

Name of the person/entity proposing comments	Indian Association of Investment Professionals (CFA Society India) Key Contributors : Namit Arora, Shamit Chowksi, Angad Singhania, Nitesh Saha, Kshiltiz Jain, Siddharth Gupta
Category (Listed Entity / MII / Market Intermediary / Professional /	Association of Investment Professionals
Email id	advocacy@iaipirc.org
Contact no.	8080565484 (Shreenivas KUnte, CFA)

Sr. No.	Proposal	Confirmity to Proposal	Comments	Rationale
1	Do you agree with the proposal to increase minimum application size in SME IPO? If you agree, then which proposal is favoured by you : (a) to increase minimum application size in SME IPO from 1 lakh to 2 lakh; Or (b) to increase minimum application size in SME IPO from 1 lakh to 4 lakh.	Agree	Agree with OPTION B increase in minimum application size in SME IPO from 1 lakh to 4 lakh.	Since in last 14 years Market (Nifty and Sensex have grown up by 4.5 times, it is prudent to increase the minimum application size in SME IPO to Rs. 4 lakh.
2	Do you agree with the proposal to change allocation methodology in NII category of SME IPO and aligning it with allocation methodology used for Main Board IPO?	Strongly Agree		
3	Do you agree with the proposal that minimum allottees in SME public issue to be increased to 200 investors from existing number of 50 investors?	Strongly Agree		
4 (A)	Do you agree with the proposal that OFS in SME IPO may be restricted to 20% of the issue size?	Partially Agree	This is indeed a commendable step in the right direction. However, we believe that Offer for Sale (OFS) should not be permitted in SME IPOs to ensure the primary focus remains on supporting business growth and fostering investor confidence	SME companies should prioritize raising funds to fuel their business growth. Restricting the inclusion of Offer for Sale (OFS) in SME IPOs will help ensure that the primary objective of these offerings remains focused on securing capital for expansion and development
4 (B)	Do you agree with the proposal that for selling shareholders, shares offered for sale in SME IPO shall not exceed more than 20% of their pre-issue shareholding on fully diluted basis?	Partially Agree	We recommend that Offer for Sale (OFS) should not be allowed in SME IPOs to maintain the focus on promoting business growth and enhancing investor trust.	SME companies should prioritize raising funds to fuel their business growth. Restricting the inclusion of Offer for Sale (OFS) in SME IPOs will help ensure that the primary objective of these offerings remains focused on securing capital for expansion and development
5 (A)	Do you agree with the proposal that requirement of appointment of Monitoring Agency shall be made applicable for issuer company if fresh issue size is higher than 20 crore?	Agree		
5 (B)	Do you agree with the proposal that there should be compulsory requirement of appointment of monitoring agency for following objects irrespective of amount of proceeds: (a) to fund subsidiary, and/ or (b) to repay loans/ borrowing partially or fully of the subsidiary company, and/ or (c) investment in a joint venture or a subsidiary, and/ or (d) an acquisition.?	Agree		
5 (C)	Do you agree with the proposal that with respect to cases which don't fall under above scenarios i.e. if issue size is less than 20 crore (fresh issue size) and the object is not as mentioned above at 5B, then in such cases Statutory Auditor need to submit a certificate for utilization of money raised through the public issue?	Agree		
6 (A)	Do you agree with the proposal of increasing the lock-in period on minimum promoter contribution (MPC) in SME IPOs to 5 years?	Agree	Yes, we agree with the proposal. We believe that if a company performs well, it will naturally progress to the main board, where the restrictions, such as the 5-year lock-in period on minimum promoter contribution (MPC) for SME IPOs, will not be applicable	
6 (B)	Do you agree with the proposal that lock-in on promoters' holding held in excess of MPC shall be released in phased manner i.e. lock-in for 50% promoters' holding in excess of MPC shall be released after 1 year and lock-in for remaining 50% promoters' holding in excess of MPC shall be released after 2 year?	Agree		
7 (A)	Do you agree with the proposal that GCP amount in SME IPO may be restricted to 10% of issue size or Rs. 10 crore (whichever is lower)?	Agree		
7 (B)	Do you agree with the proposal that raising funds for unidentified target / acquisition may not be permitted for SME IPO?	Agree		
8	Do you agree with the proposal that to add Promoter Group in Regulation 228 (b), (c) and (d)?	Agree		
9 (A)	Do you agree with the proposal to have 2 year cooling off period before SME IPO for a Company formed after conversion from Limited Liability Partnership or from Partnership firm?	Agree		
9 (B)	Do you agree with the proposal to have 2 year cooling off period before SME IPO for a Company if there is a change of promoter(s) or new promoter(s) have come after acquisition of more than 50% shareholding prior to filing of draft offer document?	Agree		
10	Do you agree with the proposal that an issuer should be eligible to make an initial public offer only if the issue size is more than Rs. 10 crore?	Agree		

11	Do you agree with the proposal that an issuer should be eligible to make an initial public offer only if the issuer have operating profit (earnings before interest, depreciation and tax) of Rs. 3 crore from operations for at least any 2 out of 3 financial years preceding the application?	Agree		
----	--	-------	--	--

12	Do you agree with the proposal to mandate SME issuers to have shares having face value of Rs. 10/- for its issued capital and for proposed new shares to be issued and listed through IPO?	Agree		
13	Do you agree with the proposal that in cases where the company is still not eligible to migrate to Main Board (i.e. does not meet Exchange criteria for migration) should be permitted to raise funds / issue shares which results in its post issue paid-up capital going beyond 25 crore, without migrating to Main Board, provided such company is subject to compliances of corporate governance and disclosures under LODR including quarterly results as applicable for Main Board companies?	Agree		
14	Do you agree with the proposal that SME issues may not be permitted, where objects of the issue consists of Repayment of Loan of Promoter, Promoter Group or any related party, from the issue proceeds, whether directly or indirectly?	Strongly Agree		
15	Do you agree with the proposal that in case of working capital as one of the object for fund raising where the amount raised for working capital exceed Rs. 5 Crore, statutory auditor certificate on half year basis w.r.t. use of fund in working capital to be made mandatory?	Strongly Agree		
16	Do you agree with the proposal that if projects for which proceeds are raised through public issue and such projects are partially funded by the Bank/ financial institution, then details regarding sanction letter from the Bank/ financial institution shall be disclosed in the draft offer document and offer document?	Strongly Agree		
17	Do you agree with the proposal of additional disclosures w.r.t. senior level employees, details of ESIC / EPF viz. number of employees registered on the said portal, amount paid, delay in payment of due for past three years, site visit report by Merchant Bankers etc. in case of SME IPOs?	Strongly Agree		
18	Do you agree with the proposal that Fees of Merchant Bankers in any form / name / purpose shall be disclosed in the RHP?	Strongly Agree		
19	Do you agree with the proposal that DRHP of SME IPO filed with the Stock Exchanges shall be made available to public for comments for a period of at least 21 days and making a public announcement in one English, Hindi and regional language newspaper, regarding filing of DRHP and inviting the public to provide their comments?	Strongly Agree		
20	Do you agree with the proposal that eligibility condition may be introduced for SME IPOs requiring conversion of outstanding convertible securities before IPO?	Strongly Agree		
21	Do you agree with the proposal mandating Merchant Banker to submit due-diligence certificate to Stock Exchanges at the time of filing of draft offer document?	Agree		
22	Do you agree with the proposal that term post-issue face value capital in regulations be replaced with term post-issue paid-up capital at all places for uniformity in nomenclature?	Strongly Agree		