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SEBI'S NEW NORMS FOR SME IPO LISTINGS.

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OPERATING PROFITS

Existing Norms

- Company **should be profitable.**

New Norms

- IPO eligibility requires **₹1 crore Operating Profit** in any 2 out of the last 3 years.

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OFFER FOR SALE (OFS)

Existing Norms

- **No restriction** on offer for sale.

New Norms

- OFS portion restricted to **20% Of issue size.**
- **Selling Shareholders** cannot sell more than **50% of their shareholding.**

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LOCK-IN FOR PROMOTERS

Existing Norms

- Minimum promoter contribution is locked for **3 years; excess holding, 1 year post-IPO.**

New Norms

- Minimum promoter contribution is locked for 3 years
- Excess of MPC -
  a) **50%** realesed **after 1 year**
  b) Remianing **50% after 2 years.**

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OBJECT OF ISSUES -Loan Repayment

Existing Norms

- No such provision.

New Norms

- SME IPO Issues **can’t use funds to repay promoter loans.**

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ALLOCATION FOR NON-INSTITUTIONAL INVESTORS ("NIIS")

Existing Norms

- NII **allotment is proportionate** basis.

New Norms

- Allocation under NII category via **'Draw Of Lots Method'.**

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GENERAL CORPORATE PURPOSE (GCP)

Existing Norms

- GCP **capped at 25%;** GCP + unidentified acquisitions max **35% of issue size.**

New Norms

- GCP capped at **15% or ₹10 Cr, whichever is lower.**

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RELATED PARTY TRANSACTION (RPT)

Existing Norms

- MainBoard norms were not applicable.

New Norms

- MainBoard norms to be applicable.
- RPT considered as material if **10% of turnover or ₹50 Cr, whichever is lower**.

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SOME KEY POINTS REMAIN INTACT

Proposed in Consultation Paper (19.11.24)

- **Cooling off** period of **2 Full FY** post Conversion to Pvt. Ltd.
- **Minimum Issue Size - ₹ 10 Cr** and above.
- Appointment of **Monitoring Agency**

Old Norms to remain intact

- Existing **norm on NSE Emerge & BSE SME (1year) remains** as it is.
- **No restriction** on Issue Size.
- **No such requirement.**

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