

SME Capital Market: Benefit for all

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1st QUARTER OF 2016 WITNESSED STEEP SPURT IN SME IPO FILLINGS

First quarter of 2016 witnessed steep spurt in SME IPO fillings. Compared to the first quarter of 2015, during which 13 companies filed draft prospectus on SME bourses, a total of 23 companies file draft prospectus. These 23 companies propose to raise around 202.10 Cr. on SME bourses. Out of them, BSE SME Exchange received 17 IPO filings, while 6 filings were made on NSE Emerge platform. The proposed average IPO size on BSE SME Exchange is Rs. 9.27 Cr., higher than the proposed average issue size of Rs. 7.43 Cr.

SME IPO Market Profile of 1 st Quarter of 2016	
IPO Filings	23
Listings Achieved	8
Funds Raised	Rs. 48 Crores
Milestones	<ul style="list-style-type: none">• One of the Highest over-subscription of approx. 7 times in the IPO of Vidli Restaurants• Highest number of filings in any quarter• Record 3 filings by a merchant banker on a single day

During the first quarter of 2016, total 8 SME Companies got listed, collectively raising around 48 Cr. One of them being listing of Vidli Restaurants Limited, which was over-subscribed by approx. 7 times, which is one of the highest ever subscription in any SME IPO so far. The IPO of Vidli Restaurant was lead managed by Pantomath Capital Advisors (P) Ltd.

In the First Quarter of 2016, yet another historic landmark was noticed making 3 IPO filings on a single day, i.e. 10th February, 2016. These IPO filings are of Diamond Power Transformers Limited, Lancer Container Lines Limited and Octopus Papers Limited. Pantomath Capital continues its leadership with making the maximum 5 filings on BSE SME Exchange, accounting for more than 25% of total filings on BSE SME Exchange.

It is to be noted that out of 8 companies which got listed, three were from the Gujarat. And more specifically, all three companies were from Surat, raising around 28 crores from the capital market. These seems very promising and dominance of Gujarati companies.

At the end of the month, on 31st March, 2016, three issues were opened on same day, i.e. Sysco Industries Limited, Ruby Cables Limited and Lancer Container Lines Limited. Interestingly, all three IPOs were lead managed by Pantomath group. Among them, Sysco Industries Limited created history by getting oversubscription of 10 times.

Overall, the year 2015-16 witnessed a very encouraging participation from SMEs. The number of companies listed in Financial years 2015-16 was 44, as compared to 37 listed in year 2014-15. Moreover, the number of companies that filed the draft offer document increased from 44 in the financial year 2014-15 to 66 in the financial year 2015-16. This bears significance in the sense that the number of companies filed and getting listed on SME platforms increased despite tightening of norms.

Geographically, out of 44 companies listed, Maharashtra and Gujarat both contributed 15 companies each.. Mumbai, Ahmedabad and Delhi contributed 24 companies collectively.

Outlook for the year 2015-2016 appears quite bright. Increasing number of companies is expected to tap SME platforms. So, we could expect number of companies seeking listing to rise significantly during the year 2016. Market is also witnessing participation from wider class of investors, which trend is expected to continue. Even institutional investors have started showing interest in SME investing and the market looks up to them with expectation.