

CIRCULAR

SEBI/HO/CFD/DIL2/CIR/P/2019/67

May 22, 2019

To

All the Depositories

Recognized Stock Exchanges

Registered Merchant Bankers

Registered Stock Brokers

Registered Depository Participants

Dear Sir/Madam,

**Sub: Framework for the process of accreditation of investors for the purpose of Innovators Growth Platform**

1. Accredited Investors (AIs) for the limited purpose of Innovators Growth Platform ("IGP"), are investors whose holding in the Issuer Company, is eligible for the computation of at least 25% of the pre-issue capital in accordance with Regulation 283.(1) of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 ("ICDR Regulations").
2. Accordingly, the framework for the process of accreditation of investors is detailed below:

**A. Eligibility**

The following entities shall be eligible to be considered as AIs:

- i. Any individual with total gross income of ₹ 50 lakhs annually and who has minimum liquid net worth of ₹ 5 crores; or

- ii. Any body corporate with net worth of ₹ 25 crores.

## **B. Procedure for accreditation**

### **(a) Responsibility of Stock Exchanges/Depositories**

The investor, having a demat account with a Depository, will make an application to the Stock Exchanges/Depositories in the manner prescribed by them for recognition as an AI. The Stock Exchanges /Depositories may use the services of Brokers/Depository participants respectively for such purpose. However, Stock Exchanges/Depositories shall be responsible for verification and maintenance of the AI data.

### **(b) Documentation**

Detailed Documentation required for accreditation is provided at Annexure 'A' of this Circular.

## **3. Validity of Accreditation**

The accreditation granted by the Stock Exchange/Depository shall be valid for a period of three years from the date of issue of such accreditation unless the AI becomes ineligible due to change in his/her/its financial status in which case such AI shall inform the Stock Exchange/Depository of such ineligibility.

## **4. Responsibility of Merchant Bankers at the time of listing on IGP with regard to AIs**

At the time of application by a Company for listing on IGP, the merchant bankers shall ensure due diligence with regard to eligibility of AIs and that their holding in the Company desirous of listing on IGP is in accordance with the Regulation 283.(1) of the ICDR Regulations.

## **5. The Exchanges / Depositories are directed to-**

- i. Implement the procedure for accreditation within 45 days from the date of issue of this Circular.
- ii. Disseminate the provisions of this Circular on their website.

- iii. Communicate to SEBI, the status of the implementation of the provisions of this circular.
6. Exchanges/Depositories are advised to make necessary amendments to the relevant bye-laws, rules and regulations.
7. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

**Narendra Rawat**  
**General Manager**  
**Corporation Finance Department**  
[narendrar@sebi.gov.in](mailto:narendrar@sebi.gov.in)

## Annexure-A

For accreditation as an Accredited Investor for the purpose of Innovators Growth Platform, the investor having a demat account with a Depository shall submit the following documents with the Exchanges/Depositories or Brokers/Depository Participants:

### **I. In case of Individual / HUF**

- i) Copy of PAN Card.
- ii) Copy of Aadhaar Card or Copy of Valid Passport.
- iii) Income tax return of last 3 financial years
- iv) Certificate from practicing chartered accountant stating total gross income (annually) and liquid net worth as on date of application. Working of Liquid Net worth shall be given as an Annexure to the certificate. The same shall be calculated as follows:

Capital + Free Reserves

Less: non-allowable assets

- (a) Fixed assets
- (b) Pledged Securities
- (c) Non-allowable securities (unlisted securities)
- (d) Doubtful debts and advances\*
- (e) Prepaid expenses, losses
- (f) Intangible assets
- (g) 30% value of marketable securities

\* Explanation – Includes debts/advances overdue for more than three months or given to associates and to related parties.

- v) Where the individual has been debarred or disciplinary action has been taken against investor by SEBI, RBI or any other regulatory body, then the debarment period or disciplinary action should be over. In case of a Non Resident Indian, he or she shall confirm that he or she has not been

restricted from accessing securities market by the country of jurisdiction where he or she resides.

vi) Declaration from investor which will state that:

- (i) he/she/it, is not a wilful defaulter as defined under Regulation 2(1)(III) of SEBI (ICDR) Regulations, 2018.
- (ii) he/she/it, is not a fugitive economic offender as defined under Regulation 2(1)(p) of SEBI (ICDR) Regulations, 2018.
- (iii) he/she/it, is not in violation of Regulation 24 of SEBI (Delisting of Equity Shares) Regulation, 2009.
- (iv) he/she/it, is not in violation of the restrictions imposed by SEBI under SEBI circular no. SEBI/HO/ MRD/DSA/CIR/P/2017/92 dated August 01, 2017.
- (v) he/she/it, is in compliance with RBI regulations, if applicable.
- (vi) that the investment in the Companies are in compliance with RBI norms, if applicable.
- (vii) that the submissions made to the Exchange/Depository are true and correct and if found incorrect, the Exchange/Depository reserves the right to reject the application and take necessary action.
- (viii) that in case of ineligibility due to change in the financial status of the Accredited Investor, he/she/it shall inform the Stock Exchange/Depository of such ineligibility.

## **II. In case of body corporate (including LLP)**

- i) Certificate of Incorporation.
- ii) If the body corporate is registered with any regulatory body such as RBI, IRDA, etc., then certificate of such valid registration from such regulatory body.
- iii) Copy of PAN card of body corporate.
- iv) Copies of Financial Statements of last 3 financial years.
- v) Copies of Income tax return of last 3 financial years.
- vi) Certificate from statutory auditor of the body corporate stating net worth as on date of application. Working of Net worth shall be given as Annexure to the certificate.

- vii) Certified copy of Board Resolution to make application for Accredited Investor as per IGP norms.
- viii) Declaration from Managing Director/Designated Partner/authorized person that:
  - (i) the body corporate or its promoters/partners or directors are not wilful defaulter as defined under Regulation 2(1)(III) of SEBI (ICDR) Regulations, 2018.
  - (ii) the promoters/partners or directors of the body corporate are not a fugitive economic offender as defined under Regulation 2(1)(p) of SEBI (ICDR) Regulations, 2018.
  - (iii) the body corporate or its promoters/partners or whole-time directors should not be in violation of the provisions of Regulation 24 of the SEBI Delisting Regulations, 2009.
  - (iv) the body corporate or its promoters/partners, its directors should not be in violation of the restrictions imposed by SEBI under SEBI circular no. SEBI/HO/ MRD/DSA/CIR/P/2017/92 dated August 01, 2017.
  - (v) the body corporate is in compliance with RBI Regulations, if applicable.
  - (vi) that the investment made in the Companies are within the limit prescribed by the RBI and if investments exceed the prescribed limit, then approval of RBI for the same has been obtained, in case the same is applicable .
  - (vii) that the submissions made to the Exchange/Depository are true and correct and if found incorrect, the Exchange/Depository reserves the right to reject the application and take necessary action.
  - (viii) that in case of ineligibility due to change in the financial status of the Accredited Investor, it shall inform the Stock Exchange/Depository of such ineligibility.