

Allocation Methodologies for Offer For Sale (OFS) issues

1. The orders shall be cumulated by the Designated Stock Exchange (DSE) immediately on close of the offer. Based on the methodology for allocation to be followed as disclosed in the notice, the DSE shall draw up the allocation. i.e. either on a **price priority (multiple prices) basis** or on a **proportionate basis at a single clearing price**.
2. Minimum of 25% of the shares offered shall be reserved for mutual funds and insurance companies, subject to allocation methodology. Any unsubscribed portion thereof shall be available to the other bidders.
3. Minimum 10% of the offer size shall be reserved for retail investors. For this purpose, retail investor shall mean an individual investor who places bids for shares of total value of not more than Rs.2 lakhs aggregated across the exchanges. If the cumulative bid value across exchanges exceeds Rs.2 lakhs in the retail category, such bids shall be rejected.
4. Individual retail investors shall have the option to bid in the retail category and the general category. However, if the cumulative bid value of such investors exceeds Rs.2 lakhs, the bids in the retail category shall become ineligible.
5. Seller may offer discount to retail investors. The details of discount and percentage of reservation for retail investors shall be disclosed upfront in the notice of OFS to the exchange.
6. **Discount to retail investors may be offered as follows:**
 - a. **Multiple Clearing price OFS**
 - i. Retail investors may be allocated shares at a discount to the cut-off price determined in the retail category, irrespective of the bid price entered by them.
Or
 - ii. Retail investors may be allocated shares at a discount to the bid price entered by them.
 - b. **Single clearing price OFS**
 - i. Retail investors shall be allocated shares at a discount to cut off price determined in the retail category.
7. In case of both of the above methodologies, the discounted price which shall be the final allocation price to the retail investors may be below the floor price.

Scenarios under which Retail investor bids will be rejected and not considered for allocation

Based on points 3 and 4 mentioned above please refer to the following illustration:

A Retail Investor can bid in Retail (RI) or Non Institutional Investor (NII) category. The treatment Retail bids considered for allocation with examples is mentioned below:

Investor bidding Type	Kind of bidding done	Result
Investors bids in both Retail and Non Retail	Cumulative bid value across Exchanges <u>greater than Rs. 2 Lacs.</u>	Bids in Retail category will be rejected and only Non Retail bids will be eligible for allocation.
Investors bids in both Retail and Non Retail	Cumulative bid value across Exchanges <u>less than Rs. 2 Lacs.</u>	Both Retail and Non Retail bids will be considered for allocation and Retail bids will be eligible for reservation and/or discount.
Investors bids in only Retail	Cumulative bid value across Exchanges <u>greater than Rs. 2 Lacs.</u>	All Retail bids will be rejected and not considered for allocation.
Investors bids in only Retail	Cumulative bid value across Exchanges <u>less than Rs. 2 Lacs.</u>	All Retail bids will be considered for allocation. Retail bids will be eligible for reservation and/or discount.

Illustration:

Retail Category "RI"					General Category "NII"				
UCC	PAN	Bid Qty	Bid Price	Bid Amt (Rs)	UCC	PAN	Bid Qty	Bid Price	Bid Amt (Rs)
ABC1	r3333	1000	155	155,000	WES	b9999	3000	158	474,000
DEF	r3333	1000	160	160,000	Y565	U898	500	155.5	77,750
WES	b9999	300	158	47,400	GQQ2	s0303	777	157.35	122,261
WES	b9999	500	155.5	77,750	H897	e5544	500	155.5	77,750
PQR	c87878	259	157.35	40,754	I008	m0303	800	157.35	125,880

Eligible Bids Considered for Allocation							
Category	UCC	PAN	Bid Qty	Bid Price	Bid Amt (Rs)	Cumm.Value (Rs.)	Action
RI	WES	b9999	300	158	47,400	676,900	Reject
RI	WES	b9999	500	155.5	77,750		Reject
NII	WES	b9999	3000	158	474,000		Accept
NII	Y565	U898	500	155.5	77,750	77,750	Accept
RI	PQR	c87878	259	157.35	40,754	40,754	Accept
RI	ABC1	r3333	1000	155	155,000	315,000	Reject
RI	DEF	r3333	1000	160	160,000		Reject
NII	GQQ2	s0303	777	157.35	122,261	122,261	Accept
NII	H897	e5544	500	155.50	77,750	77,750	Accept
NII	I008	m0303	800	157.35	125,880	125,880	Accept

Examples of Allocation Methodologies for Retail Category considering Discount

Multiple Clearing price OFS (Price Priority)

- a. Retail investors may be allocated shares at a discount to the cut-off price determined in the retail category, irrespective of the bid price entered by them.

Over Subscription	1.298X				
Number of Shares offered	10000				
Cut Off Price (Rs.)	200				
Common Discount 5% of Cut off (Rs.)	10				
	Bid Qty	Bid Price (Rs.)	Alloted Price with Discount (Rs. 10) on cut off (Rs.)	Alloted on Price Priority	Cumulative Demand
Bidder 1	606	330	190	606	606
Bidder 2	625	320	190	625	1231
Bidder 3	645	310	190	645	1876
Bidder 4	666	300	190	666	2542
Bidder 5	689	290	190	689	3231
Bidder 6	714	280	190	714	3945
Bidder 7	740	270	190	740	4685
Bidder 8	769	260	190	769	5454
Bidder 9	800	250	190	800	6254
Bidder 10	833	240	190	833	7087
Bidder 11	869	230	190	869	7956
Bidder 12	909	220	190	909	8865
Bidder 13	952	210	190	952	9817
Bidder 14	400	200	190	73	10217
Bidder 15	300	200	190	55	10517
Bidder 16	200	200	190	37	10717
Bidder 17	100	200	190	18	10817
Bidder 18	1052	190	No Allotment	No Allotment	11869
Bidder 19	1111	180	No Allotment	No Allotment	12980

Points to be considered for all allocation methodologies:

- (1) Clearing Price / Cut off Price is the lowest price where the book is full (i.e in above example its is Rs. 200 where the cumulative demand is 10817 equity shares)
- (2) Discount can be offered on bid price or cut off price
- (3) Discount offered could be absolute (eg. Rs. 10/-, Rs. 5 etc) or in percentage (i.e. 5% etc)
- (4) The discounted price which shall be the final allocation price to the retail investors may be below the floor price

b. Retail investors may be allocated shares at a **discount to the bid price** entered by them.

Over Subscription		1.298X			
Number of Shares Offered		10000			
Cut Off Price Rs.		200			
Common Discount on Bid Price Rs.		10			
	Bid Qty	Bid Price (Rs.)	Allot Price with Absolute Discount Rs. 10/- on Bid Price	Allot Qty	Cummulative Demand
Bidder 1	606	330	320	606	606
Bidder 2	625	320	310	625	1231
Bidder 3	645	310	300	645	1876
Bidder 4	666	300	300	666	2542
Bidder 5	689	290	280	689	3231
Bidder 6	714	280	270	714	3945
Bidder 7	740	270	260	740	4685
Bidder 8	769	260	250	769	5454
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Bidder 10	833	240	230	833	7087
Bidder 11	869	230	220	869	7956
Bidder 12	909	220	210	909	8865
Bidder 13	952	210	200	952	9817
Bidder 14	400	200	190	73	10217
Bidder 15	300	200	190	55	10517
Bidder 16	200	200	190	37	10717
Bidder 17	100	200	190	18	10817
Bidder 18	1052	190	No Allotment	No Allotment	11869
Bidder 19	1111	180	No Allotment	No Allotment	12980

c. Retail investors shall be allocated shares at a discount to cut off price determined in the retail category.

Over Subscription		1.298X			
Number of Shares offered		10000			
Cut Off Price (Rs.)		200			
Common Discount 5% of Cut off on Bid		5%			
	Bid Qty	Bid Price (Rs.)	Allotment Price with Common Discount (Rs. 10) on cut off (Rs.)	Alloted Qty on Single Clearing Price	Cumulative Demand
Bidder 1	606	330	190	560	606
Bidder 2	625	320	190	578	1231
Bidder 3	645	310	190	596	1876
Bidder 4	666	300	190	616	2542
Bidder 5	689	290	190	637	3231
Bidder 6	714	280	190	660	3945
Bidder 7	740	270	190	684	4685
Bidder 8	769	260	190	711	5454
Bidder 9	800	250	190	740	6254
Bidder 10	833	240	190	770	7087
Bidder 11	869	230	190	803	7956
Bidder 12	909	220	190	840	8865
Bidder 13	952	210	190	880	9817
Bidder 14	400	200	190	370	10217
Bidder 15	300	200	190	277	10517
Bidder 16	200	200	190	185	10717
Bidder 17	100	200	190	92	10817
Bidder 18	1052	190	No Allotment	No Allotment	11869
Bidder 19	1111	180	No Allotment	No Allotment	12980