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We expect 100 companies to get listed by year-end

30 January 2014



In an interview with **RAHUL KAMAT, Ajay Thakur, Head-BSE SME**, tells that there is a lack of awareness among the SMEs about the benefits of getting listed on **BSE SME platform**.

The **Bombay Stock Exchange (BSE)** last year launched the **BSE SME index** dedicated to small and medium enterprises (SMEs) to track and measure the growth of the companies over a period. What has been the response so far?

S&P BSE SME IPO index was launched on 14 December 2012 with 100 as base by Honourable Minister of State with independent charge-ministry of micro, small and medium enterprises (MSMEs), KH Muniyappa. The value of this index as

on 23 January 2014 is 498. The index has already found its place in the top three SME indices in the world.

Currently, how many companies are listed in the SME Exchange? What are you doing to increase awareness about the SME Exchange concept?

As on date, 45 companies are listed on BSE SME platform and another 13 companies have filed their draft red hearing prospects (DRHPs) and awaiting approval from the exchange. There is a lack of awareness among the SMEs about the benefits of getting listed on BSE SME platform. We are doing seminars across the country to create awareness about this platform and we are seeing traction in the number because of that.

Which companies are in pipeline for getting themselves listed?

There are 13 companies in the pipeline who have filed their prospectus for getting listed. Out of which we

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bars. Will

they (merchant bankers) able to handhold SMEs?

Merchant bankers have the responsibility to do market making for three years and therefore handholding is required for these companies. As of now the merchant bankers are successfully doing their job both pre-issue and post-issue activities.

Are market makers able to guide them in the activities? How many merchant bankers and market makers are associated with this activity?

Yes. Market makers are able to provide quotes for more than 90 per cent of the trading time (much higher than 75 per cent as mandated by SEBI). As on date, 72 market makers are registered on BSE SME platform and around 15 SEBI registered merchant bankers have brought the issues on this platform.

Since SMEs are deprived in getting finance from banks, how will they get financial benefits from this platform? What is the current scenario?

The major benefits on this platform are:

- I. Provides the SME's with equity financing opportunities to grow their business- from expansion to acquisition.
- II. Equity financing lowers the debt burden leading to lower financing cost and healthier balance sheet.
- III. Expand the investor's base, which in turn helps in getting secondary equity financing, including private placement.
- IV. Enhance company's visibility. Media coverage provides SME with greater profile and credibility leading to increase in the value of its shares.
- V. Greater incentives for employees as they can participate in the ownership of the company and benefit from being its shareholders.
- VI. SME sector will grow better on two pillars of financial system i.e. banking and capital market.

How many SMEs are aiming to raise capital from the exchange?

As of now, 45 companies have raised Rs 412.88 crore in total, and 13 companies which are in pipeline have proposed to raise another Rs 94 crore from the public.

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