

The background of the slide is a collage of financial and analytical elements. It includes a laptop at the top, a pair of glasses on the right, and various charts and documents. A prominent candlestick chart is visible in the lower half, with a magnifying glass focusing on a specific area. Other elements include a line graph, a bar chart, and a document with the word 'TECHNOLOGY' partially visible. A black pen and a pencil are also present on the left side. The overall theme is financial analysis and investment.

ICDR Regulations-SME

Regulation

Reg. 228(e)
**Entities not eligible to make an initial
public offer**

New Provision

An issuer is **not eligible** to make an IPO if there are any **outstanding convertible** securities, except for ESOPs and fully paid-up convertible securities, which must be converted before filing the RHP/prospectus.

Regulation	New Provision
Reg. 229(4), Reg. 229(5) & Reg. 229(6) Eligibility requirements for an initial public offer	<ul style="list-style-type: none">▪ Companies converting from LLP or partnership or proprietorship shall exist for 1 full financial year before filing DRHP, with restated financials per Schedule III of the Companies Act.▪ A 1-year cooling-off period is applicable, if there's a change in promoters or new promoters acquire 50% or more shareholding before filing.▪ Operating profit of ₹1 Cr for at least 2 out of the 3 financial years preceding the application is required.



Regulation

New Provision

Reg. 230(1)(f), Reg. 230(1)(g) and
Reg. 230(1)(h)

General Conditions

- Offer for sale by selling shareholders is restricted to **20%** of total issue size.
- Selling shareholders **cannot sell more than 50%** of their pre-issue holdings (fully diluted basis).
- **Issue proceeds cannot be used** to repayment of loans from **promoters, promoter group, or related parties**, from the issue proceeds directly or indirectly.

Regulation	Old Provision	New Provision
Reg. 230(2) General Conditions	General Corporate Purposes allowed to be up to 25% of the issue size.	Amount for GCP is restricted to 15% of the issue size or ₹10 crores, whichever is less

Regulation**Old Provision****New Provision****Reg. 238(b)**

Lock-in of specified securities held by the promoters

Promoter holdings in excess of Minimum Promoter Contribution (MPC) **locked-in for 1 year** from IPO allotment.

- **50% of holdings** in excess of **MPC** locked-in for **2 years** from IPO allotment.
- **Remaining 50%** of holdings in excess of **MPC** locked-in for **1 year** from IPO allotment.

Regulation	Old Provision	New Provision
Reg. 246(3) Filing of the offer document	Lead manager(s) shall submit a due-diligence certificate with additional confirmations along with the offer documents to the Board .	Due-diligence certificate shall include the Site Visit Report prepared by lead manager(s) with additional confirmations along with the draft offer documents to the SME Exchange(s) where the securities are proposed to be listed.

Regulation**New Provision**

**Reg. 247(1), Reg. 247(2)
&
Reg. 247(3)**

**Draft Offer Document to be made
available to public**

- **Public Availability:** Draft offer document to be hosted on **issuer, SME exchange, and lead manager's websites** for public comments for **21 days from the date of filing**
- **Public Announcement:** Issuer shall make a public announcement in **English, Hindi, and Regional newspapers**, inviting public comments within **2 working days from the date of filing**
- **Filing of Comments & Revisions:** Upon expiry of 21 days, the **lead manager(s)** shall submit a report to the SME exchange about the **public comments received by LM/ Issuer and necessary changes** that needs to be done in the draft offer document

Regulation	Old Provision	New Provision
Reg. 250(4) Price and price band	<p>If the floor price or price band is not disclosed in the RHP, the issuer shall announce it at least 2 working days before the issue opens in:</p> <ol style="list-style-type: none"> 1. The same newspapers as the pre-issue advertisement OR 2. Along with the pre-issue advertisement (as per Part A of Schedule X). 	<p>The issuer must announce the floor price or price band at least 2 working days before the issue opens through a Pre-issue & Price band advertisement (as per Part A of Schedule X) in:</p> <ol style="list-style-type: none"> 1. One English national daily 2. One Hindi national daily 3. One regional language newspaper (where the registered office is situated).

Regulation**New Provision**

Retail word has been removed from the existing provisions and now they would be categorized as individual investors who applies for minimum two application size

Non-Institutional Investor category divided into two sub-categories:

Reg. 253(1) and Reg. 253(2)

Allocation in the net offer

I: One-third of the allocation for NII applicants with more than two lots and application sizes up to ₹10,00,000.

II: Two-thirds of the allocation for NII applicants with application sizes above ₹10,00,000.

Regulation	Old Provision	New Provision
Reg. 262 (1) Monitoring Agency	Monitoring by a Credit Rating Agency required if issue size is more than INR 100 crores	<p>Reduced threshold for mandatory fund monitoring by a Credit Rating Agency from INR 100 crore to INR 50 crore.</p> <p>If no monitoring agency is required, the issuer must submit a statutory auditor's certificate on fund utilization (excluding Offer for Sale) to the SME exchange(s) with quarterly financial results until full utilization.</p> <p>If working capital is an issue objective and exceeds ₹5 crore, the issuer must submit a statutory auditor's certificate to the SME exchange(s) with quarterly financial results, confirming fund utilization as per the offer document, until fully utilized.</p>

Regulation	Old Provision	New Provision
Reg. 264(1) & Reg. 264(2) Issue-related advertisements	<p style="text-align: center;">Pre-Issue Advertisement</p> <p>After filing the prospectus, the issuer shall publish a pre-issue advertisement in:</p> <ul style="list-style-type: none"> 1 English national daily 1 Hindi national daily 1 regional newspaper (Registered office location) 	<ul style="list-style-type: none"> • Pre-Issue & Price Band Advertisement <p>After filing the prospectus, the issuer shall publish a Pre-issue & Price band advertisement in the same newspapers where the Regulation 250(4) public announcement was published.</p> <ul style="list-style-type: none"> • The term pre-issue advertisement has been replaced with pre-issue and price-band advertisement in both sub-regulation of regulation 264 (1) and (2)

Regulation	Old Provision	New Provision
Reg. 267 Application and minimum application value	The minimum application size shall be one lakh rupees per application	The minimum application size increased to “ two lots ” per application provided that the minimum application size shall be above ₹2 lakhs

Regulation	Old Provision	New Provision
Reg. 268(1) Allotment procedure and basis of allotment	Minimum number of allottees in an SME public issue shall be 50	Minimum number of allottees in an SME public issue has been increased to 200

Regulation**New provision****Reg. 268 (3A)****Allotment procedure and basis
of allotment**

- **Allotment in Non-Institutional Investor (NII) Category**
- **Minimum Allotment:** Each NII shall be allotted at least the **minimum application size** (subject to share availability).
- **Proportionate Allotment:**
Any remaining shares shall be allotted on a **proportionate basis** as per Schedule XIII.

Regulation	Old Provision	New Provision
<p>Reg. 274 (1) & (2)</p> <p>Reporting of transactions of the promoters and promoter group and other pre-IPO Transactions</p>	<p>274(1)- Promoter & Promoter Group Transactions:</p> <p>Must be reported to stock exchanges within 24 hours from the date of transaction, between the draft offer document filing and issue closure.</p>	<p>New sub-regulation 274(2) inserted-</p> <p>Pre-IPO Placements:</p> <p>Any disclosed pre-IPO placements in the draft offer document must also be reported to stock exchanges within 24 hours of the transaction (partial or full).</p>

Regulation	Old Provision	New Provision
Reg. 280 Alteration of rights of holders of specified	<p>If the post-issue face value capital of an issuer is expected to exceed ₹25 crore due to any further issuance of capital, the issuer must migrate to the Main Board</p>	<ul style="list-style-type: none"> • SMEs can issue capital beyond ₹25 crores without mandatory migration to Main Board. • Subject to the issuer undertaking to comply with Main Board compliance, including corporate governance and quarterly disclosures under LODR.



Regulation

Reg. 281A

Post-listing exit opportunity for dissenting shareholders

New provision

- Promoters or controlling shareholders must provide an **exit offer** to **dissenting shareholders** if there is a **change in the object of the issue** or a **variation in contract terms** stated in the offer document.
- This requirement **does not apply** if the issuer has **no identifiable promoters or controlling shareholders**, ensuring transparency and investor protection.

THANK YOU