Capital Issuance on SME Exchanges

From Concept to Closure for Aspiring Capital Issuers

July 2026

A Primer on the Approach & Methodology

InVictus
CORPORATE SOLUTIONS LLP

Agenda

01

Overview of SME Exchange Listing Mechanism

Understanding the platform, eligibility, regulations, and the key benefits of listing on India's SME Exchanges.

02

Process & Timelines

A step-by-step walkthrough of the SME IPO process — from planning and structuring to allotment and listing.

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Key Post-Issue Compliance Parameters

Critical ongoing disclosure and governance obligations that listed SME companies must fulfil.

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Invictus's role as IPO Coordinator — our team, our approach, and our track record.

What is an SME Exchange?

For smaller businesses, it is often too costly or procedurally too cumbersome to raise capital from the main Exchanges. The **SME Exchange** is a dedicated trading platform created by Stock Exchanges in India for the facilitation of listing and trading of capital market instruments — including equity shares — issued by companies with small to medium market capitalization. At present, there are **two principal SME Exchanges** in India.

BSE SME Platform

A streamlined environment for sourcing and deployment of capital. Enables listing and trading of SME shares in a regulated and organized manner. Focus on Governance and Tech-Enabled Systems.

NSE Emerge

A credible and efficient marketplace bringing together sophisticated investors and emerging corporates. Offers growth-oriented businesses a cost-effective route to raise capital and serves as an ideal exit option for PE/VC investors.

Focus on Governance

Both platforms enforce strong governance standards, ensuring investor protection and regulatory accountability.

Tech-Enabled Processes

Streamlined digital systems reduce friction for issuers and investors, enabling efficient price discovery.

Gateway to Global Capital

Listing serves as a threshold to a broader universe of capital providers, including global institutional investors.

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Eligibility Criteria for Listing on SME Exchanges

Companies aspiring to list on the SME Exchanges must satisfy specific financial and regulatory criteria. The two platforms — BSE SME and NSE Emerge — have broadly similar but distinct requirements.

Parameter	BSE SME	NSE Emerge
Incorporation	Companies Act, 1956 or 2013	Companies Act, 1956 or 2013
Post-Issue Paid-Up Capital	Min ₹3 Cr | Max ₹25 Cr	No Min Specified | Max ₹25 Cr
Tangible Net Worth	Min ₹1 Cr for 2 preceding full financial years	Not Specified
Net Tangible Assets	Min ₹3 Crores	Not Specified
Financial Track Record	Operating profit in 2 of 3 preceding years; Leverage Ratio < 3:1	3-year track record; EBITDA ≥ ₹1 Cr; Positive FCFE in 2 of 3 years; Positive Net Worth
Other Conditions	Website; shares in demat form; not referred to BIFR; no winding-up petition pending	Not referred to BIFR; no winding-up petition; no disciplinary action in last 3 years

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Applicable SEBI Regulations

Capital issuance on SME Exchanges is governed primarily by **Chapter IX of the SEBI (Issue of Capital & Disclosure Requirements) Regulations**. Key regulatory parameters are summarized below.

Investor Profile & Dilution

- Minimum public dilution of **25%** + Market Maker share of **5%** of public holding (i.e., 1.25%)
- Minimum number of allottees: **50**
- Minimum application/trading lot: **₹1 Lakh**

Promoters' Contribution & Lock-in

- Minimum post-issue promoter holding of **20%** locked in for **3 years** from allotment
- All pre-issue shareholding locked in for at least **1 year** from allotment

Issue Process Guidelines

- Mandatory market making via exchange-registered market makers for **3 years**
- Issue must be **fully underwritten**; minimum 15% underwritten by the issue manager
- DRHP disclosures vetted by the Exchange — SEBI not directly involved

Migration to Main Board

- 3-year track record on SME platform required
- Paid-up Capital: ₹10–₹25 Cr (BSE) / up to ₹50 Cr (NSE)
- Positive EBITDA (2/3 years BSE; 3 years NSE) + positive PAT in preceding FY
- Min public shareholders: 250 (BSE) / 1,000 (NSE)

Key Benefits of Listing

Impact on Financials

- Streamlined access to capital for growth and working capital needs
- Strengthens capital base; reduces debt burden and finance expenses
- Higher net worth improves credit rating and access to cheaper debt

Branding & Profile

- Higher market visibility and top-of-mind recall across stakeholders
- Elevates standing among shareholders, employees, vendors, and lenders
- ESOPs become more attractive with ready exchange-based liquidity

Easier Access to Capital

- Listing attracts large investors and improves share liquidity
- Governance transparency is perceived as superior to unlisted entities
- Opens dialogue with institutional and global capital providers

Long-Term Benefits

- Access to global best practices in operations and controls
- Migration to the main board possible within 3 years
- Investors benefit from tax advantages on exchange-based capital gains

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The SME IPO Process Essentially Involves 8 Key Steps

1

Planning & Structuring

Analyze business, assess future prospects, identify opportunities & challenges. Develop a cogent **Investment Story**.

2

Achieve IPO Readiness

Streamline systems & processes; appoint Peer Reviewed Statutory Auditor; reconstitute Board; dematerialize shares; convert to public limited company.

3

Appoint Intermediaries

Select merchant banker, registrar, legal counsel & expert agencies. Create internal team headed by Compliance Officer.

4

Complete Due Diligence

Coordinate the due diligence review by merchant banker. Obtain regulatory approvals/clearances. Create Investor Pitch Deck.

5

Documentation/Audit

Prepare DRHP per SEBI ICDR & SE regulations. Obtain legal vetting. Complete regulatory financial audit for insertion into DRHP.

6

Marketing of the Issue

Reach out to institutional investors, anchors & HNWIs. Arrive at tentative pricing in consultation with merchant banker.

7

DRHP Follow-up

Maintain ongoing contact with Stock Exchange(s). Answer queries and make required changes (3–4 iterations). Obtain final clearance to open the issue.

8

Route to Listing

Issue opens for at least 3 days. Allotment & listing formalities completed within 3 days of closure. Complete all post-issue formalities within stipulated timelines.

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An Illustrative SME IPO Calendar

The journey from initial planning to listing on the exchange typically spans approximately **107 days**. Key milestones are mapped below.

1

T

Finalize Investment Story & basic issue structure with management. Board approves the IPO.

2

T+5 to T+10

Kick-off meeting with IPO Coordinator; identify actionables & allocate roles. Complete Due Diligence & Audit. Draft DRHP approved by Board.

3

T+45 to T+47

Complete Issue Marketing; obtain firm anchor commitments; finalize price band. File DRHP with Stock Exchange(s).

4

T+92 to T+94

Obtain final clearance from Stock Exchange after complying with all intermediate observations. File RHP with ROC.

5

T+96 to T+102

Issue opens for subscription and remains open for at least 3 days. Issue closes.

6

T+104 to T+107

Allotment of shares completed. Listing permission obtained. Trading commences & issue proceeds transferred to Issuer's account.

As IPO Coordinator, Invictus serves as the **Single Window Interface** for the Issuer with all counterparties — intermediaries, expert agencies, regulators, and other market players — ensuring smooth and seamless execution of the entire IPO process.

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Key Post-Listing Compliances

Once listed, companies are subject to a continuous and rigorous set of disclosure obligations to both the Stock Exchange and the public domain. These are designed to ensure transparency, investor confidence, and regulatory accountability.

Stock Exchange Filings

Half-Yearly & Annual Results as per applicable Accounting Standards

Financial Results — Unaudited within 45 days and Audited within 60 days of period end

Half-Yearly Shareholding Pattern filed within 45 days of end of each half year

Website Disclosures

Annual Report, Balance Sheets, and Profit & Loss Accounts to be published on company website

Proceedings of AGM or EGM to be disclosed promptly on the company website

Notices, Resolutions, Circulars, and Call Letters to be published in a timely manner

Non-compliance with post-listing obligations can attract penalties, trading suspension, and reputational damage. Robust compliance infrastructure is essential from Day 1 of listing.

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Invictus Serves as "IPO Coordinators" for Aspiring Issuers

We bring a cumulative capital markets experience of **100+ years** to the table to plan, structure, and execute capital raise programmes through SME IPOs — helping clients achieve optimum valuations. We serve as a **Single Window Interface** for all functional and operational parameters related to the IPO.

Build the Investment Story

Analyze business model, operating parameters, opportunities, and risks. Articulate and document value propositions to create a compelling growth narrative.

Select Intermediaries

Support management in appointing Lead Manager, RTA, Market Maker, and Syndicate Members. Coordinate all parties to work as a cohesive team toward a successful IPO.

Support Due Diligence

Develop a comprehensive Data Room. Facilitate and coordinate all aspects of the due diligence review across merchant banker, legal counsel, and other intermediaries.

Investor Outreach & Valuation

Leverage our proprietary investor network to ensure strong IPO response. Arrive at consensus-based valuation through structured feedback from investors, brokers, and research agencies.

Oversee Governance

Develop a robust financial governance framework. Support secretarial and compliance functions to ensure full adherence to all applicable regulations and statutes.

Ongoing Support

Provide post-listing compliance assistance. Serve as an omni-channel communication interface with investors to maintain transparency and market confidence.

Our Go-to-Market Approach

Our investor outreach strategy is structured across four distinct phases, ensuring comprehensive coverage of all investor segments — from institutional and HNI to retail — before, during, and after the issue opens.

Institutional Marketing

- Senior-level meetings with QIBs, Mutual Funds & large institutional investors
- Meetings with family offices and home offices
- Engagement with investor community influencers — analysts & researchers

Retail Marketing

- Extensive media interactions across mainstream and social media
- One-on-one meetings with leading brokers and stock market players
- Opening communication with retail investor groups within our network
- Local media coverage and management of word-of-mouth

Post-DRHP Activities

- Regulatory-compliant investor presentations and one-on-one/group meetings
- Dissemination of content across social and mainstream media platforms
- Promoter/KMP media interviews with professional script support

Post-RHP Activities

- Print & electronic media meets across key investor centres
- Broker/analyst meets and press conferences
- Factory visits and on-site meetings with key investment community members

We regularly work with a wide range of active retail, institutional, and wholesale investors — including home and family offices — and rely on their ongoing feedback to optimally structure and price the proposed offering.

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Our Capital Markets Team

*Our Capital Markets team brings to the table a **combined experience of close to 100 years** of value-driven and goal-oriented advisory in primary market offerings — both equity and debt. We have successfully steered multiple SME IPO processes across both the NSE Emerge and BSE SME platforms in recent years.*

Debashish Ghoshal — Mumbai

Gold Medallist from IIM Calcutta and University Topper in Economics from Presidency College. Investment Banker for 25+ years with close to 100 capital market issues under his belt. Former leadership roles at HSBC Investment Bank, SBI Capital Markets, Ernst & Young, Tata Strategic Management Group, and ICICI Bank.

Kaushik Nag — Kolkata

Seasoned financial services leader with 22+ years of expertise in capital raising, transaction advisory, and corporate structuring across debt, equity, and strategic advisory. Proven track record across marquee deals spanning diverse sectors pan-India. Strong network across institutions, corporates, and promoter groups.

Sougata Sengupta — Mumbai

Company Secretary and MBA with 25 years of experience. Has helped raise more than ₹10 Billion in capital across diverse sectors. Specialist in IPO process management and governance. Independent Director on the Board of two SME IPO aspirants. Senior experience at the Birla Group and leading metallurgical and engineering corporates.

Kaushik Majumder — Bengaluru

Legal Professional and Company Secretary (Rank Holder) with 30+ years across leadership positions in top corporate houses. Expert in legal and regulatory compliance, corporate secretarial coordination, and company law matters. Has handled multiple IPOs (pre- and post-issue) and ADR/GDR issuances and overseas listings.

Illustrative List of Capital Market Issuers Advised by our Team

Our team has successfully advised and executed capital market transactions for a diverse range of issuers across sectors — from agri-tech and infrastructure to healthcare, deep-tech & engineering. Below is an illustrative selection of issuers we have recently worked with.

AVPL AITMC VENTURES PVT. LTD. Agriculture | Drones

NOMA

Nephro Care India Ltd.

gl

MANHATTAN DIGITAL

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Thank You!

For a detailed discussion on your IPO plans, please connect with our team. We look forward to partnering with you on your journey to the capital markets.

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