



FUELLING TECH DREAMS OF NEW AGE INDIA

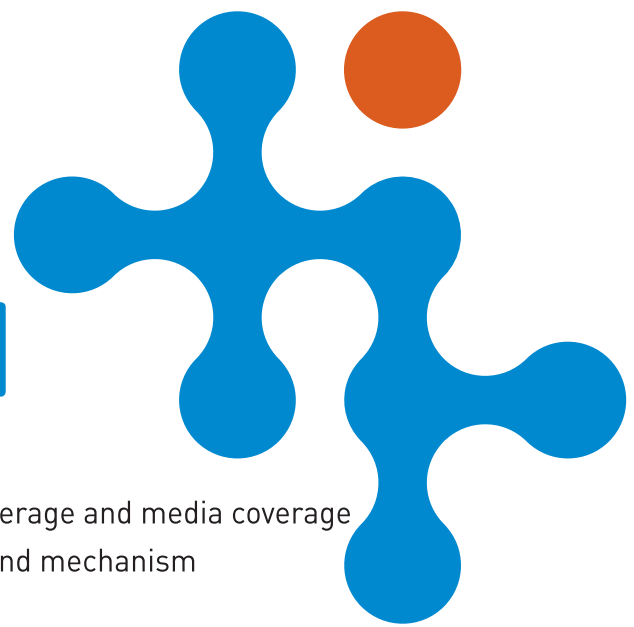
INTRODUCING BSE HI TECH



BSE Hi-Tech is a platform that offers capital raising opportunities for innovative, new age companies that require funds to fuel growth. In recent years, the Indian startup ecosystem has witnessed tremendous growth and has come into its own — driven by factors such as massive funding, consolidation activities, evolving technology and a burgeoning domestic market. BSE Hi-Tech recognizes that these young companies are unique in terms of their business models, which tend to be revenue focused rather than profit focused, and hence do not fit the traditional valuation models.

On the other hand, there is a large untapped pool of investors looking for new asset classes. A platform for startups will channelize funds towards the growing entrepreneurial ecosystem and offer a new investment avenue for investors seeking to widen their portfolios. If startups are encouraged to list locally, the listed universe can expand at the same time giving Indian investors, with the appetite for such risks, an opportunity to participate in the growth story. Sophisticated investors will also find a new exit route and be able to churn their portfolios better.

WHY LIST ON BSE HI-TECH



THE COMPANY ADVANTAGE

1. Increased visibility with brand creation, research coverage and media coverage
2. Access to funds through well-established platform and mechanism
3. High credibility amongst all stakeholders
4. Listing entails robust corporate governance and internal controls and systems
5. Sophisticated investors enabling better valuations
6. Companies can attract global investors as FPIs
7. Merger & acquisitions made easier and swifter with company's stock used as currency
8. Compensating employees without affecting cash flows through ESOPs becomes a powerful tool to attract and retain talent

THE INVESTOR ADVANTAGE

1. Unlocking of shareholder wealth: A credible exit route for early investors
2. Enhanced liquidity: VC/PE investors can churn their portfolio
3. Exciting investment opportunity: The platform will offer a new asset class to investors
4. Investor safeguard: Listing leads to better and timely disclosures and thus also protects the interest of the investors

Advantages

SIMPLE LISTING PROCESS



PRE-LISTING

1. Hire Intermediary
2. Board and investor approval
3. Align records and processes for life after listing
4. Prepare draft document



APPROVAL

1. File with SEBI
2. File with stock exchange
3. Respond to observations and file offer document



LISTING

1. Road show for investors
2. Open offer (in case of IPO)



COMPARISON WITH TRADITIONAL LISTING



PARTICULARS	TRADITIONAL LISTING	HI-TECH LISTING
Initial Public Offering	Compulsory	Optional (with or without IPO)
Source of information	Draft document	Draft document
Minimum Profitability and Networth	Applicable	Not applicable
Use of Proceeds	Restricted	No restrictions
Disclosures in offer document	Detailed as prescribed	As deemed appropriate by issuer
Allotment to institutional investors on discretionary basis	Not allowed	Allowed
Lock-in of promoter holdings	3 years	6 months
Minimum application size	Rs.10,000 - Rs.15,000	Rs. 10 lakh
Minimum trading lot	1 share (no minimum value)	Rs. 10 lakh
Tax applicable on transactions	STT (Securities Transaction Tax)	STT (Securities Transaction Tax)

SEBI FRAMEWORK FOR STARTUPS

ELIGIBILITY CRITERIA

Startup companies which are eligible to list -

A. Companies intensive in use of technology, IT, IP, data analytics, bio-technology, nano-technology to provide products, services or business platforms with substantial value addition and with at least 25% of the pre-issue capital being held by institutional investors or

B. Any other company in which at least 50% of the pre-issue capital is held by institutional investors.

KEY FEATURES

- Start up companies can list with or without an IPO
- Disclosure requirements diluted for valuation and objects for fund raising
- Draft document will have to be filed with SEBI for observations
- The lock-in of the entire pre-issue capital shall only be for a period of 6 months from the date of allotment
- The minimum application and trading lot size in case of such issues shall be ₹10 lakhs
- The number of allottees in case of a public offer shall be 200 or more
- The trading can be opened to retail investors after 3 years





FOR INVESTORS

- Following investors can access the proposed ITP

(i) Institutional Investors (QIB), along with family trusts, systematically important NBFCs registered with RBI and the intermediaries registered with SEBI, all with net-worth of more than ₹500 crore and

(ii) Non-Institutional Investors (NIIs) other than retail

- 75% allocation to institutional investors
- Undersubscription in NII category will be available to institutional investors
- Discretionary allotment can be made to institutional investors
- Equity held by VCF, AIF, FVCI, will not be considered as promoters shares for the purpose of lock-in





FOR MORE INFORMATION CONTACT

Khyati Shah: 022-22725016 / 7045653251

Email id: bsehitech-its bseindia.com

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