



BSE SME LISTING

By Dhrumil M. Shah & Co



Benefits of listing on BSE-SME Platform

- ▶ Provide the SMEs **equity financing opportunities** to grow their business from expansion to acquisition
- ▶ Equity financing will **lower the debt-burden** leading to lower costs and healthier balance-sheets.
- ▶ **Expand the investors base**, which in turn will help in getting secondary equity financing including private placement.
- ▶ **Enhance the visibility**, through media coverage resulting in a better profile and credibility leading to increase in the value of its shares.
- ▶ **Exit option**, that reduces the lock-in-period helps incentivising big venture capital participation
- ▶ Greater **incentive for the employees** as they can participate in the ownership of the company and benefit from being its shareholders.
- ▶ **Encourage innovation and entrepreneurial spirit**



Criteria of Listing on BSE SME Platform

- ▶ The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crores.
- ▶ Positive net worth.
- ▶ The company /firm (or the firm which has been converted into the company) should have a (combined) track record of at least 3 years
- ▶ The company /firm (or the firm which has been converted into the company) should have combined positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years preceding the application and its net worth should be positive
- ▶ The company should mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories
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- ▶ The company should mandatorily have a website
- ▶ The company should have no change in the promoters in the preceding one year from the date of filing its application on BSE for listing on SME segment

Criteria of Listing on BSE SME Platform

The company should not :	Broking Companies:	Micro Finance Companies:
<ul style="list-style-type: none"> ▶ Be referred to the Board for Industrial and Financial Reconstruction (BIER). ▶ Have any winding-up petition against the company that has been accepted by a court. 	<ul style="list-style-type: none"> ▶ Net worth of minimum Rs. 15 Crores (should comprise of equity and reserves and surplus). ▶ Aggregate profit before tax of Rs. 5 Crores for 2 consecutive years, out of 3 immediately preceding financial years. (Each financial year should be of a period of 12 months). Extraordinary income will not be considered for the purpose of profits 	<ul style="list-style-type: none"> ▶ Micro finance companies, in addition to the existing criteria for all SME companies, should have a book value of at least Rs. 2,100 Crores, client base of 10,000 & above and it should not have accepted / held public deposit
	<ul style="list-style-type: none"> ▶ Net tangible assets of at least Rs. 3 Crores as per the latest audited financial results 	
	<ul style="list-style-type: none"> ▶ The post-issue paid up capital of the company should be minimum Rs. 3 Crores 	

Pre-Issue Compliance on BSE SME Platform

Vis- a-Vis Main Board

PARTICULARS	BSE SME PLATFORM	MAIN BOARD
IPO Application Size	Not less than Rs.1 Lakh	Rs. 10,000 – Rs. 15,000 (minimum)
Observation on DHRP	By the Exchange	By SEBI
Post issue Paid-up Capital (Face Value)	The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crores	Minimum Rs. 10 Crores
Minimum pre-tax Operating	No such Requirements	At least pre tax operating profit of Rs. 15 Crores (for 3 years out of 5 preceding years)
IPO Grading	Non-Mandatory	Mandatory
Market Capitalisation/Issue Size IPO Underwriting	100% underwritten (At least 15% of the issue size on the books of the merchant banker)	Mandatory (Not required when 75% of the issue is offered for compulsory subscription of QIBs)
Minimum No. of Allot-tees in the IPO	At least 50	At least 1000

**Post-Issue Compliance on BSE SME Platform
Vis- a-Vis Main Board**

PARTICULARS	BSE SME PLATFORM	MAIN BOARD
Reporting Requirement	Half-Yearly (abridged)	Quarterly (comprehensive)
Market Making	Mandatory	Non-Mandatory
Corporate Governance Requirement	Chapter XB of SEBI ICDR	SEBI LODR

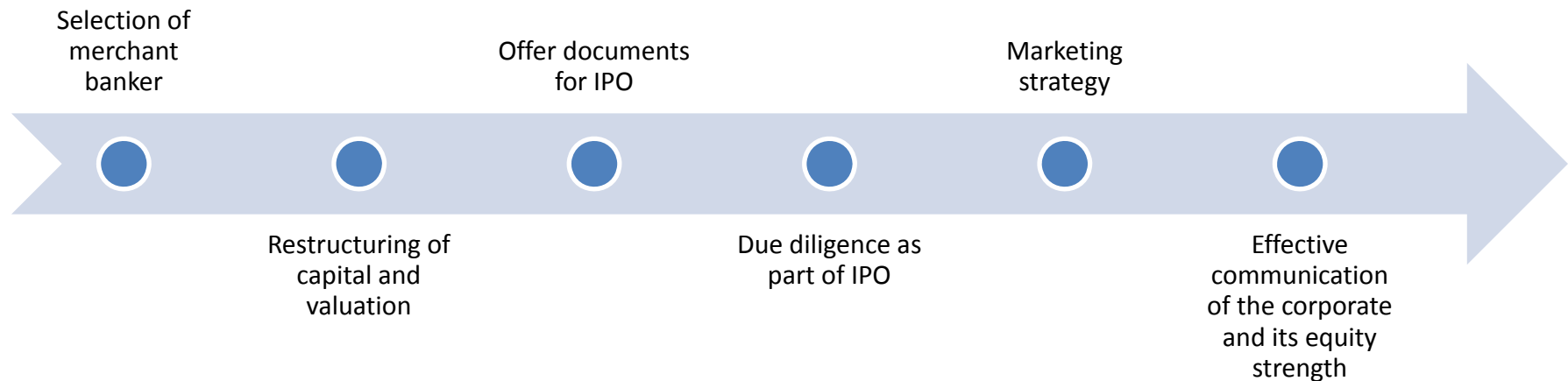
Criteria for Migration from BSE SME Platform to Main Board

Any company on BSE SME Platform having a paid up capital of more than Rs. 10 Crores can apply to move to the main board provided:

- ▶ The company should be listed on SME platform for minimum 2 years.
- ▶ Market Capitalisation should be minimum Rs. 25 Crores.
- ▶ A Special resolution is passed with at least two-thirds of the shareholders (apart from promoter shareholders) favouring the migration
- ▶ On migration to the Main Board the company will have to comply with the applicable regulations of SEBI LODR (Listing Obligations And Disclosure Requirements) Regulations 2015

Preparation for IPO

Initial Public Offer (IPO) is one of the means of financing and an important method to raise funds for any corporate aspiring for growth. It is thus important that every corporate is aware about the requirements and the kind of preparation required before entering the capital market. An overview of the process of IPO and activities are listed below:





Thank You

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