



Unlocking Growth: The SME IPO Listing Process in India

NSE | BSE

BY
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OUR BIG IDEA

Small and Medium Enterprises (SMEs) are the backbone of India's economy, contributing significantly to GDP and employment.

INDUSTRY OUTLOOK – SME's in India

17%

Contribution to
GDP

45%

Share of Industrial
output

40%

Share of Exports

69 MN

Total Employment:
60%

1.3MN

Job creation every
year

SUCCESS

Benefits

✓ Tax Benefits

- No tax on equity infusion in the company
As per the Finance Act, 2012 a company is liable to tax on equity infusion, if the equity shares are issued at premium exceeding the fair price. Such tax is not applicable in case the shares are listed.
- *No tax on distressed business purchase*
Acquisitions of shares of an unlisted company below net-worth attracts tax on investors such a tax incidence is mitigated if the shares are listed.
- *No tax on Buy back of shares*
Tax @ 20% on buy back of shares is not applicable if the shares are listed.

✓ Reduced cost of borrowing

Listing often leads to improvement in credit rating, which in turn enables raising of loans at a reduced rate of interest.

✓ Stakeholders Comfort

Listing adds to the comfort of stakeholders such as customers/lenders/creditors of the company, which in turn, results in increased order book, better negotiated business terms like credit period, margin, favorable contractual covenants etc.

✓ Easy access to capital and financing opportunities

Listing facilitates enormous financing opportunities in terms of raising equity and beneficial treatment in terms of cost at which funds can be raised.

✓ Visibility- Profile building

The companies listed on the stock exchange get recognition, as well as are followed by the investors and analysts.

Listing of company provides a platform for recognition and visibility.

Requirement & Eligibility

SEBI

- Post issue paid up capital shall be max Rs 25 crore
- Minimum application amount/trading lot Rs 1 Lakh
- Min. IPO Size of 25% of post issue capital with minimum 50 investors.
- Mandatory market making for 3 years with share inventory of 5% of IPO. Total buy obligation is 25% of IPO.

BSE

- Maximum post-issue paid-up capital of Rs. 25 Crores.
- Net tangible assets of at least Rs. 3 Crores (per latest audited results).
- Minimum 3 years of successful operation, or funding from banks/government if less than 3 years, or parent company/group listed for 2 years.
- Positive net worth and positive cash accruals (EBDT) from operations.

NSE

- Max Post issue paid-up capital : 25 cr.
- Track record of at least 3 years
- Positive EBDT from operations
- Positive Net Worth

Migration Process

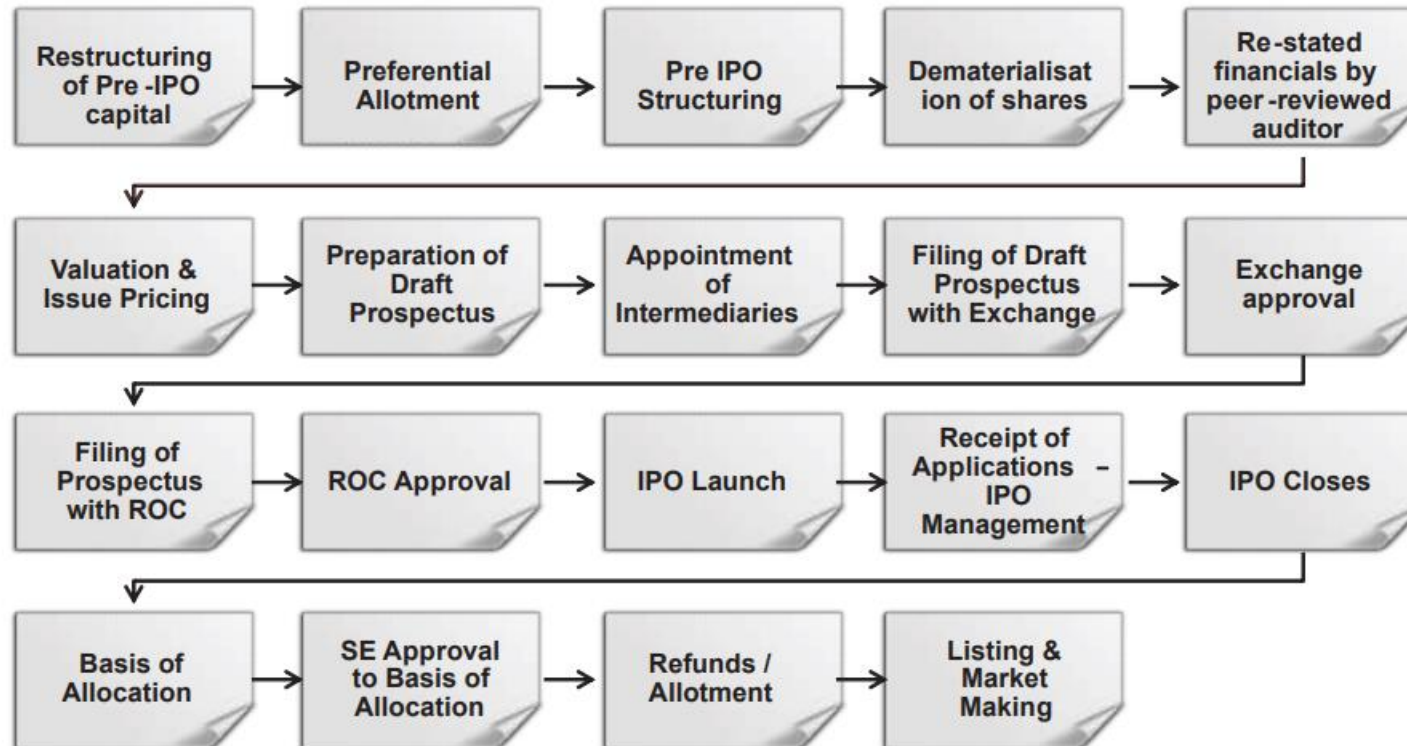
- Paid up capital 10 crore or more
- Market Capitalization at least Rs 25 Crore of more
- 2/3rd non-promoter shareholder approval by postal ballot
- Preparation of filing of information memorandum
- Clean track record as per SCORES only

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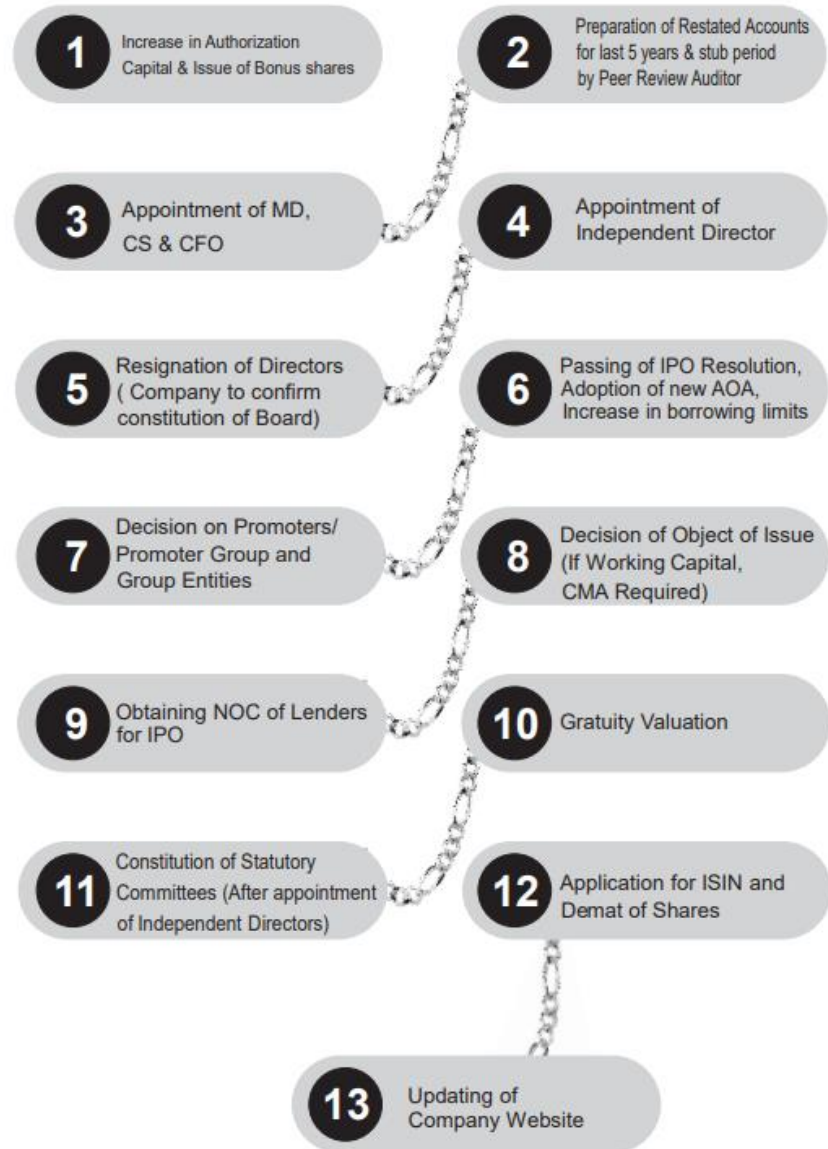
60 Days Easy Process and Norms

SME IPO can be completed in 60 days with Easy Processes & Norms



**Subject to receipts of Documents & Approvals*

Procedures



Future of SME IPO's

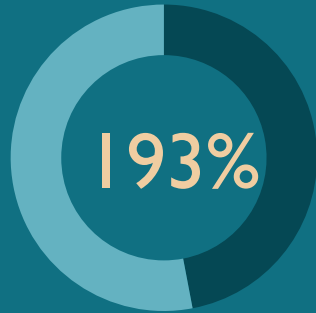


FUNDING RAISED BY SME IPO's in 2023- EXAMPLES

Companies	IPO Funding
Shera Energy Limited	45.46 Crores
Insolation Energy Limited	22.16 Crores
Infollion Research Services Limited	21.45 Crores
Cool Caps Industries Limited	11.65 Crores
Tutorials Point India Limited	7.00 Crores

These are few examples of companies featured on the SME Market in 2023.

THE SME MARKET: 2023 LISTING GAIN EXAMPLES



Basilic Fly Studio Limited



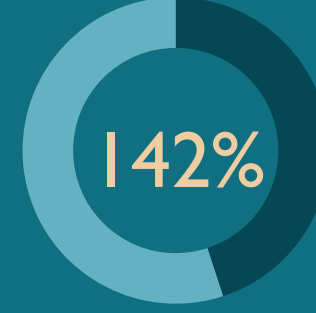
Bondada Engineering Limited



Asarfi Hospital Limited



Kaka Industries Limited



Infollion Research Services Limited

Companies	Listing Gain	Issue Price	Listing	Current Price*
Basilic Fly Studio Limited	193%	Rs 97	Rs 284.55	Rs 289.60
Bondada Engineering Limited	99.5%	Rs 75	Rs 149.62	Rs 331.10
Asarfi Hospital Limited	99.5%	Rs 52	Rs 103.74	Rs 99.46
Kaka Industries Limited	99.5%	Rs 58	Rs 115.71	Rs 171.45
Infollion Research Services Limited	142.13%	Rs 82	Rs 198.55	Rs 179.80

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** Last price updated on 31st October, 2023*

**Unlock a Complimentary In-Depth
Company Listing Eligibility Analysis!
Contact Us Now for Your Assessment**



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