

VPM : Project 1 IPO Analysis

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Group : 65

Name of the Company: Tarsons Products Limited

Size of the Issue: The IPO size was 15,465,861 Equity Shares aggregating to ₹10,234.74 million, consisting of a fresh issue of 2,265,861 Equity Shares aggregating to ₹1,496.34 million and an offer for sale of up to 13,200,000 Equity Shares aggregating to ₹8,738.40 million.

Date of opening of the issue: 15th November 2021

Date of Closing of the issue: 17th November 2021

Allotment Price of the share: The allotment price was at price range of Rs. 635 - Rs. 662 per share.

Date of Listing: 26th November 2021

Listing Price: The shares were listed on the National Stock Exchange (NSE) at a price of Rs. 682 per share, which was a premium of 3.02% over the issue price of Rs. 662 .

Current Market Price: As of 12th March 2023, the current market price of Tarsons Products Limited is Rs. 588.351 per share.

High/Low price since listing: The highest price since listing is ₹ 924.90 (on 12th September 2021), and the lowest price since listing is Rs. 585 (on 9th March 2023).

About The Company

Tarsons Products is an Indian labware company engaged in designing, development, manufacturing and marketing of 'consumables', 'reusables' and 'others' including benchtop equipment, used in various laboratories across research organizations, academia institutes, pharmaceutical companies CROs, diagnostic companies and hospitals. (Source: Frost and Sullivan Report).

Diverse range of labware products across varied customer

The consumables category consists of items that are used up or disposed of after a single use, such as centrifuge ware, cryogenic ware, liquid handling, PCR consumables, petri dishes, and transfer pipettes. The reusables category includes items that can be used multiple times, such as bottles, carboys, beakers, measuring cylinders, and tube racks. The other category includes benchtop instrumentation, such as vortex shakers, centrifuge pipettes, and other similar items. The products are utilized in various laboratory applications and are vital in advancing scientific discovery and improving healthcare outcomes.

Tarsons Products offered a wide range of products, with over 1,700 SKUs (stock-keeping units) across 300 different products. This suggests that the company has a significant presence in the market and caters to a diverse range of customers. By offering products in these three categories, Tarsons Products is able to meet the needs of customers who require consumable items that are used and discarded after a single use, as well as those who need items that can be used multiple times.

One of the key strengths of Tarsons is its manufacturing capabilities. The company at present runs five manufacturing plants situated in West Bengal that are vertically integrated and come with automated support systems, enabling them to ensure quality, enhance productivity, and reduce costs. The company distributes its goods to more than 40 countries across the globe, catering to both emerging and established markets via a mix of branded and original design manufacturer sales. In the financial year 2021, overseas sales contributed to 33 percent of the company's total revenue.

According to a report by Frost & Sullivan commissioned by Tarsons Products, the company had a market share of 9-12% of the labware market in India in 2020. However, in the plastic labware segment, which is the company's addressable market, they had a 20-25% market share. This is particularly noteworthy because the labware market in India is dominated by global multinational corporations. Despite this, the company has managed to earn the trust of the scientific community in India.

The company has a wide range of end customers including research organizations and academic institutions such as Indian Institute of Chemical Technology and National Centre for Biological Sciences. They also have customers in the pharmaceutical sector such as Dr Reddy's Laboratories and Enzene Biosciences, as well as CROs like Syngene International and Veeda Clinical Research. In the diagnostics sector, they have customers like Molbio Diagnostics, Agappe Diagnostic, Metropolis Healthcare, Dr. Lal Path Labs, and Mylab Life Solutions.

Well-equipped and automated manufacturing facilities

The company is vertically integrated, with in-house design and development capabilities, as well as manufacturing facilities equipped with advanced automation technologies. The manufacturing processes are automated with the use of robotics and other technologies, ensuring that the products are consistently of high quality and free from human touch.

They manufacture their products in ISO 8 certified clean rooms and have a robust quality control process, including statistical process controls and in-line finishing inspections. The company is ISO 9001:2015 and ISO 13485:2016 accredited, giving them a competitive advantage in supplying quality products to both Indian and overseas markets. In summary, the company's strength lies in their comprehensive manufacturing capabilities, including in-house design, automation, and use of precision tooling.

Wide geographic reach through their pan India sales and distribution network

The company has a pan-India sales and distribution network of over 141 authorized distributors, which has helped them to develop a comprehensive customer base and differentiate from their competitors. The revenue generated from sales through their top 10 distributors represented a significant percentage of their revenue. The company also has a presence in the global market and manages its export business operations through branded and ODM sales. They have a dedicated sales team responsible for tracking and finding new distributors and partners, and their distribution network globally comprises over 45 authorized distributors and partners. In Fiscal 2021, the company derived 33.02% of its revenue from sales to over 40 countries, with the majority of sales to the USA and countries in Europe. The company believes that their distribution network is a key competitive advantage, enabling them to serve their overseas customers in an efficient and timely manner.

Summary about the Issue

Tarsons Products Limited (previously Tarsons Products Private Limited) brought their IPO to the market as a result of the resolution passed by the Board of Directors on May 10, 2021, to take the Company public. The IPO consists of 15,465,861 equity shares with a face value of Rs 2 each. The price band of each share is from Rs 635 to Rs 662, with a lot size of 22.

The issue would open on 15th November 2021 and close on 17 November 2021, with allotment of shares taking place on 23 Nov 2021. Refunds would be made from 24 Nov and the allotted shares would be credited on the demat account on 25 Nov 2021. 26 Nov 2021 is the expected date of listing. The share would get listed on both NSE as well as BSE.

The IPO consists of a fresh issue of 2,265,861 equity shares and an offer of sale of 13,200,000 equity shares comprising 390,000 equity shares by Sanjive Sehgal and 310,000 equity shares by Rohan Sehgal (Promoter Selling Shareholders) and the rest 12,500,000 equity shares Clear Vision Investment Holdings Private Limited (Investor Selling Shareholder). Out of the total issue, 60,000 equity shares have been reserved for employees of the company and eligible employees will get a discount of 9.21% (Rs 61) of the offer price.

The Issue has 3 Book Running Lead Managers :

1. ICICI Securities Limited
2. Edelweiss Financial Services Limited
3. SBI Capital Markets Limited

The Registrar to the issue is KFin Technologies Private Limited

The Issue is underwritten by : ICICI Securities Limited, Edelweiss Financial Services Limited, SBI Capital Markets Limited, Edelweiss Securities Limited, SBICAP Securities Limited, Investec Capital Services (India) Private Limited.

In case of Anchor Investors, full amount has to be paid at the time of submission of their Bids, while for all other bidders, Full bid amount has to be blocked in the account of the ASBA Bidder.

In case of oversubscription, shares would be allotted in a proportionate manner with a minimum of 22 shares(1 lot).

Some information regarding the company :

On 30 June 2021, the company's total assets stood at Rs 3,647.74 million, an increase from Rs 2,356.57 million of previous year. During this period Total Liabilities increased

from Rs 531.73 million to Rs 958.12 million (data taken from consolidated balance sheet).

The company's yearly revenue (on march 31 2021) stood at Rs 2342.91 million, with net Profit after tax being Rs 688.70 million. This was an increase of around 70 percent from the net profit after tax of 2020(Rs 405.31 million).

Objects of the Fresh Issue :

- Repayment/prepayment of all or certain of company's borrowings;
- Funding a part of the capital expenditure for new manufacturing facility at Panchla, West Bengal (proposed expansion) and;
- General corporate purposes

From the Net proceeds of the issue, Rs 785.40 million would be used for paying off the debts and Rs 620 million would be used for the expansion plan in West Bengal for which the land has already been acquired.

The company has seen resignation of 3 non-executive directors in the last 3 years, with two being quite recent(on 26 July 2021). The company currently has 6 Directors with 1 Managing Director, 1 Whole Time Director, 1 Non-Executive Nominee Director and 3 Independent Directors.

The Offer Price of Rs 662 has been decided based on several Qualitative and Quantitative factors such as Range of labware products, automated manufacturing facilities, strong sales and distribution network, Industry Peer Group P/E ratio, Return on Net worth etc.

There are no Special Tax Benefits to the shareholders of the Company.

In case the IPO is not subscribed, then the money would be refunded to the investors as per SEBI guidelines.

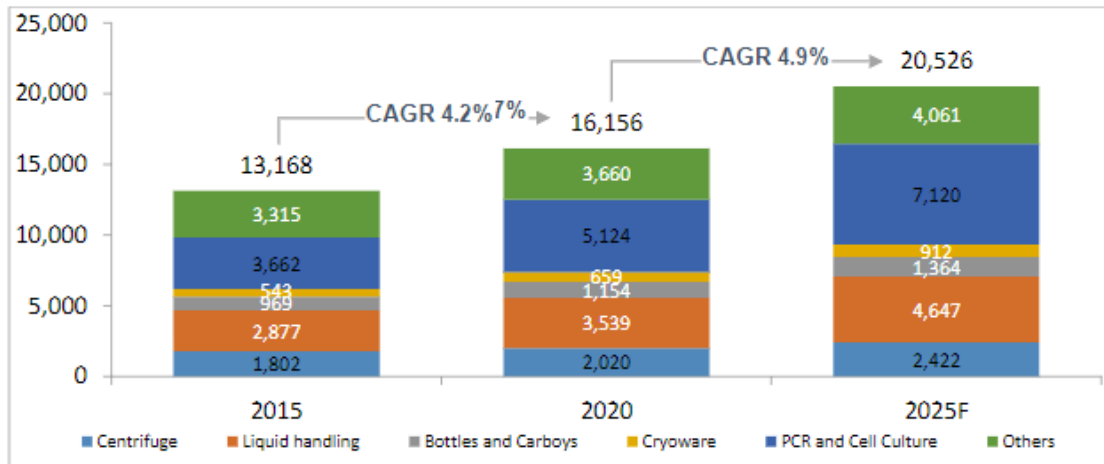
Overview of the industry the company operates

The company specializes in the production of laboratory consumables such as pipettes, test tubes, petri dishes, beakers, and flasks made of plastic and They have customers in the pharmaceutical sector such as Dr Reddy's Laboratories and Enzene Biosciences, as well as CROs like Syngene International and Veeda Clinical Research. In the diagnostics sector, they have customers like Molbio Diagnostics, Agappe Diagnostic, Metropolis Healthcare, Dr. Lal Path Labs, and Mylab Life Solutions.

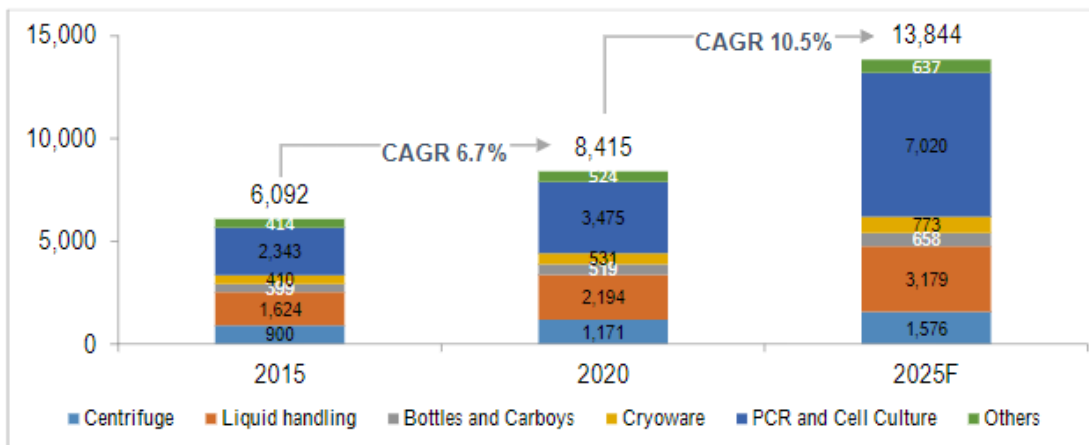
The Indian healthcare market grew 9.1% in 2020 to reach ~USD 198 Bn and is expected to reach ~USD 557 Bn by 2025, with medicine spending projected to grow 9-12%. Out-of-pocket health expenses are twice the government spending, with medicines accounting for 28% of healthcare spending. Domestic sales growth will depend on aligning product portfolios towards chronic therapies such as cardiovascular, anti-diabetes, anti-depressants, and anti-cancers. The Indian biotech industry is 2% of the global biotech industry, comprising about 800 companies with a market size of INR 360-500 Bn. The healthcare expenditure as a % of GDP is 1/3 rd of the global average, with the government taking efforts to improve this through health insurance. The Indian diagnostic industry is valued at ~INR 925-950 Bn, driven by the rise in the ageing population, growing focus on wellness testing, and increased insurance penetration. Currently, 15% of the population is covered by government health insurance and 2% by private health insurance.

The main market in which the company operates i.e. laboratory equipment market, The demand for laboratory equipment is driven by technological advancements in the field of chemical and biological research, increasing research-based studies, and investments by pharmaceutical companies to treat chronic diseases. The global laboratory equipment market is expected to grow at 4.9% CAGR in 2020-2025 to reach USD 20.5 Bn (~INR 1,493.8 Bn) by 2025 from USD 16.2 Bn (INR 1,176 Bn) in 2020.

Global Laboratory Equipment Market Size, USD Mn (Plastic and Glassware)



Global Laboratory Equipment Market Size (only Plasticware), USD Mn



Others mainly constitutes to General Labware, Reagents, Disposables, New Products and other Equipment

	Centrifuge	Liquid handling	Bottles and Carboys	Cryoware	PCR & Cell Culture
2015-20 CAGR	5.4%	6.2%	5.4%	5.3%	8.2%
2020-25 CAGR	6.1%	7.7%	4.9%	7.8%	15.1%

Source: Frost & Sullivan

The laboratory equipment market is dominated by centrifuges, liquid handling systems, and PCR instruments. Among these, PCR instruments have seen the highest growth rate due to the increasing demand post-COVID-19. The market for centrifuges is driven by technological advancements and new medicinal approaches. Micro centrifuge tubes, which can handle high-stress during the denaturation of samples and are suitable for use under thermal demands, are in high demand.

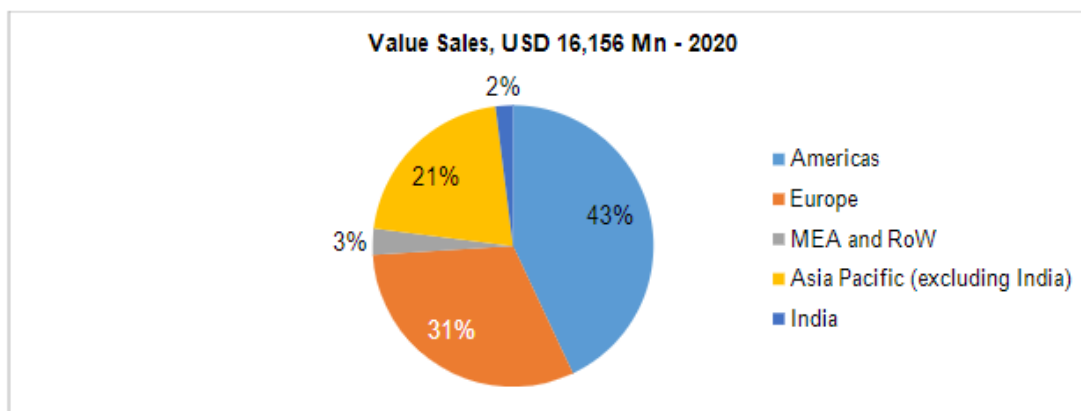
The liquid handling system market is driven by the increasing use of pipettes to reduce contamination rates and increase accuracy in sampling in the healthcare industry. The market for bottles, carboys, flasks, beakers, and other similar products is driven by the growth in

research and experiments in academia, research, and the pharmaceutical industry. The cell culture and cryoware equipment markets are driven by the growing acceptance of regenerative medicine, which enables the replacement of diseased or damaged cells, tissues, and organs through stem cell therapy. Cryopreservation plays a vital role in regenerative medicine, and bio-banks have been developed extensively for the preservation of biological materials, including human biologics.

The use of plasticware in laboratory equipment has increased due to its unbreakable and thermo-stable properties, making it safer for handling hazardous and carcinogenic substances. The global market for laboratory plasticware is growing faster than the glassware market, with increasing demand from private research centers and educational institutes. Environmental testing laboratories are expected to be the fastest-growing segment, with recycled PET and PE being widely used. The market is highly fragmented, with the top 10-12 players accounting for a large share. Indian manufacturers are shifting focus from basic plastic labware to advanced products like PCR and cell culture. By 2025, the plasticware segment is expected to hold ~67% of the global market share and ~75% in India.

The Indian laboratory equipment market is expected to grow at a CAGR of 7.8% between 2020 and 2025, reaching a value of ~INR 34,205 Mn (USD 469.9 Mn) by 2025, up from INR 23,520 Mn (USD 323.1 Mn) in 2020. This growth is being driven by the rising demand for laboratory equipment like Centrifuge, Liquid Handling systems and PCR instruments due to the growth in the healthcare services and pharmaceutical market in India, which is being driven by higher prevalence of chronic diseases, improving healthcare infrastructure, higher insurance penetration, and investment into R&D. The government's increased investment in biotechnology research, recent development under the Union Budget 2021-22, and plans to set up nine biosafety level-3 (BSL-3) laboratories through Pradhan Mantri Aatmanirbhar Swasth Bharat Yojana will also contribute to the expansion of the market. Additionally, initiatives by governments of various countries to accelerate the development of new innovative drugs will also be a key factor in driving the market growth.

Global Laboratory Equipment Market Size by Geography, USD Mn, 2020 (Plastic and Glassware)



Source: Frost & Sullivan

	Americas	Europe	MEA and ROW	Asia Pacific	India
2015-20 CAGR	3.5%	4.0%	4.9%	5.8%	5.1%
2020-25 CAGR	3.8%	4.1%	5.3%	7.7%	7.8%

Source: Frost & Sullivan

The global market for plastic labware products is worth approximately \$8.2 billion, providing significant export potential for India. While organic growth in India for plasticware lab equipment is expected to be around 16%, large Indian manufacturers are expanding their portfolio to tap into the global market. Indian manufacturers are benefiting from their reliability as suppliers, technical capabilities, product quality, and supplier relationships. With increased investments in pharmaceutical and biotech R&D by the Government of India, the research ecosystem in India presents a significant opportunity for the labware market, creating multiple avenues for export of labware products from India.

Overall, the global laboratory equipment market is driven by a range of factors, including the increasing demand for diagnostic services, the rise in chronic diseases, and the growth of research and development activities across various industries. The development of new vaccines and drugs, as well as the need for rapid testing, has also played a crucial role in driving the market forward. Additionally, the biodegradability of disposables and the reusability of products are important factors that are being considered while evaluating the growth potential of the market. With emerging economies like India and China providing significant growth opportunities, the laboratory equipment market is expected to continue expanding in the coming years.

Summary of the SEBI guidelines for an IPO.

An initial public offering (IPO) is a process where a company offers its shares to the public for the first time. This is done to raise capital for the company and allow the public to invest in the company. IPOs are governed by the Securities and Exchange Board of India (SEBI) and must follow the guidelines set by SEBI. These guidelines ensure that the IPO process is fair, transparent, and protects the interests of the investors.

SEBI Guidelines for an IPO SEBI guidelines for an IPO can be divided into three categories: pre-issue guidelines, issue guidelines, and post-issue guidelines.

Pre-Issue Guidelines

The pre-issue guidelines are the guidelines that a company must follow before it can file for an IPO. These guidelines are designed to ensure that the company is eligible to go public and that it has the necessary infrastructure in place to support a public listing. The following are the pre-issue guidelines that a company must follow:

Eligibility Criteria: The first step in filing for an IPO is to ensure that the company meets the eligibility criteria set by SEBI. The eligibility criteria include factors such as the minimum net worth of the company, the minimum track record of profitability, and the minimum size of the issue. The minimum post-issue paid-up capital of the company must be Rs. 10 crores. The company must have a minimum net worth of Rs. 1 crore in each of the preceding three years. The company must have a track record of distributable profits for at least three out of the immediately preceding five years. If the company has changed its name in the last one year, at least 50% of the revenue for the preceding one year should have been earned from the activity indicated by the new name.

Appointing Merchant Bankers: A company must appoint one or more merchant bankers to manage the IPO process. The merchant banker must have a minimum experience of three years in managing public offerings and must be registered with SEBI. The role of the merchant banker includes: Advising the company on the timing, pricing, and structuring of the IPO. Preparing the offer document and prospectus in consultation with the company. Coordinating with the various intermediaries involved in the IPO process, such as the registrar, underwriters, and stock exchanges. Conducting due diligence on the company and ensuring that all the necessary disclosures are made in the prospectus. Marketing the IPO to potential investors and ensuring that the issue is subscribed to.

Disclosure and Due Diligence: A company must provide complete and accurate information about itself, its promoters, its financials, and its business operations in the prospectus filed with SEBI. The prospectus must include: Details of the company's business and operations, including its products, services, and markets. Information about the promoters, directors, and key management personnel, including their qualifications, experience, and shareholding. Financial statements for the preceding three years, including balance sheets, profit and loss statements, cash flow statements, and notes to the accounts. Risk factors that may affect the company's business and operations. Details of the proposed use of the proceeds from the IPO. Other relevant information, such as legal and regulatory proceedings, material contracts, and corporate governance practices.

Corporate Governance: company must have strong corporate governance practices in place before filing for an IPO. This includes: Having an independent board of directors with at least one-third of the directors being independent. Having an audit committee with at least three directors, including at least one independent director. Having an independent internal auditor or an audit firm to conduct internal audits. Having a whistleblower policy to encourage employees to report any misconduct or fraud. Complying with the requirements of the Companies Act, SEBI regulations, and other relevant laws.

Valuation: A company must determine the valuation of the company before filing for an IPO. The valuation is determined by an independent valuer appointed by the company. The valuer must have a minimum experience of three years in valuing companies and must be registered with the Institute of Chartered Accountants of India (ICAI) or the Institute of Cost and Works Accountants of India (ICWAI). The valuation report must include: A description of the valuation methodology used. A summary of the financial and operational information used in the valuation. An analysis of the comparable companies and transactions used in the valuation. A conclusion on the fair value of the company's shares.

Issue Guidelines

The issue guidelines are the guidelines that a company must follow during the IPO process. These guidelines are designed to ensure that the investors are protected and that the IPO process is fair and transparent. The following are the issue guidelines that a company must follow:

Issue Size and Pricing: A company must determine the size and price of the IPO before filing with SEBI. The issue size should take into account the funding

requirements of the company, market conditions, and investor demand. The price should be based on the valuation of the company and the prevailing market conditions. The price band for the IPO must be disclosed in the prospectus filed with SEBI.

Minimum Subscription: SEBI has mandated that at least 90% of the issue size must be subscribed to for the IPO to be successful. In case the minimum subscription is not achieved, the company must refund the entire amount to the investors.

Allocation of Shares: The shares must be allocated to the investors based on the guidelines provided by SEBI. The guidelines include: Reservation of shares for retail investors, qualified institutional buyers (QIBs), and non-institutional investors. Prohibition on preferential allotment to any person, including promoters, directors, or their relatives. Allotment of shares on a proportionate basis if the issue is oversubscribed. Allotment of shares on a first-come, first-served basis for retail investors if the issue is oversubscribed.

Escrow Account: The company must open an escrow account with a bank to receive the subscription amount from the investors. The funds in the escrow account can only be released after the shares are allotted to the investors.

Underwriting: The company must appoint underwriters to ensure that the IPO is subscribed to. The underwriters are responsible for: Guaranteeing a minimum subscription for the IPO. Subscribing to any unsold shares in case the issue is undersubscribed. Providing support to the company in marketing the IPO to potential investors.

Listing of Shares: The shares must be listed on the stock exchanges within six working days of the allotment of shares. The company must comply with the rules and regulations of the stock exchanges.

Use of Proceeds: The company must use the proceeds from the IPO only for the purposes disclosed in the prospectus. The use of proceeds must be disclosed in the prospectus, and the company must provide regular updates to the investors on the utilization of funds.

Lock-in Period: SEBI has mandated a lock-in period for the shares allotted to the promoters, directors, and other specified persons. The lock-in period is three years from the date of listing for shares held by promoters, and one year for other specified persons. The shares cannot be sold or transferred during the lock-in period.

Refund Mechanism: The company must have a mechanism in place to refund the subscription amount to the investors in case of any delay or non-allotment of shares. The refund mechanism must be disclosed in the prospectus, and the company must ensure that the refund process is completed within the specified timeline.

Post-Issue Guidelines

The post-issue guidelines are the guidelines that a company must follow after the IPO process is complete. These guidelines are designed to ensure that the company continues to meet its obligations towards the investors and that the investors are protected. The following are the post-issue guidelines that a company must follow:

Listing of Shares: The shares must be listed on the stock exchanges within six working days of the allotment of shares. The company must comply with the rules and regulations of the stock exchanges.

Continuous Disclosure: The company must make continuous disclosures to the investors and the stock exchanges regarding any material developments that may affect the company's business, financials, or operations.

Investor Grievances: The company must have a mechanism in place to address the grievances of the investors. This includes having a dedicated investor grievance cell and providing regular updates to the investors.

Compliance: The company must comply with all the applicable laws and regulations, including SEBI regulations, Companies Act, and other relevant laws. SEBI guidelines for an IPO are designed to ensure that the IPO process is fair, transparent, and protects the interests of the investors.

The guidelines cover various aspects of the IPO process, including pre-issue guidelines, issue guidelines, and post-issue guidelines. The company must comply with all the guidelines to ensure a smooth and successful IPO. The guidelines are regularly updated by SEBI to ensure that they remain relevant and effective in protecting the interests of the investors.

Highlights about the salient points about the IPO process

SEBI website has a clear outline for IPO process they have also given definition about the terms like what is book building and Reverse Book Building i.e. Delisting of shares.

The Below is a summary of the information that is available on the SEBI website.

About Initial Public Offerings (IPO)

The capital market comprises of two key segments: the primary market, where new issuers raise capital by means of IPOs, rights issues, or private placement, and the secondary market, where investors can trade shares of existing securities. A thriving secondary market encourages capital formation and permits investors to divest their investments. For a company, an IPO is a significant milestone in its growth trajectory as it enables access to funds and enhances its credibility and visibility. Those who invest in an IPO become shareholders in the company and can sell their holdings on the secondary market.

What is Book Building?

Book Building is a process used in Initial Public Offer (IPO) for price discovery. It involves collecting bids from investors at various prices during the IPO period, with the offer price being determined after the bid closing date. SEBI guidelines allow for the issuance of securities to the public through prospectus via book building, either 100% of the net offer or 75% with the remaining 25% at a fixed price determined after the book building process. Book Building is a common practice in developed countries, and relatively new in India.

Book Building issues offer securities at prices equal to or above floor prices, while Fixed Price issues offer securities at a predetermined fixed price. The demand for Book Building issues can be known every day during the issue period, whereas the demand for Fixed Price issues is known only at the close of the issue.

Reverse Book Building (Delisting of shares)

The Reverse Book Building is a method that allows companies seeking to delist their shares through a buyback process to gather sell orders from shareholders online via their Book Running Lead Managers (BRLMs). In this process, the Acquirer or Company offers to purchase shares from shareholders. The primary purpose of the Reverse Book Building is to facilitate effective price discovery. During the Reverse Book Building period, shareholders can submit offers at various prices above or equal to the floor price, and the buyback price is determined after the offer closing date.

Business process for delisting through book building is regulated and controlled manner of delisting shares, where shareholders can offer their shares for delisting through designated

trading members, and the final acceptance price is determined through a Book Building process.

1. Appointment of BRLM: The acquirer must appoint a designated Book Running Lead Manager (BRLM) to accept offers from shareholders.
2. Symbol identification: The BRLM assigns a symbol to the company/acquirer intending to delist its shares through Book Building.
3. Trading member approval: Shareholders can place their orders only through designated trading members who are approved by the Exchange.
4. Security deposit: The designated trading members must ensure that shareholders deposit the securities they are offering before placing an order.
5. Offer duration: The offer shall be open for 'n' number of days.
6. Final acceptance price: The BRLM shall intimate the final acceptance price to shareholders and provide the valid accepted order file to the National Securities Clearing Corporation Limited (NSCCL).
7. Settlement operations: The NSCCL is responsible for clearing and settlement operations.

Procedures

There are different procedures for listing and delisting a company listing of company requires to submit the below docs in the below format

Book Building

Issuers need to submit the given docs that are available with format on the SEBI website for book building process. The Issuer then need to give the docs to regarding Book Running Lead Manager, Co Book Running Lead Managers and Syndicate Members and Pay the requisite charges to NSE. Then The Exchange receives a list of eligible trading members for the Book Building process from the Book Running Lead Manager. These members are required to submit a one-time undertaking to the Exchange and provide details of their preferred user IDs in the prescribed format which is given on SEBI website.

To get the IPO Subscribers can approach any of the approved trading members for submitting bids in the NEAT IPO system. Online transaction registration slip are generated automatically after entering the bids in to the system which acts as proof of the registration of each Bid option.

And there are clear procedure mentioned on Reverse Book Building on SEBI website

1. Letter from Lead Manager providing details of the issue.
2. Tripartite Agreement between NSE, the Acquirer (including Issuer Company) and the Lead Manager along with the requisite charges.

For Issuers

An Issuer Company can issue capital through book building in following two ways:

1. 75% Book Building process

The option of 75% Book Building is available to all body corporates that are otherwise eligible to make an issue of capital to the public. The securities issued through the book building process are indicated as 'placement portion category' and securities available to public are identified as 'net offer to public'. In this option, underwriting is mandatory to the extent of the net offer to the public. The issue price for the placement portion and offers to public are required to be same.

2. 100% of the net offer to the public through Book Building process

In the 100% of the net offer to the public, entire issue is made through Book Building process. However, there can be a reservation or firm allotment to a maximum of 5% of the issue size for the permanent employees, shareholders of the company or group companies, persons who, on the date of filing of the draft offer document with the Board, have business association, as depositors, bondholders and subscribers to services, with the issuer making an initial public offering.

The number of bidding centres, in case of 75% book building process should not be less than the number of mandatory collection centres specified by SEBI. In case of 100% book building process, the bidding centres should be at all the places where the recognised stock exchanges are situated.

For additional details, issuers are requested to refer to SEBI guidelines

Bid Verification

The IPO Bid Verification module is a tool to verify IPO application details uploaded by members/banks on the exchange bidding system. Data is available from T+1 day until 6 days after the issue closure date, allowing investors to verify and modify details if necessary. Allotment information provided by the registrar is also available. Investors must register with their PAN details to use the tool and will receive login details via email.

There is also FAQ's Section that has some FAQs that can be helpful for the issuer to get more information. Here are the FAQs :

1. Book building is a process for determining the demand and price for securities to be issued by a corporate body.
2. In book building, the price at which securities will be allotted is not known in advance, while in a public issue it is.
3. The minimum number of days for which a bid should remain open in book building is three working days.
4. Only an electronically linked transparent facility is allowed in book building, not open outcry.

5. Individual investors can use the book building facility to make an application.
6. Members must complete formalities before participating in an IPO, including submitting a one-time undertaking in a prescribed format.
7. Book Running Lead Manager appoints members who are eligible to participate in the issue.
8. Bidders can revise their bids, but bids less than the floor price are automatically rejected.
9. Margin amount is a compulsory field in order entry, but members can set up order limits for themselves.
10. Syndicate members can see the orders entered by other members but cannot modify or cancel them.
11. User level hierarchy changes in the IPO segment do not affect the Capital Market Segment or vice versa.

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BETA value of Tarson Products Limited for the last year

We have used weekly data of NIFTY-50 index and Tarsons Products Limited to compute the Beta value using the slope function on the percentage change values of their stock value

Our computed Beta value is 1.053330634 as given in the excel sheet (submitted along with the pdf) .

Answers

- 1) Registered Office : Martin Burn Business Park, Room No. 902 BP- 3, Salt Lake, Sector- V, Kolkata 700091, West Bengal, India
- 2) Corporate office : Martin Burn Business Park, Room No. 902 BP- 3, Salt Lake, Sector- V, Kolkata 700091, West Bengal, India
 - a) Registered Office : It is the official address of the company that is registered with the government and all the official correspondence to the company is sent there.
Corporate Office : It is the location where the senior management of the company is located or where the main business of the company is located.
 - b) Yes, a Company can have regd. office at one place and operate from another place as long as it complies with all the legal requirements of it.
 - c) The significance of the regd. Office is that it is the address of the company where all their official documents are addressed to including all communications from the government.

ChatGPT answer : Head office or corporate office and registered office are both important terms in the corporate world, and they refer to different aspects of a company's organizational structure. Here's the difference between the two:

- i) Head office or corporate office: This is the primary administrative center of a company. It is typically located in a central location and houses the company's top executives, administrative staff, and support personnel. The head office or corporate office is responsible for managing the company's overall operations, strategic planning, and financial management. It is also responsible for setting policies and procedures, making major business decisions, and coordinating the activities of the company's various departments.
- ii) Registered office: This is the official address of a company that is registered with the government authorities, such as the Registrar of Companies (ROC). It is the address where all the legal and official documents of the company are kept and where the company can be contacted for legal purposes. The registered office must be a physical address where the company's business can be conducted, and it must be open and accessible to the public during normal business hours.

- 3) Corporate Identity Number: U51109WB1983PLC036510

- a) It is used to track all the activities and other aspects of the company, right from its incorporation. It is used in all official communications of the company with the authorities. Since it is a unique identifier, it makes it easy for the government and the people to identify and track a company.
- 4) Promoters : Sanjive Sehgal and Rohan Sehgal.

Sanjive Sehgal has a BSc degree from St. Xavier's college in Kolkata with over 40 years of experience in production, marketing and distribution of plastic lab ware. He has been associated with the company as an Executive Director since 1983 and has been appointed Managing Director of the Company from 25th July, 2018.

Rohan Sehgal : He holds a Degree in BSc (Hons) Management from Manchester University, United Kingdom and has over 10 years of experience in the industry. He has been associated with the Company as an Executive Director from 1st September, 2014 and has been appointed as a Whole time Director of the Company from 25th July, 2018

 - a) Book running lead managers : ICICI Securities Limited, Edelweiss Financial Services Limited, SBI Capital Markets Limited
 - b) A lead manager is a merchant banker appointed by the issuer company to carry out the entire IPO process.
 - c) There can be 1 or more than 1 lead manager for an issue, with large ipos having 10 lead managers(eg. LIC).
- 5) Registrar : KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
 - a) Registrars are independent financial institutions registered with SEBI and stock exchanges. They are involved in finalizing the basis of allotment in an issue and for sending refunds, allotment details, etc.

ChatGPT answer : In India, the Securities and Exchange Board of India (SEBI) regulations specify that the following entities can act as registrars to an issue:

 - i) Registrar and Transfer Agents (RTAs): RTAs are registered with SEBI and specialize in managing share registry services. They maintain records of the shareholders of the company and handle the transfer of shares, including the processing of share certificates, dividend payments, and other related services. They also help with the process of issuing and allotting shares to investors during an IPO.
 - ii) Banks: Banks that are authorized to act as Registrars to an Issue (RRTIs) can also provide registrar services. These banks must be registered with SEBI and have the necessary infrastructure and expertise to handle the process of issuing and transferring shares.

- iii) Brokers: Brokers who are registered with SEBI and are members of a recognized stock exchange can also act as registrars to an issue. However, they need to have the necessary infrastructure and expertise to handle the registrar services, and they must not engage in any activities that conflict with their role as a registrar.
 - iv) Financial institutions: SEBI regulations also permit certain financial institutions to act as registrars to an issue. These institutions must be registered with SEBI and have the necessary infrastructure and expertise to handle the process of issuing and transferring shares.
- 6) The company has received approvals from BSE and NSE and got listed on 26 Nov 2021. It is required to receive approval from a public stock exchange so that your share can be traded publicly
- 7) The company decided to convert to a public limited company pursuant to a special resolution passed by the shareholders at the extraordinary general meeting held on 10 May 2021.
The company's board of directors approve the plan to issue shares. After that, the company would need to obtain additional approvals from relevant regulatory authorities.
- 8) The company has obtained approvals from BSE and NSE for listing of the equity shares. For the purposes of the offer, the Designated stock exchange would be BSE Limited.
- 9) Sec 68A of the Companies Act 1956 has provisions for Personation for acquisition, etc., of shares. It states that any person who uses a fake name to apply to a company for acquisition of shares or otherwise induces a company to transfer shares to anyone with a fake name shall be punishable with imprisonment for a term which may extend to 5 years
- 10) A company must receive a minimum subscription of 90% of its allotment until the date of closure of the IPO if it wants to make allotment to the investors.
Otherwise all the money has to be refunded back to the investors.
- 11) Yes, the IPO is underwritten by ICICI Securities Limited, Edelweiss Financial Services Limited, SBI Capital Markets Limited, Edelweiss Securities Limited, SBICAP Securities Limited, Investec Capital Services (India) Private Limited.
An "underwriter" is a SEBI registered intermediary who undertakes to subscribe to the securities offered by the company in case these are not fully subscribed by the public, in case of an underwritten issue.
One underwriter can underwrite an amount up to the issue size of the public offering.
- 12) Yes, Underwriting is mandatory for a public issue in India.

- 13) In contingent underwriting, the underwriter agrees to buy the shares that have not been subscribed by the public in the offering only if certain conditions are met.
- 14) Authorized share capital of the company : 100,000,000 Equity shares, having face value of Rs 2 each.
Issued, subscribed and paid up capital before the offer : 50,940,420 shares
Issued, subscribed and paid up capital after the offer : 53,206,281 shares
(subject to finalization)
- 15) Size of the issue : 15,465,861 equity shares at price of Rs 660 per share
- a) The Promoters are contributing 700,000 equity shares
 - b) There is no minimum amount that a promoter should contribute
 - c) 60,000 shares have been allotted on a firm basis.
 - d) They have been allotted to the employees of the company
- 16) Yes there is reservation of shares depending on the type of investor : QIB, Retail Individual investors, Non-institutional investors, Eligible Employee
- 17) Offer to the public is 15,465,861 equity shares at price of Rs 660 per share which is roughly around Rs. 10,207,468,260 and the minimum issue size should be Rs 10 cr on BSE.
- 18) Yes, there is a lock in for a promoter's contribution for 3 years as per SEBI regulations.
- 19) For a retail investor, the application amount would range from Rs 14,564 - Rs 189,332 for 1 to 13 lots respectively.
An investor can apply for a minimum of 22 shares which is the lot size of the offer.
Different categories of investors have different forms for retail, institutional, non-institutional etc.
- 20) ASBA refers to Application Supported by Blocked Amount. It makes applying for IPOs very convenient as when we apply for an IPO, the amount for which we apply for is blocked in our account. After allotment of shares, based on the shares allotted to us, money is deducted from the blocked amount and the rest is unblocked. Since the money has not left our account, we don't lose on the interest for that amount and we don't have to pay upfront, making it much more secure and investors don't have to wait for long periods for a refund.

ChatGPT answer : ASBA stands for "Application Supported by Blocked Amount". It is a process for applying to IPOs or public issues where the application amount is blocked in the investor's bank account instead of being paid upfront. This process was introduced by SEBI (Securities and Exchange Board of India) in 2008 and has been made mandatory for all public issues since May 2016.

Under the ASBA process, investors can apply for shares in an IPO or public issue through their bank account. When applying, the investor instructs their bank to block the application amount in their account. This amount is then temporarily held in the investor's account, but cannot be accessed until the allotment process is completed. Once the allotment process is completed, the bank unblocks the amount for the shares allotted to the investor, and the remaining amount is unblocked and made available for use by the investor. The significance of the ASBA process is that it eliminates the need for investors to make upfront payments for IPOs or public issues. This allows investors to earn interest on their blocked funds until the allotment process is completed, which can result in some additional income. Additionally, it reduces the risk of fraud or misuse of funds as the application amount is blocked in the investor's account and cannot be withdrawn until the allotment process is completed.

- 21) To make an application using UPI, go to your registered broker and select the option of IPOs (might be under the Invest section,(is in mine)). Then select the IPO you want to subscribe to and then add the UPI ID which is linked to the bank account which has the money you want to use to invest in the IPO. Select the number of shares you want to buy(must be a multiple of the lot size) and then select the price you want to bid at. After that just agree to the terms and conditions and click on submit. Then you will receive a request on your UPI app to block the amount and then click on yes and enter your UPI pin to block your amount. Now your IPO application has successfully been submitted
- 22) Yes, a joint application can be made in an IPO. In a joint application, multiple people can apply for an IPO together. Refunds would be made in the name of the First Bidder in the application whose name should also appear as the first holder of the beneficiary account held in joint names.
- 23) Multiple applications is when an individual applies for the same IPO using multiple demat accounts to overcome the limit of Rs 200,000 for retail investors. According to SEBI regulations, a person can not apply for an IPO multiple times, and if it is done, then all the applications will be rejected.
- 24) For applications under power of attorney, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

25) The company has no special direct tax benefits but has some special indirect tax benefits under the provisions of the Customs Tariff Act 1975 and notifications issued under these Acts and Rules and the Foreign Trade Policy.

There are no Special Tax Benefits to the shareholders.

They have been certified by the government.

26) Objects of the offer are the Fresh Issue of shares and the Offer for Sale

In the prospectus, the company has listed 59 significant internal and external risk factors

Major risk factors in my opinion are :

- Since most of the products they make are used in labs, they need to maintain a high quality standard for all their products.
- The company imports over 75% raw materials, so any delay or interruption to it can be catastrophic to the company(as seen during Covid).
- One of their manufacturing facilities located in Jangalpur, which contributes to nearly 58% of the production is situated on land which has not received complete approval for conversion and has been pending since 2006

27) The company has plans to expand production, with estimated expansion cost of around Rs 827.02 million.

28) Out of the Rs 807.02 million, Rs 620 million would come from net proceeds of the offer and the rest would come from Internal Accruals

29) The above has been certified by Kalyan Bhattacharya, an independent chartered engineer (registration number : M-0597907/7).

30) The company proposes to do the following with the proceeds :

- a) Payment of companies borrowings
- b) Funding capital expenditure for new facilities in West Bengal
- c) General Corporate purposes

31) The Company was incorporated as 'Tarsons Products Private Limited' on July 5, 1983, at Kolkata, West Bengal, India as a private limited company under the Companies Act, 1956.

Private Limited Company	Public Limited Company
It is not listed on a stock exchange	It is listed on a stock exchange
Can have a max. of 200 shareholders	Can have unlimited shareholders
Has much fewer disclosure requirements	Need to disclose a lot of information

32) Main activities before the issue were production of quality labware and expanding production both in terms of quality and quantity.

- 33) "To carry on the business as manufacturers, exporters, importers, dealers and agents in:
- a) Plastics of all kinds, resins, shellac, bitumen, pitch, wax, rubber, alkalies and other chemicals, industrial oils, asbestos and articles made from them.
 - b) Laboratory wares of all and every description whether made from Plastics, Glass or otherwise.
 - c) Electric and electronic goods and Components."
- 34) Yes, the company has 1 subsidiary : Inlabpro Pte. Ltd
- 35) There are 6 directors in the company.
Yes, 5 of them are directors in other companies.
- 36) Sanjive Sehgal is the Chairman and Managing Director
The Executive directors are responsible for day-to-day operations, here : Sanjive Sehgal and Rohan Sehgal
- 37) The Company has listed 4 Key Managerial personnel :
- a) Sanjive and Rohan Sehgal (already given in bio)
 - b) Piyush Khater : BCom with specialization in accounting and finance
 - c) Santosh Agarwal : Chartered Accountant with over 20 years of experience.
- 38) The new project would be located at Mouza Raghudevapur, P.S. Uluberia, District Howrah, Raghudevapur Gram Panchayat.
Currently most of the production facilities of the company are located in West Bengal
- 39) The company has not entered into any collaborations or joint ventures.
- 40) No, there are no Group Companies which have been listed.
- 41) As on the date of the prospectus, the company has no outstanding litigations or defaults
- 42) There have been several changes in the Board of Directors in the last 3 years.
- 43) In case of oversubscription, allotment would be done in a proportionate manner with some conditions for retail individual investors and QIBs.
- 44) Piyush Khater is the Company Secretary and Compliance Officer.
- a) Auditors : Price Waterhouse Chartered Accountants LLP
Bankers of the Company : Axis Bank and HDFC Bank
 - b) Axis Bank Limited, BBD Bagh Branch is the banker to the issue as well as the refund banker.
- 45) The Company has taken a total loan of around Rs 1633.92 million, of which, Rs 1059.50 million is left to be paid. This loan is for working capital and to meet other business needs.

The duration of these loans range from 3 months for working capital loans with a variable interest rate between 5.5 to 7 percent to around 5.5 years for term loans which have a floating rate of interest using the MCLR.

- 46) The total estimated offer expenses were Rs 506.93 million :
- Lead Managers : Rs 241.54 million
 - Registrar and banker to the issue : Rs 2.27 million
 - Commision fees : Rs 70.49 million
- 47) According to the Provisions of section 14 of the Companies Act 2013, all articles adopted by the Company in case the IPO is subscribed are mentioned.
- 48) The Company has filed 32 Material Documents and 7 Material Contracts with the ROC
- 49) The Final Prospectus had been adopted by the Board of Directors and filed with the RoC on 18 November 2021.
- 50) The Merchant Bankers have given several Qualitative and Quantitative factors for the price
- Qualitative Factors : Well-equipped and automated manufacturing facilities, Experienced Promoter, Range of labware products across varied customer segments etc
 - Quantitative Factors : EPS, P/E Ratio, Return on Net worth, Net Asset Value per share, Comparison with Listed Industry Peers etc.
- 51) Category Wise Subscription figures :
- QIB : 115.77 times
 - NII: 184.58 times
 - Retail : 10.56 times
 - Employee : 1.83 times
 - Total : 77.49 times

Market Summary > Tarsons Products Ltd

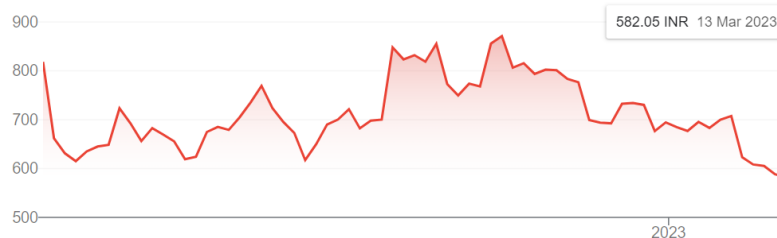
582.05 INR

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-236.35 (-28.88%) ↓ all time

13 Mar, 3:30 pm IST • Disclaimer

1D 5D 1M 6M YTD 1Y 5Y Max



Open	584.05	Mkt cap	3.08TCr	52-wk high	907.75
High	597.00	P/E ratio	35.44	52-wk low	575.55
Low	575.55	Div yield	-		

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