

**P**recursor  
The Analysed Update...



**SEBI Revamps  
Institutional Trading Platform Regulations  
August, 2015**

## SEBI REVAMPS INSTITUTIONAL TRADING PLATFORM REGULATIONS

SEBI revamps existing Institutional Trading Platform (ITP) norms. Major amendments are effected in Chapter XC of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 by the Fourth Amendment Regulations, 2015.

The provisions of this Amended Regulation are applicable to entities which seek listing of their specified securities exclusively on ITP either pursuant to a public issue or otherwise.

The revised norms opens up an alternate capital raising platform for start-ups. Discussion paper on alternate capital raising platform was, first, issued by SEBI in March, 2015, which has now been implemented with the Fourth Amendment Regulations, 2015.

Further, the revised norms has significant implications on the extant ITP – platform of listing without IPO.

The Alternate Capital Raising Platform, i.e., listing with IPO on ITP combines features of both ITP and Main Board.

This Precursor provides an analysed update on the significant changes brought about by this amendment.

ITP Listed Cos	Nos.
BSE	21
NSE	4
Total	25

## Reformed ITP Guidelines : A Boon For Start-up Companies

No profit track  
record required

Reduced lock- in  
of 6 months

Flexible issue  
pricing  
justification

Disclosure of  
only broad  
objects of issue

**Relaxations**

Offer proceeds  
may be used for  
general purpose

Migration to  
Main Board  
after 3 years

## MAJOR HIGHLIGHTS

### WHO CAN LIST?

- a) Entities which are intensive in their use of technology, information technology, intellectual property, data analytics, bio-technology, nano-technology to provide products, services or business platforms with substantial value addition + 25% of the pre-issue capital are held by QIBs;
- b) Entity with at least 50% of the pre-issue capital held by QIBs.
- c) Notably, only those companies whose promoter(along with Person Acting In Concert) shareholding is less than 25% can access the ITP platform.



### OLD ELIGIBILITY CRITERIA

Parameter	Threshold
Tenure of Existence	Minimum 1 year and Max 10 years since incorporation
Revenues	Up to Rs. 100 Crores
Paid Up Capital	Up to Rs. 25 Crores
Pre-Investment / Debt	Min Rs. 50 Lakhs by any AIF, VCF, Angel investor, MB, QIB, International multilateral agency or PFI <b>Or</b> Debt Facilities from a scheduled bank for at least 3 years
Other Conditions	<ol style="list-style-type: none"> <li>Company, its promoter, group company or director is not a willful defaulter</li> <li>No winding up petition against the company</li> <li>No reference to BIFR during last 5 years by company, group companies or subsidiaries</li> <li>No Regulatory action during last 5 years by SEBI, RBI, IRDA or MCA against company, its promoter or director.</li> </ol>

# MAJOR HIGHLIGHTS

## ITP Framework

### Listing without Public Issue

**SEBI filing and Comments now required**

**Listing within 30 days, from:**

date of issuance of observations by SEBI; or the expiry of period stipulated in Regulation 6(2) within 30 days from the later of:

- I. date of receipt of the draft offer document
- II. Where SEBI seeks clarification, date of receipt of satisfactory reply from lead Merchant Banker
- III. Where SEBI seeks clarification, receipt of satisfactory reply from any regulator or agency
- IV. Date of receipt of copy of in- principal approval by recognized stock exchange

### Listing with Public Issue

**Min Application Size: Rs. 10 Lacs**  
**Min No. of Allotees: 200**

**Permitted categories of investors : Institutional & Non-Institutional\***

**Mode of Allotment:**

- a. Institutional Investors:** Discretionary (max allotment; 10% of issue size) or proportionate.
- b. Non Institutional investors:** Proportionate

**Subscription:**

**Institutional investors:** 75% of Net offer to Public  
**Non Institutional Investors:** Balance (under subscription in this category shall be made available to Institutional Investors)

**SEBI filing and Comments now required**

*\*The definition of QIB extended to include systematically important NBFCs (defined as per RBI guidelines), family trusts and any other entity registered with SEBI. Further all the aforesaid investors are required to have a minimum net-worth of Rs.500 crore.*

## MAJOR HIGHLIGHTS

- Minimum trading lot: Rs. 10 lacs
- Lock-in of securities: As mentioned in the adjacent table
- Exit of entities listed on ITP without making a public issue if;
  - shareholders approval is sought by passing special resolution through postal ballot where 90% of the total votes and the majority of non-promoter votes have been cast in favour of such proposal; and
  - the recognised stock exchange approves such exit.
- Migration to Main Board: An entity may at its option migrate its shares to the main board any time after 3 years from the listing date, subject to compliance with the eligibility requirements of the stock exchange.

Category	Lock In
In case of Public Issue	Entire pre-issue capital shall be locked-in for a period of 6 months from the date of allotment
Without Public Issue	Entire pre-issue capital shall be locked-in for a period of 6 months from the date of listing except for equity shares held by persons other than promoters, continuously for a period of at least one year prior to the date of listing
In case of venture capital fund or alternate investment fund of Category 1 or a foreign venture capital investor	Locked in for a period of at least 1 year from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor

Provisions of existing ITP regulations and all other directions issued by SEBI applicable to listed SMEs on this Platform shall remain in force for the period such companies are listed on this Platform or till such time as specified by SEBI, whichever is earlier.

### IMPACT ON THE ALREADY LISTED SMES

# Thank You...



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### *Progress with Values*

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