

## 10. EMERGE: SME Platform

### 10.1 Introduction

The micro, small, and medium enterprises (MSME) sector has emerged as a vibrant and dynamic sector of the Indian economy over the last five decades. Small and medium enterprises (SMEs) play a vital role in developing the local economy, as it provides employment opportunities at relatively lower cost and also industrialisation of rural and backward areas, thereby reducing regional imbalances and increasing equitable income distribution. Because of their small size and entrepreneurial spirit, they are able to adapt to changes quickly. They use innovation as a key competitive strategy, and have high growth prospects. The latest data from CII shows that India's MSME sector has been able to provide employment to over 80 million people through over 51.1 million enterprises producing over 6000 products. The sector contributed about 8% to India's GDP, 45% of the manufacturing output and 40% of the overall exports from India.

Until two decades ago, Indian SMEs were concentrated in the traditional brick and mortar sectors; they were focused more on the local markets, driven by the protection provided through the reservation of sectors. However, over the last decade, there has been a paradigm shift in the profile of Indian SMEs. Today, they are much more diversified in terms of sectors, stage, and geographic locations. They operate in sectors ranging from those that are very traditional to those that are most modern and cutting-edge. Sectors such as IT, IT-enabled services, organised retail, education, entertainment, and media represent the new and modern face of Indian SMEs.

To further advance the development of the MSME segment, the central bank and government have taken various steps to enhance credit flow to the sector. For example, the central bank has set up a Trade Receivables Discounting System (TReDS), an institutional mechanism for facilitating the financing of the trade receivables of MSMEs from corporate buyers, reducing delay in payments. Further, major exchanges, NSE and BSE, have set up a separate trading platform for SME companies, providing higher visibility and reputation, and the opportunity to get better price discovery and fair valuation.

### 10.2 Regulatory Framework

The SME platform is a regulated platform under the purview of the Securities and Exchange Board of India (SEBI). A new chapter (XB) was added to the Issue of Capital and Disclosure Requirements (ICDR) regulations to define the regulations applicable to the SME platform. According to the SEBI regulations, companies with post-issue paid up capital (face value) up to Rs250mn can raise funds and list on EMERGE, which is NSE's platform for SME listing. Companies with post-issue paid up capital (face value) between Rs100mn and Rs250mn have the option of migrating to the main board.

The listing requirements are simpler on the SME platform. The exchanges' admission and diligence process are intended to help in addressing investor expectations. Post-listing compliance is similar to that for the main board, with certain exemptions in the reporting requirements for SMEs.

### 10.3 NSE SME Platform: EMERGE

NSE launched its SME platform, EMERGE, in September 2012. Since its launch, there have been 192 listings on the EMERGE platform till December 2018, of which 4 have migrated to the main board, with an approximate fund raising of Rs30bn. NSE believes that EMERGE has an important role to play in facilitating the raising of capital by SMEs. There has been enthusiasm for and comprehension of the platform among stakeholders, from entrepreneurs to intermediaries and investors.



There is a promising pipeline of companies that are in the process of coming on board, and the momentum is expected to sustain and strengthen. As the overall trends in the capital markets improve, EMERGE is expected to attract more entrepreneurs and investors.

NSE's EMERGE is a segment within NSE, and it enjoys the benefits of a well-established exchange. The trading terminals of the main exchange, its risk management and surveillance systems, and the existing infrastructure are all available to the SME platform. The members and other intermediaries continue to be the same as those of the main board. In addition to the criteria specified by the SEBI for the eligibility of a company to list on an SME Platform, NSE has specified the following criteria for listing on EMERGE:

- The company should have a track record of at least 3 years.
- The company should have positive cash accruals (earnings before depreciation and tax) from operations for at least two financial years preceding the application.
- The company's net worth should be positive.

#### 10.4 Performance

The average number of trades (monthly) carried out on the platform during the period November 2017 to December 2018 is 21,085. Further, the average daily turnover over the same period is Rs245mn. Table 10.1 presents the details of the trades conducted on the EMERGE platform during the period November 2017 – December 2018, while Table 10.2 gives details of each of the company's performance over the said period.

**Table 10.1: Trading Trends in NSE's EMERGE Platform**

Month-Year	No. of Companies Traded	Total No. of Trades	Total Traded Quantity (Lakh)	Total Traded Value (Rsmn)	No. of Trading Days	Average Market Cap (Rsbn)	Average Trade Size (Rsmn)
Nov-17	97	32,679	804	8,340	22	78	0.26
Dec-17	107	31,381	753	7,565	20	95	0.24
Jan-18	112	29,494	802	8,776	22	108	0.3
Feb-18	116	20,716	574	4,835	19	104	0.23
Mar-18	126	22,503	752	5,988	19	106	0.27
Apr-18	140	24,423	515	5,790	21	120	0.24
May-18	143	22,631	461	5,527	22	125	0.24
Jun-18	155	19,344	492	4,906	21	125	0.25
Jul-18	156	20,068	547	5,882	22	127	0.29
Aug-18	159	16,807	386	3,869	21	130	0.23
Sep-18	166	17,446	439	3,098	18	122	0.18
Oct-18	178	16,425	496	2,859	21	117	0.17
Nov-18	174	9,739	267	1,614	20	123	0.17
Dec-18	180	11,534	321	2,166	20	125	0.19

Source: NSE.

Table 10.2: Company-wise Trading Details in NSE's EMERGE Platform during Nov 2017 - Dec 2018

Company Name	Total Traded Quantity (Lakh)	Total Traded Value (Rsmn)	Market Cap (Rsmn) (as on Dec 31, 2018)
AAKASH	10	51	169
AARON	9	34	212
AARVI	26	217	615
ACCORD	9	44	94
ACCURACY	23	194	970
ACEINTEG	10	40	180
AGROPHOS	337	1,192	1,014
AHIMSA	1	2	126
AHLADA	17	240	1,835
AIRAN	36	600	3,751
AIROLAM	63	296	521
AISL	86	1,292	649
AJOONI	72	315	133
AKASH	40	336	663
AKG	6	18	194
AMBANIORG	10	66	345
AMJUMBO	18	125	89
ARTNIRMAN	2	5	129
ARVEE	16	98	284
ASLIND	19	50	260
AURDIS	12	35	258
AVG	30	336	764
AVONMPL	2	13	152
AVSL	1	4	196
BANKA	4	44	409
BANSAL	113	1,214	204
BBTCL	26	105	1,015
BCONCEPTS	63	392	381
BETA	53	716	662
BOHRA	59	176	461
BRIGHT	108	464	681
BSHSL	39	352	840
CADSYS	20	190	413
CKPLEISURE	59	171	57
CKPPRODUCT	17	132	134
CMMIPL	124	824	194
CONTI	15	38	82
CREATIVE	8	108	612
CROWN	1	11	87
DANGEE	50	688	2,084
DEVIT	16	124	410

Company Name	Total Traded Quantity (Lakh)	Total Traded Value (Rsmn)	Market Cap (Rsmn) (as on Dec 31, 2018)
DPABHUSHAN	140	781	1,019
DPWIRES	16	126	1,018
DRL	6	13	65
DRSDILIP	26	199	1,130
DSML	27	44	134
E2E	73	572	641
EIFFL	36	477	2,941
EMKAYTOOLS	2	116	2,230
FELIX	31	103	92
FIVECORE	25	332	1,515
FOCUS	5	78	536
FOURTHDIM	105	1,545	1,086
GANGAFORGE	26	56	207
GEEKAYWIRE	21	73	275
GICL	4	10	200
GIRIRAJ	34	370	152
GLOBAL	4	75	372
GLOBE	4	19	371
GODHA	20	61	333
GOLDSTAR	20	66	305
GRETEX	17	24	46
HECPROJECT	2	22	288
HINDCON	45	126	200
HITECH*	46	1,655	2,341
HUSYSLTD	3	11	73
ICEMAKE	180	1,796	1,134
INFOBEAN	50	369	1,657
INNOVANA	27	445	1,398
INNOVATIVE	161	858	449
IRISDOREME	1	9	431
JAKHARIA	11	194	733
JALAN	44	214	313
JASH	48	801	1,212
JETFREIGHT	7	60	262
JETKNIT	11	120	217
KAPSTON	40	379	801
KEERTI	17	98	173
KKVAPOW	0	17	171
KRISHANA	34	129	1,351
KRITIKA	12	42	728
KSHITIJPOL	17	59	261
LAGNAM	33	91	277
LATTEYS	7	47	265

Company Name	Total Traded Quantity (Lakh)	Total Traded Value (Rsmn)	Market Cap (Rsmn) (as on Dec 31, 2018)
LAXMICOT	32	50	223
LEXUS	63	588	454
LIBAS	23	218	656
MACPOWER	77	1,560	1,520
MAHESHWARI	83	1,470	2,832
MAHICKRA	45	200	308
MANAV	13	20	43
MARINE	63	446	1,950
MARSHALL	27	114	480
MBAPL	24	124	1,092
MCL	5	139	893
MDL	29	163	682
MHHL	118	694	447
MILTON	78	190	243
MITCON	18	109	629
MITTAL	55	135	338
MKPL	36	271	313
MMP	51	1,079	3,327
MOKSH	108	515	246
MOMAI**	192	2,823	613
MPTODAY	57	658	171
NANDANI	12	86	93
NARMADA	30	86	151
NITIRAJ	6	40	402
OMFURN	10	21	104
ONEPOINT	219	1,777	898
OPAL	0	1	353
OSWALSEEDS	75	205	404
PANACHE	7	86	540
PANSARI	5	11	360
PARIN	17	107	742
PASHUPATI	17	118	555
PENTAGOLD	37	137	395
PERFECT	17	37	121
PIGL	18	51	82
POWERFUL	18	49	227
PRITI	13	116	249
PROLIFE	3	11	117
PULZ	22	119	101
PUSHPREALM	24	162	250
RAJMET	6	15	155
RELIABLE	50	306	464

Company Name	Total Traded Quantity (Lakh)	Total Traded Value (Rsmn)	Market Cap (Rsmn) (as on Dec 31, 2018)
REPL	31	127	789
RKEC	79	1,046	1,438
RMDRIP	37	231	269
RPPL	14	158	1,235
SAGARDEEP	11	60	876
SAKAR	64	424	890
SAKETH	13	91	347
SANGINITA	26	211	888
SARVESHWAR	57	367	693
SECURCRED	52	1,088	513
SERVOTECH	21	73	419
SHAIVAL	2	5	266
SHANTI	29	115	237
SHRADHA	35	221	608
SHRENIK	445	14,631	11,159
SHUBHLAXMI	27	77	293
SIIL	21	118	261
SIKKO	16	60	193
SILGO	15	53	182
SILLYMONKS	35	485	332
SILVERTUC	91	1,125	1,574
SINTERCOM	133	993	1,501
SIRCA	71	1,281	4,458
SKML	3	16	848
SKSTEXTILE	25	256	134
SMVD	43	194	90
SOFTTECH	37	271	401
SOLEX	19	93	148
SONAMCLOCK	32	119	383
SONISOYA	18	45	123
SOUTHWEST	56	437	603
SPECTRUM	32	207	1,043
SRIRAM	24	42	151
SRPL	72	235	557
SSINFRA	51	180	241
STEELCITY	47	420	973
SUMIT	49	222	799
SUPREMEENG	34	93	649
SUREVIN	12	92	320
SUULD	173	385	624
SVLL	13	71	519
TARACHAND	54	244	409

Company Name	Total Traded Quantity (Lakh)	Total Traded Value (Rsmn)	Market Cap (Rsmn) (as on Dec 31, 2018)
THEJO	1	84	2,033
TIRUPATI	25	129	465
TIRUPATIFL	30	157	252
TOTAL	57	299	413
TOUCHWOOD	35	193	253
TRANSWIND	33	104	139
UCL	16	111	416
UNIINFO	27	134	265
UNITEDPOLY	20	54	159
UNIVASTU	6	40	477
URAVI	16	160	534
UWCSL	5	16	109
VAISHALI	13	73	337
VASA	36	196	154
VERA	9	38	206
VERTOZ	68	1,257	1,089
VINNY	15	63	414
VSCL	55	498	588
WEALTH	3	41	895
WORTH	64	579	1,181
ZODIAC	53	260	168
ZOTA	39	935	4,421
Grand Total	7,608	71,213	1,26,396

Source: NSE.

Note: \*The company has migrated to NSE main board on May 7, 2018.

\*\*The company has migrated to NSE main board on December 19, 2017.

## 10.5 Conclusion

India has the right demographic contours for a young and energetic entrepreneurial community, and there is increasing activity in the start-up space. Today, the success and survival of knowledge-intensive organisations depend on creativity, innovation, and discovery. The market is rapidly changing, and to cope with these changes, there is a rapid increase in the creation of new knowledge, idea generation, and global diffusion. For any organisation to survive and grow, creativity and innovation play a significant role in this changing environment.

NSE is committed to create a credible and vibrant market place to provide an alternate viable option for smaller companies to raise risk capital from informed investors who are looking for opportunities to invest early in promising companies. NSE is continuously engaged in spreading awareness about the platform among investor communities and in generating interest in the platform. NSE has also aligned its admission process to meet the expectations of sophisticated investors to gain their confidence and draw them towards the SME platform.

With continued support from the regulators, the EMERGE platform has the potential to revolutionise the way companies gain access to public equity at an early stage of their development.