

Procedure of floating an Initial Public offer (IPO)

Initial public offering (IPO), also referred to simply as a "public offering" or "floatation," is when a company issues common stock or shares to the public for the first time. Companies may raise capital in the primary market by way of an initial public offer. An Initial Public Offer (IPO) is the selling of securities to the public in the primary market. This Initial Public Offering can be made through the fixed price method, book building method or a combination of both. Below is the process of a Initial Public Offer IPO.

1. Issuer Company - IPO Process Initialization

1. Appoint lead manager as book runner.
2. Appoint registrar of the issue.
3. Appoint syndicate members.

2. Lead Manager's - Pre Issue Role - Part 1

1. Prepare draft offer prospectus document for IPO.
2. File draft offer prospectus with SEBI.
3. Road shows for the IPO.

3. SEBI – Prospectus Review

1. SEBI review draft offer prospectus.
2. Revert it back to Lead Manager if need clarification or changes (Step 2).
3. SEBI approve the draft offer prospectus, the draft offer prospectus is now become Offer Prospectus.

4. Lead Manager - Pre Issue Role - Part 2

1. Submit the Offer Prospectus to Stock Exchanges, registrar of the issue and get it approved.
2. Decide the issue date & issue price band with the help of Issuer Company.
3. Modify Offer Prospectus with date and price band. Document is now called Red Herring Prospectus.
4. Red Herring Prospectus & IPO Application Forms are printed and posted to syndicate members; through which they are distributed to investors.

5. Investor – Bidding for the public issue

1. Public Issue Open for investors bidding.
2. Investors fill the application forms and place orders to the syndicate members (syndicate member list is published on the application form).
3. Syndicate members provide the bidding information to BSE/NSE electronically and bidding status gets updated on BSE/NSE websites.
4. Syndicate members send all the physically filled forms and cheques to the registrar of the issue.
5. Investor can revise the bidding by filling a form and submitting it to Syndicate member.
6. Syndicate members keep updating stock exchange with the latest data.
7. Public Issue Closes for investors bidding.

6. Lead Manager – Price Fixing

1. Based on the bids received, lead managers evaluate the final issue price.
2. Lead managers update the 'Red Herring Prospectus' with the final issue price and send it to SEBI and Stock Exchanges.

7. Registrar - Processing IPO Applications

1. Registrar receives all application forms & cheques from Syndicate members.
2. They feed applicant data & additional bidding information on computer systems.
3. Send the cheques for clearance.
4. Find all bogus application.
5. Finalize the pattern for share allotment based on all valid bid received.
6. Prepare 'Basis of Allotment'.
7. Transfer shares in the demat account of investors.
8. Refund the remaining money through ECS or Cheques.

8. Lead manager – Stock Listing

1. Once all allocated shares are transferred in investors dp accounts, Lead Manager with the help of Stock Exchange decides Issue Listing Date.
2. Finally share of the issuer company gets listed in Stock Market.