

SEBI

Strengthens **SME Listing Norms**



POSITIVE FREE CASH FLOW (FCFE)

NSE Emerge has introduced a requirement for **+ve FCFE** for **at least 2 out of 3 FY** preceding an SME listing.

$$\text{FCFE} = \text{Cash flow from Operations} - \text{Purchase of Fixed Assets} + \text{Net Borrowings} - \text{Interest} \times (1 - T)$$



NSE Emerge – 90% cap on listing gains over **issue price**



was the first SME IPO to list after the NSE's **90% limit** on listing gain



NEW GUIDELINES BY SEBI

which will be implemented after **4th December!**



SMEs seeks to **Double Minimum** Subscription

Old	Criteria	New
₹5 crore	Minimum IPO Size	₹10 crore
₹1 lakh	Minimum Application Size	₹2 lakh
50	Minimum number of allottees	200



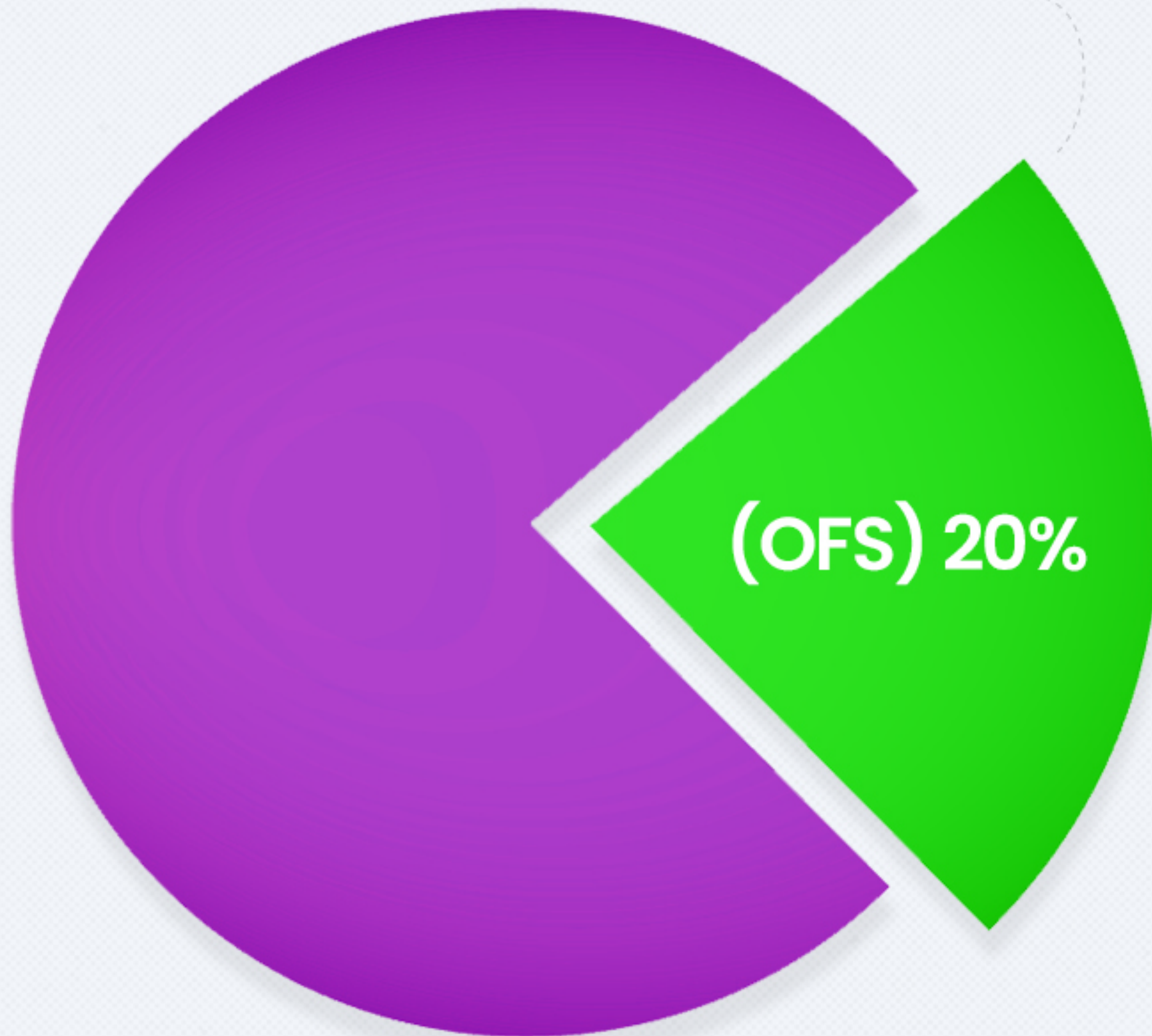
EXTENDED PROMOTER LOCK-IN PERIOD

SELL

Promoters must now retain their stake for **5 years, up from 3 years**



OFFER-FOR-SALE LIMITATION



SEBI suggests limiting
Offer-for-Sale (OFS) to 20% of the issue size

MANDATORY APPOINTMENT OF MONITORING AGENCY

Old	Criteria	New
₹100 crore	Minimum Threshold	₹20 crore



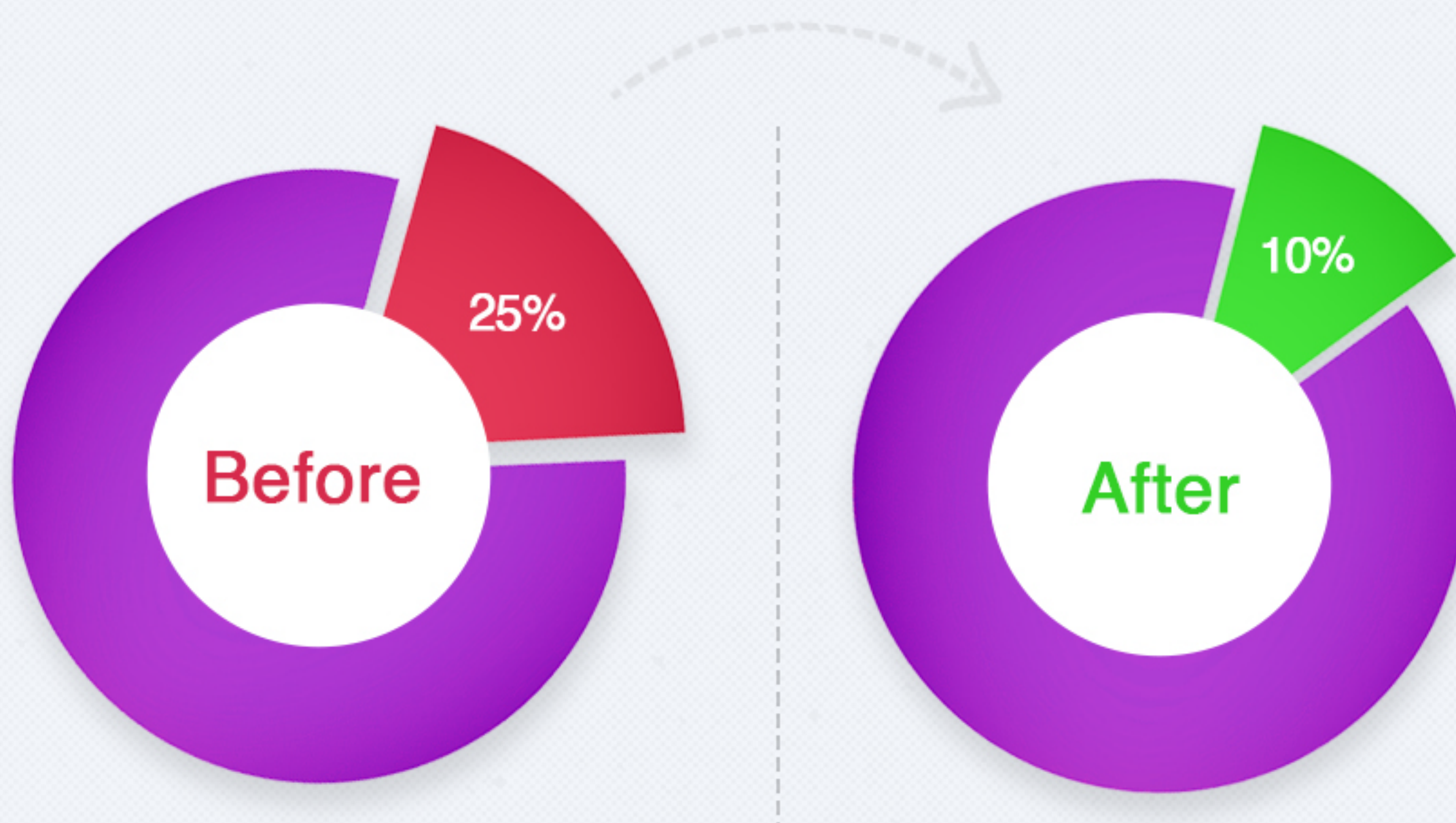
FACE VALUE OF SHARES

Mandating shares issued in the IPO to have **FV of ₹10 a piece for its issued capital and proposed new shares**

Formula	Book Value	Shareholders Equity	No of shares
Calculation			
Share Capital (INR crs)		13	
Face Value (INR)		10	
No of Shares		13,000,000	
Reserves		119	
Revaluation Reserves		-	
Total Reserves		119	
Share holders e		132	
Book Value		102	
Stock Price			



Cap on General Corporate Purpose (GCP)
Funds **from 25% to 10% or ₹ 10cr**



Funds for GCP are now capped at 10% of the issue size or ₹10 crore, whichever is lower

Periodic submission of **statutory auditor's**
CERTIFICATE TO CONFIRM fund utilization



SBI



'DRAW OF LOTS' SYSTEM FOR NON-INSTITUTIONAL INVESTORS

SEBI has proposed to divide the NII category into two sub-categories

Sub-category 1

Applications up to
₹10 lakh (1/3 allocation)

Sub-category 2

Applications above
₹10 lakh (2/3 allocation)

This ensures that smaller investors have a better chance of securing allotments in case of oversubscription.

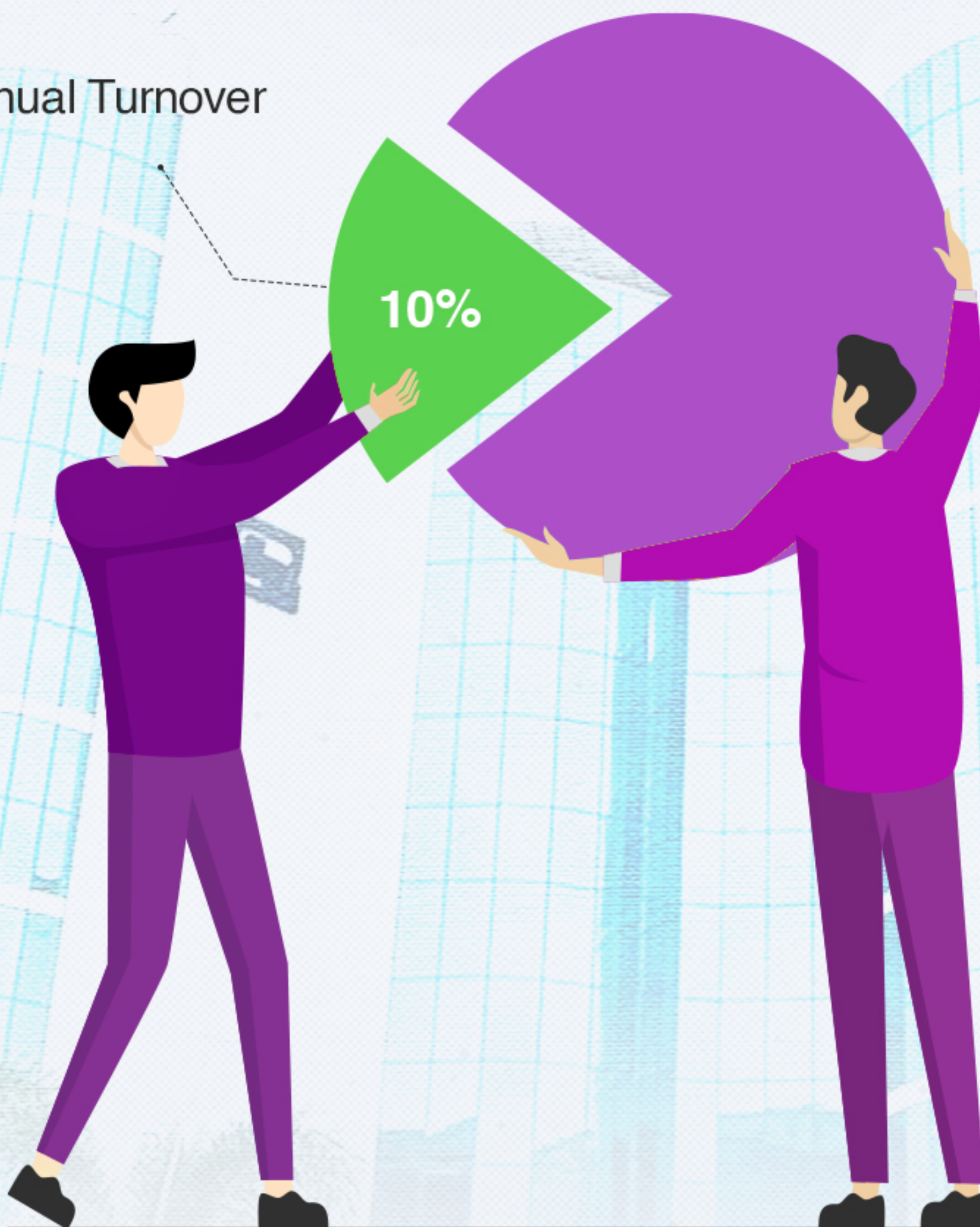
Prohibition on repayment of loans taken by **PROMOTERS,
PROMOTER GROUPS, or related parties from the issue proceeds**



Related-Party Transaction (RPT) Norms - Threshold for shareholder approval to **10% OF ANNUAL TURNOVER**

Annual Turnover

10%



IPO

21-DAY PUBLIC REVIEW

period for IPO offer documents

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