

Contents of the draft fund-raising document/fund raising document

General Instructions

- a. The below disclosures are indicative in nature and not exhaustive. The draft fund-raising document/fund raising document shall contain all material disclosures which are complete, true and adequate so as to enable the applicants to take an informed decision.
- b. All information shall be relevant and updated. The source and basis of all statements and claims shall be disclosed. Terms such as “market leader”, “leading player”, etc. shall be used only if these can be substantiated by citing a proper source.
- c. All blank spaces in the draft fund raising document shall be filled up with appropriate data before filing the offer document, as applicable, with the Registrar of Companies or filing the same with the recognised stock exchanges.
- d. Simple English shall be used to enable easy understanding of the contents. Technical terms, if any, used in explaining the business of the issuer shall be clarified/defined in simple terms.
- e. Wherever it is mentioned that details are given elsewhere in the document, the same shall be adequately cross-referenced by indicating the paragraph heading and page number.
- f. There shall be no forward-looking statements that cannot be substantiated.
- g. Consistency shall be ensured in the style of disclosures. If first person is used, the same may be used throughout. Sentences that contain a combination of first and third persons may be avoided.
- h. For currency of presentation, only one standard financial unit shall be used.

The Social Enterprise should ensure that the document contains following minimum disclosures:

I. Cover pages.

A. The cover pages shall be white in colour with no patterns.

1. Front cover pages:

a) *Front inside cover page shall be kept blank.*

b) *Front outside cover page shall inter-alia contain the following issue details:*

- i. Type of document (Shelf/Tranche/Single), draft fund-raising document or final fund-raising document.
- ii. Date of the draft fund-raising document or fund-raising document
- iii. Name of the enterprise, logo (if any), Address, Type of entity, the Act under which the entity is registered, Registration Number of the entity, Date of registration, Period of validity of registration certificate, website address, if any.
- iv. Details of the key management and compliance officer of the social enterprise including their contact details.
- v. Name of the promoter, if any (application in case of companies registered under Section 8/25 of the Companies Act, 2013/1985)
- vi. Nature, number, face value and price of the securities offered and issue size, as may be applicable.
- vii. Name, logo and address of the registrar to the issue, along with its telephone number, website address and e-mail address.
- viii. Name(s) of the stock Exchanges where the specified securities are proposed to be listed and the details of their in-principle approval for listing obtained from these Stock Exchange(s).
- ix. Issue Schedule - Issue opening and closing date, Pay-in date, Allotment date etc.
- x. Issuer's Absolute Responsibility:

The following clause on 'Issuer's Absolute Responsibility' shall be incorporated in a box format:

“The issuer ('social enterprise'), having made all reasonable inquiries, accepts responsibility for and confirms that this fund raising document contains all information with regard to the issuer and the issue which is material in the context of the issue, that the information contained in the fund raising document is true

and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.”

xi. The statement that the securities shall not be made available for trading in the secondary market.

2. Back cover pages: The back inside cover page and back outside cover page shall be kept blank.

II. Table of Contents: The table of contents shall appear immediately after the front inside cover page.

III. Definitions and abbreviations: Conventional terms, Issue related terms, Industry related terms and Abbreviations used.

IV. Risks

A. Risks that the social enterprise sees to its work and how it proposes to mitigate these

B. Unintended consequences that the social enterprise sees from its work and how it proposes to mitigate these.

V. General Information about the Enterprise

A. Name and address of the registered office of the social enterprise.

B. For Section 8 Companies: Name, designation, address of each member of the board or key management of the social enterprise including details of the compliance officer.

C. For Other Entities: Name, designation, address of each member of the Office Bearers or key management of the social enterprise including details of the designated person.

- D. Names, addresses, telephone numbers, contact person, website addresses and e-mail addresses of the registrar to the issue etc.
- E. Names, addresses, telephone numbers, firm registration number and e-mail addresses of the auditor of the social enterprise. Details of change in the auditor during the last three years (if any).
- F. Brief about the Social enterprise, Type of entity, the Act under which the entity is registered.
- G. Registration Number of the entity, Period of validity of Registration Certificate, PAN, Website, History and Background of the NPO.
- H. For Section 8 Companies: Capital structure, Details of any Subsidiary or Group Companies.
- I. For Other Entities: Details of any Group Companies. Subsidiary or Group Companies: As defined under the Companies Act, 2013.
- J. In case of Section 8 Company, following details regarding capital structure of the Section 8 Company shall also be given: Details of the existing share capital of the issuer in a tabular form, indicating therein with regard to each allotment, the date of allotment, the name of allottee, nature of allotment, the number of shares allotted, the face value of the shares, the issue price and the form of consideration.
- K. Primary activities of the social enterprise: Details of the past project or activities undertaken and handled by the social enterprise for a minimum of past three financial years.
- L. Intellectual Property Rights: If the social enterprise is entitled to certain intellectual property rights such as trademark, brand names etc. A confirmation from the enterprise that the intellectual property right has been held by in the name of the social enterprise and all the formalities with respect to the same has been complied with.
- M. Details of the valid registration on the SSE platform of the Stock Exchange.
- N. Details of the top five donors of the social enterprise.

VI. Operations

- A. NPO should have a physical existence.
- B. Details of the operations of the NPO, including details of its corporate office and all the locations from where the Social Enterprise operates.
- C. Vision

Organisation's activities, interventions and programmes are in line with aims and objects stated in its constitution.

D. Target Segment

Organisation has defined its target segment and reach to accomplish its planned activities. Clear identification and understanding of the target segment (those affected by the problem and how are they affected) The NPO must disclose how its approach intends to improve inclusion for its customers / recipients. It shall also disclose the Brief of activities or projects undertaken by the entity in past 3 years.

E. Strategy

Strategy formulation towards accomplishing vision should take into account capabilities and learning from challenges.

F. Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project impact report (if any), schedule of implementation of the project;

VII. Governance

A. Organisation has a governing body and details of its governing body, composition, dates of board meetings held (key items covered), name and contact details of the trustee/compliance officer (in case of Section 8 Company), statutory auditors.

B. In case of companies incorporated under section 8, the details of the promoter/principal shareholders, promoter group and group companies to be disclosed as per SEBI ICDR Regulations

C. Details of compensation being offered to the members of governing body, if any.

VIII. Credibility

Documents such as Registration, Registered Trust Deed/ MoA and AoA, Address Proof, ITPAN, 12A/12AA/12AB/10(23C)/10(46) Certificate, FCRA certificate and returns.

IX. Management

Details of key managerial staff such as those in charge of Programmes, Fund-raising, Marketing, Communication, Finance, Human Resources. Organisation discloses whether it provides letters to staff and volunteers defining roles and responsibilities, has a periodic performance appraisal process etc.

X. Object of the issue

- A. Object of the Issue-i.e. Details of the project for which the proceeds are proposed to be used, programme(s)/ project(s) under which funds raised shall be utilized, location of the project, cost, basis including details of quotations, if any, proposed activities, detailed plan of action etc.
- B. Schedule of implementation,
- C. Deployment of Funds,
- D. Expenses of the issue.
- E. Social Impact

Details of past social impact in terms of parameters specified in Para D (5) of SEBI Circular no. SEBI/HO/CFD/PoD-1/P/CIR/2022/120 dated September 19, 2022, or any amendments thereto, for any of the projects relevant to the current object of the issue. The past social impact should also highlight trends in key metrics, number of beneficiaries, cost per beneficiary and administrative overheads.

Such past social impact reports to be provided by the NPOs should be assured or audited by an independent assurer or impact assessor.

XI. Finance

Disclosure of financial statements for immediately preceding three Financial Years audited in accordance with guidelines for NPOs issued by Institute of Chartered Accountants of India (ICAI) alongwith auditors' report and auditor's details

Also, related party transactions entered into by the social enterprise with Directors, key managerial personnel etc. (If any) during the last three financial years shall also be required to be given along with the financial statements.

Disclosure of related party and related party transactions shall be in accordance with the Accounting Standard (AS) 18 - Related Party Disclosures.

Also, details of past track record of social activities/ programme by the enterprise shall be given.

XII. Legal and other information

A. In case of Section 8 Company: Details of material litigations, involving the Social Enterprise, its promoters & Directors.

In case of NGOs: Civil Litigations – All matters of NGO to be covered and for Criminal Litigations – All office-bearers and NGO to be covered.

- B. Details of default and non-payment of statutory dues, if any.
- C. Details of all pending notices or scrutiny cases from all regulatory and statutory authority including payment of fines or penalties, paid or appealed, if any
- D. Details of pending proceedings initiated against the social enterprise for economic offences.
- E. Details of the variation in the utilisation of the fund, previously raised by the social enterprise, if any.
- F. All government and other approvals which are material and necessary for carrying on the operations of the social enterprise.

XIII. Compliance

Annual accounts duly audited for the latest three financial years and that there are no material qualifications or material irregularities reported by its auditor. Compliances w.r.t. Income Tax, notices received, etc.

XIV. Details of any past issuances made by the Company during the last 3 years

XV. Issue Related Information

- A. Details of the securities to be issued - Pricing, minimum issue size, minimum application size, minimum subscription required, etc.
- B. RTA details
- C. Name of the Exchange where it is proposed to be listed and the details of their in-principle approval for listing obtained from these Stock Exchange(s).
- D. Terms of the Issue
- E. Manner of Basis of allotment / Manner of allocation (Allocation will be on proportionate basis), if any.
- F. Grounds for technical rejection .
- G. Issue opening and closing date, Pay-in date, Allotment date etc.
- H. Eligible Investors, Categories of Investors and reservation, if any
- I. Issue and Application procedure
- J. Mode of payment, payment instructions etc.
- K. Listing details including timelines.
- L. Confirmation on signing with both the depositories for credit of ZCZP.
- M. Details related to lot size for application
- N. Disclosures with respect to undersubscription
 - 1. Manner of raising balance capital in case of under-subscription between 75% and 100%,
 - 2. Possible impact on achieving the social objective(s) in case such under subscription is not arranged:

Provided that the funds shall be refunded in case the subscription is less than 75% of the issue size.
- O. Disclosures with respect to oversubscription
- P. Manner of allocation in case of oversubscription, spill over etc.
- Q. The statement that the securities shall not be made available for trading in the secondary market.
- R. A statement which states that *“all the instruments offered through the issue are without coupon/interest and no principal amount is payable at its maturity.”*
- S. Disclosure whether tax deduction is available or not to donors.

XVI. Material Contracts and Documents for Inspection

The list and details of all the material contracts which have been entered or are to be entered into by the NPO (not being contracts entered into in the ordinary course of activities carried on by the organization), which are or may be deemed material.

A statement and confirmation to the effect that –

“Copies of the material contracts and documents may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of the fund-raising document until the Offer Closing Date. Copies of the documents for inspection referred to hereunder, will also be available on the website of the NPO at [website address to be mentioned] from the date of the fund-raising document until the Offer Closing Date (except for such agreements executed after the Offer Closing Date).”

For this purpose, “material” means anything which is likely to impact an investor’s informed investment decision.

XVII. Confirmation from the issuer —

A. Of compliance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time and circular issued thereunder related to eligibility and issue of ZCZP.

B. The issue is in compliance with Regulation 292K of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and requirements of the Exchange which are included in the document.

C. Of compliance with SSE requirement of the Stock Exchange, as may be prescribed by the Exchange from time to time.

(The NPO shall mention pointwise compliance in the document).

D. That the fund-raising document contains all material disclosures which are true and adequate to enable the applicants to take an informed decision.