

## INVESTMENT OPPORTUNITIES IN EMERGING COMPANIES





## ABOUT NSE

National Stock Exchange of India (NSE), the largest stock exchange in India terms of volumes since 1995, operates a nation-wide, electronic market, connecting investors in search of growth to corporate issuers in search of efficient capital, providing robust technology platform and exchange traded products. NSE offers trading in equities, futures & options in equities, currency and interest rates, volatility, fixed-income, sovereign gold bonds and a platform for distribution of mutual funds and mechanism for securities lending and borrowing. Backed by an indigenous software and

network of connectivity through VSATs, leased lines, internet and mobiles, NSE provides investor's across the globe access to liquidity and Indian markets. NSE has made its global presence felt with its flagship index, the NIFTY 50 being traded 24x7 across exchanges globally.

NSE is committed to operate a market ecosystem which is transparent and efficient; and at the same time offers high levels of safety, integrity and corporate governance, providing ever growing trading & investment opportunities for investors.

## EMERGE HIGHLIGHTS

EMERGE is a credible and efficient markets place to bring about convergence of sophisticated investors and emerging corporates in the country. It is a platform for the best of emerging corporate to raise capital from Institutional investors and HNIs.

## EMERGE: STATISTICS

Particulars*	Statistics
No. of companies Listed	206
Market Cap	12017.12 Cr.
Total Capital Raised	Rs 3203.75 Cr.

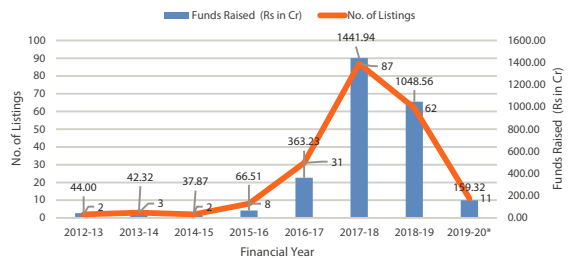
Credible admission process

Robust Trading Platform and risk management system

High quality investor information

Issuer education and handholding

Companies Listed on NSE EMERGE



\*as on Dec 31, 2019

NSE's SME platform "EMERGE", offers emerging businesses a new and viable option for raising equity capital from a diversified set of investors in an efficient manner. These companies have the potential to unlock value and emerge on a bigger stage. EMERGE can play the critical role of significantly improving access to risk capital for emerging companies. At the same time, this platform will provide investors with exciting opportunities to invest in promising SME's / technology Startups.

## EMERGE ELIGIBILITY CRITERIA

### SME Company

- Post issue paid up capital (face value) upto Rs.25 crore
- Track record of atleast 3 years
- Positive network
- Positive cash accruals from operations for 2 years

### Benefits

- Higher visibility and profile
- Higher credibility with stakeholders like customers, vendors, employees, etc
- Alternate asset class for investors
- Unlock value of ESOPs to attract and retain talent
- Alternate valuations: Liquidity /exit for investors
- Migration to Main Board

### Why NSE EMERGE

- Credible admission process
- State-of-the-art trading system
- High quality investor information
- SME Mentoring

### Technology startups \*

- Post issue paid up capital (face value) upto Rs.25 crore
- Track record of atleast 3 years
- Positive network
- Annual Revenue : Not less than 10 Crs
- Annual Growth : 20% (Number of Users/Revenue Growth/Customer base)

### Shareholding Condition

- At least 10 % Pre – Issue Capital as on the date of filing of draft offer document held by:
  - › Qualified Institutional Buyer(s) (QIB)
- OR
- › A member of the angel investor network or Private Equity Firms
  - » Such angel investor network or Private Equity should have had an Investment in the startup ecosystem Investment in 25 or more startups and aggregate investment is more than 50 crores

*\*Technology startups working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property such as but not limited to Information technology, Data analytics, Bio-technology, Nano-technology, E-commerce, Genetic Engineering, Space Technology, 3D Printing, Artificial intelligence, Robotics etc.*

# ALTERNATE ASSET CLASS FOR INVESTORS

Indian SMEs represent a diverse asset class of emerging companies from both traditional sectors and new age economy sectors like IT, ITES, organized retailing, education, entertainment, media, etc. representing the new and modern face of Indian companies scaled up their businesses rapidly providing high returns to the early stage investors. They have also demonstrated

impressive management bandwidth by successfully managing high growth, cross border operations, and complex inorganic transactions.

Emerge will be an ideal platform for growing companies wishing to raise capital for, capex, working capital, acquisitions, R&D, marketing or any other bonafide growth requirement.

<p>Companies with high growth potential</p> <ul style="list-style-type: none"> <li>• Diverse profiles</li> <li>• Diverse business stages</li> <li>• Diverse sectors</li> </ul>	<p>Companies funded by VC firms and angel investors</p> <p>Seeking next round of funding and/or exit to early investors</p>
<p>Subsidiary Companies</p> <p>Large corporates can unlock value of their subsidiary companies</p>	<p>Project SPVs</p> <p>Can attract long term investors in a regulated environment</p>

**EMERGE**  
Asset class

## REGULATORY FRAMEWORK: EMERGE VIS-À-VIS MAIN BOARD

	Emerge	Main Board
	Not mandatory	Mandatory
Post-issue paid-up-nCapital (Face Value)	less than Rs.25 crore	Not less than Rs.10 crore
Minimum number of allottees in the IPO	50	1000
Observations on DRHP	By the Exchange	By SEBI
	100% underwritten (15% on the books of the merchant banker)	Mandatory (Not reqd where 50% of issue offered for compulsory subscription by QIBs)
Market capitalization / Issue size	No restriction	No restriction
	Not less than Rs. 1 lakh	Rs.5,000 - Rs. 7,000
Reporting requirements (Audited a/c)	Half-yearly	Quarterly
	Mandatory	Not mandatory
Corporate governments requirements	Same as main board	Clause 49



## MERCHANT BANKERS

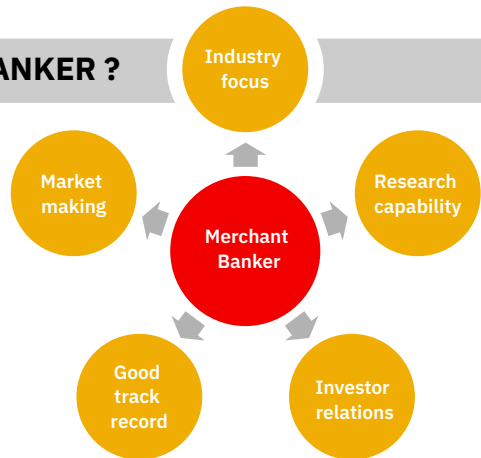
Merchant Bankers play a very important role in the IPO process of EMERGE and also have a role in Post listing phase. Their responsibilities are higher on the EMERGE platform as in addition to the conventional role of managing and underwriting the IPO, they are also responsible for ensuring market for a period of three years from the IPO.

### REGULATORY NORM

Existing Merchant Bankers registered with SEBI are eligible to manage issues on the SME Platform.

## HOW TO CHOOSE AN APT MERCHANT BANKER ?

Typing-up with a merchant banker of an appropriate profile is important for the long term success of the IPO.



## EMERGE ADMISSION & LISTING FRAMEWORK

EMERGE has a transparent admission process which ensures that issuers walk through a planned route to listing while the investors are assured of credibility and

faster and more efficient IPOs resulting in lower Turnaround Time and costs for the participants.

### Credible admission process

- Transparent, credible and efficient admission process
- Strong emphasis on corporate governance of the issuers
- High quality disclosures from issuers

### Post listing framework

- Emphasis on credible reporting on end use of proceeds
- Dissemination of Information to investors



## Robust Trading Platform

EMERGE will have alternative trading options for the listed scrips. Depending upon the expected liquidity and trading interest levels, the SME securities could trade either on the continuous market (similar to main board) or have daily liquidity windows through call auctions, which will help aggregate liquidity and control volatility in the SME stocks.

A Robust Platform has been developed to provide users with efficient trading experience. The SME securities will be traded on the same NEAT terminals as the Main Board scrips, with a unique code **SM** to differentiate them. Similarly, market maker quotes will also have a distinct symbol.

## MARKET MAKERS ON EMERGE

EMERGE will have market makers with two way eligible quotes (of minimum depth & within the stipulated Bid offer spread) in each trading session. Minimum presence would be 75% in each session. This will result in liquidity & better price discovery for all for 3 years

post listing through a credible market making mechanism The market maker will also monitor the scrip trading and report anomalies to the Exchange for appropriate intervention.



All existing members of the exchange are eligible to act as market makers for the SME issuers provided they qualify the Exchange criterion and have completed the registration process.



## SME EDUCATION AND HAND HOLDING

Prospective issuers on EMERGE can benefit from several customized programs and modules which will enable them to take a decision for a prospective listing in a confident and assured manner. NSE's modules will

help them understand the nuances of capital markets and also appreciate how to assess and prepare themselves for a prospective listing.

### NSE Capital Market Awareness Programme

A brief workshop of the capital markets and its processes for the SME promoters to make them aware of Capital market as opportunity to raise capital, SME exchange guidelines, IPO & listing Processes etc.

### Capital markets certification programme

A tailor made certification module to ensure that the compliance officer/ CFO of the issuer is well versed with pre/post listing regulatory processes and compliance obligations of a listed company. This voluntary certification programme will provide confidence to both promoters and investors in the companies.

## HOW DO I GET STARTED FOR A LISTING

- Develop an understanding of the capital markets and the various processes involved in raising funds through an IPO.
- Weigh the IPO option vis-à-vis other options of raising funds.
- Once you choose to opt for the IPO route make a realistic assessment of your readiness for listing.
- Start upgrading and strengthening your internal processes and systems to meet the requirements of a publicly listed company.
- Crystallise your project and capital raising plans.
- Engage a merchant banker to assist you in the IPO process.

### Are you ready for listing?

Use EMERGE's "Listing Readiness Assessment" to know your level of preparedness and what steps you need to take if you are seriously considering raising capital through the IPO route.

[www.nseindia.com/emerge](http://www.nseindia.com/emerge)

# CONTACT

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