

BSE's SME exchange to witness first public issue

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After much ado, the Bombay Stock Exchange (BSE) will kick-start its small and medium enterprises (SME) segment with the ₹8.5-crore initial public offer (IPO) of a non-banking finance company (NBFC), BCB Finance. The IPO, which will open for subscription on February 23, will be the first issue to be traded on the segment in March.

According to an official from the Mumbai-based Aryaman Financial Services, lead manager to the IPO, the total cost of the issue, including the market-making fee, will be around 8-10 per cent of the money raised. Market-making, which is compulsory for SMEs for three years, had become a key issue for firms aspiring to list on the SME platform.

Ikab Securities will charge ₹75,000 a month as market-

making fee for three years, said a merchant banking official.

If the IPO is successful, it may pave the way for the listing of other companies on the platform. Both BSE and the National Stock Exchange (NSE) have been under tremendous pressure from the government to launch trading in SMEs.

"We have many more SMEs lined up for IPO. Liquidity may not be an issue for investors, as market-making will be adequate," said Lakshman

SME platform gets trading lot sizes

The Securities and Exchange Board of India (Sebi) has said companies wanting to list on the soon-to-be launched SME platform will have standardised lot sizes during the IPO as well as in the secondary market trading. It has prescribed 17 lot sizes for trading in these companies, depending on the price band of the company. For instance, those having a price band of ₹14-₹18 will have to trade in minimum lot size of 8,000 shares. If the band falls under two different categories of lot sizes, the upper end of the band will determine the lot size.

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Gugulothu, chief executive officer of BSE's SME platform.

BCB, promoted by Mumbai-based stock brokers Bharat and Uttam Bagri of BCB Broking, intends to use the money for investing in stock markets and lending purpose. BCB promoters will sell 3.4 million shares at ₹25 a piece. The shares carry a face value of ₹10 each. After the IPO, the company would be valued at over ₹19 crore.

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