



**Fast Track Finsec
Pvt. Ltd.**

Category - I Merchant Banker

Sebi Registered Category – I Merchant banker

Fast Track Finsec Pvt. Ltd.

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CIN : U65191DL2010PTC200381

Corporate Profile

Why SME..... IPO???



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- ❑ *High on technology & innovation but face **BIGGEST CHALLENGE** in funds raising and in implementing financial ideas and strategies*
- ❑ *About 90% of new SME's born each year fail due to lack of funding. Therefore, SME entrepreneurs need to be equipped with financial strategies which help them to create healthy and wealthy valuations, raise funds easily and efficiently and learn to scale up their SMEs to transform to SME public listed company & raise funds from IPO.*



Potential of SME

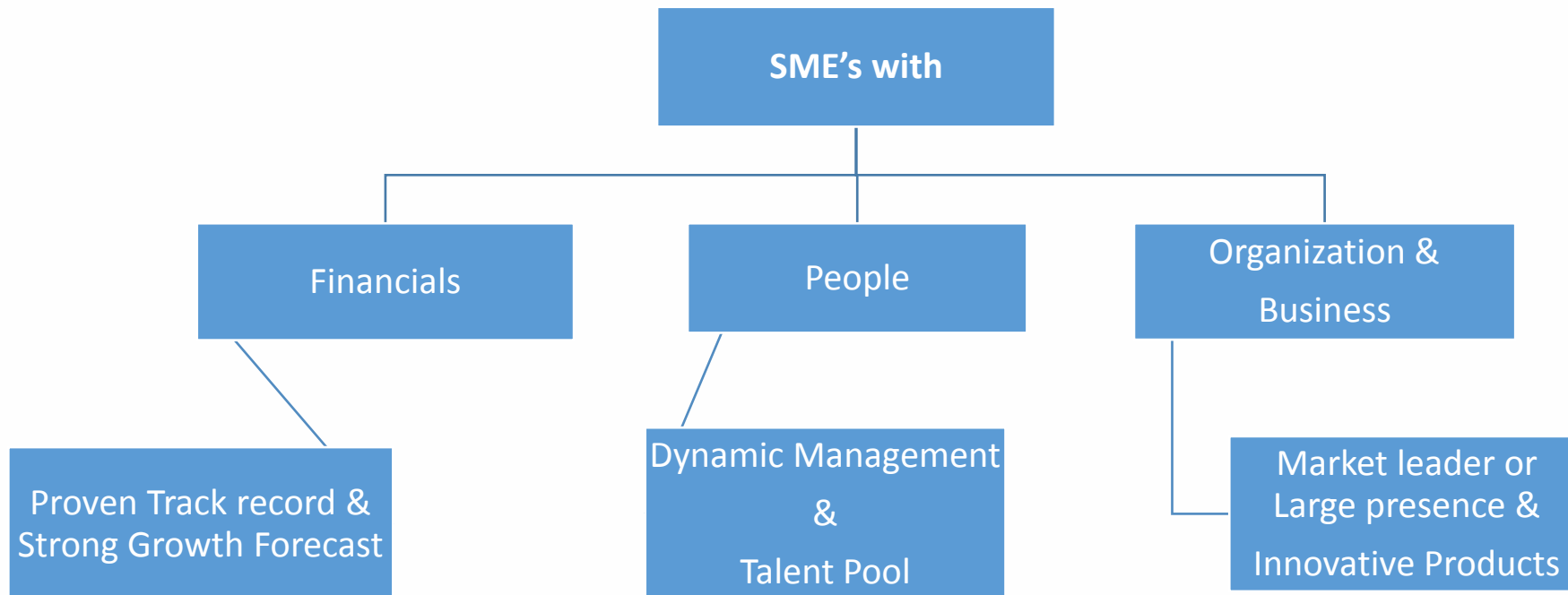


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In India, the share of SMEs including registered and unregistered, in GDP is ~30% whereas contribution of registered SMEs is only 8%. In comparison, the share of SMEs to the GDP of major economies ranges from 22% to as high as 85%. Thus, SMEs sector has immense potential for further growth as the contribution of registered SMEs to GDP in India still low as compared across the leading economies of the world.

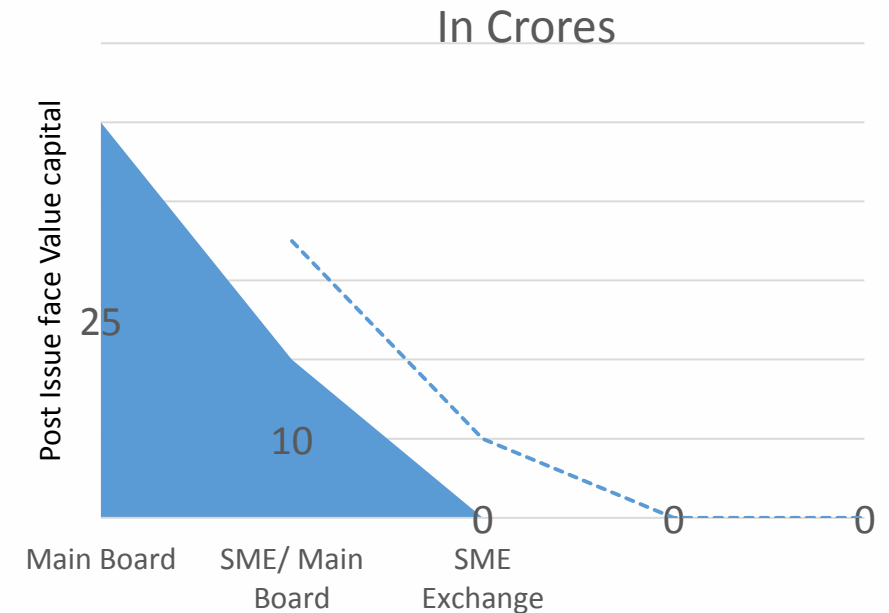
Enterprises with following characteristics have great potential in successfully raising funds through capital market



Eligibility Criteria - SME IPO (SEBI Guidelines)



Particulars	Remarks
<i>Max Post Issue capital</i>	<i>Rs.25 crores</i>
<i>Min No. of members for Issue</i>	<i>50 After listing, no min no. of members required to be continued</i>
<i>Market making</i>	<i>Mandatory for 3 years</i>
<i>Underwriting</i>	<i>100% (Merchant Bankers to underwrite 15% in own account)</i>
<i>Minimum application and Trading Lot size</i>	<i>Rs.1,00,000/- or in multiples thereof</i>



Vetting of DRHP From SEBI – Not applicable in SME

National Stock Exchange Requirements



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- ❑ *Track record of at least 3 years of either –*
 - *Applicant seeking listing; or*
 - *the promoters/promoting company, incorporated in or outside India; or*
 - *Proprietary / Partnership firm and subsequently converted into a Company (not in existence as a Company for three years) and approaches the Exchange for listing.*
- ❑ *The company/entity should have positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years preceding the application and its net-worth should be positive.*



Benefits of Listing



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- Easy access to Capital*
- Enhanced Visibility and Prestige*
- Encourages Growth of SMEs*
- Enables Liquidity for Shareholders*
- Equity financing through Venture Capital*
- Efficient Risk Distribution*
- Employee Incentives*



Fund raising through SME IPO



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Even few State governments are doing their bit to encourage SMEs to list. In 2016, the Gujarat and the Rajasthan governments announced subsidies to pay for the expenses of SMEs going for IPOs. The Gujarat government, for instance, began reimbursing 20 per cent of the IPO expenses of SMEs in the state, subject to a maximum of ~5,00,000 each.

However, the SME segment is grappling with issues, such as lack of liquidity and lackluster institutional participation.

But, in 2017, there was a slight improvement in institutional participation. For instance, YES Bank was an investor in One Point One Solutions. HSBC MF invested in One Point One Solutions and Worth Peripherals, while DSP BlackRock MF invested in Momai Apparels.

Fee Structure on SME



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Listing Fee Structure	Amount (In Rs.)
Processing Fee	25,000
Indian Listing fees	25,000
Annual Listing fees (based on paid up capital)	
Upto Rs. 5 Crore	10,000
Above Rs. 5 Crore and Upto Rs. 10 Crores	15,000
Above Rs. 10 Crore and Upto Rs. 20 Crores	25,000
Above Rs. 20 Crore and Upto Rs. 25 Crores	45,000

SME V. Main Board



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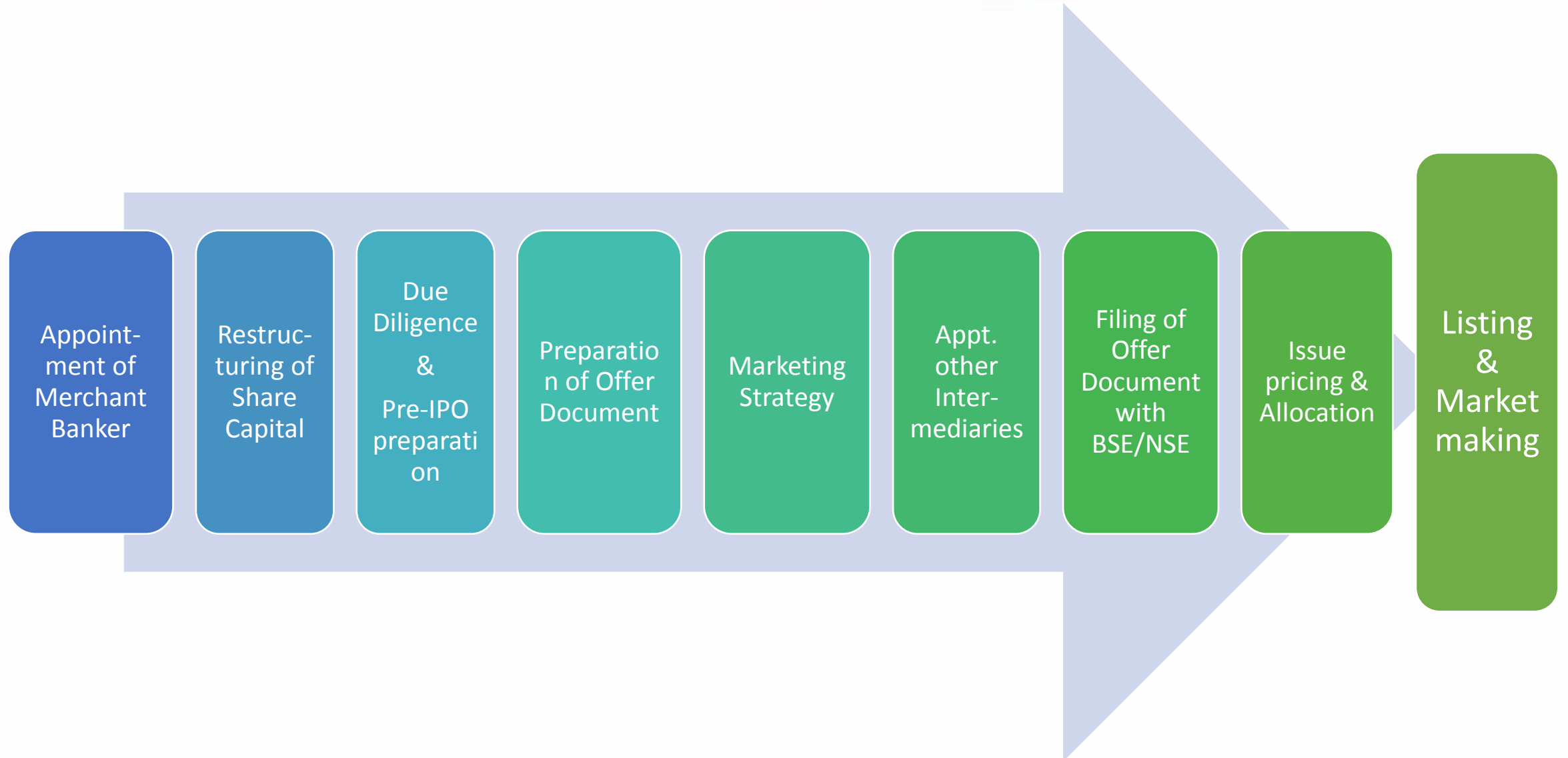
Parameters	Main Board Exchange	SME Exchange
Post Issue paid up capital	Atleast Rs. 10 Crore	Upto Rs. 25 Crore
Min No. of Allottee	1000 in no.	50 in no.
IPO Application Size	10,000 – 50,000 (IN INR)	1,00,000 (INR)
Approval of DRHP	SEBI	Exchange (BSE/NSE)
IPO Grading	Mandatory	Non Mandatory
Track record	Three years track record of Profitability	Relaxed norms of track record
IPO Underwriting	Mandatory (In case 50% of issue offered to QIB's for subscription – not required)	Mandatory (100% underwritten – 15% shall be by Merchant banker)
Time Frame for listing	6-8 Months	2-3 Months
Reporting Requirements	Quarterly	Half yearly

How it proceedII



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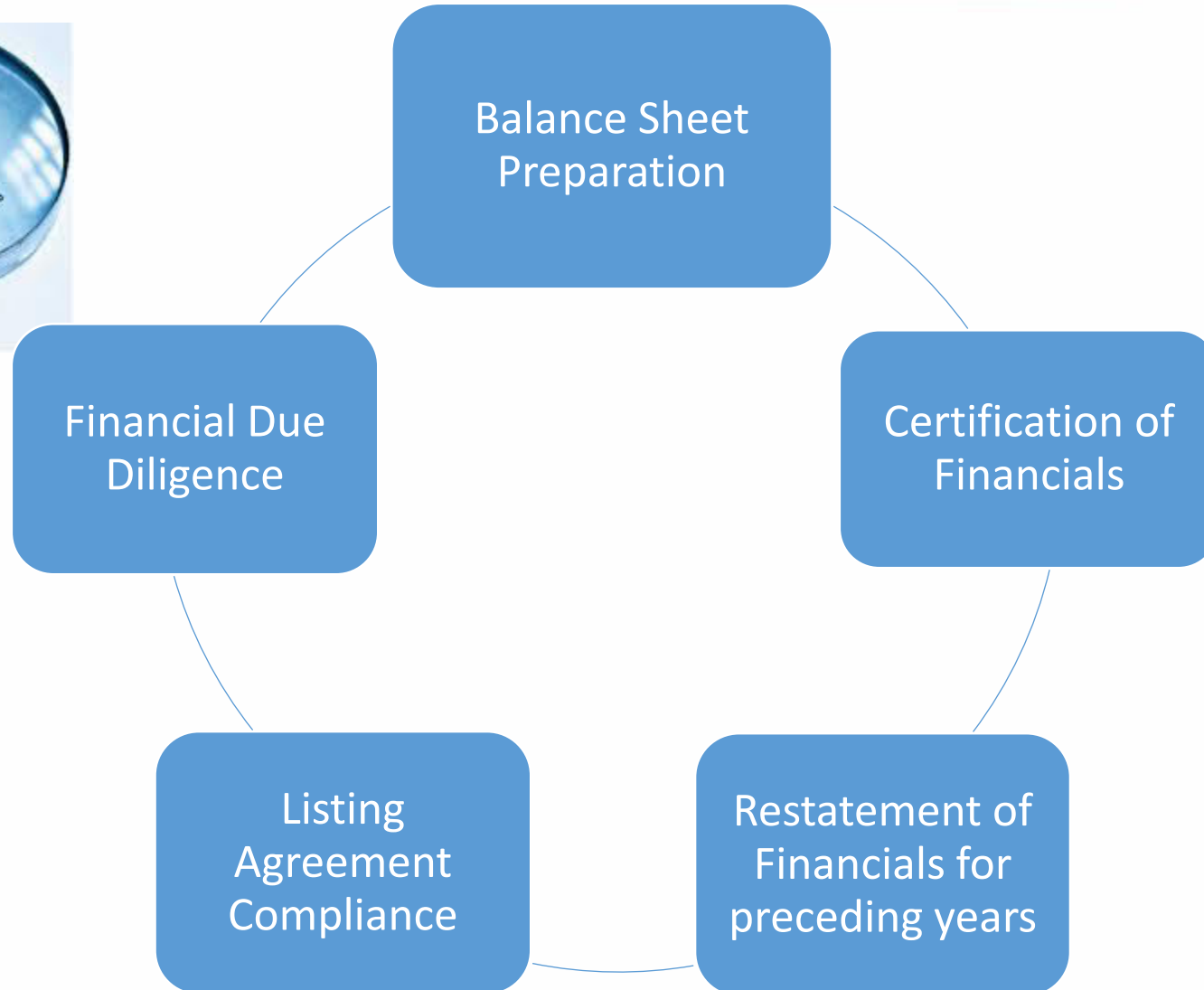


Role of Chartered Accountant ...



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Role of Merchant Banker



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- Educating the applicant company*
- Due Diligence & DRHP preparation*
- Display of offer document on website*
- Market Making arrangement*
- Underwriting Arrangement*
- Arrangement with nominated investors*



Role of
Merchant Bankers
in
Public Issue

Will the SME IPO Boom continue in 2018....???



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SME's: Not
Small Anymore



- 2017 has been a stellar year for IPOs in India. ₹1,61,116 crores was raised through the public equity market, a figure which is the highest amount that has ever been raised in India (in a calendar year). Included in this figure are 253 SME IPOs, and most of the IPOs from this year have given positive returns to its investors

- Now, even though a repeat of this year's success isn't probable, it is expected that companies may opt for IPOs in 2018 to take advantage of investor confidence.



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