



VALUE CREATION WITH STOCK EXCHANGE LISTING

OPPORTUNITY FOR COST ACCOUNTANTS

Strictly For Knowledge Sharing

CMA Amar R Kakaria
9819512101

Key Role of MSMEs in Indian Economy (Pre-Covid Era)

- Nearly 7 crore enterprises were operating across the country
 - Uttar Pradesh ~ 15% units followed by West Bengal & Tamilnadu, Maharashtra
- 1.4 crore MSMEs are registered under MSMEDA, 2006 with Udyam
 - 1.3 crores MSMEs were registered with Udyog Aadhar
- Always had a pivotal role in development of Indian Economy
 - 16% of total bank borrowings
 - Provided 45% of industrial output
 - Accounted for 40% of total exports
 - Employed 35% of domestic workforce
 - Had grown faster than economy @ 10%
 - Contributed towards 30% of national GDP

Niche Domain of MSMEs – Over 80K Recognised Start-ups

India has emerged as the 3rd largest eco-system for start-ups

- Government launched “Start-up India Program” with 100+ schemes

Key Requirements of Department of Promotion of Industry and Internal Trade

- Eligible entities ~ Registered Partnership Firm / Limited Liability Partnership / Private Limited Company
- Maximum 10 years from incorporation
 - Should not be formed by splitting up / reconstructing existing business
- Annual turnover of less than Rs 100 crores since inception
- Innovative approach as well as scalable business model with a high potential to create wealth & employment



Phoenix had shown the way by Rising From Ashes
CMAs helped Companies to survive in Covid-19 Crisis

Amazing Valuation for Start-ups in Capital Markets

Nazara Technology

IPO in March 2021
Subscribed 175X
Valuation at Rs 3353 crores

Zomato

IPO in July 2021
Subscribed 40X
Valuation at \$ 9 billion

CarTrade

IPO in August 2021
Subscribed 20X
Valuation at Rs 7416crores

Nykaa

IPO in November 2021
Subscribed 81X
Valuation at Rs 53,204 crores

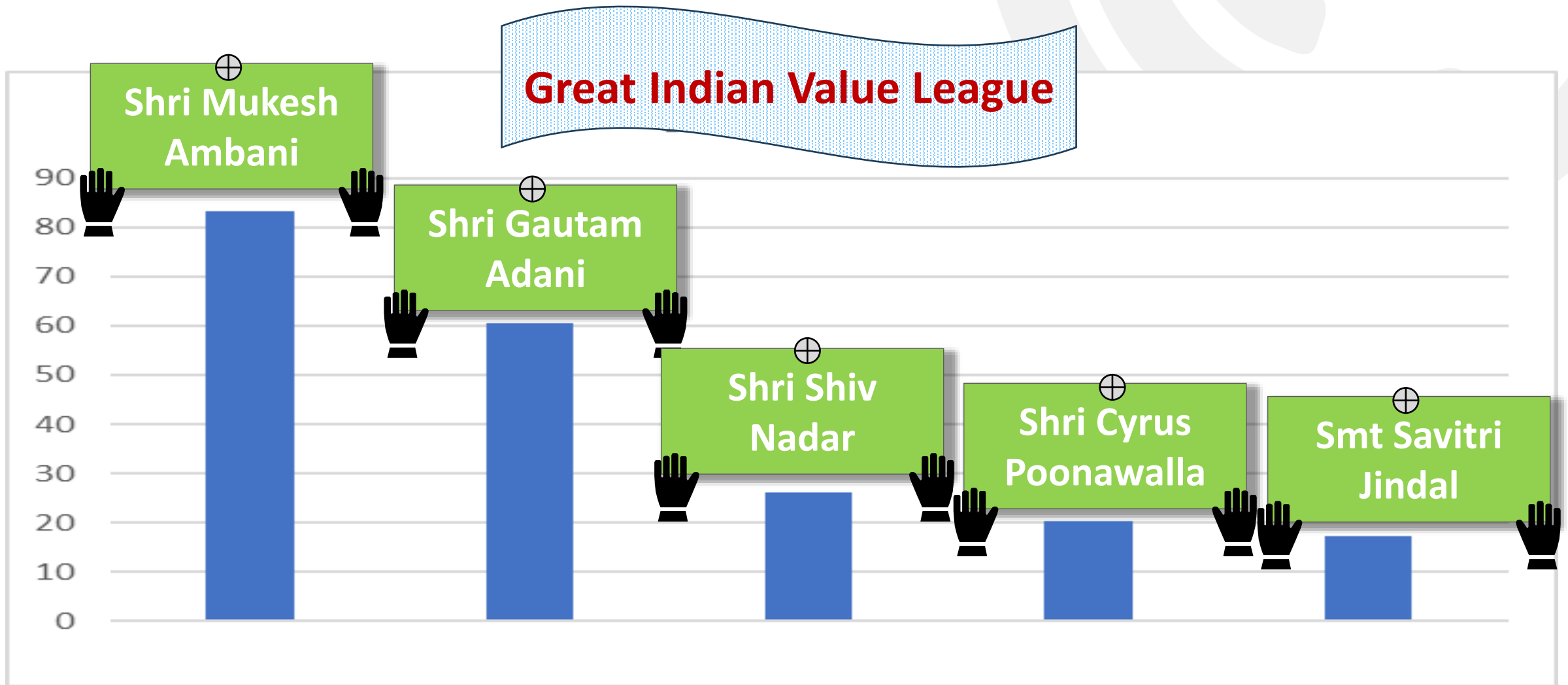
Policybazaar

IPO in November 2021
Subscribed 17X
Valuation at Rs 44,051 crores

Paytm

IPO in November 2021
Subscribed 2X
Valuation at Rs 1.5 Lakh crores

Big Daddy Also Enjoyed The Game



Agenda – Value Creation with Capital Markets

Three black silhouettes of hands are shown on the left side of the slide, each holding a black sphere. The top hand holds a sphere with the word 'Why?', the middle hand holds a sphere with 'Where?', and the bottom hand holds a sphere with 'How?'. Each sphere is positioned to the left of a corresponding colored rectangular box.

Why?

Importance of Stock Exchange Listing,
PROs & CONs

Where?

Different Stock Exchanges, Associated
Benefits of Listing

How?

Key Stakeholders, Multiple Strategies,
Word of Caution!

WHY TO GET LISTED?



Less Competition at The TOP

Listed Companies on Stock Exchanges

~ 6,000



1

2

MCA Registered Companies

~ 14 Lakhs



3

4

Total MSMEs in India

~ 700 Lakhs



5



DPIIT Recognised Start-ups

~ 80,000



Udyam Registered MSMEs

~ 140 Lakhs

Unlisted vis-à-vis Listed Companies



UNLISTED COMPANY

PROs

- Relatively less compliances
- Maximum secrecy with less disclosures
- Complete control over operations & less public interference

CONS

- Challenges for growth
- Limited access to funds
- Entire risk is with the Promoter



LISTED COMPANY

PROs

- Superior access to funds
- Efficient risk management strategy
- Faster growth with market capitalisation

CONS

- Low secrecy due to periodic disclosures
- More statutory compliances and penalties for non-compliances
- Higher interference of shareholders

Long Term Wealth Creation with Listing



WHERE TO GET LISTED?



SEBI Registered Stock Exchanges

EQUITY / EQUITY DERIVATIVES



- National Stock Exchange (NSE) - Mumbai
- Bombay Stock Exchange (BSE) - Mumbai
- Metropolitan Stock Exchange of India (MSEI) - Mumbai
- Calcutta Stock Exchange (CSE) - Kolkata

- Multi Commodity Exchange - Mumbai
- Indian Commodity Exchange - Mumbai
- National Commodity & Derivatives Exchange - Mumbai
- India International Exchange - GIFT City
- NSE IFSC - GIFT City, Gujarat



COMMODITY / CURRENCY / DEBT

NSE is Undisputed Leader with Nearly 90% Market Share



NATIONAL STOCK EXCHANGE

- Nationwide
- Established in 1992
- Flagship Index - Nifty
- India's largest exchange
- 1600+ listed companies
- SME platform - NSE Emerge



BOMBAY STOCK EXCHANGE

- Nationwide
- Established in 1875
- Flagship Index - Sensex
- Asia's oldest exchange
- 4700+ listed companies
- SME platform - BSE SME



METROPOLITAN STOCK EXCHANGE OF INDIA

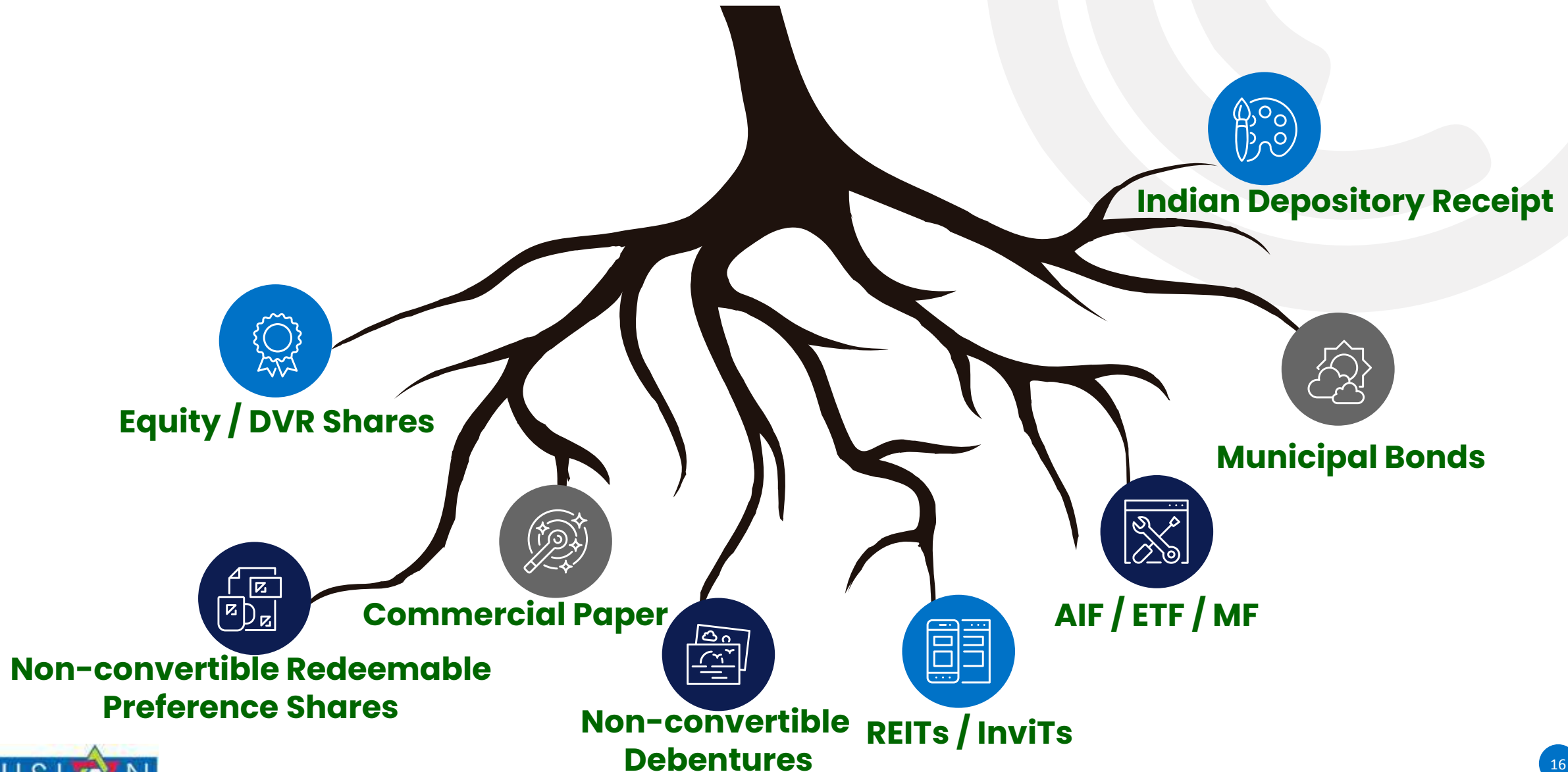
- Nationwide
- Established in 2008
- Flagship Index – SX40
- India's newest exchange
- 300+ listed companies
- No SME platform



CALCUTTA STOCK EXCHANGE

- Regional
- Established in 1908
- Flagship Index – N.A.
- Second oldest exchange
- 2000+ listed companies
- No SME platform

Wider Range of Listing Instruments



Supreme Benefits of Listing

- Listing is a “Virtue”
- Direct access to funds
- Improved brand equity
- Attracting to VC / PE funds
- Tax benefits with listing status
- Better liquidity for shareholders
- Efficient risk distribution mechanism
- Facilitating inorganic growth with M&A
- Promoting innovation & entrepreneurial spirit
- Accelerating growth engine to move to next levels



HOW TO GET LISTED?



Key Stakeholders For Successful Listing



Successful IPO = Preparation + Execution + Timing

START

1

Convening the Board Meeting for Approval

2

Special Resolution of Members

3

Appointing Merchant Bankers & Intermediaries

4

Due Diligence Review & Query Resolution

8

In-Principle Approval by the Regulator

7

Filing Offer Document with SEBI / ROC / Stock Exchange

6

ROC Compliances besides Raising Capital

5

Demat Connectivity with Depositories

9

Determining "Issue Price" and Opening Issue

10

Allotment of Shares to Eligible Investors

11

Listing of Shares on Stock Exchange

12

Market Making for SME Exchanges. Not needed for IPOs on Main Board

END

Listing Without IPO

- **Direct Listing**
 - Migrating from regional stock exchange to the Nationwide Stock Exchange
- **Demerger**
 - Splitting a company to multiple companies
- **Reverse Merger**
 - Listed company merging with unlisted company
- **Takeover under Insolvency Code**
 - Acquiring company under CIRP through IBC
- **Open Offer under SEBI Takeover Code**
 - Acquisition with the permission of SEBI
- **Listing on Innovators' Growth Platform**
 - Special platform to list recognized start-ups



Innovator Growth Platform vs. SME Exchange vs. Main Board

Particulars	IGP	SME Exchange	Main Board
Listing through IPO	Optional	Mandatory	Mandatory
Need of Intermediaries in this process – Merchant Banker, Underwriter, etc	Not Needed	Mandatory	Mandatory
Observations / Clearance Given by	SEBI	Stock Exchange	SEBI
Paid-up Share Capital	Rs 10 crores	Upto Rs 10 crores – On SME Exchange Rs 10-25 crores – Optional	Rs 10 Crores
Minimum number of allottees	50	50	1000
Minimum Application Size	Rs 2 Lakhs	Rs 1 Lakh	Rs 10,000
Minimum Trading Lot	Rs 2 Lakhs	Rs 1 Lakh	No minimum limit
Market Making	Not required	Mandatory	Not required
Reporting Frequency	Quarterly	Half Yearly	Quarterly
Cooling Period to trade on Main Board	1 Year	2 Years	Not Applicable
Minimum Lock-in of Promoters' Stake	6 Months	3 Years	3 years

Word of Caution !!

- Company to be listed only if there is a suitable growth plan
 - Investors' have high expectations
- Corporate Governance adds value.
- Choose stock exchange wisely
 - Even strategy for listing is very crucial
- Very high penalties are prescribed by regulators for violations
 - Timely compliance is essential
- Have a team with proven track record
 - “Trial and Error” approach may result in delay besides wastage of resources
- Follow the trends and time it well



Huge Growth Opportunities For Cost Accountants





मंत्र-रक्षणे कार्यसिद्धि भवति।
दैवं विनतीप्रयत्नम् करोत यत्तदिवफलम्।
स्वशक्तिम् ज्ञात्वा कार्यमार्भेत।
कार्यबहुत्वे बहुफलमाया तिकम् कुर्यात्॥



AMAR@FUSIONADVISORS.NET



HTTP://WWW.FUSIONADVISORS.NET

THANK YOU

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