



Nirbhay Capital Services Pvt. Ltd.

- A SEBI Registered Category I Merchant Banker



Presentation On **Public Issue of Small & Medium** **Enterprises**

Nirbhay Capital Services Pvt. Ltd.

- A SEBI Registered Category I Merchant Banker



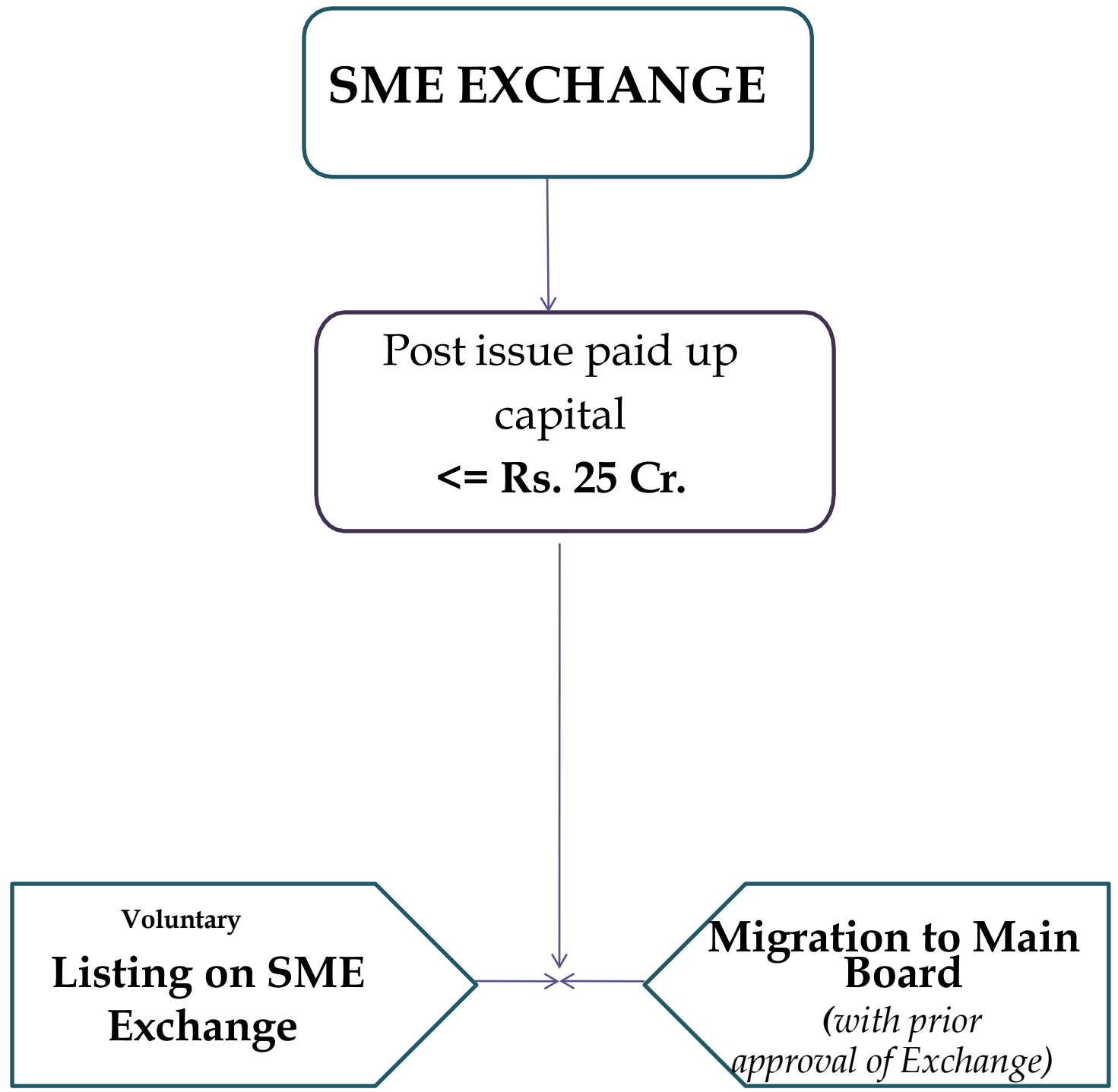
S

M

Enterprises
E

Small & Medium

OVERVIEW OF AN SME IPO



“SME exchange” means a trading platform of a recognised stock exchange having nationwide trading terminals permitted by the Board to list the specified securities issued in accordance with Chapter IX and includes a stock exchange granted recognition for this purpose but does not include the Main Board; (Regulation 2(1)(ddd)).

Provides great opportunity to entrepreneurs to raise the equity capital for growth of SMEs.

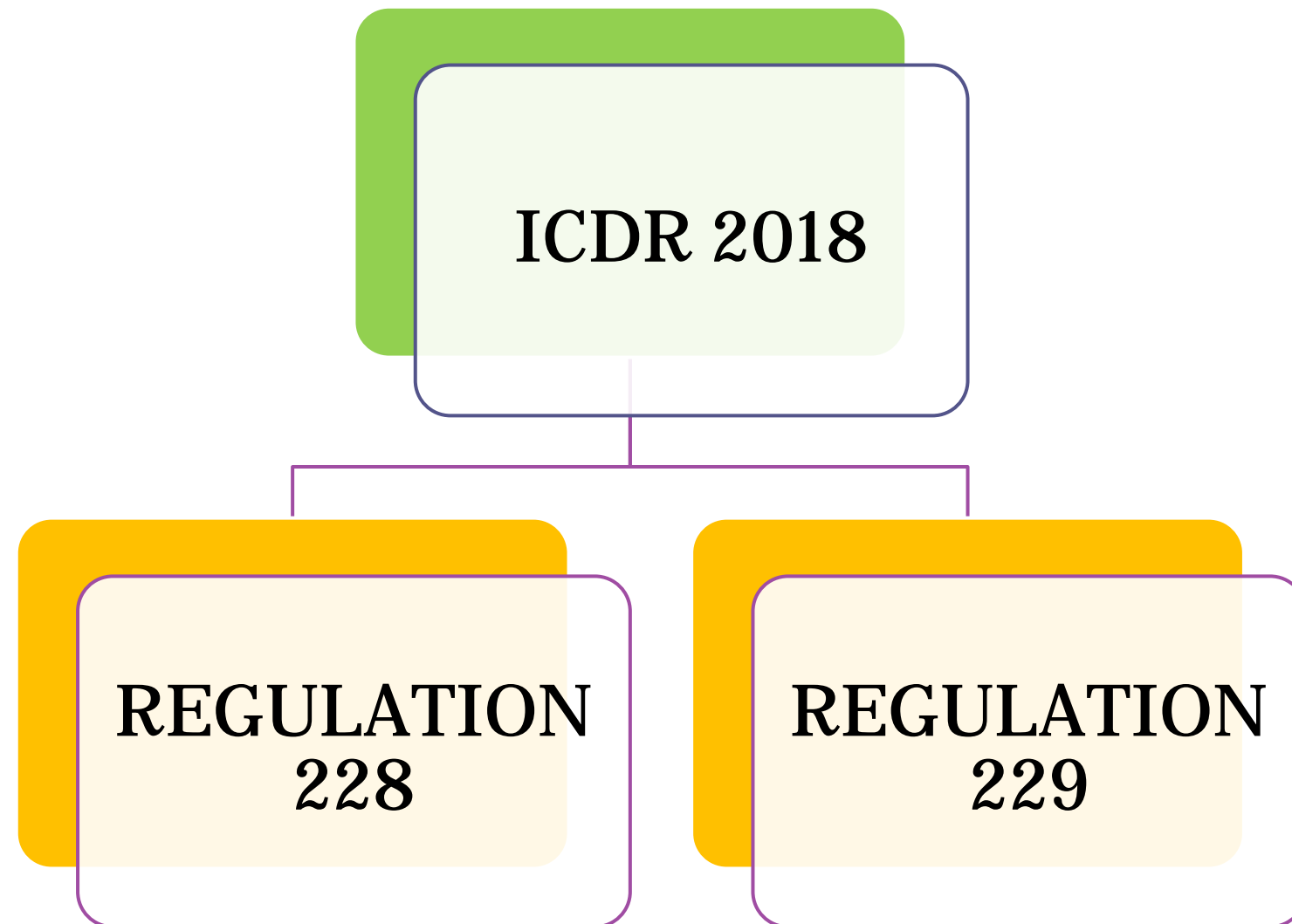
Provides immense opportunity to investors to invest in the good companies at early stage and it will help unleash the valuation of the company.



ELIGIBILITY CRITERIA AS PER SEBI ICDR 2018



Regulation 228 & 229 of ICDR 2018 lays down Eligibility Requirements for initial public offer under SME's



ELIGIBILITY CRITERIA AS PER SEBI ICDR 2018



Regulation 228 Entities not eligible to make an initial public offer

Company, any of its promoters, promoter group or directors or selling shareholders shall not be debarred from accessing the capital market by the Board;

None of the promoters or directors of the Company shall be the promoter or director of any other company which is debarred from accessing the capital market by the Board

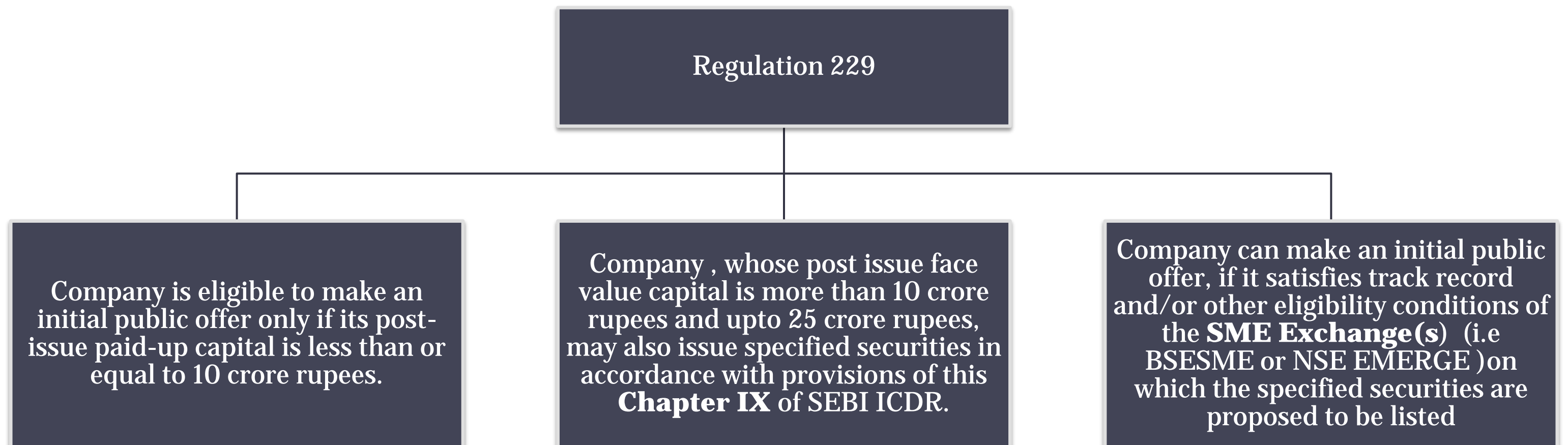
The Company or any of its promoters or directors shall not be a wilful defaulter

None of promoters or directors shall be a fugitive economic offender

ELIGIBILITY CRITERIA AS PER SEBI ICDR 2018



Regulation 229 Eligibility requirements for an initial public offer



ELIGIBILITY CRITERIA ON STOCK EXCHANGE



Criteria	BSE Requirements for NBFC & Broking Companies	BSE Requirements for Other than NBFC & Broking Companies W.E.F July 12, 2018	NSE Requirements
Incorporation	Companies Act, 1956 or Companies Act. 2013	Companies Act, 1956 or Companies Act, 2013	Companies Act, 1956 or Companies Act, 2013
Post-Issue Paid up Capital (Face Value)	Minimum: Rs. 3 Crores Maximum: Rs. 25 Crores	Minimum: No Requirement Maximum: Rs. 25 Crores	Minimum: No Requirement Maximum: Rs. 25 Crores
Tangible Net Worth	Minimum Rs. 3 Crores.	No Requirement	No Requirement
Net Tangible Assets	Minimum: Rs. 3 Crores.	No Requirement	No Requirement
Profit Track Record	Distributable net profit for 2 out of 3 financial Years or Networth of minimum Rs. 5 Crores.	Track record of at least 3 years, positive cash accruals for at least 2 financial years and a positive net worth.	Track record of at least 3 years, positive cash accruals for at least 2 financial years and a positive net worth.
Other Listing Conditions	It is mandatory for a company to have a website. It is mandatory for the company to facilitate trading in demat securities and enter into an agreement with both the depositories. There should not be any change in the promoters of the company in preceding one year from date of filing the application to BSE for listing under SME segment		Shall not have been referred to BIFR, Shall not have a winding up petition and no disciplinary action faced for 3 years
Disclosure	Not been referred to Board for Industrial and Financial Reconstruction (BIFR).No petition for winding up against the Company.		<ol style="list-style-type: none"> 1. Any material regulatory or disciplinary action in the past 1 year. 2. Defaults in payment of interest and/or principal to the debenture/bond/ fixed deposit in 3 years. An auditor's certificate shall require. 3. Any litigation record, the nature and status of litigation. 4. Track record of the directors, the status of criminal cases, Any Investigation , and its effect on the business of the company.

SEBI GUIDELINES

- **Minimum Dilution** :26.25% of Post Issue Capital (25% to Public and 5% of the share offered to Public to the Market Maker i.e. 1.25% (5% of 25%).
- **Minimum Subscribers Required** : 50 allottees
- **Underwriting** : 100% issue should be underwritten
- **Trading Lot** :Minimum Trading Lot of Rs. 1,00,000.

- **Market Making** : Compulsory for 3 years, provides stability to the stock price.
- **Market Maker**: Stock broker registered with SME Exchange.
- **Migration to Main Board** : After 2 years
- **Trading Time**: Same as Main Board

Public Issue through SME Exchange shall list the specified securities in accordance with the *Chapter IX of SEBI ICDR Regulations 2018*.

Draft Offer Document although required to be filed with Stock Exchange and SEBI, SEBI shall not issue any observation on the Offer Document.

BENEFITS OF LISTING TO COMPANIES



IMPACT ON FINANCIALS

- **Capital** for expansion and long term working capital
- Reduces **debt** burden
- Improves **credit rating** and lowers financing cost
- Enhanced **market perception** leads to higher sales

- Increased **Visibility** of the Company boosting marketing efforts
- **Value creation** for Existing Shareholder and encouragement for innovation
- Raises **company's profile** with customers, suppliers, investors, financial institutions and the media.
- **Incentive for employees** as listed shares can be used as an effective HR tool.

IMPACT ON BRANDING

IMPACT ON FUNDING

- Expands Investor Base generating capital creation as **secondary placements**
- Generates an **independent valuation** of the company by the market
- Greater Participation by **PE/VC** in SMEs as an exit route is available
- **Marketability** of the company would be enhanced

- **Greater transparency & disclosures** leading to business & financial best practices.
- Good growth companies have a chance to migrate to **Main board**.
- **Taxation Benefits to Investors** - long term capital gain exempt from tax upon listing of shares.
- **Cost of Listing** on SME Platform Lower than Main Board.

OTHER BENEFITS

BENEFITS OF LISTING TO SHAREHOLDERS



Benefits of Long Term Capital Gains Tax

- Promoters**

Holding of **20% of Post Issue Share Capital** to be locked in for **3 years**, post which Long Term Capital Gains (LTCG) @10% from tax on sale of shares.

Holding in **excess of 20%**, to be locked in for **1 year**, post which LTCG @10% from Tax on sale of shares.

- Existing (Non Promoter) Shareholders:**

Sale of shares after listing and completion of statutory **1 year** lock in, will not attract Long Term Capital Gains Tax.

Wealth Creation

- Greater liquidity in the public market can lead to better valuation for shares
- In turn, it will enhance the wealth of the investors manifold.

Liquidity

- Becoming a public Company establishes a market for the Company's shares
- Provides its investors an efficient and regulated place to trade shares.

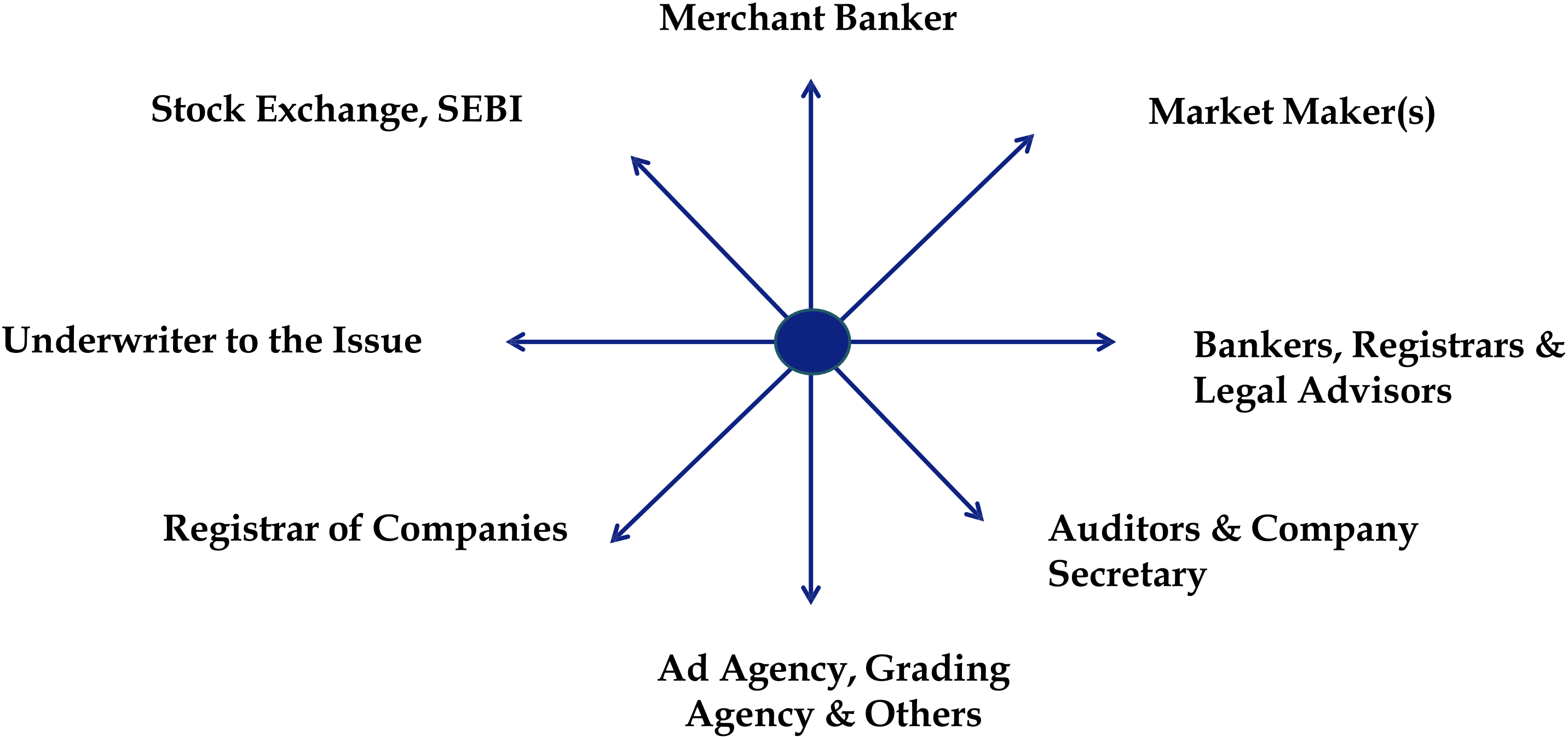
Long Term Capital Gains Tax & significant decrease in Short Term Capital Gains Tax

Capital Gains Tax	Unlisted	Listed
Long term capital gains	20%	10% *
Short term capital gains	30%**	15%

**effective from 01.04.18*

*** depending upon the income slab of the assessee.*

REGULATORY BODIES & INTERMEDIARIES

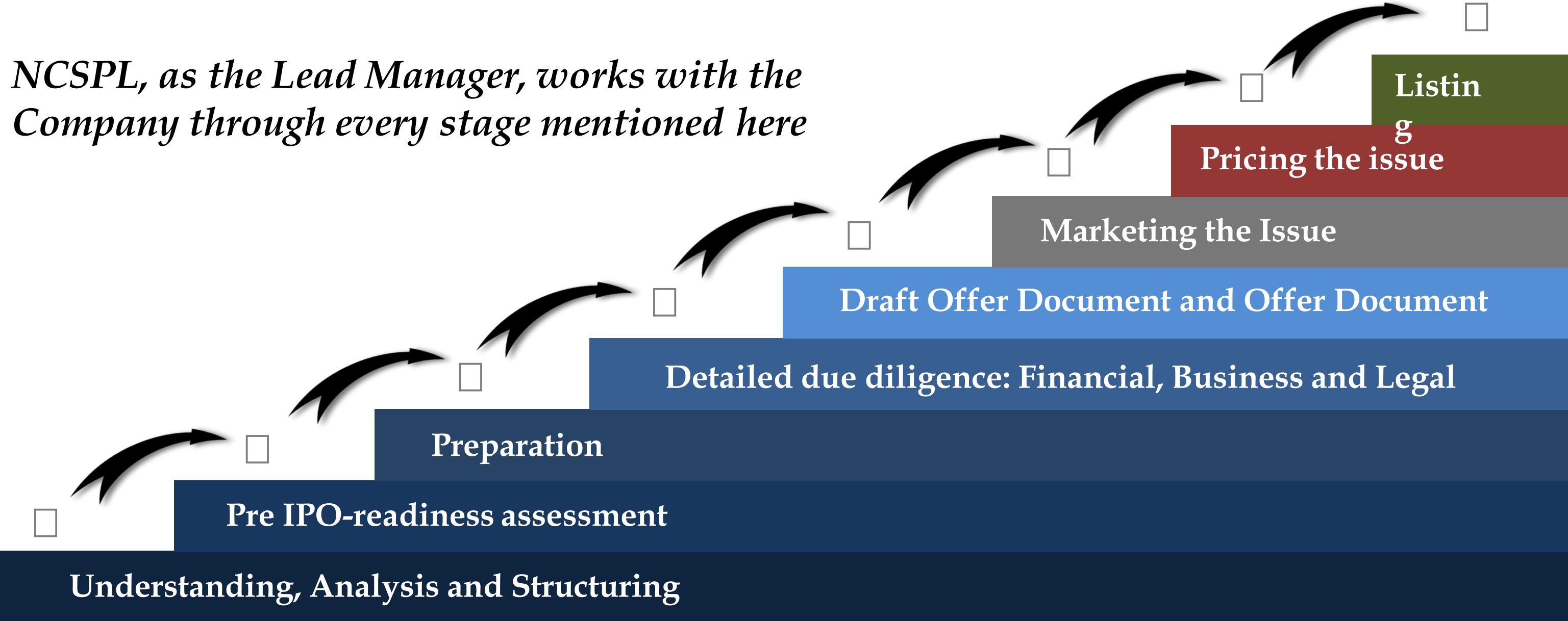


KEY MILESTONES IN IPO PROCESS



An IPO life cycle could take between four to six months, from planning the IPO to the initial listing during which number of decisions have to be made and criteria must be satisfied.

NCSPL, as the Lead Manager, works with the Company through every stage mentioned here



SME - INTIAL PUBLIC OFFER PROCESS FLOW CHART



CONTENTS OF THE OFFER DOCUMENT

A Draft Offer Document is to be filed with BSE/NSE, through a Lead Merchant Banker, containing the following:



1	About the Company	Detailed history since inception, its products and services, subsidiaries, group companies, dividend policy, etc.
2	About the Industry	Detailed industry review in which the business operates including Strengths, Opportunities and possible limitations.
3	Objects of the Issue	Information regarding Objects of the Issue and the basis of the price of the issue
4	Capital Structure	Detailing about the evolution of the present capital structure of the Company
5	Management	Details about the management – promoters, directors, promoter group and group companies
6	Financial	Restated financials for last 5 years, statement of tax benefits and material developments since last balance sheet
7	Issue Information	Terms of the issue, structure, procedure, restrictions, etc.
8	Legal & Other Info.	Details about outstanding litigations by and against the Company/its Promoters/Directors/Group Concerns, etc.
9	Regulatory Disclosures	Regulatory and Statutory laws and disclosures relating to the Company
10	Other Information	Material Contracts and documents for inspection



KEY REGULATIONS UNDER ICDR

Migration to Main Board

Post Issue capital

Between Rs. 10 crs to 25 crs -
Voluntarily Migration

Exceeds Rs. 25 crs -
Mandatory
Migration

Market Making

For Minimum 3 years
from date of listing

Inventory of Market
maker should be at least
5% of proposed securities
listed

Promoters shares can't be
offered to market maker
during 3 years.

Lock - in

Promoters holding
up to 20% Post Issue Capital
to be locked in for a period
of 3 years

Entire Pre Issue Capital
(Incl persons other than
promoters) to be locked in
for 1 year

Locked-in shares
permitted to be
transferred inter se
promoters incl. new
promoter(s)

KEY POST LISTING COMPLIANCES

Stock Exchange

Half yearly and annual results as per the Accounting Standards

Financial results – Unaudited within 45 and audited within 60 days

Half Yearly shareholding pattern within 45 Days

Website

Annual Report, Balance Sheets, P&L A/C

Proceedings at AGM or EGM

Notices and resolutions circulars , call letters

MARKETING STRATEGY



INSTITUTIONAL MARKETING

- Managing senior level meetings with QIBs/Mutual Funds/ Private Equity Funds/ Reputed Broking Houses/ Institutional Wealth Managers Public/Private/MNC Banks & NBFCs/ Key Research Analysts/ Family Offices
- Meeting with High Networth Individuals (HNIs)
- Meeting Investor Community Influencers
- Arranging Media Interaction (Interviews)

RETAIL MARKETING

- Meeting Brokers/Sub-Brokers
- Meeting groups of retail investors
- Arranging Coverage in local media
- Managing word-of-mouth

POST DRHP ACTIVITIES

- Preparing Investor Presentation
- Preparing Handy Documents like 1/2 page flyers
- Assisting in preparing the content to be distributed on Social Media
- Assistance in preparation of the script for TV Advertisements/Investor Video

POST RHP ACTIVITIES

- Arranging Print/Electronic Media meet
- Arranging Broker/ Analyst/ Investors Meet
- Scheduling One-to-One Promoter Meetings
- Scheduling specific Visits/Calls with investors



ABOUT US

- We, at Nirbhay, understand the complexity of every financial problem and the simplicity of solutions. We provide length-to-breadth one-stop solution to all financial needs of your business. We laid down a strong belief that our services should be accurate, prompt and of absolute value to your business. Since the beginning, our vision has remained constant- To add value to your business and fuel to your ambitions.
- To name, we offer our clients transparent advisory services on matters related to Loan Syndication, Corporate Restructuring, Placement of Equity / Debt, M&A, Financial Restructuring, Project Management, Capital Structuring, Issue Advisory and other allied services.
- owing to the Intricate research and data deliverance, we have successfully facilitated over Rs 5000 crores funding. We have leverage in terms of widespread contacts in the industry and broad clientele base across the nation and abroad thus distinguishing us and our services from the rest.
- After all, it's not just a piece of advice we offer, it's a solution.



CONTACT US

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Thank You