

Aatma Capital
Nurturing Relationships



What are the post listing compliance norms for SME entities?

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Research Credits

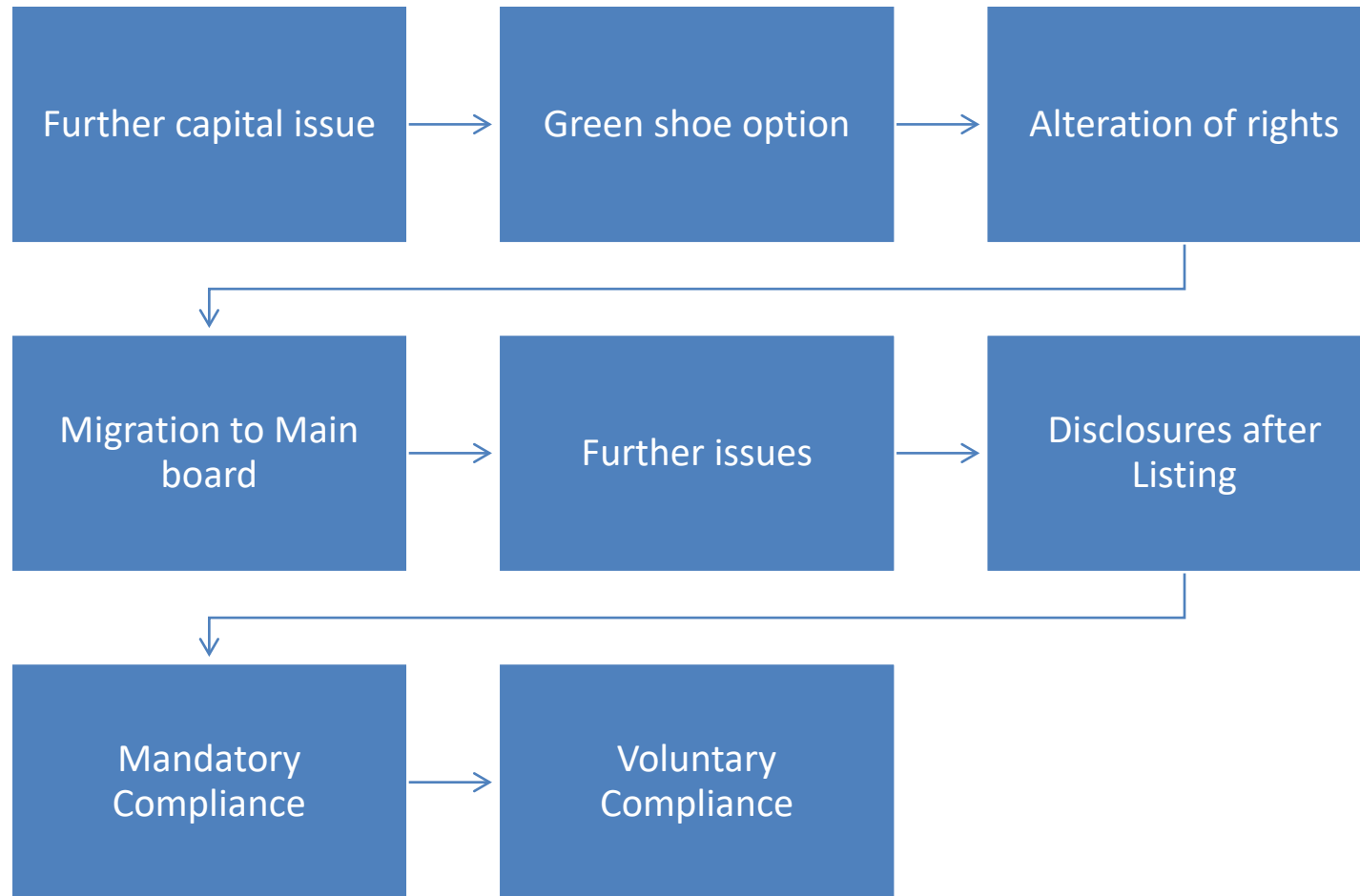


Iswariya BS

Legends Used

DP	Depository Participant
ESOS	Employees Stock Option Scheme
FPO	Further Public Offer
GM	General Meeting
ICDR	Issue of Capital and Disclosure Requirements
IDR	Indian Depository Receipts
IEPF	Investor Education and Protection Fund
IPO	Initial Public Offer
SEBI	Securities Exchange Board of India
SME	Small and Medium Exchange

Presentation Schema



Compliance requirements

Further capital issue

Issuer shall not make further issue of specified securities unless full disclosures regarding the total no. of specified securities / amount proposed to be raised from such further issue are made in draft offer document / offer document

Between the date of filing of the
draft offer document

And the listing of the specified
securities offered through the
offer document / refund of
application monies

Except by way of ESOS

Further issue of specified securities includes issue by way of public issue, rights issue, preferential issue, qualified institutions placement, issue of bonus shares or otherwise

Green shoe option

Conditions to be satisfied by the issuer

- Approval of shareholder by way of passing resolution in the GM, for allotment of specified securities to the stabilising agent, if required, on the expiry of the stabilisation period
- Appointment of a lead manager as a stabilising agent for price stabilisation process
- Entering into an agreement with stabilising agent, prior to filing of offer document relating to green shoe option including fees charged and expenses to be incurred by stabilising agent for discharging its responsibilities
- Stabilising agent to enter an agreement with promoters / pre-issue shareholders / both for borrowing specified securities, specifying the maximum no. of securities that may be borrowed for allotment or allocation of specified securities in excess of issue size
- Maximum of not more than 15% of the issue size can be borrowed**
- Lead Manager in consultation with the stabilising agent shall determine the amount of specified securities to be over-allotted in the public issue
- Material disclosures in the draft offer document and offer document *(in the format prescribed in SEBI (ICDR) Regulations)*



Contd.

Who can borrow?

- In case of IPO – Pre issue shareholders and promoters
- In case of FPO – Pre issue shareholders **holding > 5% of specified securities** and promoters may lend specified securities to the extent of proposed over-allotment

Form of specified securities borrowed

- It shall be in demat form and allocation of these securities shall be made pro-rata basis to all successful applicants

Tenure of stabilizing process

- **Not exceeding 30 days** from the date on which trading permission is given by the stock exchanges in terms of specified securities allotted in public issue

Contd.

Opening of accounts by stabilizing agent

A **special account with bank** for crediting the monies received from the applicants against the over-allotment

and

A **special account with a DP** for crediting specified securities to be bought from the market during the stabilisation period out of monies credited in special bank account

The same shall be returned to the promoters / pre-issue shareholders immediately, and not later than 2 working days after the end of the stabilization period

Contd.

On the expiry of stabilization period, if stabilizing agent has not been able to buy specified securities from the market, to the extent of such securities over-allotted

The issuer shall allot specified securities at issue price in demat form to the extent of the shortfall to the special account with the DP

Within 5 days of closure of stabilization period

Such specified securities shall be returned to promoters / pre-issue shareholders by the stabilising agent in lieu of the specified securities borrowed from them and the account with DP shall be closed thereafter

Stabilising agent shall remit the monies with respect to the specified securities allotted to the issuer from the special bank account

Any monies left in the special bank account after remittance of monies to the issuer and deduction of expenses incurred by the stabilising agent shall be transferred to the IEPF established by SEBI and special account shall be closed soon thereafter

Contd.

Application by the Issuer to SE(s)

- Listing application to be made to all the SE(s) where the specified securities are listed for listing the aforementioned specified securities allotted
- Provisions of IPO of IDR shall not apply for such allotment

Report by stabilizing agent to SE(s)

- On a daily basis during the stabilization period
- And a final report (*in the format prescribed in SEBI (ICDR) Regulations*)

Register to be maintained by stabilizing agent – For a period of at least 3 years from the date of the end of the stabilization period:

- Names of the promoters / pre-issue shareholders from whom the specified securities were borrowed and the number of specified securities borrowed from each of them
- Price, date and time in respect of each transaction effected in the course of the stabilisation process and
- Details of allotment made by the issuer on expiry of the stabilisation process

Alteration of rights

Terms of specified securities issued, which may adversely affect the interest of holders of specified securities shall not be altered except:

With the consent in writing of the holders of not less than 3/4th of the specified securities of that class

or

Approval by way of a special resolution passed at a meeting of the holders of the specified securities of that class

Migration to Main board



Further issue of capital can be made on satisfaction of the following:

Approval from the shareholders by way of passing special resolution through postal ballot for migration to Main board

Additional condition: Votes cast in favour of the proposal amounts to at least 2 times the number of votes cast against the proposal (*excluding the votes of promoters*)

and

Obtaining in-principle approval from the Main board for listing of entire specified securities on it

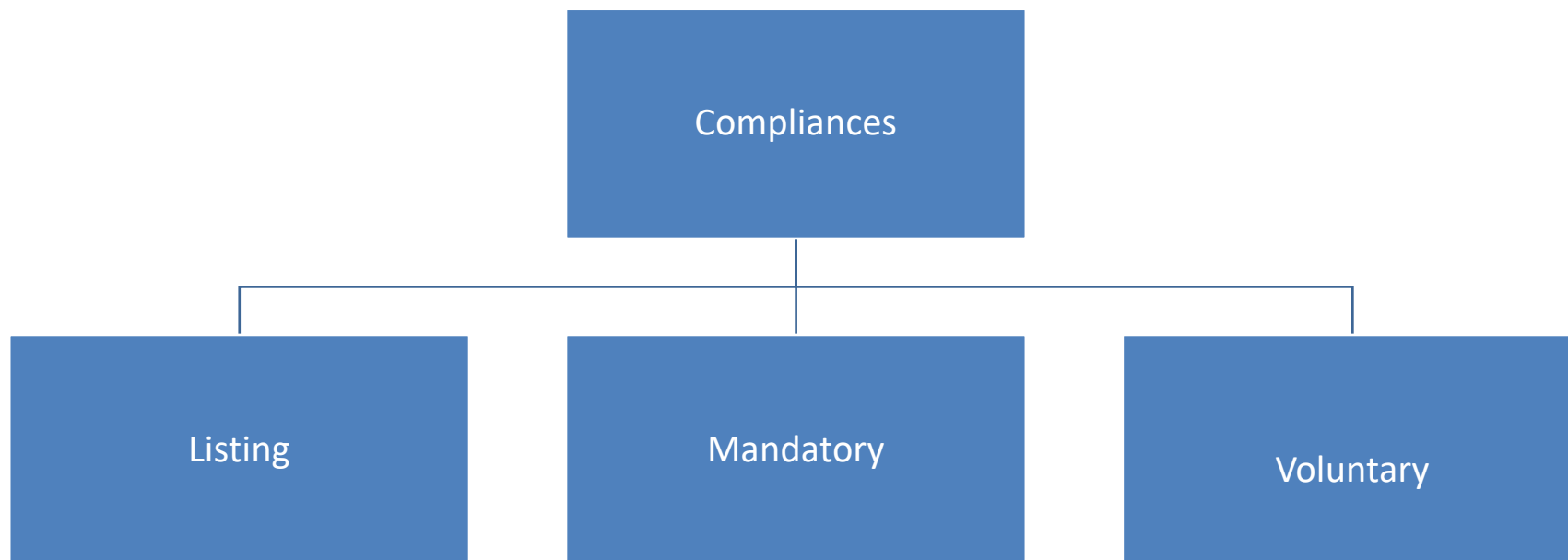
Further issues

Issuer listed on a SME exchange making a further issue of capital by way of:

- Rights issue /
- FPO /
- Preferential issue /
- Bonus issue etc.

May do so by complying with other applicable requirements as mentioned in SEBI ICDR Regulations

Compliance requirements under SEBI (LODR) Regulations



Disclosures after Listing

Any deviation in the use of the proceeds as stated in the offer document / explanatory statement of GM

Category-wise variation between projected utilization of funds stated in the offer document / explanatory statement of GM and actual utilization of funds

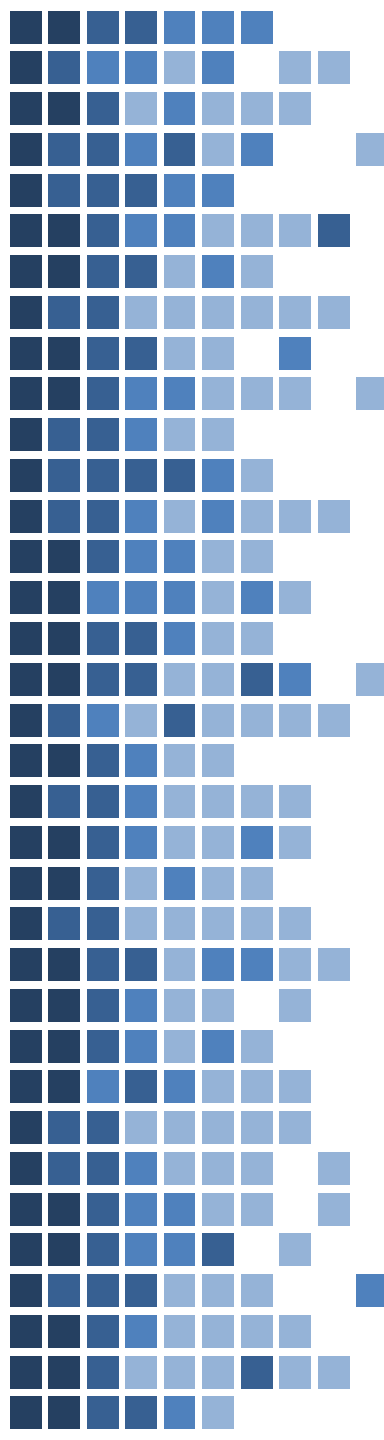
The statement of deviation or variation be given till issue proceeds raised are totally utilized. Such statement shall be placed before audit committee and after review shall be submitted to exchanges

The explanation for such variations shall be mentioned in the Directors' report in the annual report

Annual Statement for utilization of funds for purposes other than those mentioned in the offer documents / prospectus /notice, certified by statutory auditor be placed before the audit committee till the full money raised through issue has been fully utilized

Where the listed entity has appointed a monitoring agency, Company shall submit to the stock exchange any comments or report received from the monitoring agency

Mandatory Compliance



Submit to SE a statement showing holding of securities and shareholding pattern for each class of securities

1 day prior to listing of its securities on the SEs

On a half-yearly basis, within 21 days from the end of each half year

Within 10 days of any capital restructuring of the listed entity resulting in a change exceeding 2% of the total paid-up share capital

Submit half yearly financial results within 45 days from the end of half year

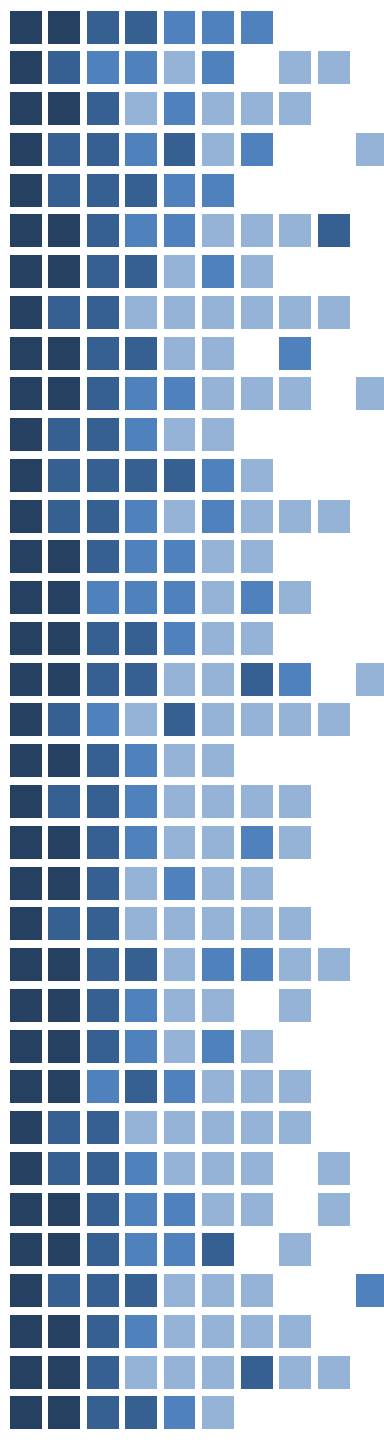
A statement of cash flow shall also be submitted for the half-year

Corporate governance norms are the same as the main board

Voluntary Compliance

- Business Responsibility report and
- Sustainability report

may be submitted by the entities which have listed their specified securities on the SME Exchange voluntarily (*in the format prescribed in SEBI (ICDR) Regulations*)



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