

Headline: NSE's SME platform gains momentum this year

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NSE's SME platform gains momentum this year

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This has by far been the best year for the SME platform, started by the country's two premier bourses about three years ago, to enable small and medium enterprises (SMEs) to list.

The National Stock Exchange of India's (NSE) moribund SME platform finally gained traction this year, with the exchange adding 20 companies, of which five were listed on its Emerge platform through an initial public offering (IPO) and the rest on its Emerge-ITP platform, where companies are listed without an IPO. The exchange now has listed a total of 31 SMEs. BSE, on the other hand, added 38 companies this year, taking its total to 110 companies. In the next few months, the exchange plans to list another 15 SMEs on its platform.

"For us, the quality of listing is more important than numbers. From the very beginning we were more interested in building the right ecosystem first," said Ravi Varanasi, chief, business development, NSE.

Varanasi added the exchange was in talks with market participants to attract more SMEs. "At present, around 50 companies are at various stages of listing, which will happen in due course. It seems that the efforts of the last few years are being paid off now," he said.

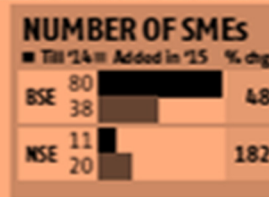
According to industry sources, the regulator has been putting pressure on the exchange to increase the number of its SME listings. NSE has



maintained that the fewer listings on its platform is a result of stringent listing norms.

Ashishkumar Chauhan, managing director & CEO, BSE, in a recent interview to *Business Standard*, attributed the success of the BSE SME platform to market-making. "The SME platform is an investment, not a trading platform, so we are not banking on trades to sustain it. We are going for compulsory market-making and that has been one of the reasons for the platform's success."

The SME segment is still grappling with issues such as lack of liquidity and lack of institutional participation. "The segment needs a complete overhaul as there are hardly any qualified investors willing to put money into these companies," said G Ganesh, founder, Inga Capital. "The stocks are traded among a select group, mostly promoters. You can't get in and out at will," he said.



According to experts, the need of the hour is to bring in priority investing from big

institutional players and tweak the lot size to improve liquidity. The minimum lot size varies between ₹1 lakh and ₹2 lakh.

Institutional participation has not been absent altogether, though. For instance, Sidbi bought about four per cent of the IPO of Ashapura Intimates Fashion. Central Bank of India and Bank of Maharashtra have bought 2.26 per cent and 1.4 per cent, respectively, of the IPO of Opal Luxury Time Products.

Institutions such as ICICI Bank, State Bank of India, Bank of Baroda, Bank of India and Union Bank of India have invested in Mitcon Consultancy & Engineering Services.