital and expand their business.
  - → *Healthcare companies:* Healthcare companies, such as pharmaceutical companies like Biogen or Celgene, may go public through IPOs to raise capital for research and development.

- → *Financial institutions:* Financial institutions, such as banks or insurance companies, may go public through IPOs to raise capital and expand their operations.
- → *Retail companies:* Retail companies, such as department stores like Macy's or specialty retailers like Chipotle Mexican Grill, may go public through IPOs to raise capital and expand their business.
- → *Real Estate Investment Trusts (REITs):* REITs, such as real estate companies like Simon Property Group or Realty Income, may go public through IPOs to raise capital and expand their real estate portfolio.

a. Motivation of Going Public:

The best reason to go public is not for to exit. It is not to get the "going-public" experience. It's because it's the right next step in the path on which you're guiding your company.

- → *Raising Capital:* Going public allows companies to raise capital by issuing stock to the public.
- → *Increased Liquidity:* Going public provides liquidity for shareholders, allowing them to sell their shares and realize their investment.
- → *Increased Visibility:* A public listing can increase a company's visibility and reputation, making it more attractive to customers, employees, and partners.
- → *Access to Capital Markets:* Going public provides access to capital markets, allowing companies to raise capital through follow-on offerings, debt issuance, and other means.

→ *Employee Compensation:* Going public provides a mechanism for companies to compensate employees with stock options or restricted stock units.

→ *Mergers and Acquisitions:* Going public can provide a currency for companies to use in mergers and acquisitions.

→ *Retirement Planning:* Going public can provide a way for company founders or executives to monetize their shares and plan for retirement.

→ *Strategic Partnerships:* Going public can attract strategic partners and investors who are interested in investing in the company's growth.

→ *Personal Wealth Creation:* Going public can provide an opportunity for founders and executives to create personal wealth by selling their shares or exercising stock options.

→ *Increased Transparency:* Going public requires companies to disclose financial information and other details, which can increase transparency and accountability.

b. Alternative Financial Strategic:

Alternative financial strategies have become increasingly popular as companies seek to diversify their funding sources, reduce costs, and increase their chances of success. One such strategy is using alternative lenders, such as FinTech companies, to secure financing. These lenders offer faster and more flexible terms than traditional banks, making them particularly attractive for small businesses or Start-ups.

Another alternative strategy is using asset-based financing, where a company's assets are used as collateral to secure a loan. This can be particularly useful for companies with limited financial resources or those seeking to finance specific projects or assets. Additionally, some companies may choose to use alternative forms of equity financing, such as private equity or venture capital, to raise capital and gain access to valuable expertise and networks. By using these alternative financial strategies, companies can gain greater control over their financial planning, reduce their reliance on traditional funding sources, and increase their chances of achieving their goals.

c. Pros and Cons:

Outperforming companies weigh the benefits of going public against the drawbacks, as well as against the company’s and shareholders’ objectives.

When a business is considering going public, they should weigh the potential benefits such as increased funding and exposure against the drawbacks like additional regulations and reduced autonomy. It's important for them to align this decision with their overall objectives and the interests of their shareholders, taking into account factors like their financial needs, growth trajectory, and comfort level with transparency. Ultimately, the choice to go public should be made in the best interest of the company and its investors.

- **Pros:**
  - → ability to quickly and effectively raise funds through issuing stocks and bonds, while also maintaining access to future financing opportunities for potential growth and expansion.
  - → Flexibility to trades hares with high liquidity and daily valuation
  - → Shares function in gas new liquid M& A currency
  - → Greater attention, better brand recognition and prestige with customers and suppliers
  - → Ability to benchmark operations against other public companies within the same industry
  - → Potential to diversify wealth on shareholder side
  - → Enhanced ability to attract, retain and reward valued employees as listed company
  - → Opportunity to bond and incentivize key people with long-term incentive plans

- **Cons:**
  - → Holding a lower stake in the company
  - → Distraction from management of business
  - → More requirements on transparency and disclosure
  - → The demands of periodic reporting
  - → Initial IPO expenses and recurring costs to maintain the listing status
  - → New investors with voting rights
  - → Pressure to deliver on your promises and the burden of dealing with shareholders' expectations
  - → Higher corporate governance standard requirements
  - → Increased and ongoing regulatory scrutiny and supervision

It's important for companies to carefully weigh these pros and cons and consider their specific circumstances before deciding to go public. Every company is different, and what's good for one company might not be good for another.

d. Critical Success Factors:

In the context of an Initial Public Offering (IPO), Critical Success Factors (CSFs) are essential elements that must be carefully managed to ensure a successful outcome. EY's experience in advising clients on their IPO journeys has identified several key CSFs, including a strong and stable financial performance, effective governance and risk management, a strong and effective management team, a strong and effective investor relations program, and a thorough review of the company's corporate structure and ownership structure.

By focusing on these CSFs, companies can increase their chances of achieving a successful IPO, and EY's expertise in advising clients on their IPO journeys has enabled numerous companies to successfully navigate the complex process of going public.

Here are the critical success factors in an Initial Public Offering (IPO):

→ *Strong Financial Performance:* A company's financial performance is crucial to a successful IPO. Investors want to see a history of consistent profitability and growth.

→ *Well-Defined Business Model:* A clear and well-defined business model is essential to demonstrate a company's competitive advantage and potential for future growth.

→ *Experienced Management Team:* A strong and experienced management team is critical to building investor confidence and demonstrating the company's ability to execute its strategy.

→ *Effective Communication:* Effective communication is key to building trust and understanding with investors, analysts, and other stakeholders.

→ *Regulatory Compliance:* Compliance with regulatory requirements, such as securities laws & exchange listing rules, is essential to ensure a smooth and successful IPO process.

→ *Valuation:* A fair and reasonable valuation is critical to attracting investors and achieving a successful IPO.

→ *Investor Demand:* Strong investor demand is essential to ensuring a successful IPO, as it can drive up the offer price and increase the company's market capitalization.

→ *Underwriting:* A strong underwriting team can help to identify and manage risks, ensure a smooth offering process, and provide guidance on the company's valuation and market positioning.

→ *Marketing and Public Relations:* Effective marketing and public relations strategies can help to build awareness and credibility among investors, analysts, and other stakeholders.

→ *Timing:* Timing is critical in an IPO, as it can impact the company's valuation, investor demand, and overall success of the offering.

→ *Risk Disclosure:* Accurate and transparent risk disclosure is essential to ensure that investors have a full understanding of the company's risks and potential challenges.

→ *Post-IPO Support:* Strong post-IPO support is critical to ensure that the company's shares are well-received by investors and that the company can maintain its market capitalization over time.

By focusing on these critical success factors, companies can increase their chances of achieving a successful IPO and establishing a strong foundation for long-term growth and success.

3. Where can you List your Company?

Listing your company in India involves registering and listing it on one of the country's stock exchanges. Here are the primary steps and considerations for listing your company:

Main Stock Exchanges in India

a. BSE (Bombay Stock Exchange)

- Oldest stock exchange in Asia.
- Known for being a premier exchange with many listed companies.

b. NSE (National Stock Exchange)

- Leading stock exchange in India by market capitalization.
- Known for its modern infrastructure and high trading volumes.

Steps to List Your Company

a. Eligibility Criteria:

- **Minimum Capital**: Different exchanges have different requirements. E.g., BSE requires a minimum post-issue paid-up capital of Rs. 10 crores for listing on the main board.
- **Profitability**: Generally, a track record of profitability for 3 out of the past 5 years is required.
- **Public Shareholding**: A minimum percentage of shares must be offered to the public (usually 25%).

b. Appoint Advisors:

- **Merchant Banker**: A SEBI-registered merchant banker is essential for handling the IPO process.
- **Legal Advisors**: To ensure compliance with all regulatory requirements.
- **Auditors**: To audit the company's financial statements as per regulatory standards.

c. Prepare Documentation:

- **Draft Red Herring Prospectus (DRHP)**: Contains detailed information about the company's business, financials, and risks.
- **Due Diligence Report**: Prepared by the merchant banker.
- **Corporate Governance**: Comply with SEBI's corporate governance norms.

d. File with SEBI:

- Submit the DRHP to the Securities and Exchange Board of India (SEBI) for approval.
- SEBI reviews and provides observations which need to be incorporated.

e. Obtain In-Principle Approval:

- Submit an application to the chosen stock exchange(s) for in-principal approval.

f. **Roadshows and Book Building**:
   - Conduct roadshows to attract potential investors.
   - The book-building process helps determine the issue price based on investor demand.

g. **IPO Launch**:
   - Public offering of shares.
   - Investors apply for shares based on the issue price.

h. **Listing and Trading**:
   - Once the IPO is subscribed, shares are allotted to investors.
   - The company's shares are listed on the stock exchange, and trading begins.

Benefits of Listing

a. **Access to Capital**: Raising funds from the public to finance expansion, diversification, and other corporate purposes.

b. **Enhanced Visibility and Prestige**: Listing enhances the company's profile and visibility.

c. **Liquidity for Shareholders**: Provides liquidity for existing shareholders.

d. **Valuation and Transparency**: Market-driven valuation and enhanced transparency due to regulatory compliance.

Key Points to Consider

a. **Regulatory Compliance**: Adhering to SEBI regulations and guidelines is crucial.

b. **Costs Involved**: Costs for merchant bankers, legal advisors, auditors, and listing fees.

c. **Ongoing Obligations**: Post-listing, companies must adhere to continuous disclosure requirements and corporate governance norms.

4. When You Can Go Public?

Pursuing an Initial Public Offering (IPO) is a strategic decision for companies seeking to raise capital, enhance their reputation, and increase their visibility in the market. To be eligible for an IPO, companies must meet certain criteria, including:

→ ***Capital Requirements**: Ensure the company meets the minimum capital requirements (e.g., Rs. 10 crores post-issue paid-up capital for main board listing on BSE).*

→ ***Profitability**: Maintain a track record of profitability for at least 3 out of the past 5 years, if applicable.*

→ ***Public Shareholding**: Comply with the minimum public shareholding norms, usually 25%.*

→ **Corporate *Governance***: Implement strong governance policies.

→ **Audited Financials**: Ensure financial statements are audited and up-to-date.

→ **Business Strategy**: Prepare a robust business plan and growth strategy

To be considered for an IPO, companies must also possess a matured product or service offering, a strong management team with a clear and compelling business strategy, diversified revenue streams, and robust financial controls.

The entire IPO process can take several months to over a year to complete, depending on the complexity of the transaction and the level of investor interest. It is essential for companies to carefully consider their IPO readiness and strategy before pursuing this critical milestone.

5. Who are the Key Players?

Here are some key players involved in an Initial Public Offering (IPO):

→ **Company's Internal Team**

- Promoters and Founders: Initiate and lead the IPO process.
- Board of Directors: Approve the decision and oversee the process.
- Finance and Legal Teams: Prepare necessary documents and coordinate with external advisors.

→ **Merchant Bankers (Lead Managers)**

- SEBI-registered entities that manage the IPO process.
- Examples: ICICI Securities, Kotak Mahindra Capital, Axis Capital.

→ **Legal Advisors**

- Ensure regulatory compliance and handle legal documentation.
  Examples: AZB & Partners, Cyril Amarchand Mangaldas.

→ **Auditors**

- Conduct financial audits to ensure accuracy and compliance.
  Examples: Deloitte, PwC, EY.

→ **Registrars to the Issue**

- Handle application processing, share allotment, and refund management.
  Examples: Link Intime India, KFin Technologies.

→ **Underwriters**

- Guarantee the subscription of the IPO.
- Often include the lead managers and other financial institutions.

→ **Stock Exchanges**

- Platforms where shares are listed and traded.
  Examples: BSE (Bombay Stock Exchange), NSE (National Stock Exchange).

→ **Securities and Exchange Board of India (SEBI)**

- Regulatory authority overseeing the IPO process.
- Reviews the Draft Red Herring Prospectus (DRHP) and grants approval.

→ **Investment Banks**

- Assist in pricing, book-building, and underwriting the IPO.
  Examples: Goldman Sachs, Morgan Stanley.

→ **Brokerage Firms**
- Facilitate trading of shares post-listing and provide investor research.
  Examples: HDFC Securities, Sharekhan, Zerodha.

→ **Advertising and PR Agencies**
- Manage marketing, public relations, and roadshows.
  Examples: Adfactors PR, Edelman India.

6. How can you Structure your IPO?

Structuring an IPO involves several critical steps and considerations to ensure a successful public offering. Here's a structured approach to planning and executing an IPO in India:

i. **Preparation Phase**

a. **Internal Assessment**
- *Evaluate Readiness:* Assess the company's financial health, scalability, and readiness for public scrutiny.
- *Strengthen Corporate Governance:* Implement robust governance policies and practices.

b. **Appoint Key Advisors**
- *Merchant Bankers*: Engage *SEBI-registered merchant bankers to manage the IPO.*
- *Legal Advisors: Hire legal experts to navigate regulatory requirements.*
- *Auditors: Ensure financial statements* are audited by reputable firms.

ii. **Documentation Phase**

a. **Draft Red Herring Prospectus (DRHP)**
- *Prepare DRHP:* Include detailed information about the company's business, financials, management, risks, and use of proceeds.
- *SEBI Filing:* Submit the DRHP to SEBI for review and approval.
- *Due Diligence:* Conduct thorough due diligence to ensure all information is accurate and compliant.

iii. **Approval Phase**

a. **Regulatory Approval**
- *SEBI Review:* SEBI reviews the DRHP and provides observations and feedback.
- *Stock Exchange Approval:* Apply for in-principle approval from BSE and/or NSE.

iv. **Marketing and Book-Building Phase**

a. **Marketing the IPO**
- *Roadshows:* Conduct domestic and international roadshows to attract potential investors.
- *Investor Meetings:* Arrange one-on-one meetings with institutional investors.

b. **Book-Building Process**
- *Price Band:* Determine the price band for the issue.
- *Bidding:* Collect bids from investors within the price band to gauge demand.

v. **Launching the IPO**

a. **Public Offering**

- *Open the IPO:* Make the IPO available for subscription by the public.
- *Application Processing:* Managed by registrars to the issue.

b. **Allotment and Listing**

- *Share Allotment:* Allocate shares to investors based on bids received.
- *Listing:* List the shares on BSE and/or NSE for trading.

vi. **Post-IPO Phase**

a. **Compliance and Reporting**

- *Continuous Disclosure:* Adhere to disclosure requirements as per SEBI norms.
- *Quarterly Reporting:* Publish quarterly financial results & other mandatory filings.
- *Corporate Governance:* Maintain high standards of corporate governance and compliance.

7. Why IPOs?

For Funding Needs

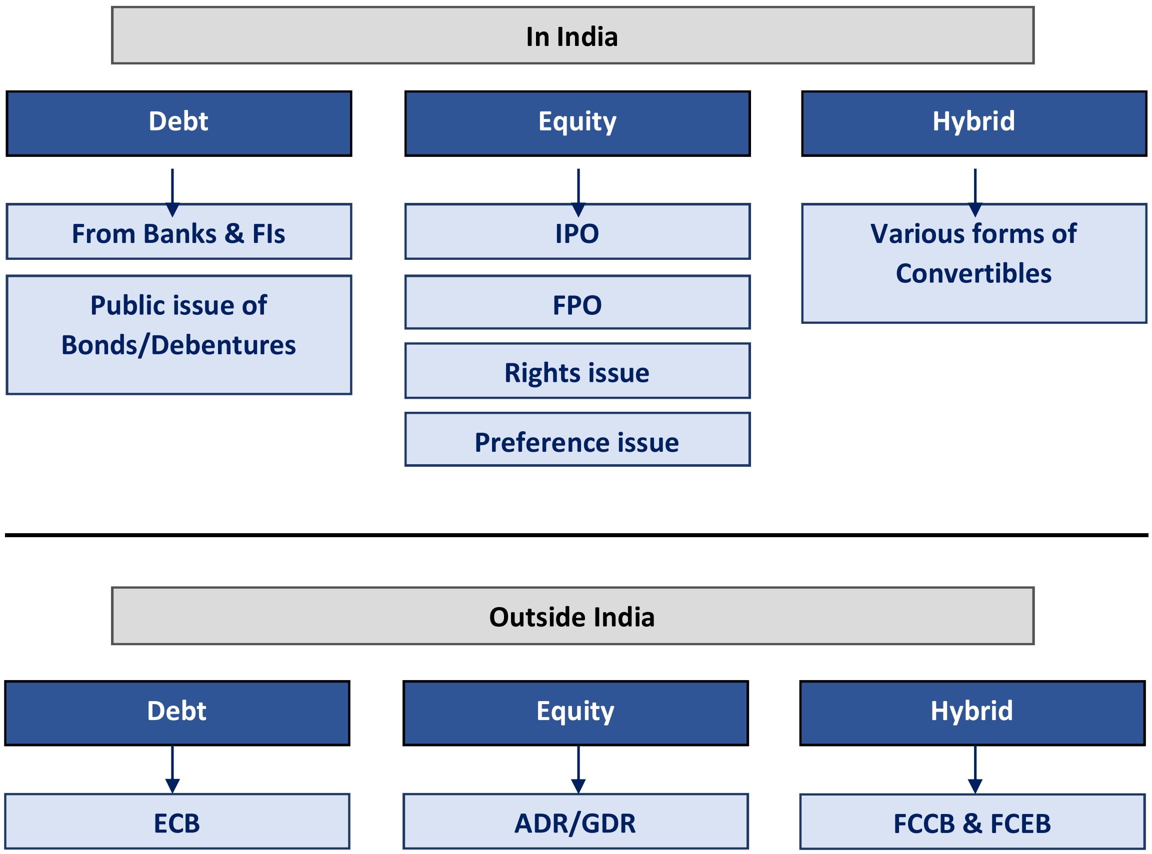
- ***Capital for Organic Growth***: Securing funds to support natural business expansion.
- ***Project Expansion***: Financing new projects to broaden operational scope.
- ***Diversification***: Allocating resources to enter new markets or sectors.
- ***Global Requirements***: Providing capital for international business activities.
- ***Joint Ventures and Collaborations***: Funding partnerships and cooperative ventures.
- ***Infrastructure, Marketing, and Distribution***: Investing in facilities, promotional efforts, and distribution networks.
- ***Working Capital***: Ensuring sufficient liquidity for day-to-day operations.
- ***General Corporate Purposes:*** Financing various business needs and initiatives.
- ***Business Investments:*** Investing in other companies to drive growth.
- ***Debt Repayment:*** Reducing liabilities to improve the financial health of the company.
- ***Issue Expenses:*** Covering costs associated with issuing new financial instruments.

For Non-Funding Needs

- ***Corporate Stature Enhancement:*** Elevating the company's reputation and standing in the industry.
- ***Employee Retention and Incentives:*** Using stock options to motivate and retain talent.
- ***Shareholder Liquidity:*** Providing shareholders with the ability to convert their holdings into cash.

8. REGULATIONS & PROCESS

Fund Raising Options



Corporate Governance Requirements (As per SEBI the requirements of clause 49 is applicable to all the companies seeking listing first time)

Composition of the Board	Optimum number of executive and non-executive directors with at least 50% being nonexecutive. If the chairman, has executive powers then 50% of Board comprises of Independent directors. While if chairman has non-executive powers then 1/3 of the Board comprises of Independent directors.
Audit Committee	Mandatory constitution of Audit Committee with minimum three directors and headed by an Independent director. All members shall be financially literate (should be able to understand financial statements) and at least one member should have accounting and financial management expertise.
Investor Committee	Shareholder/Investor Grievances Committee to be formed under the chairmanship of a non-executive director to look into the redressing of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends
Subsidiary Company	At least one director on the Board of the holding company shall be a director on the Board of a material non listed Indian Subsidiary Company - Material non-listed subsidiary means a subsidiary whose turnover or net worth exceeds 20% of the consolidated turnover or net worth in the preceding accounting year. Audit committee of the listed holding company shall also review the financial statements, in particular, the investments by the unlisted Subsidiary Company
Report on Corp. Governance	A separate section on Corporate Governance to be included in the Annual Reports with disclosures on compliance of mandatory and non-mandatory requirements. Submission of quarterly compliance report to the stock exchanges.
CEO/CFO Certification	CEO/CFO to certify the financial statements and cash flow statements

ISSUE OF CAPITAL AND DISCLOSURE (REQUIREMENTS) REGULATIONS, 2009

- Common Conditions for Public Issues and Rights Issues
- Provisions as to Public Issue
- Eligibility Requirements
- Pricing in Public Issue θPromoters' Contribution
- Restriction on Transferability (Lock-in) of Promoters' Contribution, etc.
- Minimum Offer to Public, Reservations, etc.
- Manner of Disclosures in the Offer Documents
- General Obligations of Issuer and Intermediaries with respect to Public
- Issue and Rights Issue θPreferential Issue
- Qualified Institutions Placement
- Bonus Issue
- Issue of Indian Depository Receipts
- Issuer, its promoter group or directors or persons in control of the issuer should not be debarred from accessing capital market
- Promoters, directors or persons in control of the issuer should not be a promoter, director or person in control of any other company which is debarred from accessing capital market
- Issuer to make application to one or more recognized stock exchanges for listing of shares

Primary Criteria

Companies with track record	Companies without track record	
• Track record of distributable profits for 3 out of the immediately preceding 5 years • Pre-issue net worth of not less than Rs. 1 Crore in each of the preceding 3 full years • Net tangible assets of at least Rs. 3 Crores for each of the preceding 3 full years • Not more than 50% of these to be held in the form of monetary assets • (Proposed IPO + Previous Issues in the same financial year) < 5 times the pre-issue net worth • In case the company has changed its name within the last one year, at least 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name • Prospective allottees in the IPO should not be less than 1000 in number	• 50% of the net offer to public being allotted to QIBs + • Minimum post-issue face value capital must be Rs. 10 Crores OR • Compulsory market making for at least 2 years from the date of listing of shares	• At least 15% of the project cost is contributed by scheduled commercial banks & at least 10% of the net offer to public is allotted to QIBs + • Minimum post-issue face value capital must be Rs. 10 Crores OR • Compulsory market making for at least 2 years from the date of listing of shares
Choice of Route: Fixed Price or Book Building	Choice of Route: Book	Choice of Route: Fixed Price or Book Building

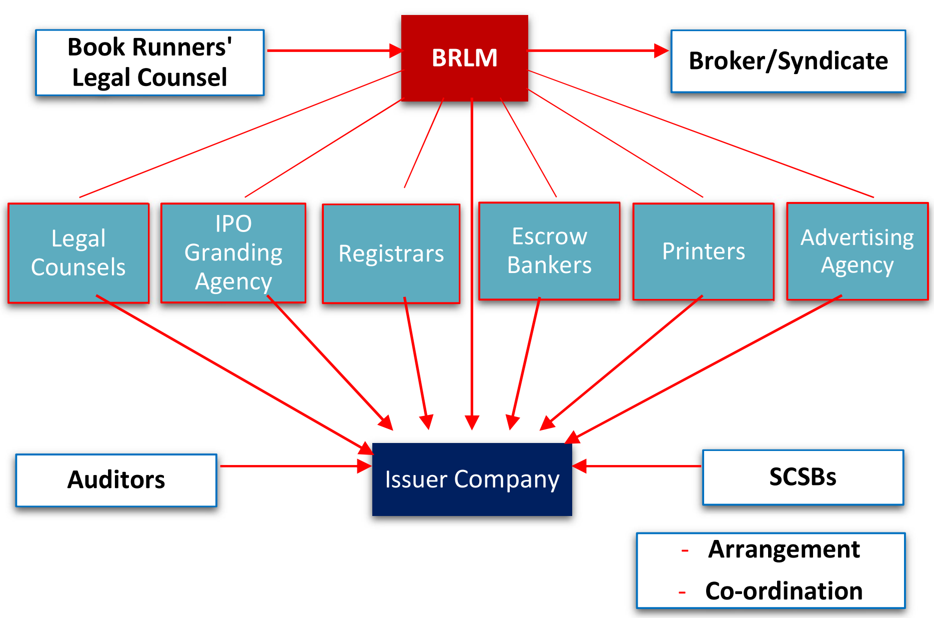
Reg30-31 deals with pricing and price band:

- SEBI allows free pricing of equity shares in an IPO
- Approval of RBI might be required for public issues by banks
- Issuer may mention floor price or price band in RHP OR
- Issuer may announce floor price or price band at least 2 working days before bid opening in IPO and at least 1 day before bid opening in FPO in newspapers
- Cap on the price</= 120% of the floor price. i.e The spread between floor price & Cap price shall not be more than 20% (eg: 100-120)
- Floor Price/Final Price not to be less than face value
- If the issue price is above Rs.500 then the issuer can fix the FV of shares below Rs.10 but a minimum of Rs.1.
- Differential pricing is permissible in a public issue to retail individual investors and retail individual shareholders
- Retail investors can be offered shares at a discount to the price offered to other investor categories (Max discount can be 10%)

FACTORS DETERMINING PRICE:

- Financials of the Company –Net worth, EPS, profit margin.
- Industry P/E Ratio.
- Standing of the Company in the relevant industry
- Future prospect of the Industry as well as the Company
- Background of the promoters

Intermediary Structure



Intermediaries and their Roles

Party	Key Responsibility	Appointment
Lead Managers	• Overall Co-ordination • Conduct due and finalize disclosure in Offer Document • Assist the legal Counsel in drafting of Offering Document • Interface/ ensure compliance protocol with SEBI/ NSE/ NSE	**Upfront**
Domestic & International Legal Counsels	• Legal Due Diligence • Drafting the offer document • Guidance on and other incidental legal matters • Assistance in complying with requirement for selling in international geographies	**Upfront**
Auditors	• Reviewing and auditing financials and preparing financial statements for inclusion in the Offer Document • Audit various financial and other data used in the Offer document and provide Comfort Letter	**Existing Auditors**
Registrars	• Co-ordination with the Issuer and Bankers regarding collections, reconciliation, refunds etc • Securing allocation approval for Stock Exchanges • Post issue co-ordination collation and reconciliation of information	**4 Weeks before filing DRHP with SEBI**
IPO Grading Agency	• Provides IPO Grading	**2 weeks before filing RHP with**
Depository (NSDL, CDSL)	• Tripartite Agreement • Dematerialization of Company's Shares • Credit of Shares to Allottees	**After Appointment of Registrar**
Printers	• Bulk printing of the Red Herring Prospectus Bid Forms, final Prospectus, CAN, Refund orders etc. • Ensure timely dispatch and distribution of Stationery to all centers	**Before Filing DRHP with SEBI**
Advertisers	• Preparing and getting published all statutory notices • Creating all advertising materials	**Before Filing DRHP with SEBI**
Escrow Collections Banks & Bankers to the Issue	• Acting as collecting agents • Escrow Account & Refund account	**Before Filing RHP with ROC**

Disclosures in the Offer Document

Capital Structure	• Shareholding Pattern (pre-issue and post-issue) • Securities Premium Account (pre-issue and post-issue) • Holding of the promoter and promoter group • Disclosure about ESOPs if any
Objective of the Issue	• Total requirements of funds • Means of Financing –Undertaking by the issuer company confirming firm arrangements of finance through verifiable means towards 75% of the stated means of finance (excluding proposed IPO) • Details about the appraisal of the project • Interim use of funds
Business	• Description about the Industry in which the Company operates • Detailed description about the business of the Company
Risk Factors	• Risks related to the Company • External Risk Factors
Financial Disclosures	• Auditors Report to have five year restated financials for the –Issuer Company, and –All Subsidiaries of the Issuer Company or Consolidated Financials of the Issuer Company • Audited financials presented should not be more than six months old at the time of filing DRHP with SEBI and must be updated to be not more than six months old on the date of filing the prospectus with the ROC • All financials should be presented based on Indian GAAP
MD&A	• Detailed discussion on performance for the past 3 years • Capital Expenditure • Cash Flow and Liquidity
Litigations and Defaults	• All pending litigations in which the Company/Promoters / Promoter Group / Directors / Group companies are involved. –Both, litigations filed by or against the Company/Promoters / Promoter Group / Directors / Group companies • Outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the company. • The pending proceedings initiated for economic offences against the directors, the promoters, companies and firms promoted by the promoters indicating their present status.

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