



Aatma Capital  
Nurturing Relationships



# What are the steps to be taken prior to SME listing?

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A member of



Independent legal & accounting firms



# Research Credits

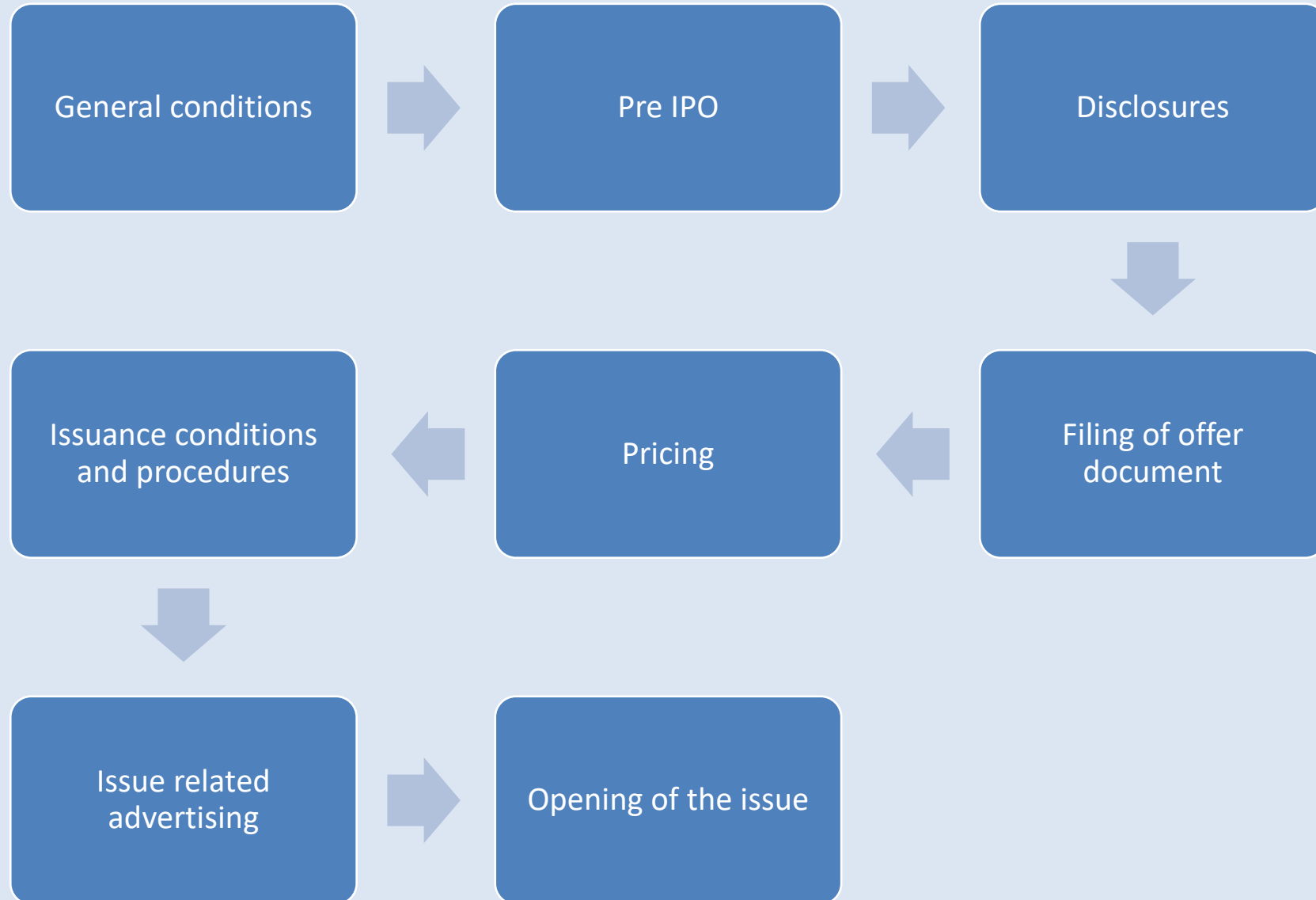


Iswariya BS  
Jitesh

# Legends Used

ASBA	Application Supported by Blocked Amount
ICDR	Issue of Capital and Disclosure Requirements
IPO	Initial Public Offer
QIB	Qualified Institutional Buyers
ROC	Registrar of Companies
SE	Stock Exchange
SEBI	Securities and Exchange Board of India
SME	Small and Medium Enterprises

# Presentation Schema



# General Conditions

Application to 1 / more SME exchanges for listing of its specified securities on such SME exchange(s) and to select one as designated SE

Dematerialization of specified securities already issued and proposed to be issued

Partly paid up equity shares to be either fully paid-up / forfeited

\*Specified securities are held by the promoters in dematerialized form

**\*Specified securities means equity shares and convertible securities**

## 25: 75 Criteria

Not exceeding 25% of the amount to be raised can be used for general corporate purpose

Firm arrangements of finance for 75% of the stated means of finance for the proposed project to be funded from the issue proceeds

Issuer shall accept bids only using ASBA facility in the manner specified by SEBI

Before the opening of subscription list, issuer shall deposit with the designated SE, an amount calculated at the rate of 1% of the issue size available for subscription to the public in the manner specified by SEBI and / or SE (the amount shall be refundable / forfeitable in the prescribed manner)

## List of Intermediaries to be appointed by the Issuer

**Merchant bankers** as lead manager(s) to the issue (At least 1 lead manager shall not be an associate of the issuer)

For issue through book building process – appoint **syndicate member(s)** and appoint **bankers to issue**, in case of any other issue

A **registrar to the issue**, having connectivity with all the depositories

**Compliance officer** - for monitoring the compliance of securities laws and redressal of investors grievances

# Disclosures

Lead Manager to fulfil the disclosure obligations of:

- the issuer, promoters and its directors
- selling shareholders, in case of an offer for sale

in the draft offer document / offer document

Lead manager to exercise due diligence including the veracity and adequacy of disclosure in the offer document



# Filing of Offer document

Offer document to be filed with ROC and stock exchange

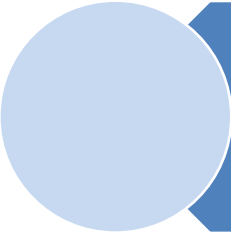
Filing of a copy of offer document with SEBI through Lead Manager(s) (both hard copy and soft copy)

SEBI shall not issue any observation on the offer document

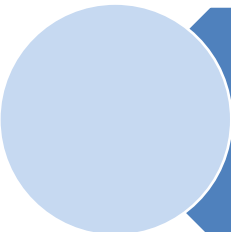
Issuer and lead manager shall ensure that the offer documents are hosted on the websites (contents are the same as the versions as filed with ROC, SEBI and SME exchange)

Due diligence and obtaining in-principle approval from the stock exchange

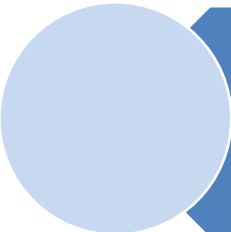
# Pricing



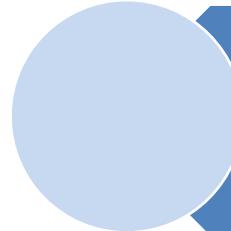
Face value of equity shares shall be disclosed in all the documents along with the price band / the issue price in identical font size



The cap on the price band and the coupon rate in case of convertible debt instruments shall be  $\leq$  120% of the floor price

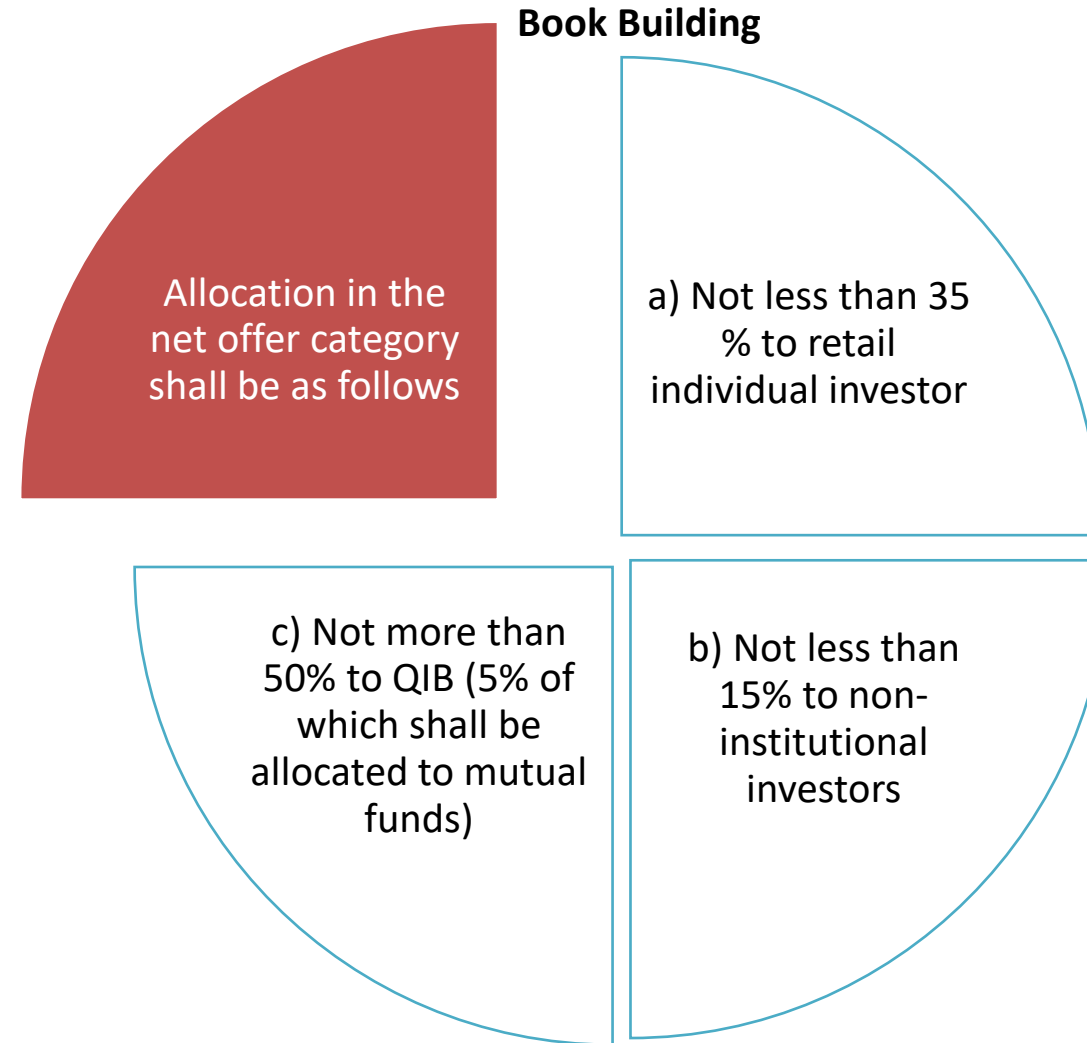


The issuer may mention a price band in the offer document and a floor price or a price bank in red herring prospectus and determine the price at a later date before filing the prospectus with the ROC



Differential pricing is allowed (subject to fulfilment of conditions specified in SEBI ICDR Regulations)

# Issuance Conditions and Procedures



- Unsubscribed portion in (a) / (b) may be allocated to applicants in any other category
- In addition to 5%, mutual funds shall be eligible for allocation of balance available under QIBs



Contd.

**Allocation of net offer category in issue other than book building process**

Minimum 50% to retail individual investors

Remaining to:

- (i) individual applicants other than retail individual investors and
- (ii) other investors including corporate bodies / institutions, irrespective of the number of specified securities applied for

- **Unsubscribed portion in either of the categories specified in a or b be allocated to applicants in other category**

# Issue related advertising

After filing the prospectus with ROC, pre-issue advertisement shall be made in 1 English and 1 Hindi national daily newspaper with wide circulation, and 1 regional language newspaper where the registered office of the issuer is situated

The issuer may issue advertisements for issue opening and issue closing advertisements

During the period when the issue is open for subscription, no advertisement shall be released giving an impression that the issue is fully subscribed or over subscribed or indicating investors' response

Issue closing advertisement shall be made only after the lead manager is satisfied that at least 90% of the offer is subscribed and a certificate is obtained from the Registrar to the issue to that effect

# Opening of the issue

The issue shall be kept open for at least 3 working days and not more than 10 working days

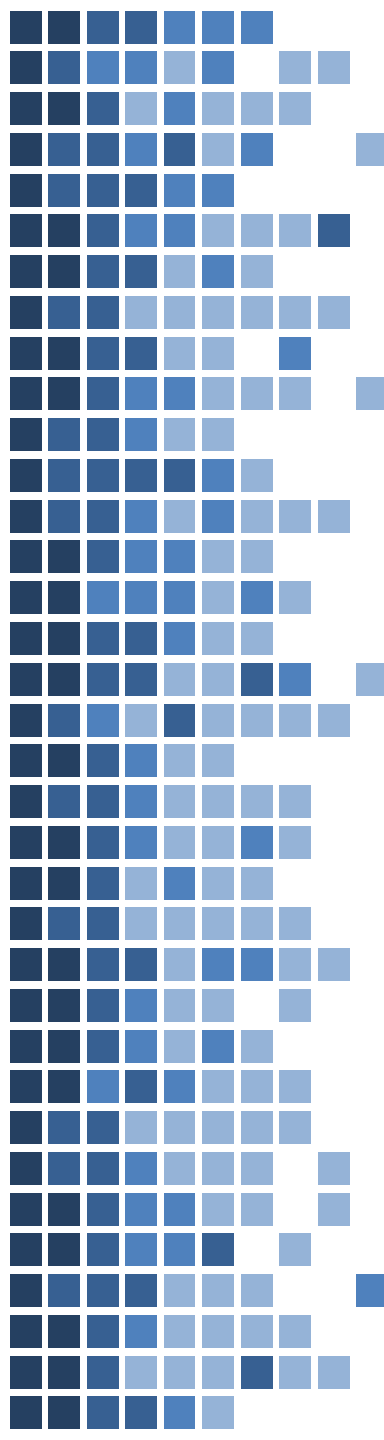
In case of a revision in the price band, the issuer shall extend the bidding (issue) period disclosed in the red herring prospectus, for a minimum period of 3 working days

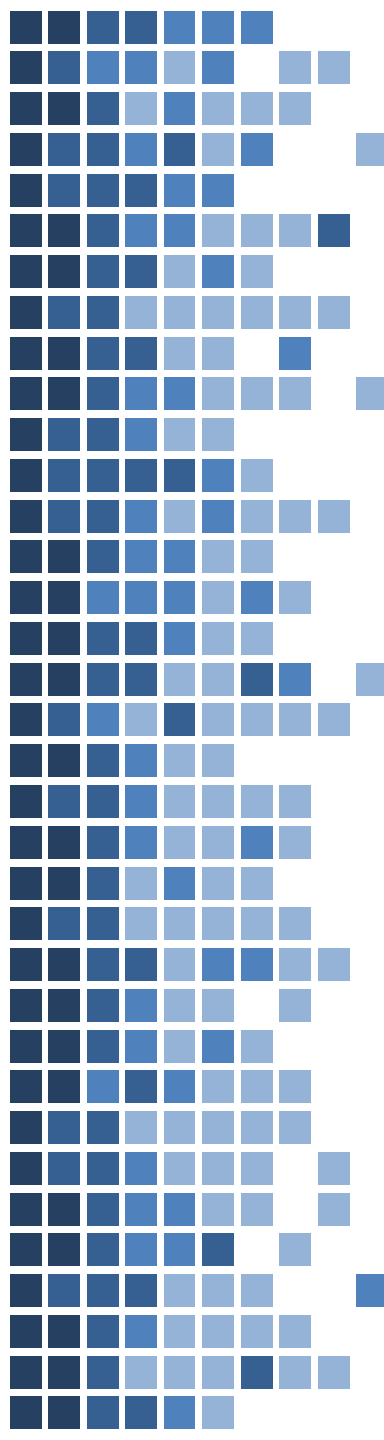
In case of force majeure, banking strike / similar circumstances, the issuer may, for reasons to be recorded in writing, extend the bidding (issue) period

The minimum sum payable on application per specified security shall at least be 25% of the issue price (except for offer for sale) disclosed in the red herring prospectus

Reservation on competitive basis is available on satisfaction of certain conditions

# Points to be noted

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- 1 All intermediaries need to be registered with SEBI
  - 2 Agreements with intermediaries as required under respective regulations applicable to the concerned intermediary
  - 3 IPO shall be underwritten for 100% of the offer (lead manager to underwrite at least 15% of the issue size)
  - 4 Lead manager to ensure compulsory market making for three years
  - 5 Market making arrangement to be disclosed in the offer document



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