

SCHEDULE XIII - BOOK BUILDING PROCESS

[See regulation 28(2), 30(1)(c), 32(2), 126(2), 128(1)(d), 129(3), 188(2), 190(1)(b), 250(2), 252(1)(c) and 291(4)]

Part A – Book building process

An issuer proposing to issue specified securities through the book building process shall comply with the requirements of this Schedule.

(1) **Lead Manager(s)**

- (a) The issuer shall appoint one or more merchant banker(s) as lead manager(s) and their name(s) shall be disclosed in the draft offer document and the offer document(s).
- (b) In case there is more than one lead manager(s), the rights, obligations and responsibilities of each shall be delineated in the inter-se allocation of responsibility as specified in **Schedule I**.
- (c) Co-ordination of various activities may be allocated to more than one lead manager.

(2) **Syndicate Member(s)**

The issuer may appoint syndicate member(s).

(3) **Underwriting**

- (a) The lead manager(s) shall compulsorily underwrite the issue and the syndicate member(s) shall sub-underwrite with the lead manager(s).
- (b) The lead manager(s) / syndicate member(s) shall enter into underwriting/ sub underwriting agreement on a date prior to filing of the prospectus.
- (c) The details of the final underwriting arrangement indicating actual numbers of shares underwritten shall be disclosed and printed in the prospectus before it is registered with the Registrar of Companies.
- (d) In case of an under-subscription in an issue, the shortfall shall be made good by the lead manager(s) and the same shall be incorporated in the inter-se allocation of responsibility as specified in **Schedule I**.

(4) **Agreement with the stock exchanges**

- (a) The issuer shall enter into an agreement with one or more stock exchange(s) which have the facility of book building through the electronic bidding system.
- (b) The agreement shall specify inter-alia, the rights, duties, responsibilities and obligations of the issuer and the stock exchange(s) inter se.
- (c) The agreement may also provide for a dispute resolution mechanism between the issuer and the stock exchange.

(5) **Appointment of stock brokers as bidding/collection centres**

- (a) The lead manager(s)/syndicate member(s) shall appoint stock brokers who are members of the stock exchange(s) and registered with the Board, for the purpose of accepting bids and placing orders with the issuer and ensure that the stock brokers so appointed are financially capable of honouring their commitments arising out of defaults of their clients/investors, if any;
Provided that in case of Application Supported by Blocked Amount, the self certified syndicate banks, registrar and share transfer agents, depository participants and stock brokers shall also be authorised to accept and upload the requisite details in the electronic bidding system of the stock exchange(s).
- (b) The self certified syndicate banks, registrar and share transfer agents, depository participants and stock brokers accepting applications and application monies shall be deemed as 'bidding/collection centres'.
- (c) The issuer shall pay to the SEBI registered intermediaries involved in the above activities a reasonable commission/fee for the services rendered by them. These intermediaries shall not levy service fee on their clients/investors in lieu of their services.
- (d) The stock exchanges shall ensure that no stock broker levies a service fee on their clients/investors in lieu of their services.

(6) **Price not to be disclosed in the draft red herring prospectus**

The draft red herring prospectus shall contain the total issue size which may be expressed either in terms of the total amount to be raised or the total number of specified securities to be issued. and shall not contain the price of the specified securities.

In case the offer has an offer for sale and/or a fresh issue, each component of the issue may be expressed in either value terms or number of specified securities.

(7) **Floor price and price band**

Subject to applicable provisions of these regulations and the provisions of this clause, the issuer may mention the floor price or price band in the red herring prospectus.

- (a) where the issuer opts not to make the disclosure of the price band or floor price in the red-herring prospectus, the following shall also be disclosed in the red-herring prospectus:
 - (i) a statement that the floor price or price band, as the case may be, shall be disclosed at least two working days (in case of an initial public offer) and at least one working day (in case of a further public offer) before the opening of the issue;
 - (ii) a statement that the investors may be guided by the secondary market prices (in case of a further public offer);
 - (iii) names and editions of the newspapers where the announcement of the floor price or price band would be made;
 - (iv) website addresses where the announcement is available.
- (b) where the issuer decides to opt for a price band instead of a floor price, the issuer shall also ensure compliance with the following conditions:

- (i) The cap of the price band should not be higher by more than 20 per cent. of the floor of the band; i.e. cap of the price band shall be less than or equal to 120 per cent. of the floor of the price band;
 - (ii) The price band can be revised during the bidding period, provided the maximum revision on either side shall not exceed 20 per cent. i.e. floor of price band can move up or down to the extent of 20 per cent. of floor of the price band disclosed in the red herring prospectus and the cap of the revised price band will be fixed in accordance with clause (i) above;
 - (iii) Any revision in the price band shall be widely disseminated by informing the stock exchanges, by issuing public notice and also indicating the change on the relevant website and the terminals of the syndicate member(s).
 - (iv) In case the price band is revised, the bidding period will be extended as per the provisions of these regulations.
 - (v) The manner in which the shortfall, if any, in the project financing will be met, arising on account of lowering of the price band shall be disclosed in the red herring prospectus or the public notice and that the allotment shall not be made unless the financing is tied up.
- (8) The manner and contents of the bid-cum-application form and revision form (accompanied with abridged prospectus) shall be as specified by the Board.
- (9) **Extension of issue period**
- (i) In case of a revision in the price band, the issuer shall extend the bidding (issue) period disclosed in the red herring prospectus, for a minimum period of three working days, subject to the total bidding (issue) period not exceeding ten working days.
 - (ii) in case of force majeure, banking strike or similar circumstances, the issuer may, for reasons to be recorded in writing, extend the bidding/issue period for a minimum period of three working days, subject to the total bidding/issue period not exceeding ten working days.
- (10) **Anchor Investors**
- a) An anchor investor shall make an application of a value of at least ten crore rupees in a public issue on the main board made through the book building process or an application for a value of at least two crore rupees in case of a public issue on the SME exchange made in accordance with **Chapter IX** of these regulations.
 - b) Up to sixty per cent. of the portion available for allocation to qualified institutional buyers shall be available for allocation/allotment (“anchor investor portion”) to the anchor investor(s).
 - c) Allocation to the anchor investors shall be on a discretionary basis, subject to the following:
 - (I) In case of public issue on the main board, through the book building process:
 - (i) maximum of 2 such investors shall be permitted for allocation up to ten crore rupees
 - (ii) minimum of 2 and maximum of 15 such investors shall be permitted for allocation above ten crore rupees and up to two fifty crore rupees, subject to minimum allotment of five crore rupees per such investor;
 - (i) in case of allocation above two fifty crore rupees; a minimum of 5 such investors and a maximum of 15 such investors for allocation up to two fifty

crore rupees and an additional 10 such investors for every additional two fifty crore rupees or part thereof, shall be permitted, subject to a minimum allotment of five crore rupees per such investor.

(II) In case of public issue on the SME exchange, through the book building process:

- (i) maximum of 2 such investors shall be permitted for allocation up to two crore rupees
 - (ii) minimum of 2 and maximum of 15 such investors shall be permitted for allocation above two crore rupees and up to twenty five crore rupees, subject to minimum allotment of one crore rupees per such investor;
 - (iii) in case of allocation above twenty five crore rupees; a minimum of 5 such investors and a maximum of 15 such investors for allocation up to twenty five crore rupees and an additional 10 such investors for every additional twenty five crore rupees or part thereof, shall be permitted, subject to a minimum allotment of one crore rupees per such investor.
- d) One-third of the anchor investor portion shall be reserved for domestic mutual funds.
 - e) The bidding for anchor investors shall open one day before the issue opening date.
 - f) The anchor investors shall pay on application the same margin which is payable by other categories of investors and the balance, if any, shall be paid within two days of the date of closure of the issue.
 - g) The allocation to anchor investors shall be completed on the day of the bidding by the anchor investors.
 - h) If the price fixed as a result of book building is higher than the price at which the allocation is made to the anchor investors, the anchor investors shall pay the additional amount. However, if the price fixed as a result of book building is lower than the price at which the allocation is made to the anchor investors, the excess amount shall not be refunded to the anchor investors and the anchor investor shall be allotted the securities at the same price at which the allocation was made to it.
 - i) The number of shares allocated to the anchor investors and the price at which the allocation is made, shall be made available to the stock exchange(s) by the lead manager(s) for dissemination on the website of the stock exchange(s) before opening of the issue.
 - j) There shall be a lock-in of 30 days on the shares allotted to the anchor investors from the date of allotment.
 - k) Neither the (i) lead manager(s) or any associate of the lead managers (other than mutual funds sponsored by entities which are associate of the lead managers or insurance companies promoted by entities which are associate of the lead managers or Alternate Investment Funds (AIFs) sponsored by the entities which are associate of the lead manager or FPIs other than Category III sponsored by the entities which are associate of the lead manager) nor (ii) any person related to the promoter/promoter group/ shall apply under the Anchor Investors category.

Explanation: For the purpose of clause (k) above, a qualified institutional buyer who has any of the following rights shall be deemed to be a person related to the promoters or promoter group of the issuer:

- (I) rights under a shareholders' agreement or voting agreement entered into with promoters or promoter group of the issuer;
- (II) veto rights; or
- (III) right to appoint any nominee director on the board of the issuer.

Further, for the purposes of this regulation, an anchor investor shall be deemed to be an "associate of the lead manager" if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than fifteen per cent. of the voting

rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the anchor investor and the lead manager.

- l) Applications made by a qualified institutional buyer under the anchor investor category and under the non anchor Investor category shall not be considered as multiple applications.

(11) **Margin money**

- (a) The entire application money shall be payable as margin money by all the applicants.
- (b) Payment accompanied with any revision of bid, shall be adjusted against the payment made at the time of the original bid or the previously revised bid.

(12) **Bidding process**

- (a) The bidding process shall only be through an electronically linked transparent bidding facility provided by the stock exchange (s).
- (b) The lead manager(s) shall ensure the availability of adequate infrastructure with the syndicate member(s) for data entry of the bids in a timely manner.
- (c) At each of the bidding centres, at least one electronically linked computer terminal shall be available for the purpose of bidding.
- (d) During the period the issue is open to the public for bidding, the applicants may approach the stock brokers of the stock exchange/s through which the securities are offered under on-line system, self-certified syndicate bank(s), registrar and share transfer agents or depository participants, as the case may be, to place their bids.
- (e) Every stock broker, self-certified syndicate bank, registrar and share transfer agent and depository participant shall accept applications supported by blocked amount.
- (f) The qualified institutional buyers shall place their bids only through the stock broker(s) who shall have the right to vet the bids;
- (g) At the end of each day of the bidding period, the demand, shall be shown graphically on the bidding terminals of the syndicate member(s) and websites of the stock exchanges for information of the public (details in relation to allocation made to anchor investors shall also be disclosed).
- (h) The retail individual investors may either withdraw or revise their bids until the closure of the issue.
- (i) The qualified institutional buyers and the non-institutional investors shall not be permitted to withdraw or lower the size of their bids at any stage of the issue.
- (m) The issuer may decide to close the bidding by the qualified institutional buyers one day prior to the closure of the issue, subject to the following conditions:
 - (i) the bidding period shall be minimum of three days for all categories of applicants;
 - (ii) necessary disclosures are made in the red herring prospectus regarding the issuer's intent to close the bidding by the qualified institutional buyers one day prior to the closure of the issue.
- (n) The names of the qualified institutional buyers making the bids shall not be made public.
- (o) The retail individual investors may bid at the "cut off" price instead of a specific bid price.
- (p) The stock exchanges shall continue to display on their website, the book building data in a uniform format, *inter alia*, giving category-wise details of the bids received, for a period of at least three days after the closure of the issue. Such display shall be as per the format specified in Part B of this Schedule.

(13) **Determination of price**

- (a) The issuer shall, in consultation with the lead manager(s), determine the final issue price based on the bids received, and on determination of the same, the number of specified securities to be offered or issue size shall be determined.
- (b) Once the final issue price is determined, all bidders whose bids have been at and above the final price shall be considered for allotment of specified securities.

(14) **Registering of prospectus with the Registrar of Companies**

A copy of the prospectus, which shall include the price and the number of specified securities, shall be registered by the issuer with the Registrar of Companies.

(15) **Manner of allotment/ allocation**

- (a) The issuer shall make allotments only if the minimum subscription has been received.
- (b) The allotment/allocation to qualified institutional buyers and non-institutional investors, other than the anchor investors, shall be made on a proportionate basis as illustrated in this Schedule. The allotment to retail individual investors and allotment to employees shall be made in accordance with applicable provisions of these regulations.
- (c) In case of under-subscription in any category, the undersubscribed portion in that category shall be allocated to such bidders as described in the red herring prospectus; **Provided that** the unsubscribed portion in the qualified institutional buyer category shall not be available for subscription to other categories in the case of issues made under sub-regulation (2) of regulation 6 of these regulations.

(16) **Maintenance of records**

- (a) The final book of the demand showing the result of the allocation process shall be maintained by the lead manager and the registrar to the issue.
- (b) The lead manager(s) and other intermediaries associated in the book building process shall maintain records of the book building prices.
- (c) The Board shall have the right to inspect the records, books and documents relating to the book building process and such person shall extend full co-operation.

(17) **Applicability to Fast Track Issues**

Unless the context otherwise requires, in relation to the fast track issues, all references in this Schedule to 'draft prospectus' shall be deemed to have been made to the 'red herring prospectus'.

Part B - Format of bid data displayed on stock exchange

<NAME OF THE ISSUER> - BID DETAILS

The total demand shall be aggregated by all the stock exchanges on an hourly basis and be displayed on their websites

(1) **Details of Allocation to the Anchor Investors**

S. No.	Name of the Anchor Investor	No. of securities available under the Anchor Investor portion	Details of Allocation

			No. of securities	No. of securities allocated as a percentage of securities under the Anchor Investor portion
	AI 1			
	AI 2			
	Total (a) + (b)			

(2) **Details of Allocation to Investors other than Anchor Investors**

S. No.	Category of Investor	No. of securities offered/reserved	No. of securities bid for/allocated	No. of times of the total meant for the category
1.	QIBs			
(a)	Foreign Portfolio Investors			
	Domestic Financial Institutions (Banks/FIs/Insurance Companies, etc.)			
(b)	Mutual Funds			
(c)	Others			
2.	Non Institutional Investors			
(a)	Corporates			
(b)	Individuals (other than RIIs)			
(c)	Others			
3.	Retail Individual Investors (RIIs)			
(a)	Cut off			
(b)	Price bids			
4.	Reservation categories, if any			
(a)	Cut off			
(b)	Price bids			

Notes:

- (1) The graph should have the title “Graphical display of bids received”.
- (2) A statement to the effect that the position indicated above is only the bids position and does not necessarily convey the subscription to the issue.
- (3) A statement as to how the multiple bids are accounted for in the data and graph.
- (4) The time of each updation.
- (5) Additional comments, if any.

Part C - Illustration regarding allotment to qualified institutional buyers other than anchor investors

(1) Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 crore equity shares
2	Portion available to QIBs*	100 crore equity shares

3	Anchor Investor Portion	60 crore equity shares
	of which	
a.	Reservation for Mutual Funds (1/3 rd)	20 crore equity shares
b.	Balance for all QIBs including Mutual Funds	40 crore equity shares
4	Portion available to QIBs* other than Anchor Investors [(2) – (3)]	40 crore equity shares
	of which	
a.	Reservation to Mutual Funds (5 per cent.)	2 crore equity shares
b.	Balance for all QIBs including Mutual Funds	38 crore equity shares
5	No. of QIB applicants	10
6	No. of shares applied for	500 crore equity shares

* Where 50 per cent. of the issue size is required to be allotted to QIBs.

(2) Details of QIB Bids

S. No.	Type of QIB bidders	No. of equity shares bid for (in crores)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	TOTAL	500

A1-A5 : QIB bidders other than Mutual Funds

MF1-MF5: QIB bidders which are Mutual Funds

(3) Details of Allotment to QIB Bidders/Applicants

(No. of equity shares in crores)

Type of QIB bidders	Equity shares bid for	Allocation of 2 crore equity shares to Mutual Funds proportionately (See Note 2)	Allocation of balance 38 crore equity shares to QIBs proportionately (See Note 4)	Aggregate allocation to Mutual Funds
A1	50	0	3.82	3.82
A2	20	0	1.53	1.53
A3	130	0	9.92	9.92
A4	50	0	3.82	3.82
A5	50	0	3.82	3.82
MF1	40	0.4	3.02	3.42
MF2	40	0.4	3.02	3.42
MF3	80	0.8	6.04	6.84
MF4	20	0.2	1.51	1.71
MF5	20	0.2	1.51	1.71

Type of QIB bidders	Equity shares bid for	Allocation of 2 crore equity shares to Mutual Funds proportionately (See Note 2)	Allocation of balance 38 crore equity shares to QIBs proportionately (See Note 4)	Aggregate allocation to Mutual Funds
	500	2.0	38.00	40.00

Notes:

- (1) The illustration presumes compliance with the provisions of these regulations pertaining to minimum allotment.
- (2) Out of 40 crore securities allocated to QIBs, 2 crore equity shares (i.e. 5 per cent.) shall be allocated on a proportionate basis among 5 mutual fund applicants who applied for 200 crore equity shares in the QIB category.
- (3) The balance 38 crore equity shares, i.e. 40 – 2 available for the mutual funds, shall be allocated on a proportionate basis among 10 QIB applicants who applied for 500 crore equity shares (including 5 mutual fund applicants who applied for 200 crore equity shares).
- (4) The figures at column no. IV are arrived as under:
 - a. For QIBs other than mutual funds (A1 to A5) = No. of equity shares bid for (i.e. column no. II) X 38 / 498
 - b. For mutual funds (MF1 to MF5) = {(No. of equity shares bid for (i.e. column no. II) less no. of equity shares allotted (i.e. column no. III)} X 38 / 498
 - c. The numerator and denominator for arriving at allocation of 38 crore equity shares to the 10 QIBs are reduced by 2 crore equity shares, which have already been allotted to the mutual funds at column. no. III.

Part D - Alternate method of book building

In the case of a further public offering, the issuer may opt for an alternate method of book building, subject to the following:

- (a) The issuer shall follow the procedure laid down in Part A of this Schedule except clause (13) and clause (15) (c) thereof.
- (b) The issuer may mention the floor price in the red herring prospectus or announce the floor price at least one working day before opening of the issue in all newspapers in which the pre-issue advertisement was released.
- (c) Qualified institutional buyers shall bid only at a price above the floor price.
- (d) The bidder who bids at the highest price shall be allotted the number of securities it has bid for, the bidder who has bid at the second highest price shall be allotted the number of securities that it has bid for and so on, until all the specified securities on offer are allotted.
- (e) Allotment shall be on a price priority basis for the qualified institutional buyers.
- (f) Allotment to the retail individual investors, non-institutional investors and reserved categories of the issuer shall be made on a proportionate basis as illustrated in this Schedule.
- (g) Where, however, the number of specified securities bid for at a price are more than the available quantity, the allotment shall be done on a proportionate basis.
- (h) Retail individual investors and non-institutional investors shall be allotted specified securities at the floor price.
- (i) Employees may be allotted specified securities at a price lower than the floor price; **Provided that** the difference between the floor price and the price at which the specified securities are offered to employees shall not be more than ten per cent. of the floor price.

- (j) The issuer may decide and disclose in the offer document:
- (i) to place a cap either in terms of number of specified securities or percentage of issued capital of the issuer that may be allotted to a single bidder;
 - (ii) whether a bidder shall be allowed to revise the bid upwards or downwards in terms of price and/or quantity;
 - (iii) whether a bidder shall be allowed only a single or multiple bids.