

- b) The price, date and time in respect of each transaction effected in the course of the stabilisation process; and
- c) The details of allotment made by the issuer on expiry of the stabilisation process.

Alteration of rights of holders of specified securities

280. (1) The issuer shall not alter the terms (including the terms of issue) of specified securities which may adversely affect the interests of the holders of that specified securities, except with the consent in writing of the holders of not less than three-fourths of the specified securities of that class or with the sanction of a special resolution passed at a meeting of the holders of the specified securities of that class.

(2) Where the post-issue face value capital of an issuer listed on a SME exchange is likely to increase beyond twenty five crore rupees by virtue of any further issue of capital by the issuer by way of rights issue, preferential issue, bonus issue, etc. the issuer shall migrate its specified securities listed on a SME exchange to the Main Board and seek listing of the specified securities proposed to be issued on the Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board:

Provided that no further issue of capital by the issuer shall be made unless –

- a) the shareholders of the issuer have approved the migration by passing a special resolution through postal ballot wherein the votes cast by shareholders other than promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal;
- b) the issuer has obtained an in-principle approval from the Main Board for listing of its entire specified securities on it.

Further Issues

281. An issuer listed on a SME exchange making a further issue of capital by way of a rights issue, or further public offer or preferential issue or bonus issue etc. may do so by adhering to applicable requirements mentioned in these regulations.

CHAPTER X – ¹⁰[INNOVATORS GROWTH PLATFORM]

PART I: APPLICABILITY

282. (1) The provisions of this Chapter shall apply to issuers seeking listing of their specified securities pursuant to an initial public offer or for only trading on a stock exchange of their specified securities without making a public offer.

(2) The provisions of these regulations, in respect of the matters not specifically dealt or excluded under this Chapter, shall apply *mutatis mutandis* to any listing or trading of specified securities under this Chapter.

Provided that the following shall not apply:

- (a) sub-regulation (2) of regulation 7 on restrictions on the amount of general corporate purposes; and
- (b) sub-regulation (1) and (2) of regulation 6 on eligibility requirements

¹⁰ Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as “INSTITUTIONAL TRADING PLATFORM”.

(3) The institutional trading platform shall be accessible only to institutional investors and non-institutional investors ¹¹[*].

Eligibility

283. ¹²(1) An issuer which is intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value addition shall be eligible for listing on the innovators growth platform, provided that as on the date of filing of draft information document or draft offer document with the Board, as the case may be, twenty five per cent of the pre-issue capital of the Issuer Company for at least a period of two years, should have been held by:

- I. Qualified Institutional Buyers;
- II. Family trust with net-worth of more than five hundred crore rupees, as per the last audited financial statements;
- III. Accredited Investors for the purpose of Innovators Growth Platform;
- IV. The following regulated entities:
 - a. Category III Foreign Portfolio Investor;
 - b. An entity meeting all the following criteria:
 - i. It is a pooled investment fund with minimum assets under management of one hundred and fifty million USD;
 - ii. It is registered with a financial sector regulator in the jurisdiction of which it is a resident;
 - iii. It is resident of a country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to Bilateral Memorandum of Understanding with the Board;
 - iv. It is not resident in a country identified in the public statement of Financial Action Task Force as:
 - a) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or
 - b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.

Explanation:

- (a) The following entities shall be eligible to be considered as accredited investors for the purpose of innovators growth platform:

¹¹ Omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its omission, it read as "and not to retail individual investors".

¹² Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as:

"(1) The following issuers shall be eligible for listing on the institutional trading platform:

- a) an issuer which is intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value addition and at least twenty five per cent of its pre-issue capital is held by qualified institutional buyer(s) as on the date of filing of draft information document or draft offer document with the Board, as the case may be; or
 - b) any other issuer in which at least fifty per cent of the pre-issue capital is held by qualified institutional buyers as on the date of filing of draft information document or draft offer document with the Board, as the case may be.
- (1) No person, individually or collectively with persons acting in concert, shall hold twenty five per cent or more of the post-issue share capital in an entity specified in sub-regulation (1)."

- (i) any individual with total gross income of fifty lakhs rupees annually and who has minimum liquid net worth of five crore rupees; or
- (ii) any body corporate with net worth of twenty five crore rupees.

(b) Not more than ten per cent of the pre-issue capital may be held by Accredited Investors.

(c) For the purpose of accreditation: The persons /corporate bodies who wish to get accreditation for the purpose of innovators growth platform, shall approach the stock exchanges or depositories and follow the procedures prescribed by the Board and / or such stock exchange or depository for the purpose of accreditation as an Accredited Investor, from time to time.]

¹³[(2)] An issuer shall be eligible for listing on the institutional trading platform if none of the promoters or directors of the issuer company is a fugitive economic offender.

PART II: LISTING WITHOUT A PUBLIC ISSUE

Listing without a public issue

284. (1) An issuer seeking listing of its specified securities without making a public offer, shall file a draft information document along with the necessary documents with the Board in accordance with these regulations along with the fee as specified in **Schedule III** of these regulations.

(2) The draft information document shall contain disclosures as specified for the draft offer documents in these regulations as specified in **Part A of Schedule VI**.

(3) The regulations relating to the following as stated under the Chapter of Initial Public Offer on Main Board shall not be applicable:

- a) allotment;
- b) issue opening or closing;
- c) advertisements;
- d) underwriting;
- e) sub-regulation (2) of regulation 5;
- f) pricing;
- g) dispatch of issue material; and
- h) other such provisions related to offer of specified securities to the public.

(4) The issuer shall obtain an in-principle approval from the stock exchanges on which it proposes to get its specified securities listed.

(5) The issuer shall list its specified securities on the recognised stock exchange(s) within thirty days:

- a) from the date of issuance of observations by the Board; or
- b) from the expiry of the period stipulated in sub-regulation (4) of regulation 25, if the Board has not issued any such observations.

(6) The issuer which has received an in-principle approval from the stock exchange for listing of its specified securities, shall be deemed to have been waived by the Board under sub-rule (7) of rule 19 from the requirement of minimum offer to the public as per the provisions of clause (b) of sub-rule (2) of rule 19 of Securities Contracts (Regulation) Rules, 1957 for the limited purpose of listing on the ¹⁴[innovators growth platform].

(7) Provisions relating to minimum public shareholding shall not be applicable.

(8) The draft and final information document shall be approved by the board of directors of the issuer and shall be signed by all directors, the Chief Executive Officer, i.e., the Managing

¹³ Renumbered by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its renumbering, it read as sub-regulation (3).

¹⁴ Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as “institutional trading platform”.

Director or Manager within the meaning of the Companies Act, 2013 and the Chief Financial Officer, i.e., the Whole-time Finance Director or any other person heading the finance function and discharging that function.

(9) The signatories shall also certify that all disclosures made in the information document are true and correct.

(10) In case of mis-statement in the information document or any omission therein, any person who has authorized the issue of information document shall be liable in accordance with the provisions of the Act and regulations made thereunder.

Explanation: Under this Part, the phrases ‘pre-issue’ and ‘post-issue’, wherever they occur shall be construed as ‘pre-listing’ and ‘post-listing’, respectively.

PART III: LISTING PURSUANT TO AN INITIAL PUBLIC OFFER

Disclosures in draft offer document and offer document

285. (1) An issuer seeking to issue and list its specified securities shall file a draft offer document along with necessary documents with the Board in accordance with these regulations along with the fees as specified in **Schedule III** of these regulations.

(2) The draft offer document shall disclose the broad objects of the issue.

(3) The basis of issue price shall include disclosures, except projections, as deemed fit by the issuer in order to enable the investors to take informed decisions and the disclosures shall suitably contain the basis of valuation.

¹⁵**[Minimum public shareholding norms and minimum offer size**

285A.(1) The issuer shall be in compliance with minimum public shareholding requirements specified in the Securities Contracts (Regulation) Rules, 1957.

(2) The minimum offer size shall be ten crore rupees.”]

Minimum application size

286. The minimum application size shall be ¹⁶[two lakh rupees and in multiples thereof].

Allocation and allotment

287. (1) The number of allottees in the initial public offer shall at least be ¹⁷[fifty].

¹⁸[(2) The allotment to institutional investors as well as non-institutional investors shall be on a proportionate basis.]

¹⁹[*]

¹⁵ Inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019.

¹⁶ Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as “ten lakh rupees”.

¹⁷ Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as “two hundred”.

¹⁸ Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as:

“(2)The allocation in the net offer to public category shall be as follows:

(a) seventy-five per cent to institutional investors:

Provided that there shall be no separate allocation for anchor investors;

(b) twenty-five per cent to non-institutional investors”

¹⁹ Omitted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its omission, it read as:

“(3) The allotment to institutional investors may be on a discretionary or a proportionate basis whereas the allotment to non-institutional investors shall be on a proportionate basis.

²⁰[(3)] Any under-subscription in the non-institutional investor category shall be available for subscription under the institutional investors' category.

PART IV: GENERAL CONDITIONS

Lock-in

288. (1) The entire pre-issue capital of the shareholders shall be locked-in for a period of six months from the date of allotment in case of listing pursuant to a public issue or date of listing in case of listing without a public issue:

Provided that nothing contained in this regulation shall apply to:

- a) equity shares allotted to employees, whether currently an employee or not, under an employee stock option or employee stock purchase scheme of the issuer prior to the initial public offer, if the issuer has made full disclosures with respect to such options or scheme in accordance with Part A of **Schedule VI**;
- b) equity shares held by an employee stock option trust or transferred to the employees by an employee stock option trust pursuant to exercise of options by the employees, whether currently employees or not, in accordance with the employee stock option plan or employee stock purchase scheme.

Provided that the equity shares allotted to the employees shall be subject to the provisions of lock-in as specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

- c) equity shares held by a venture capital fund or alternative investment fund of Category I or a foreign venture capital investor:

Provided that such equity shares shall be locked-in for a period of at least one year from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

- d) equity shares held by persons other than the promoters, continuously for a period of at least one year prior to the date of listing in case of listing without a public issue:

Explanation: For the purpose of clause (c) and (d), in case such equity shares have resulted pursuant to conversion of fully paid-up compulsorily convertible securities, the holding period of such convertible securities as well as that of resultant equity shares together shall be considered for the purpose of calculation of one year period and the convertible securities shall be deemed to be fully paid-up, if the entire consideration payable thereon has been paid at the time of their conversion.

(2) The specified securities held by the promoters and locked-in may be pledged with any scheduled commercial bank or public financial institution or systemically important non-banking finance company as a collateral security for a loan granted by such bank or institution or systemically important non-banking finance company if the pledge of specified securities is one of the terms of sanction of the loan.

(3) The specified securities that are locked-in may be transferable in accordance with regulation 288 of these regulations.

(4) All specified securities allotted on a discretionary basis shall be locked-in in accordance with the requirements for lock-in for the anchor investors on the main board of the stock exchange, as specified under Part A of **Schedule XIII**.

(4) The mode of allotment to institutional investors, i.e., whether discretionary or proportionate, shall be disclosed prior to or at the time of filing of the offer document.

(5) In case of discretionary allotment to institutional investors, no institutional investor shall be allotted more than ten per cent. of the issue size.”

²⁰ Renumbered by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its renumbering, it read as sub-regulation “(6)”.

Trading lot

289. The minimum trading lot on the stock exchange shall be ²¹[two lakh rupees and in multiples thereof].

Exit of issuers whose securities are trading without making a public offer

290. An issuer whose specified securities are traded on the ²²[innovators growth platform] without making a public issue may exit from that platform, if

- a) its shareholders approve such an exit by passing a special resolution through postal ballot where ninety per cent of the total votes and the majority of non-promoter votes have been cast in favor of such proposal; and
- b) the recognised stock exchange where its shares are listed approves of such an exit.

Withdrawal of approval by the stock exchange

291. (1) The recognised stock exchange may delist the specified securities of an issuer listed without making a public issue upon non-compliance of the conditions of listing and in the manner as specified by the stock exchange.

(2) No issuer promoted by the promoters and directors of an entity delisted under sub-regulation (1), shall be permitted to list on the ²³[innovators growth platform] for a period of five years from the date of such delisting:

Provided that the provisions of this regulation shall not apply to another issuer promoted by any of the independent directors of such a delisted issuer.

Migration to the main board

292. An issuer that has listed its specified securities on a recognised stock exchange may at its option migrate to the main board of that recognised stock exchange after expiry of three years from the date of listing subject to compliance with the eligibility requirements of the stock exchange.

CHAPTER XI - BONUS ISSUE

Conditions for a bonus issue

293. Subject to the provisions of the Companies Act, 2013 or any other applicable law, a listed issuer shall be eligible to issue bonus shares to its members if:

- a) it is authorised by its articles of association for issue of bonus shares, capitalisation of reserves, etc.:
Provided that if there is no such provision in the articles of association, the issuer shall pass a resolution at its general body meeting making provisions in the articles of associations for capitalisation of reserve;
- b) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it;
- c) it has not defaulted in respect of the payment of statutory dues of the employees such as contribution to provident fund, gratuity and bonus;
- d) any outstanding partly paid shares on the date of the allotment of the bonus shares, are made fully paid-up;
- e) any of its promoters or directors is not a fugitive economic offender.

²¹ Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as “ten lakh rupees”.

²² Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as “institutional trading platform”.

²³ Substituted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, w-e-f 05.04.2019. Prior to its substitution, it read as “institutional trading platform”.