

Listing of Company on Stock Exchange...

There is an opportunity for SME, a growing company to enter into Capital Market through listing on BSE or NSE exchange:

- 1. SME Platform : Listing of Companies with an IPO*
- 2. SME ITP Platform : Institutional Trading Platform, listing of Companies **without** an IPO*

Benefits of Listing :

Higher Visibility & Credibility:

- ✓ Visibility on getting listed will improve credibility with all stakeholders and clients*
- ✓ Will attract new profile of sophisticated investors in the company*

Lesser Dilution :

- ✓ Promoters of growing companies can dilute smaller stakes to informed investors on need basis*
- ✓ Conserve value during growth stage.*

Stock as a Currency :

- ✓ ESOPs become a powerful tool to attract & retain talent*
- ✓ Compensating employees without affecting cash flows*
- ✓ M&A - Stock can be used as currency for acquisitions*

Setting the Stage :

- ✓ Listing entails robust corporate governance and internal controls and systems ✓*
- Prepares a company for a wider fund raising in future*
- ✓ Capital for Growth, Innovation and Acquisitions*

Liquidity for Shareholders :

- ✓ Unlocking of shareholder wealth. Exit and Liquidity for VC/PE/Risk Investors. ✓*
- Early risk investors get tax benefits on exiting on platform*

Tax :
Income tax is not applicable on following transactions, in case the shares are listed:

- ✓ *Entry and Exit through buy back, transfer or fund infusion*
- ✓ *Purchase of Distressed Assets*

Following is comparative analysis of three platforms:

Particular	ITP	SME	Main Board
<i>Track Record (NSE)</i>	<i>At least One year audited Financial Statements of the Company</i>	<i>Track record of at least 3 years, positive cash accruals (EBDT) from operations for atleast 2 financial years and positive net-worth.</i>	<i>Three years track record of profitability</i>
<i>Track Record (BSE)</i>	<i>At least One year audited Financial Statements of the Company</i>	<i>Net Tangible Assets : Rs. 1 crore (as per latest audited results)</i> <i>Net Worth (excl. Rev. Reserve) : Rs. 1 crore or 3 crore, if no track record</i> <i>Track record of distributable profits for at least 2 years out of preceding 3 completed FY</i>	<i>Three years track record of profitability</i>
<i>IPO Grading</i>	<i>Not Mandatory</i>	<i>Not Mandatory</i>	<i>Mandatory</i>
<i>Post-issue paid-up Capital (Face Value)</i>	<i>Less than Rs.25 crore</i>	<i>Less than Rs.25 crore</i>	<i>Not less than Rs.10 crore</i>
<i>Minimum number of allottees in the IPO</i>	<i>No specific requirement</i>	<i>50</i>	<i>1000</i>
<i>Source of Information</i>	<i>Information Memorandum</i>	<i>DRHP</i>	<i>DRHP</i>
<i>Observations on IM/DRHP</i>	<i>By the exchange</i>	<i>By the exchange</i>	<i>By SEBI</i>

<i>IPO Underwriting</i>	<i>NA</i>	<i>100% underwritten (15% on the books of the merchant banker)</i>	<i>Mandatory (Not required where 50% of issue offered for compulsory subscription by QIBs)</i>
<i>Trading Lot</i>	<i>Min Rs.10 lakh</i>	<i>Min Rs.1 lakh</i>	<i>No Lot (Even Single Share is Possible)</i>
<i>Reporting Requirements (Audited A/c)</i>	<i>Half -yearly</i>	<i>Half -yearly</i>	<i>Quarterly</i>
<i>Market Making</i>	<i>Mandatory</i>	<i>Mandatory</i>	<i>Not mandatory</i>
<i>Corporate governance requirements</i>	<i>Same as main board</i>	<i>Same as main board</i>	<i>Clause 49</i>
<i>Migration</i>	<i>ONLY Exit.</i>	<i>Simple process for Migration to Main Board</i>	<i>NA</i>

For further details, you can reach us:

Ashesh N Shah : 09825028551.

Email: ashesh@oraculo.biz