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**Get your Company Listed
in NSE through SME IPO**

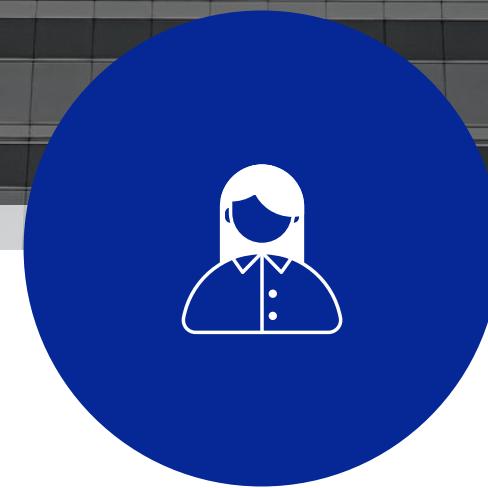
Agenda

- MSME IN Indian Market
- Summary of Fund Raising Channels
- Comparing Equity Funding and Debt Funding
- Roadmap to SME
- Diving deeper into the stages of Roadmap

MSME in India – Equity Shares Listing



**66.8 Million MSMEs
registered in India**



**About 600 SMEs listed on
Stock Exchanges**



**Capital
Raised:Rs.7096Crores**

**Market
Capitalization:Rs.69219
Crores**

So, How To Raise Funds?

01

Equity Funding

02

Debt Funding

Equity Funding

IPO

Private
Equity

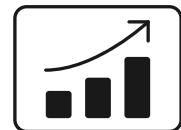
Strategic
Investors

Venture
capital

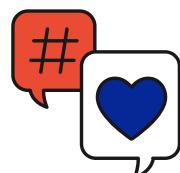
Fund of
Funds



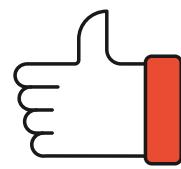
Rs 50,000 Crore equity infusion for SME IPO and SME equity funding



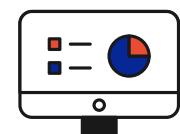
MSMEs face severe shortage of equity



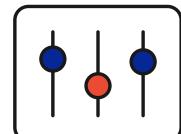
Will help to expand MSME size and capacity.



Fund of Funds with corpus of Rs. 10,000 crore set up.



Investors encourage SMEs to get listed on Stock Exchange.



Will provide equity funding for SME with growth potential & viability.

Why Equity Funding?

- **If you borrow Rs.10 cr, you will be paying an interest of Rs.1.5 cr on year-on-year basis.**
- **In case of equity funds, you can save this amount and invest in company's development and operation.**
- **So, equity funding indirectly supports the SME in R&D, talent acquisition, geographical expansion, etc.**

Why not Debt Funding?

- **Lot of challenges to get money from the bank**
- **Banks ask for 150% collateral security to sanction the loan**
- **Interest payment of 10% to 15% per annum**
- **If the SME takes loan of Rs 10 Cr, interest of Rs 1.5 cr has to be paid to the bank year on year**
- **Timely disbursal of loans by banks are not guaranteed**

Benefits of Listing on Stock Exchange

10000

8000

6000

4000

2000

-2000

-4000

-6000

Unlock value of the enterprise

Wealth creation and Value addition

Credibility/Visibility/Branding

Taxation Benefits – Capital gains

ESOPS & Talent retention

Vendors and suppliers holds shares and will have bonding

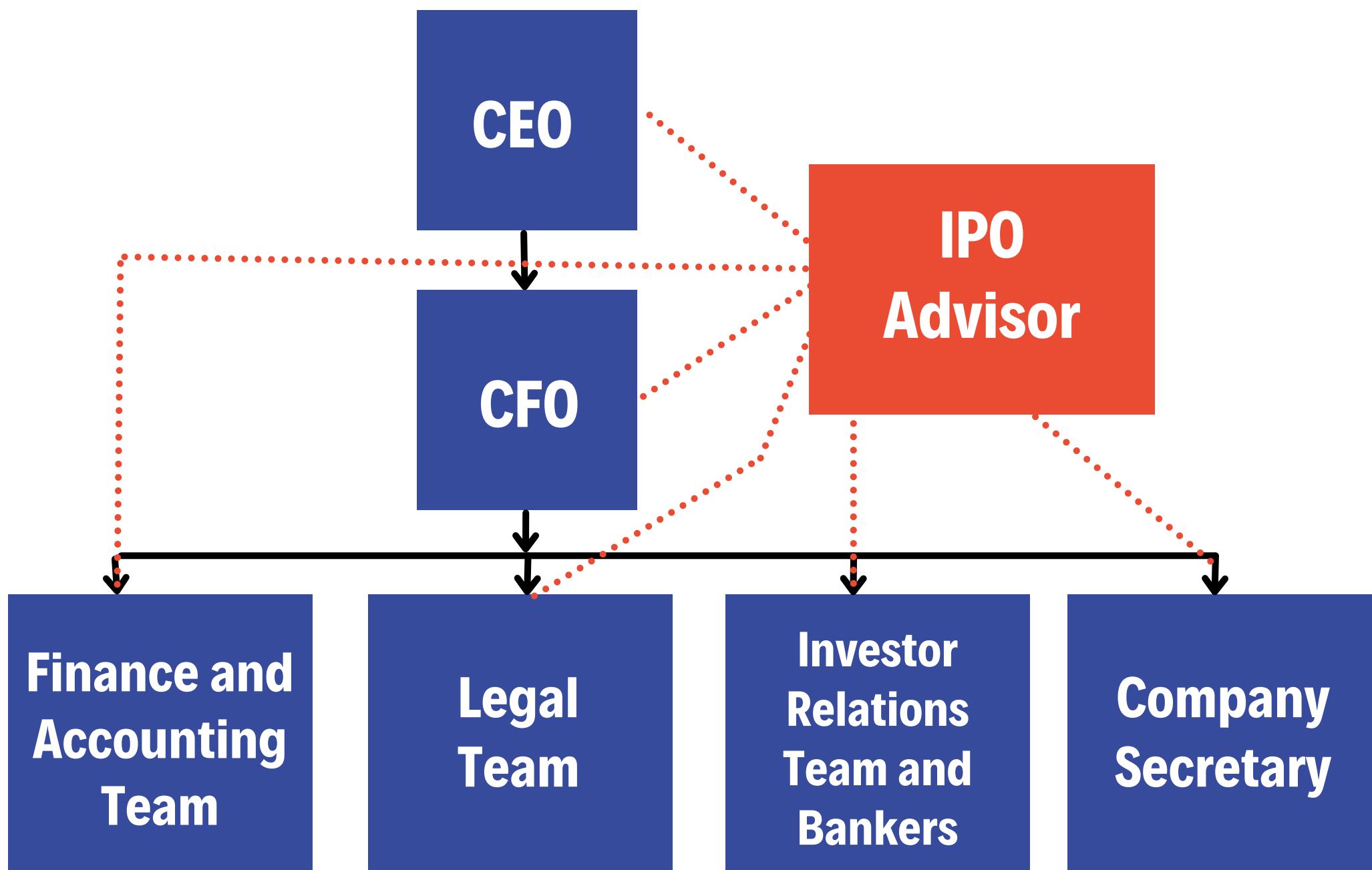
Cost effective way of raising funds

Shares are currency – Sell/Mortgage



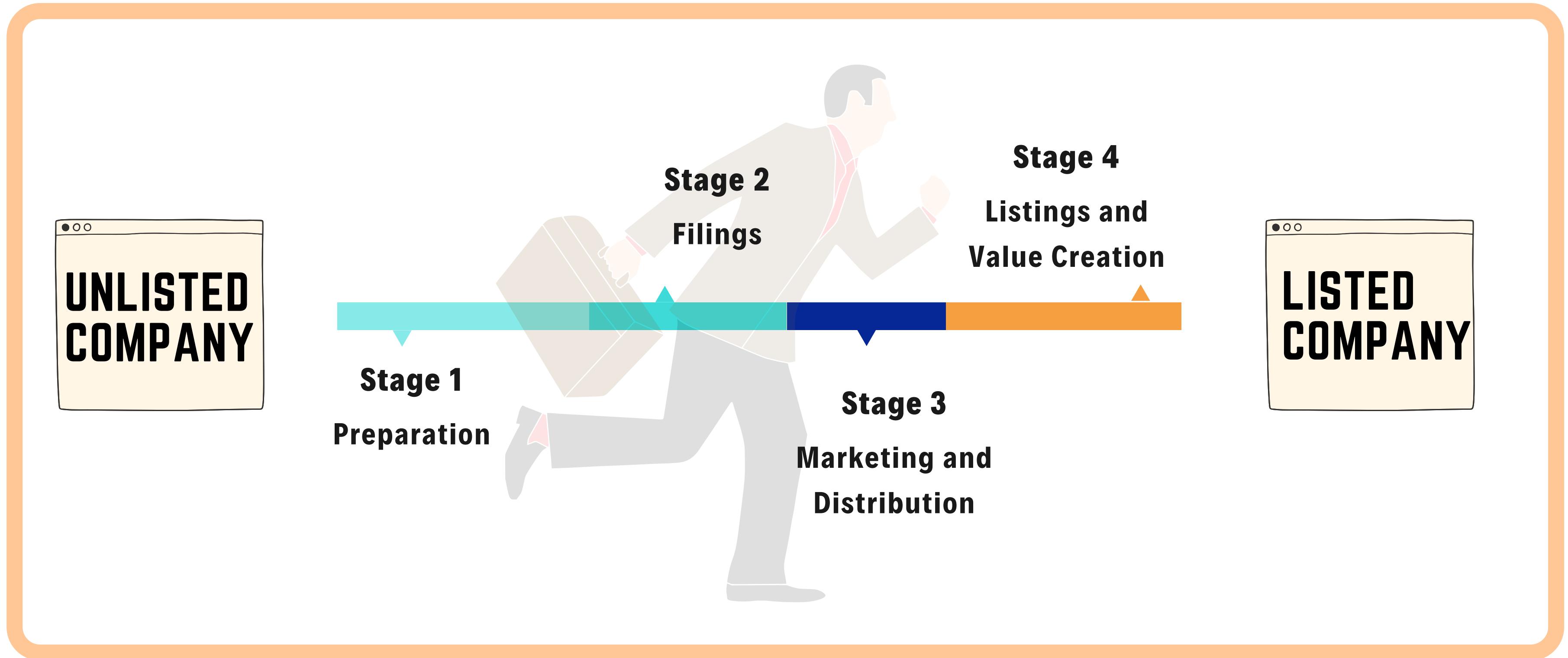
3 6 7 8 9 10

What is the first step to IPO?



As one of the first steps towards preparation for an IPO, the company needs to get a **feasibility study report, roadmap tp IPO, IPO Size, Valuation, Eligibility, Case Studies** from an expert IPO Advisor.

ROADMAP TO SME IPO



Stage 1 - Preparation

- A Feasibility report on IPO, IPO Size, Valuation
- Appointment of Merchant Bankers, Registrars.
- Due Diligence
- Compilation and review of offer document
- Preparation of financial statements including auditors report, capital structures, and certifications.

Stage 2 - Filings

- Filing of draft offer document with Stock Exchanges
- Respond to Stock Exchange's comments
- Review of offer documents
- Filing of offer document with Registrar of Companies .

Stage 3 - Marketing and Distribution

- Information for Road Shows
- Getting Anchor Investors
- Launch of IPO
- Receiving bids/applications
- Closure of IPO

Stage 4 - Listings and Value Creation

- Allocation and allotment
- Obtain listing approvals
- Trading on Stock Exchanges

Timeline for IPOs

Quick steps to list your
SME in 90 days

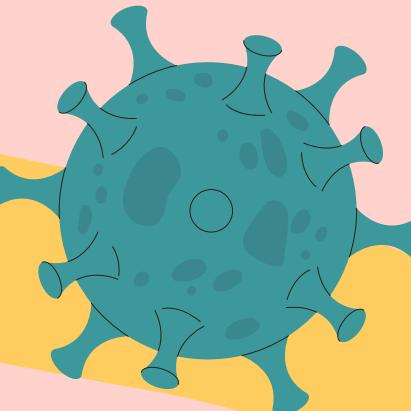
- Day 1** BOD (to approve the IPO issue)
- Day 10** AGM/EGM (with shorter notice)
- Day 15** Appointment of intermediaries
- Day 23** Restated financial results & Audit
- Day 40** Completion of due diligence report and DRHP/ Draft prospectus
- Day 45** Submission to stock exchange and SEBI

Timeline for IPOs - Cont'd

Quick steps to list your
SME in 90 days

- Day 65 **Verification by stock exchange**
- Day 70 **In principal approval from the exchange**
- Day 75 **ROC acknowledgement card**
- Day 76 **Intimate date of opening and closing to exchange**
- Day 80 **Issue opens**
- Day 83 **Issue closes**
- Day 90 **Listing and trading of the shares start**

IPO Market in 2021



63 COMPANIES RAISED 1.2 LAKH CR AND GOT LISTED ON MAIN EXCHANGES

The SME segment saw 59 companies approaching the market and raising around Rs 746 crore. Though the amount between the two exchanges is not comparable, the funds raised in the SME segment were 4.7 times the amount raised in 2020 from 27 offerings.

The story, however, is not on the amount raised through the primary market but what happened after the stocks were listed.



THANK YOU FOR LISTENING!

Feel free to send in any questions
to krk1956@gmail.com.

Disclaimer

A graphic design element in the bottom-left corner of the slide. It features a large, dark gray triangle pointing towards the top-left. Overlaid on it is a white triangle pointing towards the bottom-left. The background of this area is a dark gray with a subtle, light gray geometric pattern of overlapping triangles. The bottom edge of this graphic is a solid red color.

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