

NOTICES

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|------------|--------------------------------------------|-------------|-------------|
| Notice No. | 20180720-55 | Notice Date | 20 Jul 2018 |
| Category | Trading | Segment | Equity |
| Subject | Graded Surveillance Measure (GSM) – Update | | |
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Sub: Graded Surveillance Measure (GSM) – Update

This is with reference to introduction of GSM Framework vide Exchange notice no. 20170223-44 dated February 23, 2017 and notices no. 20171017-12 dated October 17, 2017, 20180112-33 dated January 12, 2018 and 20180316-27 dated March 16, 2018.

A Joint Surveillance meeting of SEBI with Exchanges was held today and it has been decided that, parameters for shortlisting of securities to be placed under GSM Framework along with the thresholds (including the applicable exemptions), shall be disseminated by the Stock Exchanges.

In accordance with the same, the detailed criteria for shortlisting & review of securities under GSM Framework is given below:

1. Criteria I: -

a. The following criteria shall be made applicable for inclusion of stocks under GSM Framework.

- i. Securities with latest available Net worth (Share Capital + Reserves & Surplus – debit balance in P&L) less than or equal to Rs. 10 crores; **AND**
- ii. Securities with latest available Net Fixed Assets (Tangible Assets + Capital Work in Progress) less than or equal to Rs. 25 crores; **AND**
- iii. Securities with PE greater than 2 times PE of Benchmark Index (S&P BSE 500 or Nifty 500) **OR** negative PE.

b. The following securities shall be excluded from the process of shortlisting of securities under GSM:

- i. Securities where the price discovery is yet to take place as per the provision of SEBI circulars CIR/MRD/DP/01/2012 and CIR/MRD/DP/02/2012 dated January 20, 2012.
- ii. Securities already under suspension;
- iii. Securities on which derivative products are available;
- iv. Securities as a part of any index (BSE or NSE);
- v. Public Sector Enterprises and its subsidiaries, if available;
- vi. Securities listed during last 1 year through Initial Public Offering (IPO);
- vii. Securities which have paid dividend for each of last three preceding years;
- viii. Securities with Institutional holding greater than 10% only if following conditions are met:

➤ If the promoter entity has not offloaded any single share in last 5 years; **AND**

➤ The current trading price of the security is within the range of High & Low price in last 3 years of the respective security.

ix. Securities listed through Scheme of Arrangement involving Merger / Demerger during last 1 year:

➤ In case of demerger, the following condition shall be applicable:

- If the parent company is under purview of GSM, the resultant demerged companies shall also attract GSM.
- If the parent company is not under purview of GSM, the resultant demerged companies shall not be part of

GSM at the time of demerger and shall be considered during the subsequent quarterly review.

➤ In case of merger of companies, if any of the securities at time of merger are under the purview of GSM, then the same shall be continued on the resultant entity.

2. **Criteria II: -**

a. The following criteria shall be made applicable for inclusion of securities directly under GSM Stage I.

- i. Securities with full market capitalization less than Rs. 25 crore; **AND**
- ii. Securities with PE greater than 2 times PE of Benchmark Index (S&P BSE 500 or Nifty 500); **OR**
Securities with negative PE, the following should be considered;
 - P/B (Price to Book) value of scrip greater than 2 times the P/B value of Benchmark Index (S&P BSE 500 or Nifty 500) **OR**
 - P/B value is negative

3. Securities placed under GSM Framework shall be reviewed on quarterly basis and securities not meeting the inclusion criteria shall be moved out of the GSM framework.

Market participants may note that above Framework shall be in conjunction with all other prevailing surveillance measures being imposed by the Exchanges from time to time.

In case of any clarifications, members may contact on 022 2272 8792 / 8083.

For & On behalf of BSE Ltd.

Usha Sharma
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Surveillance

Rajesh Gandhi
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Date: - July 20, 2018