

# SME IPO LISTINGS

**Handbook**





# “A BIG BUSINESS STARTS SMALL”

Hence, SME Exchanges were started with the intention of allowing retail investors to participate in early stage investing

# SME EXCHANGES ACROSS THE GLOBE



In India SME Exchange is at an evolution stage but worldwide it already exists for many years  
There are more than 24 countries in the World operating SME Exchanges

# SME PLATFORM **VS** MAIN BOARD

| Parameters                                | SME Exchange                                                          | Main Board                                  |
|-------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------|
| Post - issue paid up capital (Face value) | No Minimum Criteria. Maximum Capital should not be above Rs. 25 crore | Minimum Rs. 10 crore                        |
| Minimum number of allottees               | 50                                                                    | 1000                                        |
| IPO Application Size                      | Minimum of Rs. 1,00,000                                               | Rs. 10,000 - Rs. 15,000                     |
| Observation on DRHP                       | By Exchange                                                           | By SEBI                                     |
| IPO Grading                               | Non-Mandatory                                                         | Mandatory                                   |
| Track record                              | Relaxed norms                                                         | Stringent norms                             |
| IPO Underwriting                          | Mandatory (100% underwritten with Merchant Banker)                    | Compulsory, except where 75% is allotted to |
| Time Frame for Listing                    | 3 - 4 months                                                          | 6 months upwards                            |
| Reporting Requirements                    | Half-yearly                                                           | Quarterly                                   |



# LISTED SMES - STATISTICS SO FAR



"SME IPO is considered one of the most effective and economical route to get the Company listed on Main Board."

|                                            |                                  |                                   |                          |
|--------------------------------------------|----------------------------------|-----------------------------------|--------------------------|
| <b>980+</b>                                | <b>320+</b>                      | <b>Rs. 17,500 Cr +</b>            | <b>Rs. 3,10,000 Cr +</b> |
| COMPANIES LISTED ON SME EXCHANGE TILL DATE | COMPANIES MIGRATED TO MAIN BOARD | TOTAL FUND RAISED ON SME PLATFORM | MARKET CAPITALISATION    |



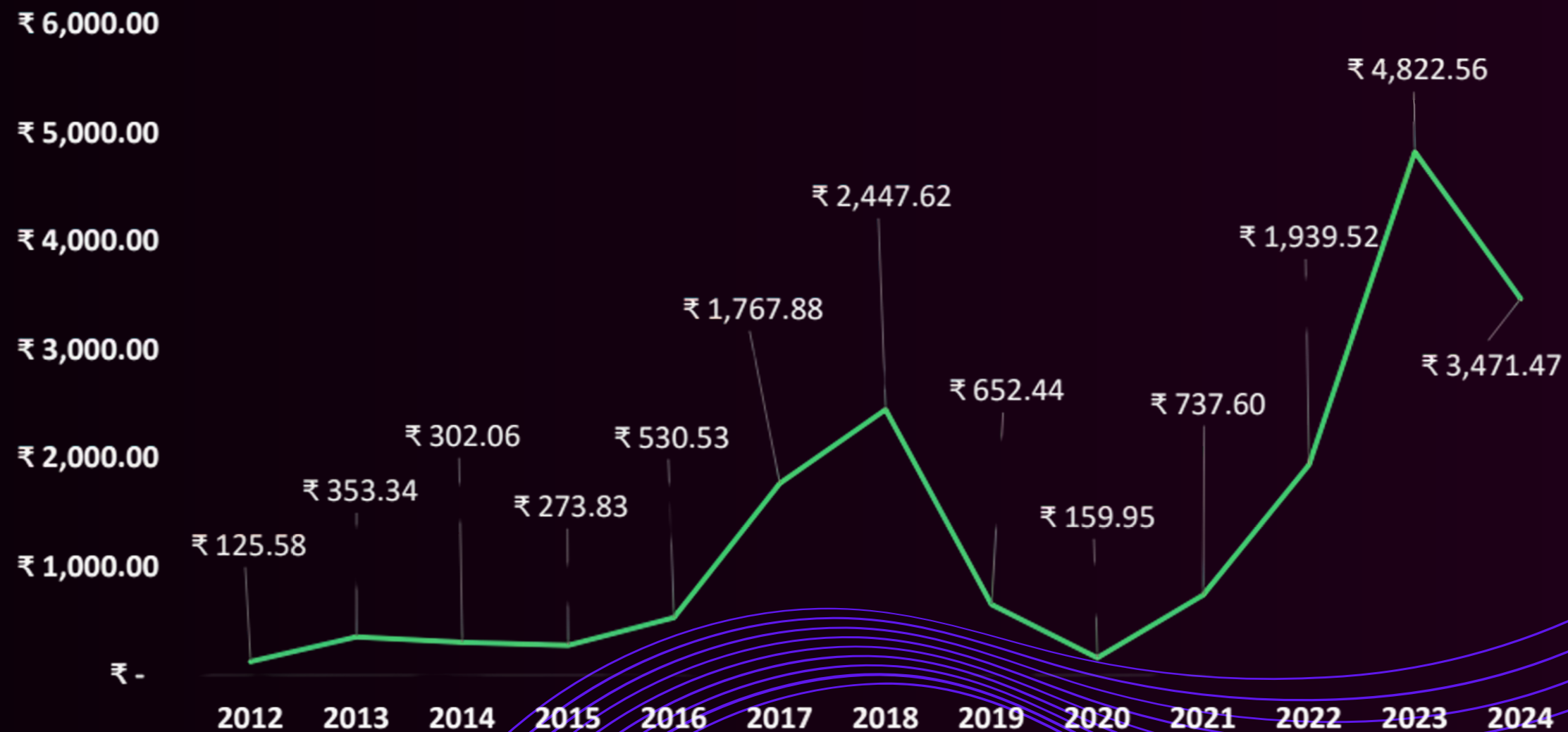
A Company listed on SME platform is eligible to migrate on Main Board post completion of 3 years from the date of its listing on SME platform.

# IPOS TRENDING TOWARDS SMES

MAIN BOARD VS SME IPO (NO. OF IPO)



AMOUNT RAISED BY COMPANIES ON SME EXCHANGES (IN CR.) CY



# ELIGIBILITY CRITERIA FOR SME LISTINGS



|                                                                                                                                                              |                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                              |                                                                                                                                                                                                                                 |
| <p>The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crores.</p>                                                      | <p>The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crores.</p>                                                                                                                         |
| <p>Positive Networth</p>                                                                                                                                     | <p>Networth of at least Rs. 1 crore for 2 preceding full financial years And Net Tangible Asset of Rs 3 crores in last preceding (full) financial year</p>                                                                      |
| <p>The Company should have operating profit (earnings before interest, depreciation and tax) from operations for at least any 2 out of 3 financial years</p> | <p>The Company should have combined positive cash accruals (earnings before Interest, depreciation and tax) in any 2 out of 3 latest financial years preceding the application date And Leverage ratio of not more than 3:1</p> |
| <p>Track record of at least 3 years</p>                                                                                                                      | <p>Track record of at least 3 years</p>                                                                                                                                                                                         |

# REGULATORY FRAMEWORK



- Minimum Promoter Dilution of 26.25% (25% to Public and 1.25% to Market maker)
- The minimum number of prospective allottees shall be at least 50
- Minimum 3 years for Migration to main Board
- The minimum application and trading lot size shall not be less than Rs.1,00,000/-
- Market making mandatory through exchange registered market makers for a minimum period of 3 years.
- The issues shall be 100% underwritten
- Offer Document [Draft Prospectus/Draft Red Herring Prospectus (DRHP)] is not subject to observation by SEBI. The SEBI has delegated the powers to Exchange with respect to approving the Draft Prospectus/Draft Red Herring Prospectus.
- IPO grading not necessary

# MIGRATION FROM SME EXCHANGE TO MAIN BOARD



Paid-up capital of more than 10 Crores

Market Capitalization should be minimum Rs.25 Crores

The applicant company should have positive cash accruals (Earnings before Interest, Depreciation and Tax) from operations for each of the 3 financial years preceding the migration application and has positive PAT in the immediate financial year of making the migration application to Exchange.

The networth of the company should be at least ₹75 Cr

The networth of the company should be least ₹15 Cr for 2 preceding full financial years.

Total number of public shareholders on the last day of preceding quarter from date of application should be at least 1000

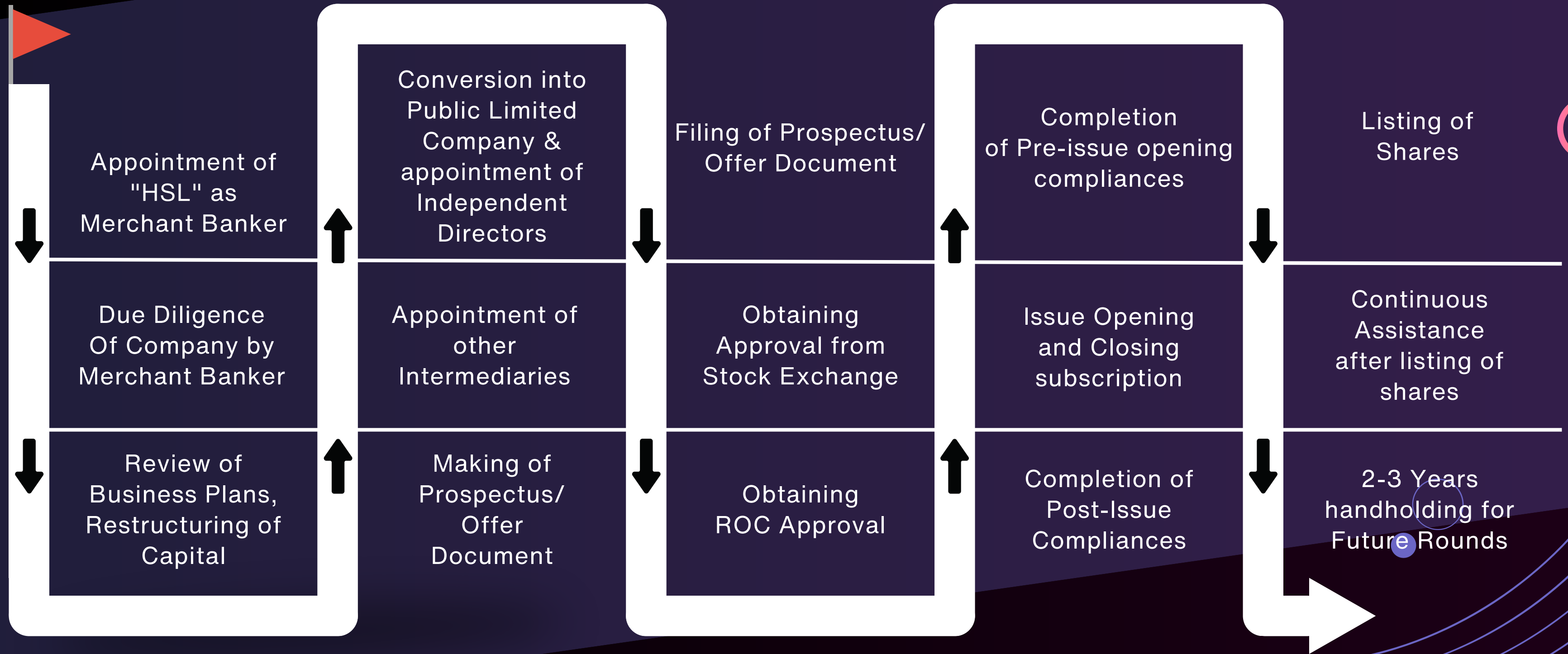
The applicant company shall have a minimum of 250 public shareholders as per the latest shareholding pattern.  
&  
Promoter(s) shall be holding at least 20% of equity share capital of the company at the time of making application.

# BENEFITS OF LISTINGS

- VISIBILITY, BRAND BUILDING AND CREDIBILITY
- IMPROVEMENT IN PRESENT BANKING FACILITIES
- INVOLVEMENT AS A BRAND AND CREATION OF GOODWILL FOR STAKEHOLDERS
- NEW FUND-RAISING OPTIONS TO MEET FUTURE EXPANSION
- SUBSTANTIAL INCREASE IN VALUATIONS - THE MAGIC OF MARKET CAPITALIZATION
- CREATION OF NEW COLLATERAL IN FORM OF LISTED TRADABLE SHARES, LOAN CAN BE RAISED BY PLEDGING THE SAME
- FACILITATING STRATEGIC BUSINESS ASSOCIATION & TIE UPS IN FUTURE TIMES



# PROCESS OF LISTING- SME IPO



# ELEMENTS OF DUE DILIGENCE PERFORMED BY MERCHANT BANKER

## 1 DOCUMENT COLLECTION & SITE VISIT

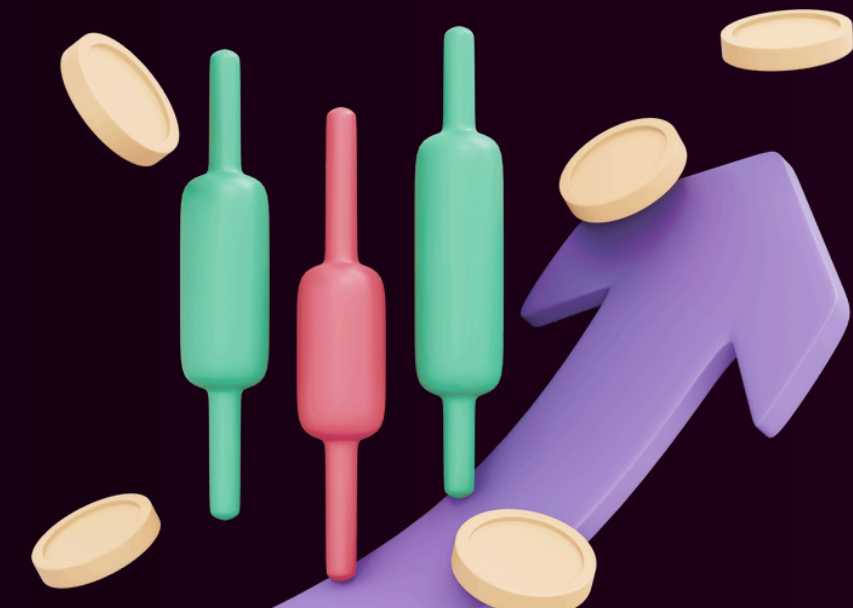
Initially, a checklist of documents required for preparing Draft Prospectus and for carrying due diligence is shared by Merchant Banker with Issuer Company. After which, a site visit is conducted by Merchant Banker at the factory premises/ registered office of the Company to check the internal control system, business operations and gain understanding on the business process, finance & accounts and an overall true picture of the Issuer.

## 2 FINANCIAL DUE DILIGENCE

Financial Due Diligence involves analysis of financial statements and key ratios to reveal insights regarding profitability, liquidity, operational efficiency and solvency of the Company.

## 3 SECRETARIAL DUE DILIGENCE

Secretarial Due Diligence is carried to examine and ensure that the Company is in compliance with all the applicable provisions of the Companies Act, 2013 and other applicable Statutory Acts.



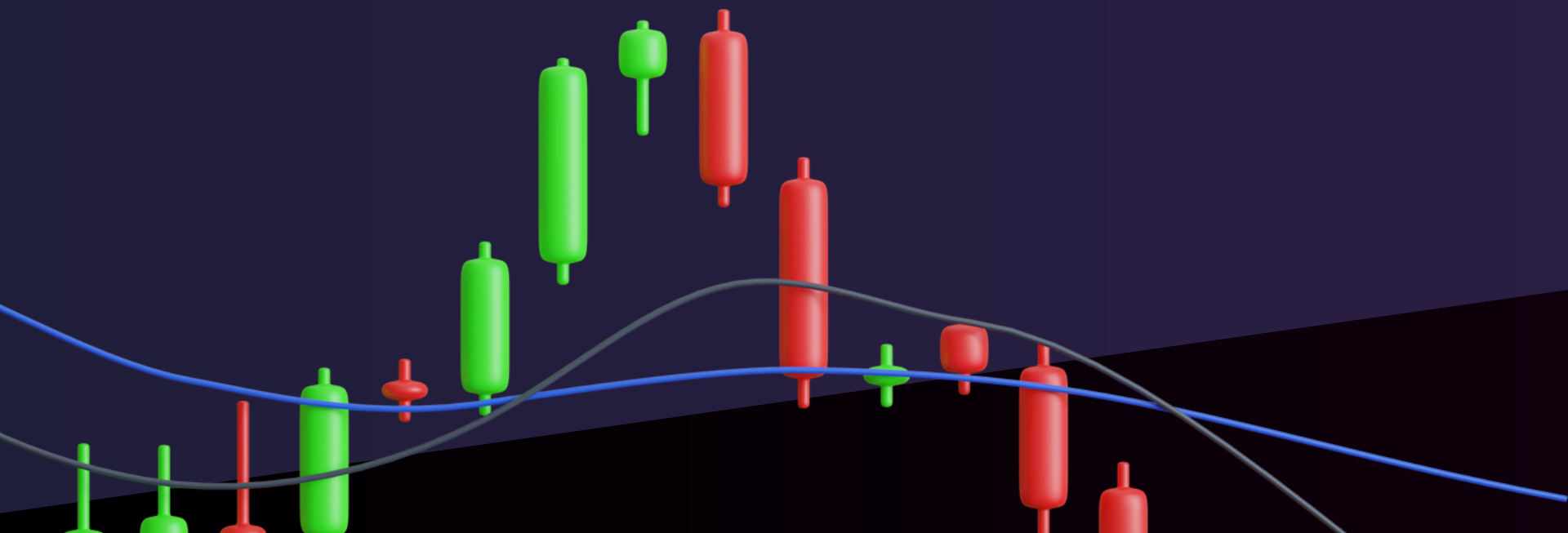
# ELEMENTS OF DUE DILIGENCE PERFORMED BY MERCHANT BANKER

## 4 LEGAL DUE DILIGENCE

Legal due diligence involves examining outstanding litigation cases and their impact on Company, Promoters and Directors and making a legal background check of Company, its promoters, directors and Group Companies.

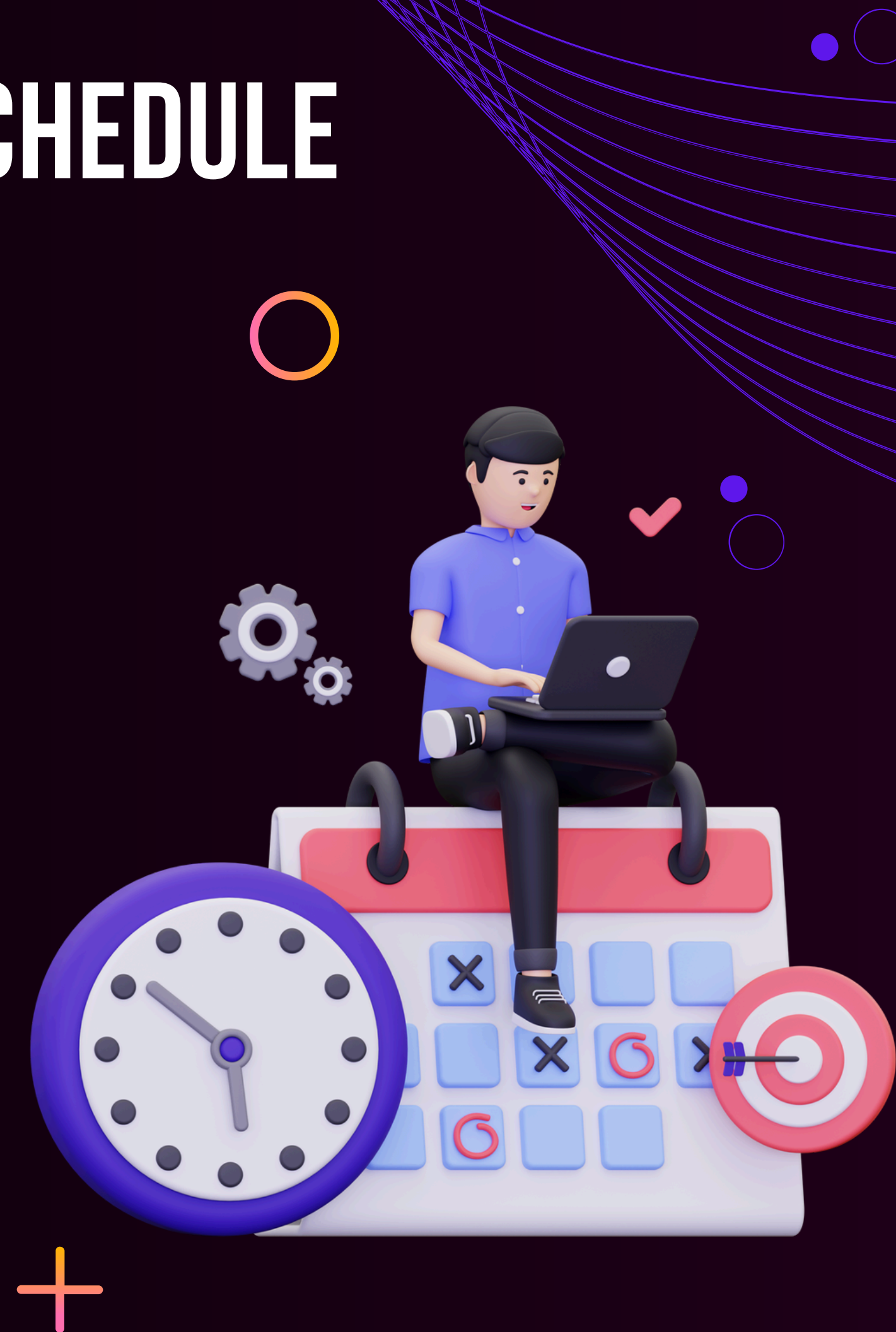
## 5 OTHER KEY AREAS COVERED IN DUE DILIGENCE/DRAFT PROSPECTUS

Verification of Government approvals, examining documents related to properties, insurance, intangible assets etc., preparing profile of Directors, Promoters and KMPs, verification of objects of Issue and presenting an overview on Industry.



# TENTATIVE ACTIVITY SCHEDULE FOR SME IPO

| PARTICULARS                                                  | DAYS   |
|--------------------------------------------------------------|--------|
| Starting of Assignment                                       | X      |
| Documents Collection                                         | X + 25 |
| Completion of Due Diligence                                  | X + 45 |
| Completion of Peer Review Audit                              | X + 30 |
| Secretarial Audit, form filing and formulation of Committees | X + 30 |
| Legal Vetting                                                | X + 30 |
| Drafting and Vetting of Draft Prospectus                     | X + 60 |
| Filing of Draft Prospectus                                   | X + 60 |
| Approval from Stock Exchange                                 | X + 75 |
| ROC Filing of Prospectus                                     | X + 85 |
| Issue Opening                                                | X + 90 |



# COMMON APPREHENSIONS AMONG SMES IN RESPECT TO LISTING!



“Not a right time to enter in Stock Markets”

“Current Valuations are cheap”

“Books of Accounts are not proper”

“Whether Private Equity or SME IPO ?”

“Regulatory intervention”

“Lack of competent Manpower”

“Interference of Public Shareholders”

“Breach of confidentiality”

# WHO HAVE GOT LISTED

Companies with Turnover  
ranging from Rs. 5 Cr.to  
Rs. 1300 Cr.

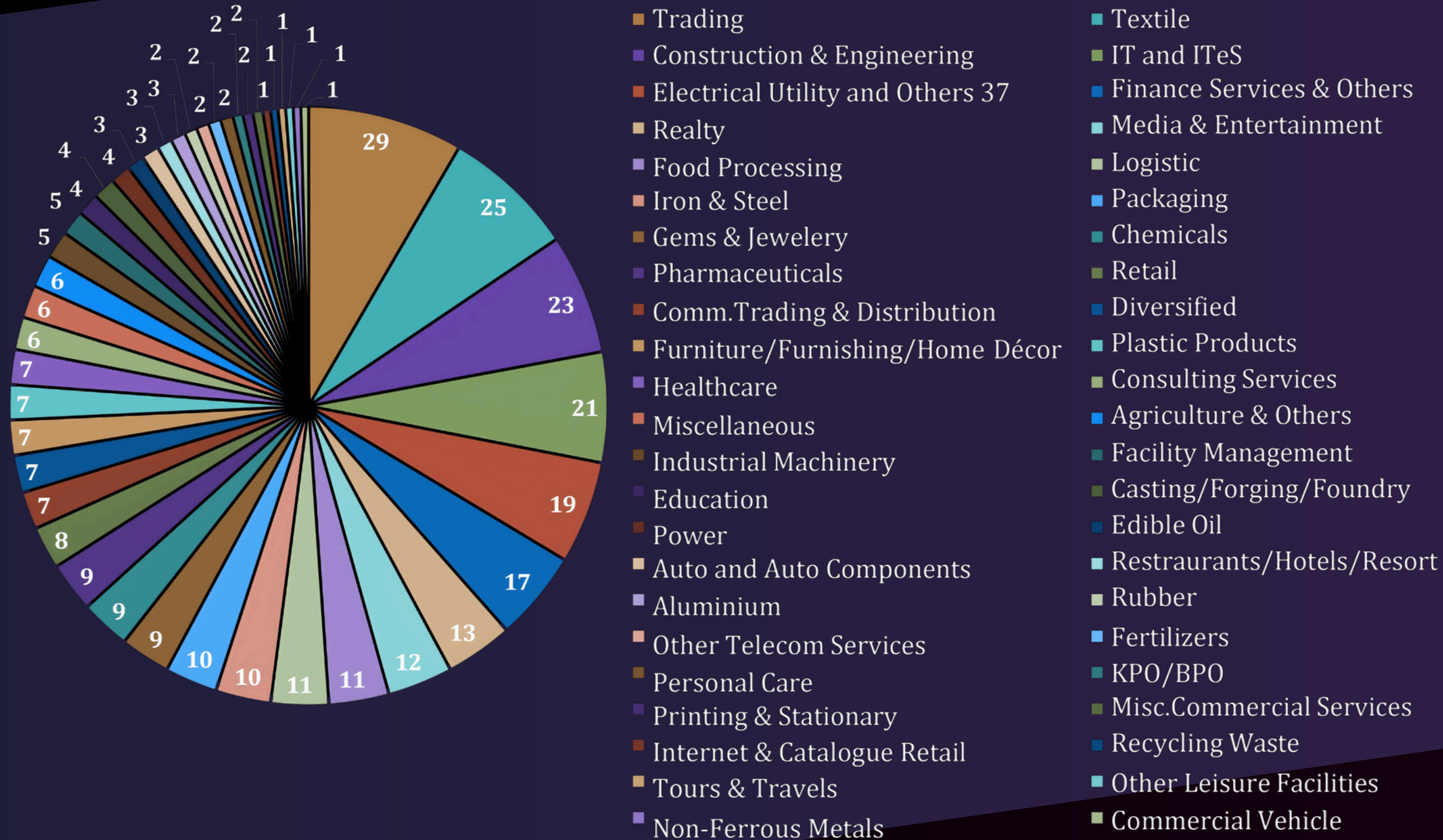
Profits ranging from  
Rs. 25 Lakh to Rs. 26 Cr.

+

You too can list your business.



# SECTOR WISE DIVISION OF COMPANIES LISTED ON SME PLATFORM



## STATE WISE LISTINGS

Maharashtra and Gujarat contributes 32% and 30% respectively followed by

- Delhi
- West Bengal
- Rajasthan
- Madhya Pradesh
- Punjab
- Uttar Pradesh
- Telangana
- Tamil Nadu
- Karnataka
- Haryana
- Chhattisgarh and Others

# MINIMAL LISTING COMPLIANCE FOR SME COMPANIES

| MAJOR COMPLIANCES AS PER SEBI (LODR) REGULATIONS, 2015                 | FREQUENCY |
|------------------------------------------------------------------------|-----------|
| Declaration of Financial Results                                       | X + 25    |
| Submission of Shareholding pattern                                     | X + 30    |
| Submission of statement of grievance redressal                         | X + 30    |
| Submission of Annual Report                                            | X + 30    |
| Intimation of Board Meeting to Stock Exchange (specified matters only) | X + 60    |
| Induction of Independent Directors                                     | X + 85    |
| Appointment of Company Secretary on pay roll                           | X + 90    |

# ENORMOUS WEALTH CREATED BY INDUSTRIALISTS THROUGH LISTING



GAUTAM ADANI

Chairperson of Adani Group



ANIL AGARWAL

Founder and Chairman of Vedanta Resources Limited.



RADHAKISHAN DAMANI

Founder of DMart



SHIV NADAR

Chairman emeritus of HCL Technologies Limited



MUKESH AMBANI

Chairman and Managing Director of Reliance



AZIM HASHIM PREMJI

Chairman of Wipro Limited.

Lets begin the Wealth Creation journey by replicating the globally proven Wealth Creation formula of Listing of Company on Stock Markets...

# VALUE CREATION OF SME LISTED COMPANIES

INR in Cr.

| S.No | Name of Company                                                  | Listing date | Issue Price | M Cap During Listing | % change In M Cap | Current Market cap | Current Share Price | Price returns |
|------|------------------------------------------------------------------|--------------|-------------|----------------------|-------------------|--------------------|---------------------|---------------|
| 1    | EKI Energy Services Limited                                      | 4/7/21       | 102.00      | 70.13                | 7614.53%          | 5410.00            | 7870.00             | 7616%         |
| 2    | Aditya Vision Limited                                            | 12/12/16     | 15.00       | 21.28                | 4082.54%          | 890.00             | 740.00              | 4833%         |
| 3    | Raghuvansh Agrofarms Ltd.                                        | 1/28/15      | 11.00       | 13.11                | 3264.30%          | 441.00             | 370.00              | 3264%         |
| 4    | Share India Securities Limited                                   | 10/5/17      | 41.00       | 100.16               | 3468.42%          | 3574.00            | 1120.00             | 2632%         |
| 5    | Lancer Container Lines Limited                                   | 4/12/16      | 12.00       | 6.85                 | 8787.84%          | 609.00             | 202.00              | 1583%         |
| 6    | Suumaya Lifestyle Limited                                        | 6/4/18       | 18.00       | 41.96                | 1839.94%          | 814.00             | 290.00              | 1511%         |
| 7    | Suyog Telematics Ltd.                                            | 1/22/14      | 25.00       | 16.16                | 2499.74%          | 420.00             | 401.00              | 1504%         |
| 8    | Sangam Advisors Ltd./ Waaree Renewables Technologies Ltd         | 8/9/12       | 22.00       | 13.43                | 5329.24%          | 729.00             | 350.00              | 1491%         |
| 9    | White Organic Retail Limited                                     | 5/10/19      | 63.00       | 34.36                | 3013.76%          | 1070.00            | 981.00              | 1457%         |
| 10   | Raghav Ramming Mass Limited/Raghav Productivity Enhancers Ltd.   | 4/13/16      | 39.00       | 28.00                | 1892.64%          | 558.00             | 513.00              | 1215%         |
| 11   | Rajnandini Metal Limited                                         | 10/8/18      | 26.00       | 15.97                | 2779.84%          | 460.00             | 250.00              | 862%          |
| 12   | Chemcrux Enterprises Limited                                     | 3/28/17      | 18.00       | 8.89                 | 2566.84%          | 237.00             | 160.00              | 789%          |
| 13   | Junction Fabrics and Apparels Ltd./Garment Mantra Lifestyle Ltd. | 7/10/15      | 16.00       | 4.31                 | 3056.90%          | 136.00             | 135.00              | 744%          |
| 14   | R&B Denims Ltd.                                                  | 4/22/14      | 10.00       | 13.99                | 4022.98%          | 577.00             | 82.50               | 725%          |
| 15   | Debock Sales and Marketing Limited                               | 6/5/18       | 20.00       | 16.44                | 2083.92%          | 359.00             | 154.00              | 670%          |
| 16   | Art Nirman Limited                                               | 10/19/16     | 25.00       | 19.01                | 2103.72%          | 419.00             | 168.00              | 572%          |
| 17   | H.K. Trade International Ltd./Waaree Technologies Ltd            | 9/14/15      | 18.00       | 4.74                 | 2053.07%          | 102.00             | 95.00               | 428%          |
| 18   | Valiant organics Limited                                         | 10/14/16     | 220.00      | 80.10                | 2886.39%          | 2392.00            | 881.00              | 300%          |
| 19   | Ksolves India Limited                                            | 7/6/20       | 100.00      | 14.82                | 2430.78%          | 375.00             | 316.00              | 216%          |
| 20   | Yogya Enterprises Ltd./HKG Ltd                                   | 4/15/15      | 15.00       | 5.25                 | 1880.85%          | 104.00             | 29.80               | 99%           |



# TOP PERFORMING COMPANIES LISTED BY US

INR in Cr.

| S. No. | Name of Company                                                  | Date     | Issue Price | M Cap During Listing | % change in M Cap | Current Market cap | Current Share Price | Price returns |
|--------|------------------------------------------------------------------|----------|-------------|----------------------|-------------------|--------------------|---------------------|---------------|
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| 6      | Raghav Ramming Mass Limited/Raghav Productivity Enhancers Ltd.   | 4/13/16  | 39.00       | 28.00                | 1892.64%          | 558.00             | 513.00              | 1215%         |
| 7      | Bella Casa Fashion & Retail Limited                              | 10/15/15 | 14.00       | 12.90                | 1496.95%          | 206.00             | 179.00              | 1179%         |
| 8      | Suratwala Business Group Limited                                 | 8/13/20  | 15.00       | 26.01                | 1261.10%          | 354.00             | 204.00              | 1260%         |
| 9      | D.P. Abhushan Ltd.                                               | 10/23/17 | 28.00       | 62.32                | 1210.87%          | 817.00             | 367.00              | 1211%         |
| 10     | Bansal Roofing Products Ltd.                                     | 7/14/14  | 30.00       | 6.59                 | 1104.62%          | 79.40              | 60.20               | 101%          |
| 11     | Madhya Bharat Agro Products Limited                              | 9/9/16   | 24.00       | 52.58                | 959.41%           | 557.00             | 254.00              | 958%          |
| 12     | Dhabriya Polywood Ltd.                                           | 10/17/14 | 15.00       | 12.30                | 709.78%           | 99.60              | 92.00               | 513%          |
| 13     | V R Films & Studios Limited                                      | 4/30/19  | 61.00       | 8.37                 | 699.25%           | 66.90              | 487.00              | 698%          |
| 14     | Krishana Phoschem Limited                                        | 2/27/17  | 30.00       | 74.70                | 636.29%           | 550.00             | 186.00              | 520%          |
| 15     | ADCC Infocad Ltd./CeInsys Tech Limited                           | 10/22/14 | 40.00       | 36.24                | 622.96%           | 262.00             | 170.00              | 325%          |
| 16     | Prevest Denpro Limited                                           | 9/27/21  | 84.00       | 72.11                | 505.98%           | 437.00             | 364.00              | 333%          |
| 17     | Universal Autofoundry Limited                                    | 9/4/15   | 15.00       | 12.17                | 453.97%           | 67.40              | 59.40               | 296%          |
| 18     | Dev Information Technology Limited                               | 4/17/17  | 42.00       | 23.19                | 417.47%           | 120.00             | 109.00              | 160%          |
| 19     | Vishal Bearings Limited                                          | 10/15/15 | 25.00       | 11.99                | 407.88%           | 60.90              | 56.40               | 126%          |
| 20     | Captain Polyplast Ltd.                                           | 12/11/13 | 30.00       | 22.39                | 377.90%           | 107.00             | 21.20               | -29%          |

# ABOUT US.



**We are leading  
Equity (Listed &  
Unlisted), Mf, PMS &  
AIF Distributor in  
India.**

**Providing corporate  
advisory to Large &  
SME Companies**

**Experience of over  
10 Years of legacy &  
expertise in  
creating wealth for  
our customers**

**Complete Bouquet  
of Financial services**

**Personalized  
support for our  
customers**




# OUR MANAGEMENT BRAIN



Mr. Belson V B ( Belson Wealth)  
Managing Director

# TEAM STRENGTH




Strong team of professionals has helped deliver results within timeline and with greater satisfaction to clients.



# OUR SERVICES



 EQUITY Broking ( Listed & Unlisted)  
Mutual Fund Distribution

 PMS Distribution

 Wealth Management

 ISIN Creation

 Pvt company dematerialization

 SME IPO

 SME LOANS



# OUR SECTOR UNDERSTANDING





# REACH US

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