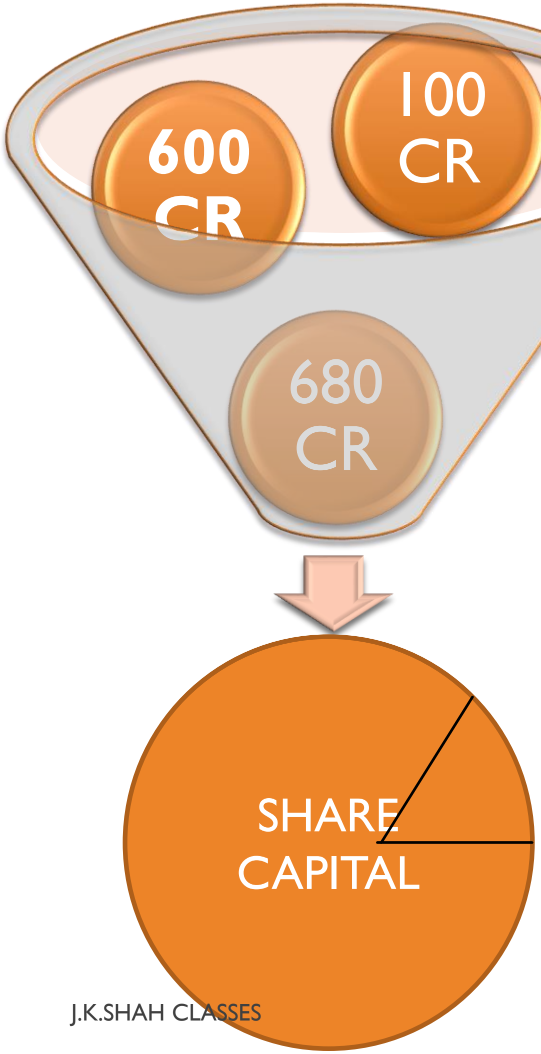
STRUCTURE OF CAPITAL MARKET

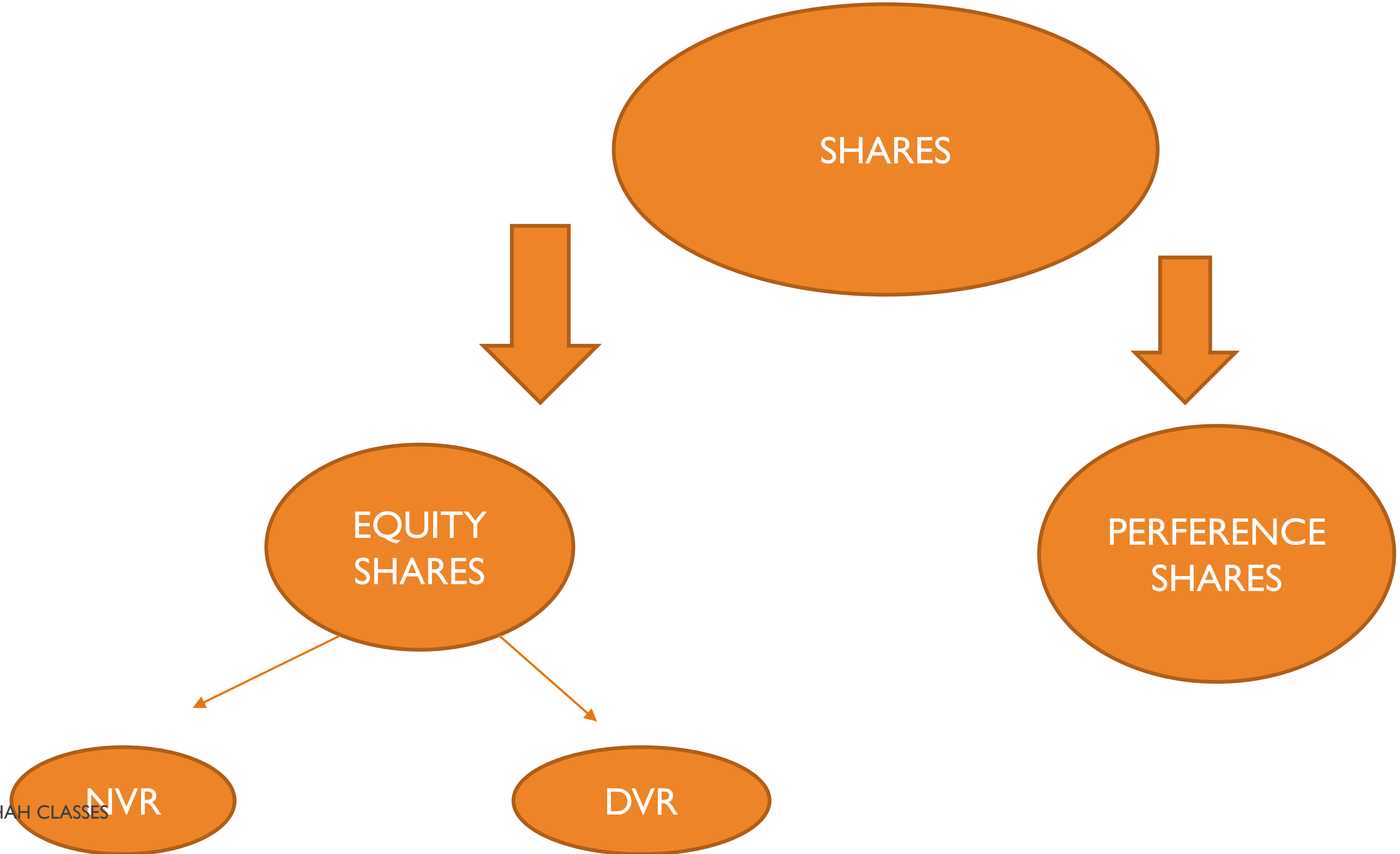
JK SHAH CLASSES

WHAT IS SHARES?



SHARE IS SMALL PART OF SHARE CAPITAL

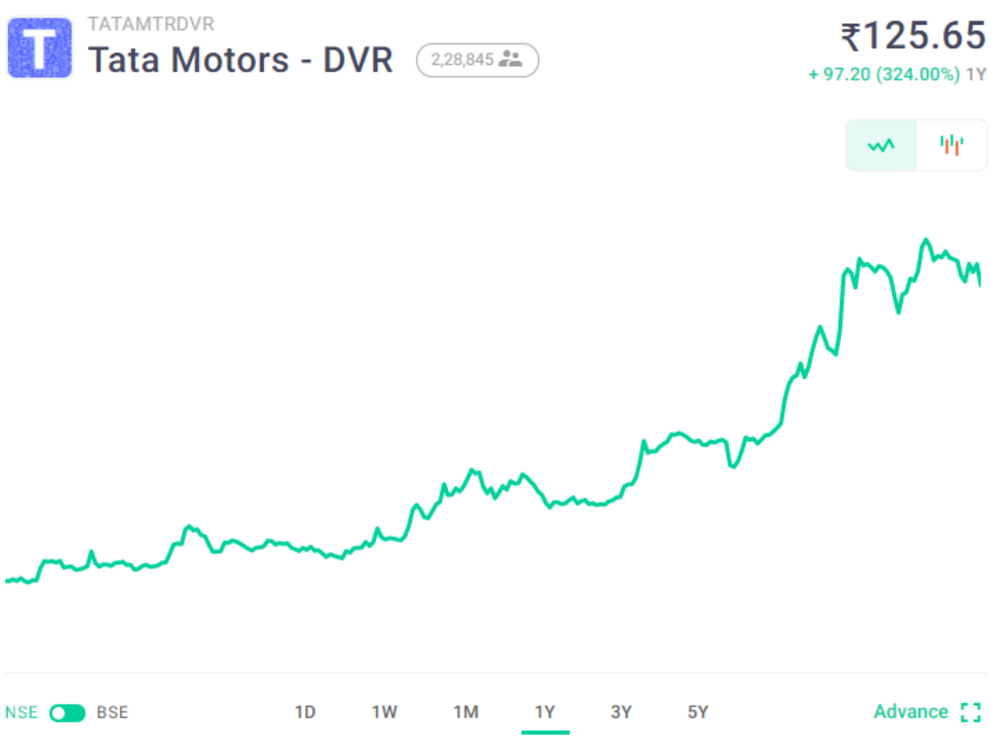
SHARES

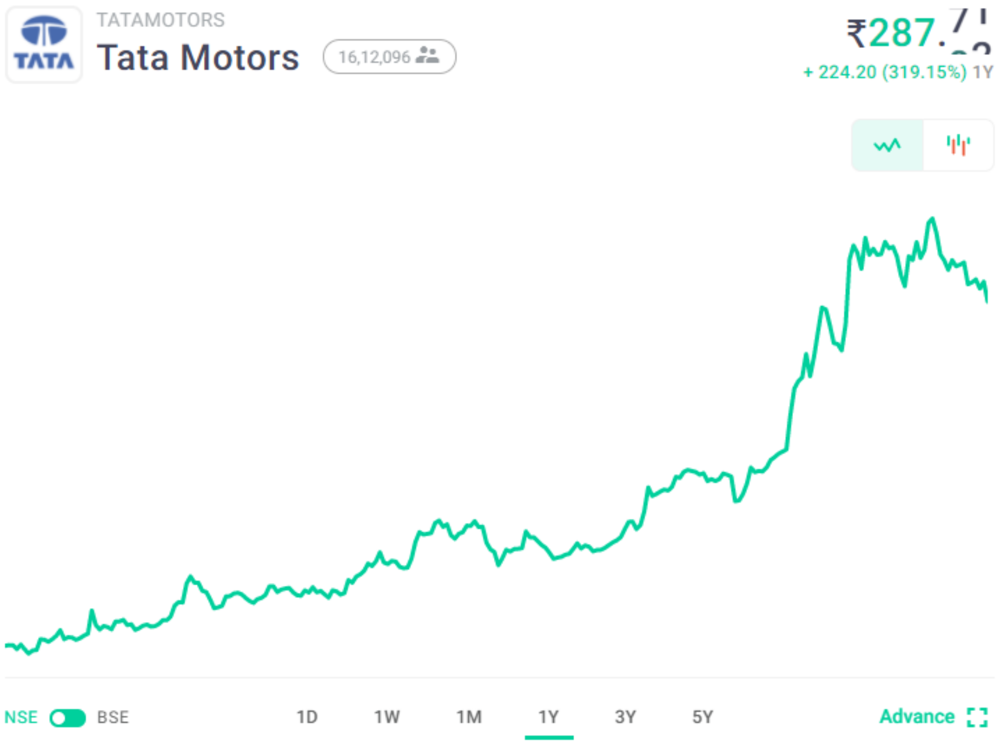


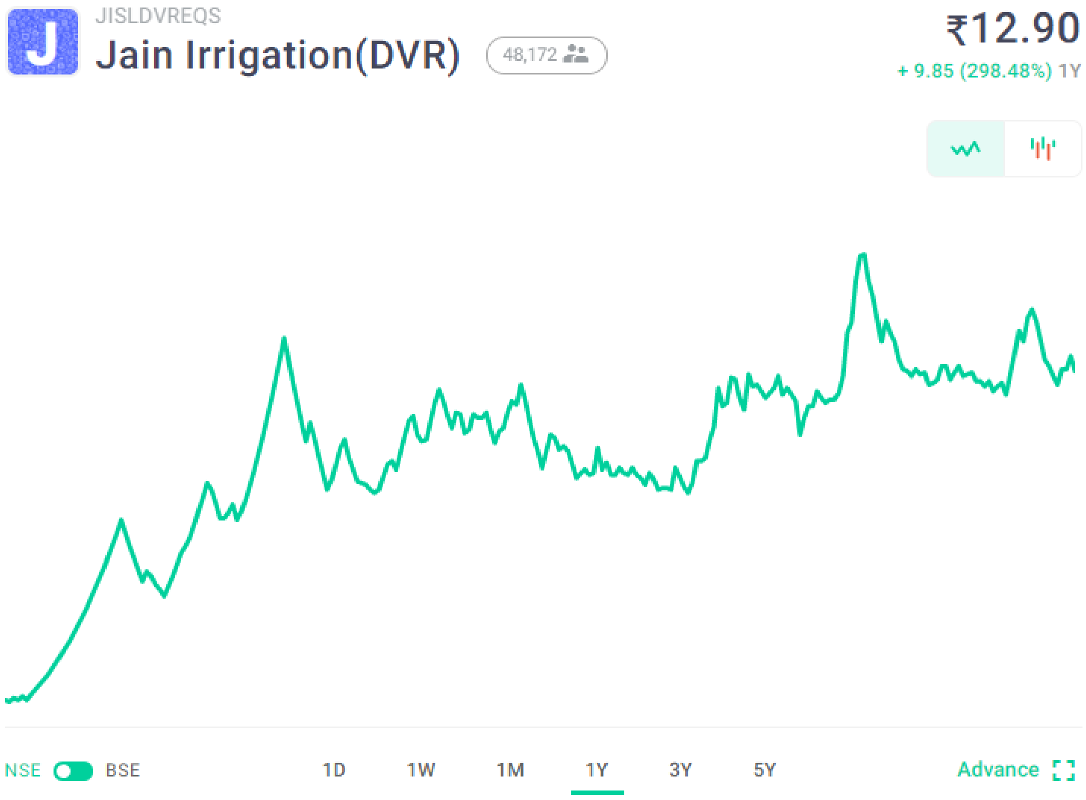
Rights of shareholders

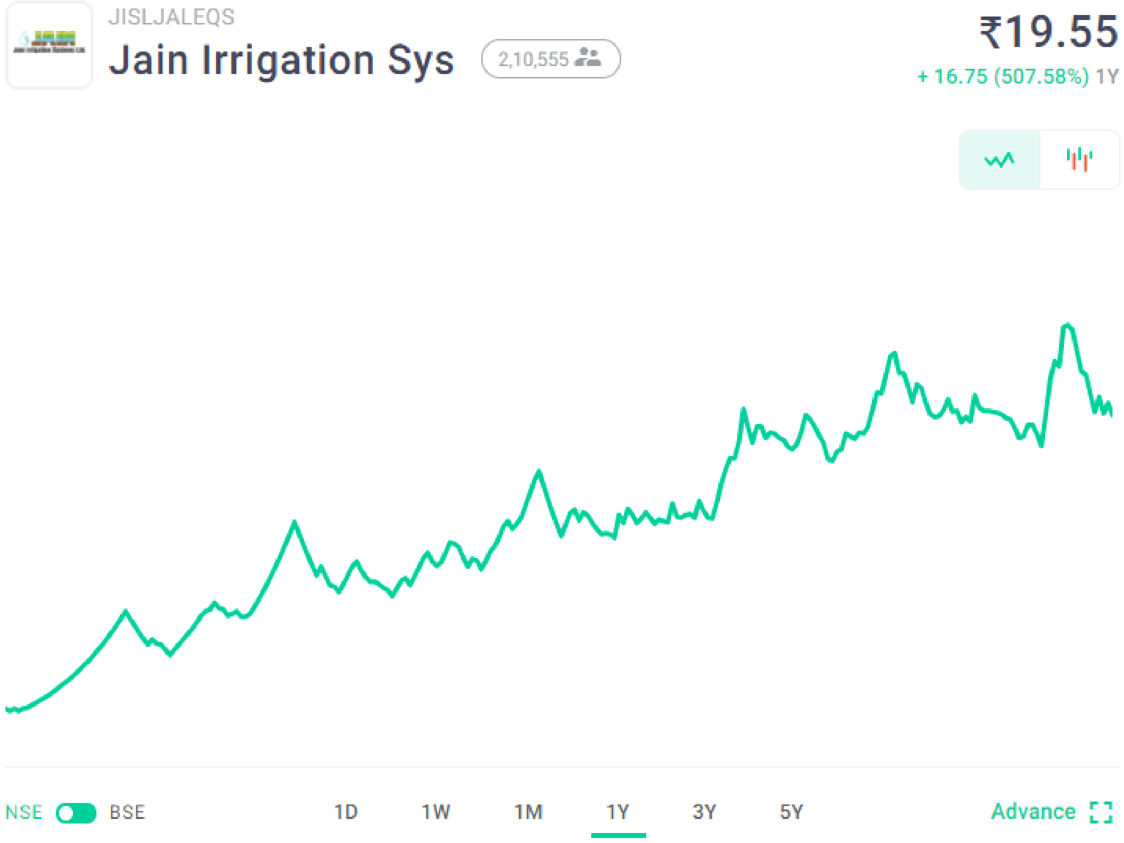
Here are some of your basic entitlements and privileges.

WHAT IS DVR?

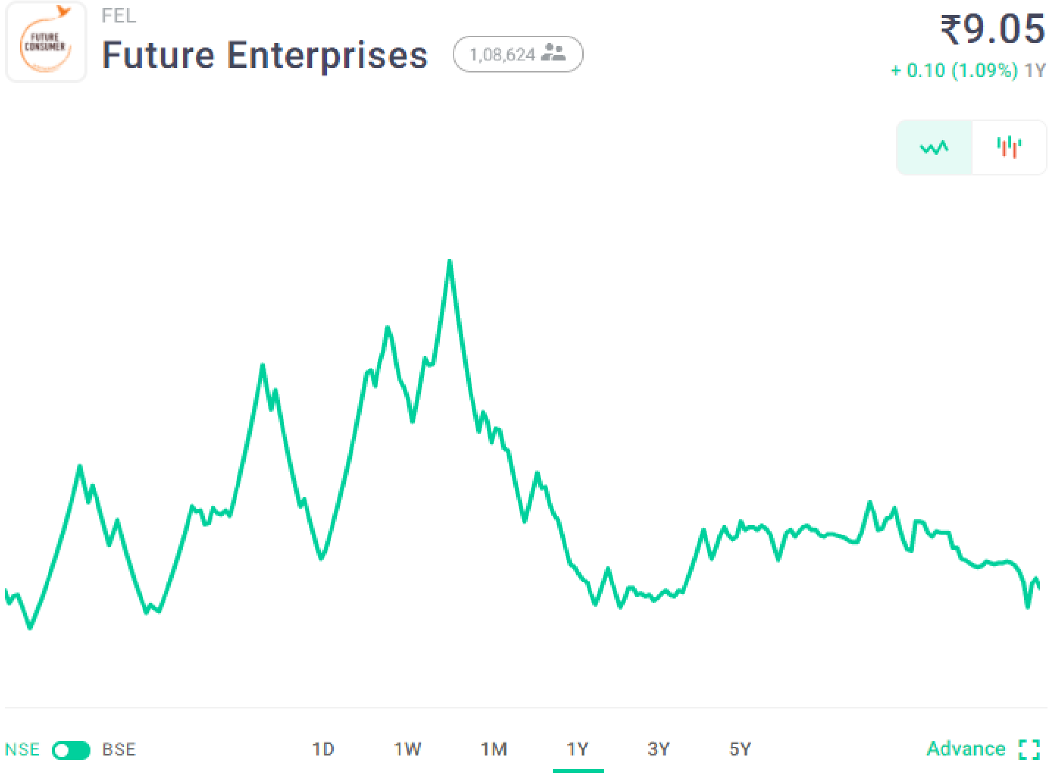

TATAMTRDVR
Tata Motors - DVR
2,28,845
₹125.65
+ 97.20 (324.00%) 1Y
NSE BSE
1D 1W 1M 1Y 3Y 5Y
Advance


TATAMOTORS
Tata Motors
16,12,096
+ 224.20 (319.15%) 1Y
NSE BSE
1D 1W 1M 1Y 3Y 5Y
Advance


JISLDVREQS
Jain Irrigation(DVR)
48,172
₹12.90
+ 9.85 (298.48%) 1Y
NSE
BSE
1D
1W
1M
1Y
3Y
5Y
Advance


JISLJALEQS
Jain Irrigation Sys
2,10,555
₹19.55
+ 16.75 (507.58%) 1Y
NSE
BSE
1D
1W
1M
1Y
3Y
5Y
Advance


FELDVR
Future Enter.-B-DVR
18,613
₹10.95
+ 1.05 (10.29%) 1Y
NSE
BSE
1D
1W
1M
1Y
3Y
5Y
Advance


FEL
Future Enterprises
1,08,624
₹9.05
+ 0.10 (1.09%) 1Y
NSE
BSE
1D
1W
1M
1Y
3Y
5Y
Advance

- Section 43(a)(ii) of the Companies Act, 2013, authorized equity share capital with differential rights as to dividend, voting or otherwise in accordance with rule 4 of Companies (Share Capital and Debentures) Rules, 2014 which prescribes the following conditions for issue of DVRs
- the articles of association of the company authorizes the issue of shares with differential rights
- the issue of shares is authorized by ordinary resolution passed at a general meeting of the shareholders. Where the equity shares of a company are listed on a recognized stock exchange, the issue of such shares shall be approved by the shareholders through postal ballot at a general meeting;
- the shares with differential rights shall not exceed twenty-six percent of the total post-issue paid up equity share capital including equity shares with differential rights issued at any point of time;
- the company having consistent track record of distributable profit for the last three years;

- the company has not defaulted in filing financial statements and annual returns for three financial years immediately preceding the financial year in which it is decided to issue such shares;
- the company has no subsisting default in the payment of a declared dividend to its shareholders or repayment of its matured deposits or redemption of its preference shares or debentures that have become due for redemption or payment of interest on such deposits or debentures or payment of dividend;
- the company has not defaulted in payment of the dividend on preference shares or repayment of any term loan from a public financial institution or state level financial institution or scheduled bank that has become repayable or interest payable thereon or dues with respect to statutory payments relating to its employees to any authority or default in crediting the amount in Investor Education and Protection Fund to the Central Government. However, a company may issue equity shares with differential rights upon expiry of five years from the end of the financial year in which such default was made good.

- the company has not been penalized by Court or Tribunal during the last three years of any offence under the Reserve Bank of India Act, 1934, Securities and Exchange Board of India Act, 1992, Securities Contracts (Regulation) Act, 1956, the Foreign Exchange Management Act, 1999 or any other special Act under which such companies being regulated by sectoral regulators.
- The explanatory statement to be annexed to the notice of the general meeting should contain the disclosures as mentioned in the rules.
- The Board of Directors shall disclose in the Board's Report for the financial year in which the issue of equity shares with differential rights was completed, the details as mentioned in the rules.

- The holders of the equity shares with differential rights shall enjoy all other rights such as bonus shares, rights shares etc., which the holders of equity shares are entitled to, subject to the differential rights with which such shares have been issued.
- The company shall not convert its existing share capital with voting rights into equity share capital carrying differential voting rights and vice-versa.
- The register of members maintained under section 88 of the Companies Act, 2013, shall contain all the relevant particulars of the shares so issued along with details of the shareholders.

PREFERENCE SHARES

- Perference shares are those shares which have preference over equity shares in-

payment of dividend, either as a fixed amount or an amount calculated at a fixed rate, which may either be free of or subject to income-tax

repayment, in the case of a winding up or repayment of capital,

TYPES OF PREFERENCE SHARES

- Cumulative preference shares
- Non-cumulative preference shares
- Convertible preference shares
- Non-Convertible Redeemable preference shares
- Participating preference share
- Non-participating preference shares
- Redeemable preference shares
- Irredeemable preference shares (According to Section 55 of the Companies Act, 2013, a Company cannot issues preference shares which are irredeemable.)

Points	Equity Shares	Preference Shares
1. Meaning	Shares that are not preference shares are called equity shares i.e. these shares do not have preferential right for payment of dividend and repayment of capital.	Preferences shares are Shares that carry preferential right as to payment of : a) Dividend and b) Repayment of capital.
2. Rate of Dividend	Equity shares are given dividend at fluctuating rate depending upon the profits of the company.	Preference shareholders get dividend at fixed rate.
3. Voting Right	Equity shareholders enjoy normal voting right. They participate in the management of their company.	Preference shareholder do not enjoy normal voting right. They can vote only on matters affecting their interest.
4. Return of Capital	Equity capital can not be returned during the life time of the company. (except in case of buy back)	A company can issue redeemable preference shares, which can be repaid during the life time of the company.
5. Nature of capital	Equity capital is known as 'Risk Capital.'	Preference capital is 'Safe Capital' with stable return.
6. Nature of investor	The investors who are ready to take risk invest in equity shares.	The investors who are cautious about safety of their investment, invest in preference shares.

Points	Equity Shares	Preference Shares
7. Face value	The face value of equity shares is generally ₹ 1/- or ₹ 10/- it is relatively low.	The face value of preference shares is relatively higher i.e. ₹ 100/- and so on.
8. Right and bonus issue	Equity shareholder is entitled to get bonus and right issue.	Preference shareholders are not eligible for bonus and right issue.
9. Capital appreciation	Market value of equity shares increases with the prosperity of company. It leads to increase in the value of shares.	Market value of preference shares does not fluctuate, so there is no possibility of capital appreciation.
10. Risk	Equity shares are subject to higher risk. That is because of fluctuating rate of dividend and no guarantee of refund of capital.	Preference shares are subject to less risk. It is because of fixed rate of dividend and preferential right as regards to dividend and repayment of capital.
11. Types	Equity shares are classified into : a) equity shares with normal voting right. b) equity shares with differential voting right.	Preference shares are classified as : a) Cumulative Preference Shares b) Non-Cumulative Preference Shares c) Convertible Preference Shares d) Non-Convertible Preference Shares e) Redeemable Preference Shares f) Irredeemable Preference Shares g) Participating Preference Shares h) Non-Participating Preference Shares

WHAT IS DEBENTURES

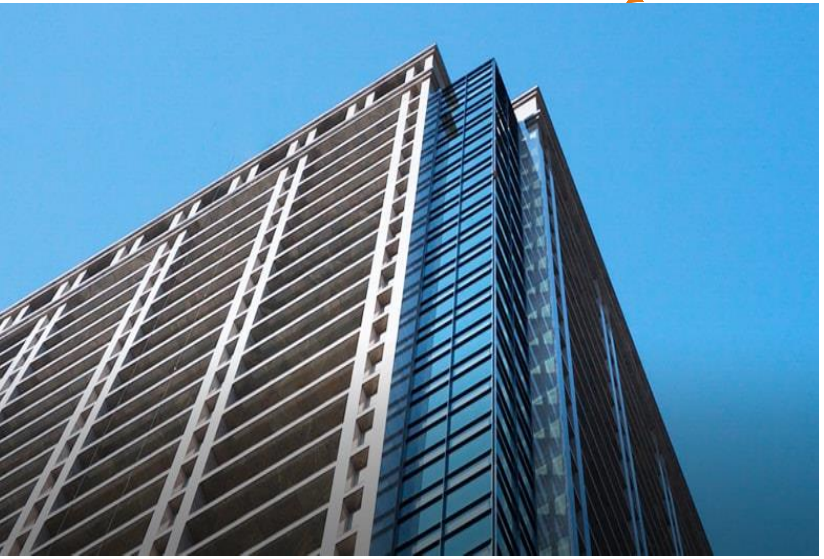


Photo by: Lee Cannon

DEBENTURES SECTION 2(30)

- Debenture is a document evidencing a debt or acknowledging it.

The important features of a debenture are:

1. It is issued by a company as a certificate of indebtedness.

2. It usually indicates the date of redemption and also provides for the repayment of principal and payment of interest at specified date or dates.

3. It usually creates a charge on the undertaking or the assets of the company. In such a case the lenders of money to the company enjoy better protection as secured creditors, i.e. if the company does not pay interest or repay principal amount, the lenders may either directly or through the debenture trustees bring action against the company to realise their dues by sale of the assets/undertaking earmarked as security for the debt.

4. Debentures holders do not have any voting rights.

5. Compulsory payment of interest. The interest on debenture is payable irrespective of whether there are profits made or not.

6. While issuance of debentures, the company shall ensure that the parameters for designation of deposits under Companies (Acceptance of Deposits) Rules, 2014

TYPES OF DEBENTURES

- Fully Convertible Debentures
- Non Convertible Debentures (NCDs)
- Partly Convertible Debentures (PCDs)
- Optionally Fully Convertible Debenture (OFCD)

Points	Shares	Debentures
1. Meaning	A share is a part of share capital of a company. It is known as ownership securities.	A debenture is a certificate of loan taken by a company. They are also known as creditorship securities.
2. Status	A holder of shares is the owner of company. Therefore share capital is owned capital.	A holder of debenture is creditor of the company. Debenture capital is loan capital or borrowed capital.
3. Nature	It is permanent capital. It is not repaid during the life time of the company.	It is temporary capital. Generally it is repaid after a specific period.
4. Voting / Right	Shareholders being owners enjoy normal voting rights in general meeting. They participate in the management of the company.	Debentureholders being creditors, do not have any voting right. They can not participate in the management of the company.
5. Return on Investment	Return on shares is called dividend. Equity shareholders receive divided at fluctuating rate where as preference shareholders receive divided at fixed rate.	Return on debenture is called interest. It is fixed at the time of issue. Interest is paid even when company has no profit.
6. Security	Share capital is unsecured capital. No security is offered to the shareholder.	Debenture capital being loan capital is secured by creating a charge on Company's property.
7. Time of Issue	Shares are issued in the initial stages of the company formation.	Debentures are issued at a later stage, when the company has properties to offer as security.
8. Suitability	Shares are suitable for long term finance.	Debentures are suitable for medium term finance.

Points	Shares	Debentures
9. Types	Shares are classified into – a) Equity shares b) Preference	Debentures are classified as : a) Registered Debentures b) Bearer Debentures c) Secured Debentures d) Unsecured Debentures e) Redeemable Debentures f) Irredeemable Debentures g) Convertible Debentures h) Non - convertible Debentures
10. Position on liquidation	On liquidation of a company, share holders rank last in the list of claimants.	Debentureholders being creditors, rank prior to shareholders for repayment on liquidation of company.

- According to Webster Dictionary, 'A bond is an interest-bearing certificate issued by the government or business firm, promising to pay the holder a specific sum at a specified date.'
- Thus, a company borrows money and issues bonds as an evidence of debt. Interest is payable on bonds at fixed interval or on maturity of bonds.
- Bond is a debt security. It is a formal contract to repay borrowed money with interest. Bond is a loan. The holder of bond is a lender to the institution. He is a creditor of the company. He gets fixed rate of interest.

- It is a debt Finance. It provides long term finance. The bonds can be issued for longer period i.e. 5 years, 10 years, 25 years, 50 years.

Government Bonds	• These are the bonds issued either directly by Government of India or by the Public Sector Units (PSU's) in India. These bonds are secured as they are backed up with security from Government. These are generally offered with low rate of interest compared to other types of bonds.
Corporate Bonds	• These are the bonds issued by the private corporate companies. Indian corporates issue secured or non secured bonds. However care to be taken to consider the credit rating given by Credit Rating Agencies before investing in these bonds.
Banks and other financial institutions bonds	• These bonds are issued by banks or any financial institution. The financial market is well regulated and the majority of the bond markets are from this segment.
Tax saving bonds	• In India, the tax saving bonds are issued by the Government of India for providing benefit to investors in the form of tax savings. Along with getting normal interest, the bond holder would also get tax benefit. In India, all these bonds are listed in National Stock Exchange and Bombay Stock Exchange in India, hence they can be easily liquidated and sold in the open market.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBS)

- The FCCBs are **unsecured instruments** which carry a fixed rate of interest and an option for conversion into a fixed number of equity shares of the issuer company.
- Interest and redemption price (if conversion option is not exercised) is payable in dollars
- FCCBs shall be denominated in any freely convertible Foreign Currency. However, it must be kept in mind that FCCB, issue proceeds need to conform to ECB end use requirements.
- Foreign investors also prefer FCCBs because of the Dollar denominated servicing, the conversion option and, the arbitrage opportunities presented by conversion of the FCCBs into equity shares at a discount on prevailing Indian market price
- In **addition, 25% of the FCCB** proceeds can be used for general corporate restructuring.

FOREIGN CURRENCY EXCHANGEABLE BONDS (FCEBS)

- The FCEB is used to raise funds from the international markets against the security and exchangeability of shares of another company

(i) A bond expressed in foreign currency.

(ii) The principal and the interest in respect of which is payable in foreign currency.

(iii) Issued by an issuing company, being an Indian company.

(iv) Subscribed by a person resident outside India.

(v) Exchangeable into equity shares of another company, being offered company which is an Indian company.

(vi) Either wholly or partly or on the basis of any equity related warrants attached to debt instruments.

- It may be noted that **issuing company to be the part of promoter group of offered company** and the offered company is to be listed and is to be eligible to receive foreign investment.
- Under this option, an issuer company may issue FCEBs in foreign currency, and these FCEBs are convertible into shares of another company (offered company) that forms part of the **same promoter group** as the issuer company.

IDR

Issuing Company (company incorporated outside India delivers equity shares to Overseas Custodian)

↓

Overseas Custodian Bank (instructs Domestic Depository to issue depository receipts in respect of shares held)

↓

Domestic Depository (issues Depository Receipts to Indians against the equity shares of the company incorporated outside India)

↓

Indians (i.e. investors of IDR issue)

↓

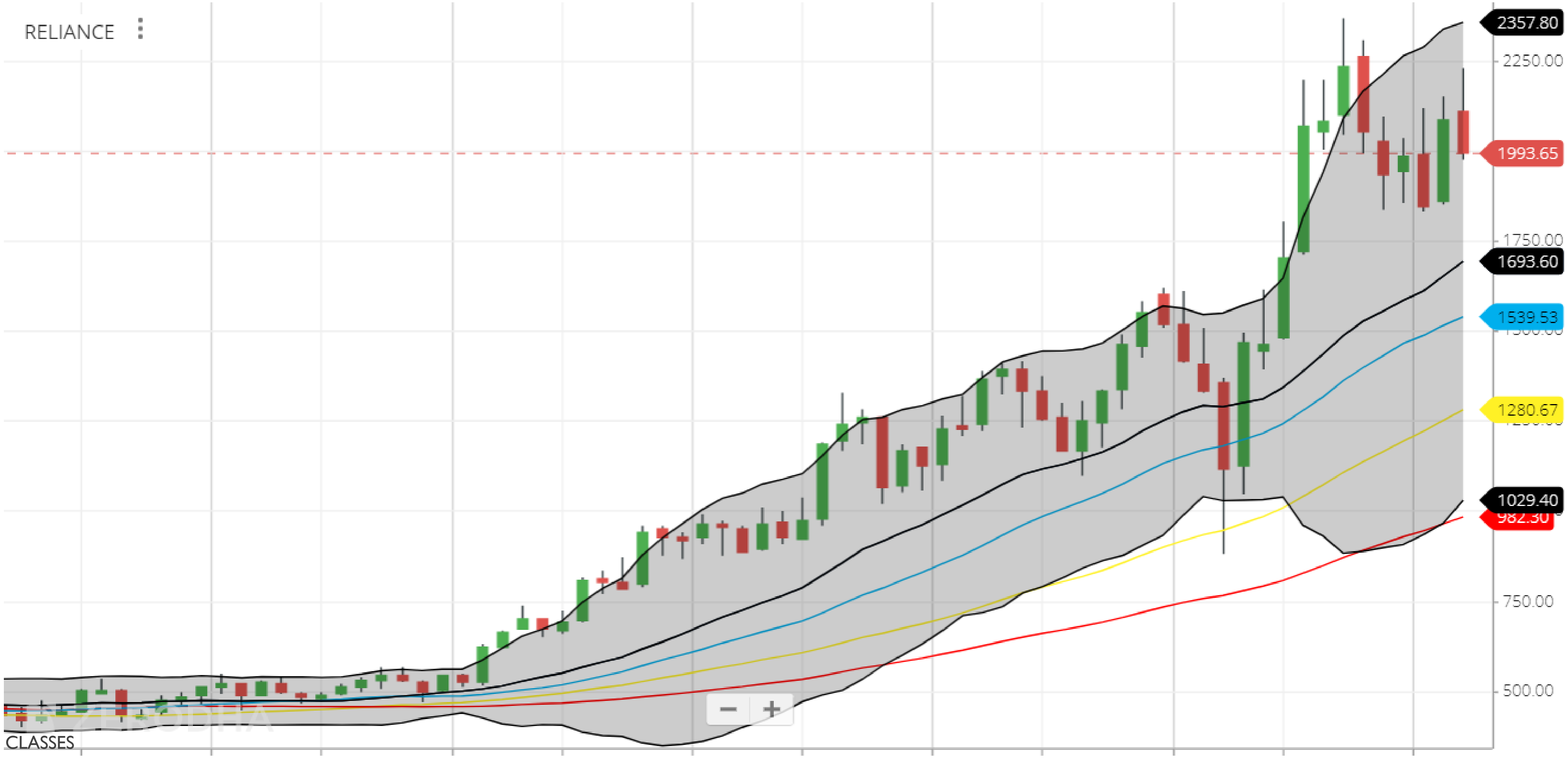
Foreign shares being traded in Indian Exchanges in IDR form

- An IDR is an instrument denominated in Indian Rupee in the form of a depository receipt created by a domestic depository (Custodian of securities registered with SEBI) against the underlying equity of issuing company to enable foreign companies to raise funds from Indian Securities Markets.
- In an IDR, foreign companies would issue shares, to a domestic (Indian) depository, which would in turn issue depository receipts to investors in India.
- .The actual shares underlying the IDRs would be held by an Overseas Custodian, which shall authorize the Indian depository to issue the IDRs.
- To that extent, IDRs are derivative instruments because they derive their value from the underlying shares.

DERIVATIVES

- A derivative is a financial instrument that derives its value from an underlying asset. This underlying asset can be stocks, bonds, currency, commodities, metals and even intangible, assets like stock indices. Derivatives can be of different types like futures, options, swaps, caps, floor, collars etc.

THE MOST POPULAR DERIVATIVE INSTRUMENTS ARE FUTURES AND OPTIONS.



RELIANCE APR FUT 0.09 % 2010.75

BID	ORDERS	QTY.	OFFER	ORDERS	QTY.
2010.00	2	1500	2010.85	1	250
2009.75	1	250	2010.90	1	250
2009.20	2	500	2011.00	2	2000
2009.10	1	750	2011.50	2	1250
2009.05	1	250	2011.60	2	500
Total		2,53,000	Total		3,80,000

View 20 depth

Open	2023.80	High	2026.90
Low	1990.35	Prev. Close	2008.90
Volume	86,08,500	Avg. price	2010.20
LTQ	250	LTT	2021-03-26 15:29:59
Expiry	2021-04-29	OI	27044250
Lower circuit	1808.55	Upper circuit	2210.45

- Future refers to a future contract which means an exchange traded forward contract to buy or sell a predetermined quantity of an asset on a predetermined future date at a predetermined price. Contracts are standardized and there’s centralized trading ensuring liquidity.
- two positions that one can take in a future contract

Long Position	when a futures contact is purchased and the buyer agrees to receive delivery of the underlying asset.
Short Position	when a futures contract is sold and the seller agrees to make delivery of the underlying asset.

OPTIONS

- Options Contract give its holder the right, but not the obligation, take or make delivery on or before a specified date at a stated price.
- Since the other party has an obligation and a risk associated with making the good the obligation, he receives a payment for that. This payment is called as option premium.
- Option contracts are classified into two types on the basis of which party has the option:

• Call option - A call option is with the buyer and gives the holder a right to take delivery.

• Put option - The put option is with the seller and the option gives the right to take delivery

RELIANCE APR 2000 PE -5.68 % 68.05

BID	ORDERS	QTY.	OFFER	ORDERS	QTY.
68.05	2	2750	69.55	1	250
68.00	1	2500	69.60	1	250
67.75	1	2500	70.30	1	500
67.70	1	250	71.00	1	250
67.60	1	500	71.80	1	250
Total		68,000	Total		52,500

RELIANCE APR 2000 CE -3.70 % 79.40

BID	ORDERS	QTY.	OFFER	ORDERS	QTY.
79.00	5	1250	79.70	1	250
78.55	1	250	79.90	2	750
78.50	1	250	80.00	8	3000
78.10	1	250	80.10	4	1250
78.00	2	500	80.20	2	500
Total		67,750	Total		1,12,750

IPOS

Ongoing IPOs

Instrument	Start date	End date	Price range	Minimum qty.		
BARBEQUE	2021-03-24	2021-03-26	498 - 500	30	Apply	Status
SURYODAY	2021-03-17	2021-03-19	303 - 305	49	CLOSED	Status
NAZARA	2021-03-17	2021-03-19	1100 - 1101	13	CLOSED	Status
ANURAS	2021-03-12	2021-03-16	553 - 555	27	CLOSED	Status
EASEMYTRIP	2021-03-08	2021-03-10	186 - 187	80	CLOSED	Status

J.K. SHAH® CLASSES

EQUE NSE

pen	2021-03-24
nd	2021-03-26
ze (no. of shares)	49.99L
ice	498 – 500
n qty. (lot size)	30
e	1
t	0

ing Prospectus

Your UPI ID

8898306832 @ybl VERIFIED Learn more

8898306832@ybl

IPO window opens from 10 AM till 4:30 PM.

Investor type

Individual investor

1. Qty Cutoff-price Price

2. Qty Cutoff-price Price

3. Qty Cutoff-price Price

I hereby undertake that I have read the Red Herring Prospectus and I am an eligible UPI bidder as per the applicable provisions of the SEBI (Issue of Capital and Disclosure Requirement) Regulation, 2009.

Submit

Amount payable 0

BARBEQUE NSE

Issue open	2021-03-24
Issue end	2021-03-26
Issue size (no. of shares)	49.99L
Issue price	498 – 500
Minimum qty. (lot size)	30
Tick size	1
Discount	0

Red Herring Prospectus

Your UPI ID @ybl VERIFIED Learn more

IPO window opens from 10 AM till 4:30 PM.

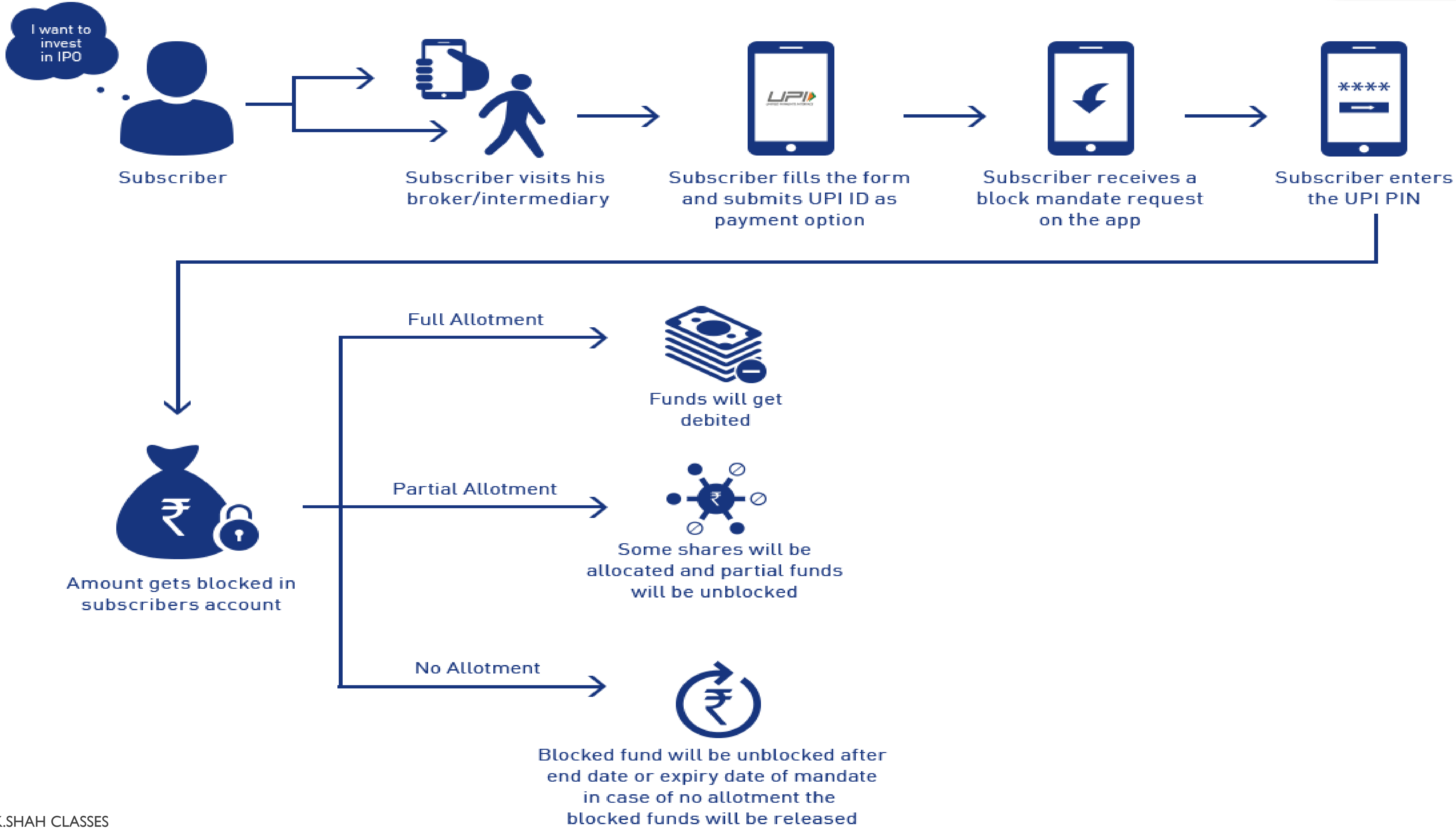
Investor type: Individual investor

	Qty	Cutoff-price	Price
1.	30	☑ Cutoff-price	500
2.	30	☐ Cutoff-price	498
3.	30	☐ Cutoff-price	499

☐ I hereby undertake that I have read the Red Herring Prospectus and I am an eligible UPI bidder as per the applicable provisions of the SEBI (Issue of Capital and Disclosure Requirement) Regulation, 2009.

- Under this method, the issuer company determines the number of shares and the issue price at which its shares will be sold by bidding process.
- The company issues a Red Herring Prospectus which contains price range or price band and asks the investors to bid on it.
- The lower end of the price band is called as ‘floor price’ while the highest end is called as ‘cap price’ or ‘ceiling price’.
- The final price at which shares are offered to the investors is called as ‘cut-off’ price.

- Investors can bid any numbers of shares that they are willing to buy at any price within the price band.
- The bids along with the application money is to be submitted to the Lead Merchant Bankers called as 'Book Runners'
- who enters the bids in a book. After bidding is over, company fixes 'cut off price' based on the highest or best price at which all shares on offer can be sold. Company issues a Prospectus which contains the final price. Book Building Method is used for Public issues i.e. IPO and FPO.


I want to invest in IPO
Subscriber
Subscriber visits his broker/intermediary
Subscriber fills the form and submits UPI ID as payment option
Subscriber receives a block mandate request on the app
****
Subscriber enters the UPI PIN
Amount gets blocked in subscribers account
Full Allotment
Funds will get debited
Partial Allotment
Some shares will be allocated and partial funds will be unblocked
No Allotment
Blocked fund will be unblocked after end date or expiry date of mandate in case of no allotment the blocked funds will be released

J.K. SHAH CLASSES

ANCHOR INVESTORS

- A Qualified Institutional Buyer(QIB), applying in an IPO under the Anchor Investor Portion and who has Bid for an amount of at least ₹10 Crore.
- Minimum of 2 and maximum of 15 such investors shall be permitted for allocation above Rs.10 crore and upto Rs. 250 crore, subject to minimum allotment of Rs.5 crore per such investor.
- In case of allocation above Rs.250 crore; a minimum of 5 such investors and a maximum of 15 such investors for allocation upto Rs.250 crore and an additional 10 such investors for every additional Rs.250 crore or part thereof, shall be permitted, subject to a minimum allotment of Rs.5 crore per such investor. The bidding for Anchor Investors shall open one day before the issue opening date.
- Allocation to Anchor Investors shall be completed on the day of bidding by Anchor Investors
- Shares allotted to the Anchor Investor shall be locked-in for 30 days from the date of allotment in the public issue.

Ahead of IPO, Barbeque Nation garners Rs 203 cr from anchor investors

TI • Last Updated: Mar 23, 2021, 10:26 PM IST

SHARE FONT SIZE SAVE PRINT COMME

Barbeque Nation Hospitality is backed by private equity investor CX Partners and renowned stock market investor Rakesh Jhunjhunwala's investment firm Alchemy Capital.

RELATED

IPO watch: Barbeque Nation needs time to build up its appeal

SME IPO V-Marc to open on Thursday, price band fixed at Rs 37-39 a piece

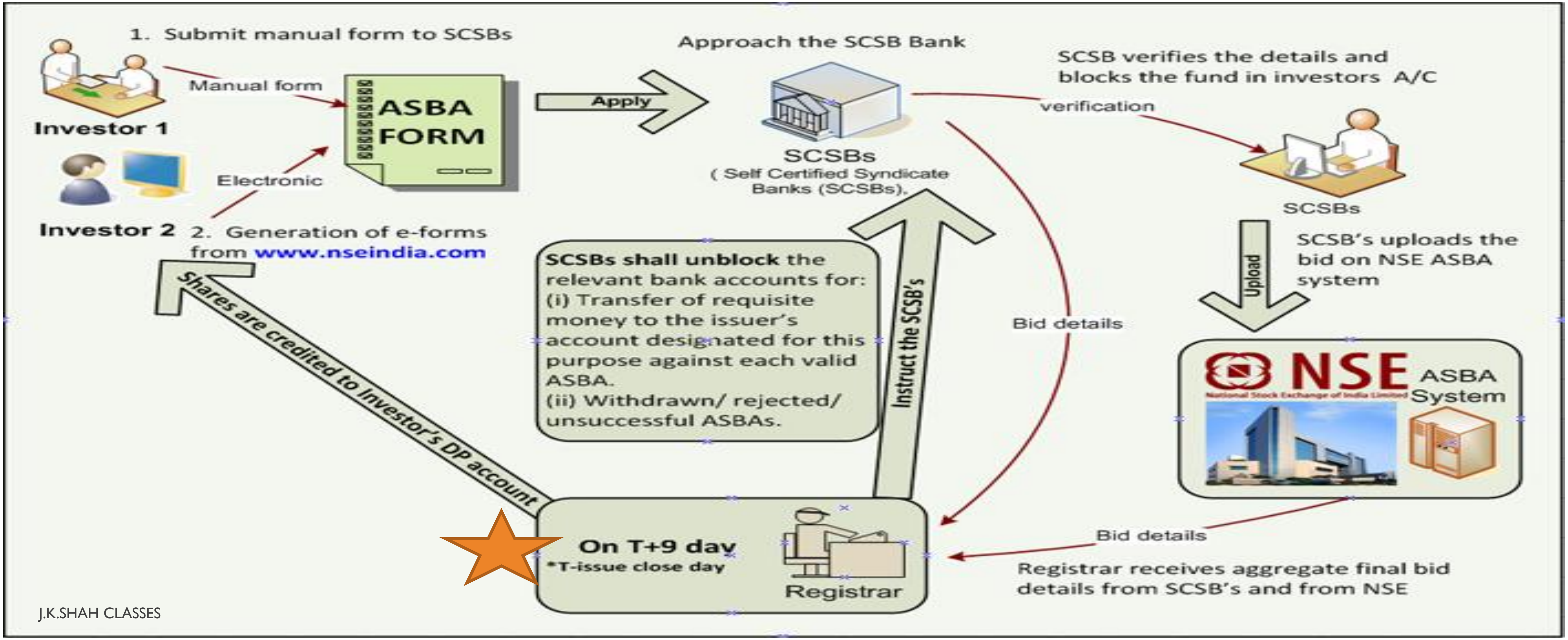
Anupam Rasayan grey market premium drops, dims hopes of sharp listing gain

Wednesday.

The company's IPO committee has decided to allocate 40,57,861 shares at Rs 500 apiece to 21 anchor investors. At this price, the company raised Rs 202.89 crore, according to a statement.

The anchor investors include Goldman Sachs India Ltd, Nomura Funds Ireland Public Limited Company, Fidelity Investment Trust, SBI Mutual Fund (MF), **ICICI Prudential MF**, Kotak MF, Aditya Birla Sunlife MF, HDFC MF, HDFC Life Insurance Company, Kuber India Fund, Pioneer Investment Fund and UPS Global Trust.

ASBA


1. Submit manual form to SCSBs
Manual form
ASBA FORM
Investor 1
Electronic
Investor 2
2. Generation of e-forms from www.nseindia.com
Apply
Approach the SCSB Bank
SCSBs
(Self Certified Syndicate Banks (SCSBs).
SCSB verifies the details and blocks the fund in investors A/C
verification
SCSBs
Upload
SCSB's uploads the bid on NSE ASBA system
NSE ASBA System
Bid details
Instruct the SCSB's
SCSBs shall unblock the relevant bank accounts for:
(i) Transfer of requisite money to the issuer's account designated for this purpose against each valid ASBA.
(ii) Withdrawn/ rejected/ unsuccessful ASBAs.
Shares are credited to Investor's DP account
On T+9 day
*T-issue close day
Registrar
Bid details
Registrar receives aggregate final bid details from SCSB's and from NSE

- ASBA is an application for subscribing to an issue, containing an authorization to block the application money in a bank account.
- SEBI has introduced a supplementary process of applying in public issues, viz., the "Applications Supported by Blocked Amount (ASBA)"
- Advantages of ASBA is that the investor continues to receive the interest for amount blocked, until allotment only when shares are allotted, the money moves from the investors accounts.
- If the concerned investor didn't get allotment. The block is removed hence, there is no concern regarding non receipt or delay in refund, in case of allotment which was the major issue when made of payment was through cheque/DD etc.
- The ASBA process is mandatory in all public issues made through the book building route. ASBA is an application for subscribing to an issue, containing an authorization to block the application money in a bank account.

SELF-CERTIFIED SYNDICATE BANK

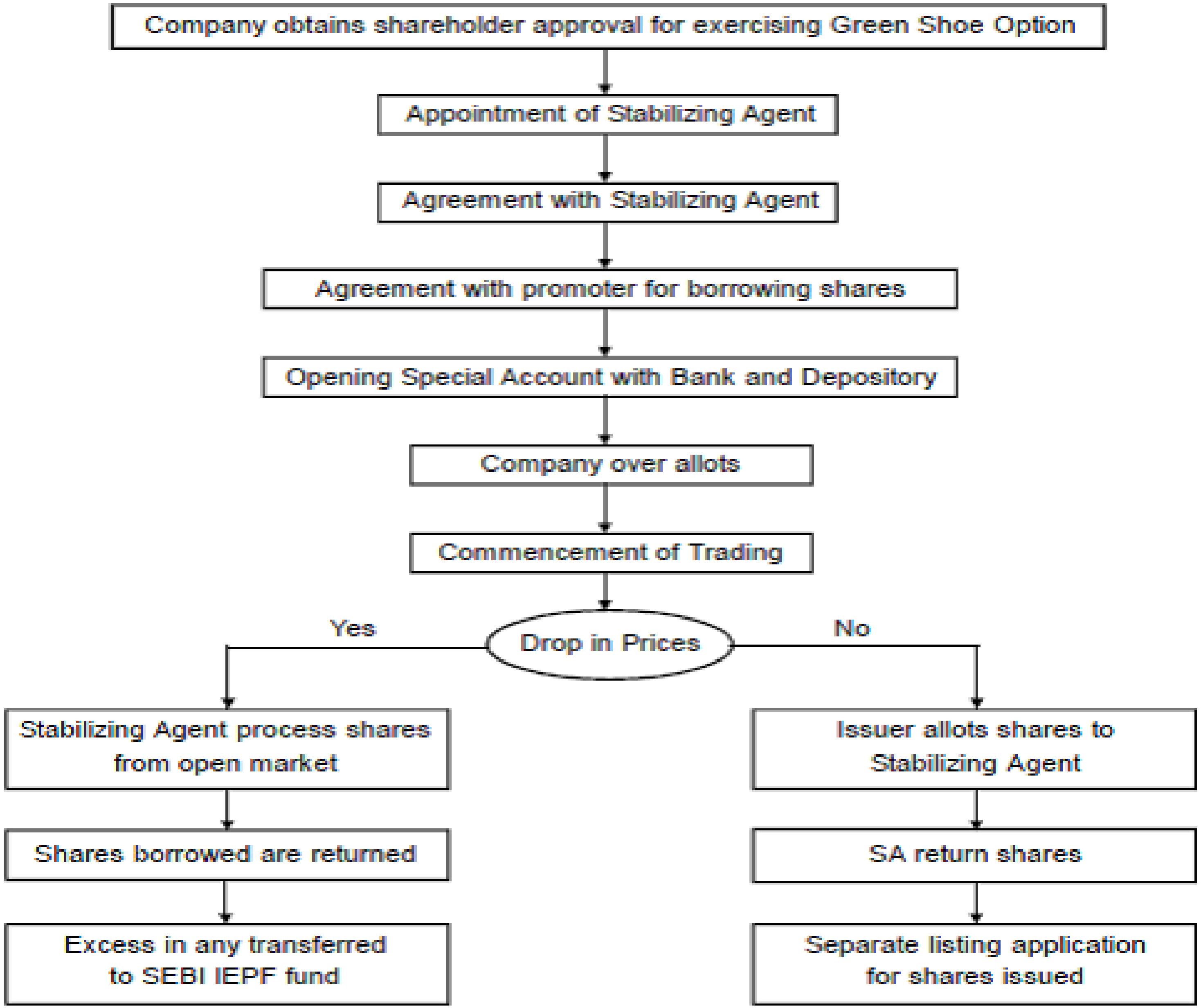
- Self-Certified Syndicate Bank (SCSB) is a bank which offers the facility of applying through the ASBA process.
- A bank desirous of offering ASBA facility shall submit a certificate to SEBI as per the prescribed format for inclusion of its name in SEBI's list of SCSBs.
- A SCSB shall identify its Designated Branches (DBs) at which an ASBA investor shall submit ASBA and shall also identify the Controlling Branch (CB) which shall act as a coordinating branch for the Registrar of the issue Stock Exchanges and Merchant Bankers.
- The SCSB may identify new DBs for the purpose of ASBA process and intimate details of the same to SEBI, after which SEBI will add the DB to the list of SCSBs maintained by it.
- SCSB shall communicate the following details to Stock Exchanges for making it available on their respective websites; these details shall also be made available by the SCSB on its website-

(i) Name and address of all the SCSB.

(ii) Addresses of DBs and CB and other details such as telephone number, fax number and email ids.

(iii) Name and contacts details of a nodal officer at a senior level from the CB.

GS OPTIONS


Company obtains shareholder approval for exercising Green Shoe Option
Appointment of Stabilizing Agent
Agreement with Stabilizing Agent
Agreement with promoter for borrowing shares
Opening Special Account with Bank and Depository
Company over allots
Commencement of Trading
Drop in Prices
Yes
No
Stabilizing Agent process shares from open market
Shares borrowed are returned
Excess in any transferred to SEBI IEPF fund
Issuer allots shares to Stabilizing Agent
SA return shares
Separate listing application for shares issued

QUALIFIED INSTITUTIONAL BUYERS

- QIBs are investment institutions who buy the shares of a company on a large scale.
- Qualified Institutional Buyers are those Institutional investors who are generally perceived to possess expertise and the financial proficiency to evaluate and to invest in the Capital Markets.
- QIBs can also act as an anchor investor in Initial Public Offers of the companies.

- Qualified Institutional Investors comprises of
  - mutual fund
  - venture capital fund
  - Alternative Investment Fund
  - foreign venture capital investor registered with SEBI
  - foreign portfolio investor other than Category III foreign portfolio investor, registered with SEBI
  - public financial institution
  - scheduled commercial bank
  - Insurance company
  - provident fund with minimum corpus of twenty five crore
  - pension fund with minimum corpus of twenty five crore

FOREIGN PORTFOLIO INVESTOR

Category I FPIs include-

Government and Government-related investors such as central banks, Governmental agencies, sovereign wealth funds and international or multilateral organizations or agencies.

Category II FPIs include:

1. appropriately regulated broad based funds such as mutual funds, investment trusts, insurance/ reinsurance companies;
2. appropriately regulated persons such as banks, asset management companies, investment managers/ advisors, portfolio managers;
3. broad based funds that are not appropriately regulated but whose investment manager is appropriately regulated. However, the investment manager of such broad based fund should be registered as a Category II FPI and should undertake that it shall be responsible and liable for all acts of commission and omission of all its underlying broad based funds and other deeds and things done by such broad based funds under these regulations
4. university funds and pension funds; and – university-related endowments already registered with SEBI as FIIs or subaccounts.

Category III FPIs include:

It includes all other FPIs which not eligible under Category I and II of FPIs such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices.

ALTERNATIVE INVESTMENT FUNDS

- Categories of AIF
  - Category I
    - Includes VCF, SME Funds, Social Venture Funds (SVF), Infra Funds etc.
  - Category II
    - Includes Private Equity Funds or Debt Funds
  - Category III
    - Include Hedge Funds

- “Alternative Investment Fund” means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate
- It refers to any privately pooled investment fund, (whether from Indian or foreign sources), in the form of a trust or a company or a body corporate or a Limited Liability Partnership (LLP) which are not presently covered by any Regulation of SEBI governing fund management (like, Regulations governing Mutual Fund or Collective Investment Scheme) nor coming under the direct regulation of any other sectoral regulators in India-IRDA, PFRDA, RBI. Hence, in India AIFs are private funds which are otherwise not coming under the jurisdiction of any regulatory agency in India.

- PRIVATE EQUITY Private equity is a type of equity (finance) and one of the asset classes who takes securities and debt in operating companies that are not publicly traded on a stock exchange.
- Private equity is essentially a way to invest in some assets that isn't publicly traded, or to invest in a publicly traded asset with the intention of taking it private
- Unlike stocks, mutual funds, and bonds, private equity funds usually invest in more illiquid assets, i.e. companies
- By purchasing companies, the firms gain access to those assets and revenue sources of the company, which can lead to very high returns on investments.
- Private equity consists of investors and funds that make investments directly into private companies or conduct buyouts of public companies.
- Capital for private equity is raised from retail and institutional investors, and can be used to fund new technologies, expand working capital within an owned company, make acquisitions, or to strengthen a balance sheet.
- Private equity investments often demand long holding periods to allow for a turn around of a distressed company or a liquidity event such as IPO or sale to a public company.
- Generally, the private equity fund raise money from investors like Angel investors, Institutions with diversified investment portfolio like – pension funds, insurance companies, banks, funds of funds etc.

TYPES OF PRIVATE EQUITY

- **Leveraged Buyout (LBO):**This refers to a strategy of making equity investments as part of a transaction in which a company, business unit or business assets is acquired from the current shareholders typically with the use of financial leverage. The companies involved in these type of transactions that are typically more mature and generate operating cash flows.
- **Venture Capital:** It is a broad sub-category of private equity that refers to equity investments made, typically in less mature companies, for the launch, early development, or expansion of a business.
- **Growth Capital:** This refers to equity investments, mostly minority investments, in the companies that are looking for capital to expand or restructure operations, enter new markets or finance a major acquisition without a change of control of the business.

ANGEL FUND

- An angel investor or angel (also known as a business angel, informal investor, angel funder, private investor, or seed investor) is an affluent individual who provides capital for a business start-up, usually in exchange for convertible debt or ownership equity.
- Angel investments are typically the earliest equity investments made in start-up companies.
- Often these networks are based on regional, industry in investor or academic affiliation. Angel Investors are often former entrepreneurs themselves, and typically enjoy working with companies at the earliest stages of business formation.
- The effective Angels help entrepreneurs to shape, business models, create business plans and connect to resources - but without stepping into a controlling or operating role.
- Often Angels are entrepreneurs who have successfully built companies, or have spent a part of their career in coaching young companies.

HIGH NET WORTH INDIVIDUALS

- HNIs or high net worth individuals is a class of individuals who are distinguished from other retail segment based on their net wealth, assets and investible surplus.
- In the Indian context, individuals with over Rs. 2 crore investible surplus may be considered to be HNIs while those with investible wealth in the range of Rs. 25 lac - Rs. 2 crore may be deemed as Emerging HNIs.

- If you are applying for a IPO of equity shares in an Indian company, generally, if you apply for amounts in excess of Rs. 2 lakhs, you fall under the HNI category.
- On the other hand, if you apply for amounts under Rs. 2 lakhs, you are considered as a retail investor. There may be so many ways in which HNIs are categorized and defined, there is no single bracket that could put them under.

VENTURE CAPITAL

- Venture Capital is generally equity investments made by Venture Capital funds, at an early stage in privately held companies, having potential to provide a high rate of return on their investments.
- Essentially, a venture capital company is a group of investors who pool investments focused within certain parameters
- The participants in venture capital firms can be institutional investors like pension funds, insurance companies, foundations, corporations or individuals but these are high risk investments which may give high returns or high loss.
- In India, software sector has been attracting a lot of venture finance. Besides media, health and pharmaceuticals, agri-business and retailing are the other areas that are favoured by a lot of venture companies.
- Different venture groups prefer different types of investments. Some specialize in seed capital and early expansion while others focus on exit financing. Biotechnology, medical services, communications, electronic components and software companies seem to be the most likely attraction of may venture firms and receiving the most financing. Venture capital firms finance both early and later stage investments to maintain a balance between risk and profitability.

- **Sequoia Capital India-** *Just Dial, Knowlarity, Practo, Akosha etc*
- **Helion Venture Partners-** *Make My Trip, Red Bus, YepMe, PubMatic, TAXI for Sure, Komli*
- **Accel Partners-** *flipKart, BabyOye, Book My Show, Myntra, Common Floor etc*
- **Nexus Venture Partners-***SnapDeal, Komli, Delhivery, Housing etc*
- **Intel Capital India-** *Hungama, SnapDeal etc*
- **SAIF Partners-** *Paytm, Just Dial, HomeShop 18, Book My Show*