

FTCCI organised a unique SME IPO conclave

139 SMEs got listed and raised nearly Rs 3,500 crore in 2023, Meela Jayadev

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Dr. Faruk G Patel Chairman & Managing Director, KP Group ringing gong at the conclave

Hderabad: Today's SMEs are tomorrow's MNCs. SMEs are the lifeline of the Indian economy. But, SMEs are low in capital. SMEs are mostly privately held, and funded by family or private investors. They can get funds from the public by going public. However, awareness about SME IPOs is very low among them. FTCCI organised a SME IPO Conclave at Hotel Hyatt, Gachibowli on Saturday evening. Similar to regular Initial Public Offering (IPO), SME IPOs are IPOs issued by Small and Medium Enterprises.

Giving his opening remarks, Meela Jayadev, President of FTCCI said, it's essential to reflect on the remarkable journey of SME IPOs post its launch in 2012. The statistics reveal that over 850 SME companies have been listed on both the NSE & BSE. In 2023 alone around 139 SMEs have been listed and raised nearly Rs 3,500 crore. Along these, several SMEs have also created wealth for investors with good listing gains on getting listed.

It is heartening to know that regulatory bodies, including SEBI and Exchanges, are closely working with market intermediaries, industry associations like us and various state governments to identify more eligible SMEs to get listed and ensure fair practices to protect the interests of investors, Jayadev said. Despite the remarkable success of SME IPOs in the country, it's surprising to know that just over 15 companies from Telangana have been listed so far. Recognizing this, the main goal of our conclave is to empower SMEs in Hyderabad to go public. Our mission is to provide them with the knowledge, insights, resources, and support they need to succeed in the capital markets Meela said.

"When the Indian economy provides us with such a good environment, we should come forward and take on the challenges. I would also urge the new and dynamic government of Telangana to assist with listing and raising money in SME stock exchanges as in the case of other states. One of the states is currently giving a maximum subsidy of ₹30 lakhs as assistance for listing and raising money for SMEs through stock exchanges".

Mr. Krishna Kumar Maheshwari, Chair, Capital Markets & Investors Protection Committee, FTCCI gave his opening remarks and said SME IPOs are shining. They have outperformed main board companies in terms of listings. Nearly 169 SMEs have come out with IPOs in the year 2023. India's rapid economic growth continued in the year 2023. The economy grew at a pace of 7.6% in the year 2023. As the Indian economy is doing well, the IPO market continues to raise capital. The best time to go public is now. The Indian capital market is very much matured. Startups are also doing well and also raising capital, he added.

Mr. Brijesh Parekh, Director, of Unistone Capital Private Limited said, "India has huge potential, it has reached a historic milestone, its GDP surpassed the \$ 4 trillion mark. Entrepreneurs need capital either debt or equity. This is a good time to go public," he informed the 150 SME founders in the audience.

Dr. Faruk G Patel Chairman & Managing Director, KP Group gave successful examples of how few SMEs have created history by going public and are now performing well. Jungle Mein Mor Nacha Kisne Dekhawho (who saw the peacock dancing in the forest?). As a company you may do well, but how many notice? SME IPO is a platform. Once it is listed, your enterprise will hog the limelight and get noticed, he said.

Two-panel discussions were held and moderated by Mr Krishna Kumar Maheshwari, Chair, Capital Markets & Investors Protection Committee, FTCCI and Mr PS Rao, MD, P.S.Rao & Associates.

The panellists of the first panel were Mr. Brijesh Parekh, Director, Unistone Capital Private Limited; Mr Jayesh Taori, Associate Vice President, NSE; and Mr. B.V. Hari Prasad, CEO, Wise Money. They discussed the Myths and Realities of SME IPO. SME IPOs are a good choice for small businesses. SMEs play a vital role in the economy. They are the silent drivers of the economy. But the biggest challenge they face is access to capital. That is why there are separate exchanges for SMEs. Nearly 20 countries operate separate SME bourses. BSE and NSEs have their platforms in place for SMEs. BSE and NSE provide listing opportunities to Indian SMEs. Listing raises SME's public profile.

The panellists of the second panel were Dr Faruk G Patel Chairman and Managing Director, KP Group; Dr Raghavendra Rao Bondada, Managing Director, of Bondada Engineering Limited and Mr. Narayandas Rathi, Managing Director, Srivari Spices and Foods Limited. The panel discussed the Challenges and Opportunities of SME IPOs. During the panel discussion, PS Rao observed that the Indian Economy meant SMEs.

The panellists observed that SME IPOs were gaining traction in India with more and more SME entrepreneurs going public. However, there were significant challenges such as compliance with necessary regulatory norms, procedures, and exchange rules & regulations. The other challenges include attracting investors' demand, and inadequate funds to manage the IPO cost and expenses are the other critical challenges SMEs face.