



N.L Dalmia Institute of Management Studies and Research

To Study and analyse SME(IPO) in investment Banking

Summer Internship Report

Submitted in partial fulfilment of the requirements

For

2 Years Full Time PGDM Program

Batch 2022-24

SUBMITTED BY

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Batch 2022-24

TABLE OF CONTENTS

Sr. No.	Particulars	Pg No.
	Authorization	3
	Acknowledgement	4
	Certificate	5
	Executive Summary	6
1	Introduction	7
1.1	Industry Overview	7-8
1.2	Company Overview	9
2	Literature Review	11
2.1	Research Problem Statement	12
2.2	Research Questions	12
2.3	Research Objectives	12
2.4	Methodology	12
2.5	Limitations of the Study	15
3	SME Sector Overview	15
3.1	Contribution of SME to the GDP	15
3.2	SME Exchange in India: BSE SME Platform & Emerge Platform (NSE)	19
3.3	Stocks Listed by Hem Securities Ltd & their financial performance	24
4	Details of Work done	29
4.1	Event on SME IPO Conclave	31
	Learnings	33
	Conclusion	34
	References	35

AUTHORIZATION

I hereby affirm that the content presented in my internship report is the result of my original work. No other institution or organization has received the findings presented in this report for the purpose of conferring a degree or diploma.

I would like to extend my sincere appreciation and gratitude to Mr. Abhishek Pandey, my esteemed Company Guide, for his unwavering guidance and support throughout the course of this project. His expertise and valuable advice have played a pivotal role in shaping the findings and conclusions outlined in this report.

Furthermore, I would like to express my gratitude to Prof. Sachin Khandelwal, my esteemed Faculty Guide, for providing invaluable insights and suggestions during the entirety of my internship. His guidance has been instrumental in conducting a comprehensive study and drawing meaningful conclusions.

I hereby submit this report as a partial fulfilment of the requirements for the PGDM program at N. L. Dalmia Institute of Management Studies and Research, Mumbai.

Name: Saurabh Digraje

Roll No: - PF2224-E045

Prof. Sachin Khandelwal
(Faculty Guide)

ACKNOWLEDGEMENT

I would like to express my sincere appreciation to all the individuals who have contributed directly or indirectly to the preparation of this report. Their invaluable contributions, feedback, and assistance have been essential to its completion.

First and foremost, I extend my gratitude to HEM Securities for granting me the opportunity to delve into the SME sector and gain valuable insights through this project. Their trust and support have played a pivotal role in shaping my learning experience.

I would like to express my heartfelt thanks to my company guide, Mr. Abhishek Pandey, Joint VP of SME IPO, and Ms. Anuksha Nanekar, Analyst at HEM Securities Ltd., for their willingness to allow me to work alongside them. Their guidance, expertise, and unwavering support have been instrumental in navigating the complexities of the project and ensuring its successful execution.

I would also like to acknowledge and express my appreciation to Prof. Sachin Khandelwal, my faculty guide, for his invaluable assistance in the creation of this report. His insights, feedback, and encouragement have significantly enhanced the quality and depth of my work.

Lastly, I would like to extend my gratitude to the N. L. Dalmia Institute of Management Studies and Research, Mumbai, for providing me with the opportunity to participate in the summer internship program and for making it an integral requirement of the PGDM program.

CERTIFICATE

This certificate serves to confirm that the Summer Internship Project Report has been submitted in partial fulfilment of the requirements for the award of the PGDM Program at N. L. Dalmia Institute of Management Studies and Research. The report is the outcome of genuine research conducted by Saurabh Digraje under my supervision and guidance during a two-month Summer Internship period, spanning from April 10, 2023, to June 10, 2023.

Date:

Place: Mumbai

Industry Guide

Company:

Hem Securities Ltd

Name of the Industry Guide:

Mr. Abhishek Pandey

Designation:

Joint VP of SME IPO

Faculty Guide

Name of Internal Faculty:

Prof. Sachin Khandelwal

Signature of the Internal Faculty:

EXECUTIVE SUMMARY

The **2022-23** financial year began with significant volatility and uncertainty due to the Russia-Ukraine War and the subsequent Oil Price Shock, leading to persistent inflation levels not seen in the past four decades. While the Mainboard Primary Markets remained relatively calm, the SME IPO Market experienced a surge, with **125** companies listing themselves on the BSE and NSE SME Platforms and raising a total of Rs. **2332.75 Cr.** In contrast, **39** companies listed on the Mainboard, raising Rs. **53,574.69 Cr.** On the listing day, SME IPOs delivered an average return of approximately **30%**, while Mainboard companies delivered only **11%** returns. Investor interest, as reflected in IPO subscriptions, has been stronger in the SME IPO Markets, with an average subscription level of **69.35X** compared to **16.57X** for Mainboard IPOs. Notably, several companies achieved substantial returns on the day of listing, including Phantom Digital Effects Limited (**229.16%**), Anlon Technology Solutions Limited (**163%**), Agni Green Power Limited (**162%**), Baheti Recycling Industries Limited (**153%**), and Concord Control Systems Limited (**109%**).

I actively contributed in the SME IPO team during my internship at HEM Securities Limited, a renowned participant in the investment banking and securities market. In this position, I was in charge of gathering and analysing financial data for Small and Medium Enterprises (SMEs) looking to go public. This included analysing key metrics such as Profit After Tax (PAT), debt, income, and net worth, as well as maintaining good communication with SME promoters who qualified for SME IPOs.

I worked with Chartered Accountants (CAs) from various domains to find potential clients in order to expand the client base. In addition, I helped to prepare financial presentations and issue structures for customers, highlighting the valuation of SMEs in preparation for their listing.

Furthermore, I had the honour of participating in two key promotional events, namely the "**SME IPO Conclave Indore**" and the "**SME IPO Conclave Ahmedabad**," both of which were organised by the company. I aggressively sought for qualified and eligible SME IPO applicants from Indore and Ahmedabad at these events, building connections with their promoters and giving invitations to the events. Following the event, I followed up with the promoters in attendance to measure their interest in pursuing listing opportunities.

Throughout the internship, I sharpened my abilities in financial statement analysis, client relationship management, IPO modelling, data organisation, target market identification, and other important components of the investment banking industry. However, it is worth mentioning that the organization's limited access to software caused obstacles in obtaining reliable data, necessitating diligent effort.

1. INTRODUCTION

The lead manager or merchant banker plays a crucial role in the IPO process. They provide end-to-end support, from IPO preparation to listing, while ensuring regulatory compliance and guiding the company through the complexities of the IPO journey. Their expertise and experience contribute significantly to the success of the IPO and help companies access the capital markets effectively.

My intern journey with Hem Securities Limited was an excellent learning opportunity. Being a Category 1 Merchant Banker of India, they are engaged in several activities such as SME IPOs, valuation certification among others that contributed to my personal growth significantly. During my tenure there, I actively supported the Small and Medium Enterprise (SME) Initial Public Offering (IPO) team.

My primary duty at HEM Securities Limited entailed conducting thorough financial analyses, searching for unlisted SME prospects, and providing sound recommendations regarding their listing status. Through this work, we aim to facilitate greater access to capital markets for SMEs while simultaneously promoting growth and expansion opportunities for these businesses.

1.1. INDUSTRY OVERVIEW

In the finance industry there is an extensive array of opportunities for clients to avail diverse service provisions for their benefit. These may encompass funding solutions, banking products & services, lending arrangements, trading on stock markets, portfolio management guidance along with aid in establishing demat accounts. Such offerings help individuals/entities create wealth via effective investing practices while judiciously handling their finances.

Financial Services refer to a wide gamut of products & facilities accessible via various establishments to aid in multiple financial transactions & activities related to them. Numerous institutions offer such services some of which include banks (comprising all sizes), institutional investment banks viz Morgan Stanley or Citi Bank; accounting organizations such as Big 4; merchant enterprises; leasing firms; venture capitalists or mutual fund houses among others.

Financial services are now one of the world's major industries. The sector will increase until 2035 as a result of rising earnings, digitization, technology, and financial inclusion.

Impact of Covid-19 Pandemic on MSMEs:

Due to its size, scale of activity, and availability of economic assets, the MSMEs zone has been one of the most vulnerable sectors during the pandemic. According to studies and surveys, over 95% of enterprises were badly impacted by the nationwide lockdown enforced in April 2020, and 70% of companies remained disrupted until August 2020. Even with modern unlocking, reports indicate that approximately 40% of businesses remained down till the end of February 2021. MSMEs face three important barriers: market penetration, universal productivity, and access to further funding. A 11% drop in the number of Indian MSMEs has been documented as a result of the lockdown in 2021, compared to a 46% drop during the national shutdown in 2020.

From March 2020 to May 2020, the apparel manufacturing devices of the export quarter had a commercial enterprise loss of more than Rs. 150 crores. The loss of India's leather-based industries has been estimated at Rs. 11,210 crores in the global market. The All-India Manufacturers Organisation performed a survey on MSMEs and discovered that self-employed MSME devices, namely 35% of MSMEs, had little chance of recovery and have already begun completing their units.

Managing the Crises:

The Government of India launched an e-marketplace (GeM) to increase the role of MSMEs in government procurement. A digitally activated marketplace environment has the potential to reduce costs, enhance labour efficiency, encourage product development, and improve worker safety. Collaboration with research institutions, tech start-ups, and existing overseas businesses can also be a significant enterprise approach for MSMEs to expand a low-value production base and reach the Indian market. The Indian government's assistance programmes for SMEs, including as the Emergency Credit Line Guarantee Scheme, low repo charges, e-market connections, PF and EPF support for all organisations and employees, and so on, have begun to bear fruit.

According to the Retailers Association of India's (RAI) most recent Retail Business Survey, retail sales in August 2021 were at 88% of pre-pandemic levels (August 2019), up from 72% in July 2021. Quick Service Restaurants (QSR) confirmed signals of growth, with a 12% gain in August 2021 income compared to August 2019 income, even as meal prices rose.

1.2. COMPANY OVERVIEW

HEM Securities is a leading IPO & MF distributor in the country. It was founded in 1981 by Hem Chand Jain. It provides corporate advisory to large Indian corporates and is present in more than 200 business location. It is a complete bouquet of financial services and award-winning investment banker since 2014 to 2020. It has experience of over 4 decades with the legacy and expertise in creating wealth for our customers. It also handles large quantum of Business Valuation Assignment for startup, mid & large corporates.

It is a Leading Merchant Banker and Stockbroker in India specialized in SME IPO, FPO, Private Equity, Merger, Amalgamations, Takeovers & Substantial Acquisitions, Demerger, Corporate Restructuring, Direct Listing from Regional Stock Exchanges, Buyback, Delisting, IPO Syndication, Underwriting, Market Making, ESOP Advisory, Fairness Opinions and Valuation Certification.



MANAGEMENT TEAM:

Mr. Gaurav Jain – Director

He has more than 18 years of experience and is a Chartered Accountant. He joined HEM Securities after working with KPMG previously. He has extensive experience in business development, conceptualizing and growing innovative ideas into successful ventures. He also has extensive knowledge of equity markets, including stock trading, investment banking, merchant banking, corporate advisory, and startup funding. He is skilled at spotting businesses with potential for growth and enjoys crunching numbers.



Mr. Abhishek Pandey – Joint Vice President Investment Banking

He did his MBA in Capital Markets from Mumbai University. He has worked with SME enterprises for the IPO Listing at SME Platforms for at least 8 years. He was Assistant Manager at the BSE SME Platform before to joining HEM Securities Limited, where he had a superior understanding of the listing of SME Companies. He is a highly organized individual, and gets thrilled by numbers. During our internship, we worked in his department.

COMPARATIVE STATUS AMONG COMPETITORS 2023:

The report below only considers IPO which are listed on the stock exchanges. The IPO's which are in-progress or withdrawn are not considered in this report. It shows the number of IPO handled by the lead manager in the calendar year 2023.

Lead Manager	Total IPO	Positive Listing	Negative Listing	Average Gain
Beeline Capital Advisors Pvt Ltd	8	7	1	18.55%
First Overseas Capital Limited	7	5	1	8.31%
Hem Securities Limited	7	7	0	53.44%
Share India Capital Services Private Limited	6	5	1	31.33%
Gretex Corporate Services Pvt Ltd	5	3	2	32.89%
Khambatta Securities Limited	5	5	0	33.70%
IIFL Securities Ltd	4	3	1	9.67%
Interactive Financial Services Ltd	4	2	1	9.15%
Aryaman Financial Services Limited	3	2	1	4.19%
Gyr Capital Advisors Limited	3	3	0	64.84%
Shreni Shares Private Limited	3	3	0	13.23%
Unistone Capital Pvt Ltd	3	3	0	24.40%
Axis Capital Limited	2	2	0	18.06%
Fedex Securities Limited	2	2	0	12.90%
Finshore Management Services Limited	2	0	2	-9.71%
Holani Consultants Private Limited	2	2	0	80.10%
J.P. Morgan India Private Limited	2	2	0	18.06%
Jm Financial Limited	2	1	1	-2.29%
Kotak Mahindra Capital Company Limited	2	2	0	18.06%
Motilal Oswal Investment Advisors Pvt Ltd	2	2	0	26.53%
Pantomath Capital Advisors Pvt Ltd	2	1	0	37.31%
Sarathi Capital Advisors Private Limited	2	1	0	46.17%
Bofa Securities India Limited	1	1	0	4.26%
Citigroup Global Markets India Private Limited	1	1	0	4.26%
Corporate Capitalventures Pvt Ltd	1	1	0	45.38%
Dam Capital Advisors Ltd (Formerly Idfc Securities Ltd)	1	0	1	-8.84%
Equirus Capital Private Limited	1	1	0	2.57%
Expert Global Consultants Private Limited	1	1	0	33.00%

2. Literature Review:

Small and medium-sized enterprises (SMEs) are the backbone of a developing country like India. It is critical for both a developing and advanced country. SMEs demonstrate a country's financial health by emphasising the economic contributions of in-house manufacturing, export revenues, investments, job creation, and many other factors. India's economy is one of the world's fastest growing. Small/Medium Enterprises (SME) account for over 80% of Indian businesses.

The study focuses on various aspects of SMEs, such as their contribution to growth, SME exchange in India: BSE SME platform (BSE) and EMERGE Platform (NSE), the differences between both boards, migration to Main Board, Sectoral Distribution of the Companies Listed, SME IPOs, and SME focused Funds for investment.

This empirical evidence on the numerous risks and obstacles of investing in SME stocks. The paper begins by discussing the SME as a sector before delving into various investment avenues such as SME IPOs, Portfolio Management Services, and so on. The report finishes by addressing the risks and potential gains from investing in the SME sector.

Finance is a fundamental restriction for SMEs, and it can have a significant impact on their success. SMEs are not required to keep in-house financial records and are often referred to as 'informationally opaque'. That is why SMEs are referred to as a high-risk possibility in comparison to their larger counterparts, and they typically face higher premiums criteria from financing institutions.

The SME financing pattern explained by **Berger and Udell (1998)** contrasts with the hypothesis given under pecking order theory. The pecking order theory developed by **Myers (1984)** suggests that the capital structure decisions of a firm are a function of the firm's age. As postulated by this theory, internal sources of funding are prioritised while the use of external sources is delayed until the internal sources are exhausted. As such, when seeking funds, a firm prefers internal equity to external debt, short-term debt to long-term debt, and external debt to external equity. Therefore, the order of preference for the financing sources for a firm should follow internal equity, issuing debt, and then issuing equity (**Cassar & Holmes, 2003**).

A number of studies evidenced that factors related to the industry sector in which a firm operates also explain capital structure and financial decisions (**Mackay & Phillips, 2005; Michaelas, Chittenden & Poutziouris, 1999**). Firms in the services sector, for example, can differ from those operating in manufacturing or construction in terms of financial needs and choices. Michaelas et al. (1999) empirically analysed the different capital structure determinants across time and industries utilizing a sample of 3,500 randomly selected SMEs across ten industries in the UK. They summarised that the impact of industry on short-term and long-term debt varies greatly across industries. The effect of industry classification on the capital structure of Ghanaian SMEs was examined by **Abor (2007)**.

Despite substantial study on SMEs, a search of the literature reveals a void in past research on the performance of SMEs. In this domain, there is more need for empirical investigation, particularly for developing and emerging countries. The combined effects of internal and

external factors of SMEs sector performance are poorly understood (**Venkatraman, 1989; Gnizy et al., 2014; Ipinaiye et al., 2017**). In addition, there is a gap in the literature when it comes to comprehending the SME sector from an investment perspective. Because of the limited market and many risk concerns, there is reluctance to invest in SME stocks.

2.1. RESEARCH PROBLEM STATEMENT

This research aims to explore the untapped potential of the small and medium enterprises (SME) market in India as an investment opportunity. It seeks to identify different areas within the SME sector that offer potential for investment and analyse the associated risks and benefits.

2.2. RESEARCH QUESTIONS

RQ 1: Which industries or areas in India's SME market have the greatest potential for investment?

RQ 2: What are the key risks associated with investing in India's SME sector?

2.3. RESEARCH OBJECTIVES

RO 1: To identify and analyse the existing situation of the Indian SME market

RO 2: To understand the sectoral breakdown of India's listed SMEs

RO 3: To assess the influence of government policies and regulations on the investment landscape of India's SMEs

RO 4: To investigate potential investment opportunities and the risks associated with investing in SME stocks

2.4. METHODOLOGY

Secondary Data Analysis:

I thoroughly examined secondary data from a variety of sources, such as annual reports, company directories, and applicable software. This enhanced research will provide insights into the SME sector's role, performance, and investment possibilities. I will specifically pick private companies that are not publicly traded on stock exchanges in order to understand their dynamics.

a) Annual Reports:

For the purpose of valuation, I utilized the annual reports of potential SMEs. These reports provided comprehensive financial information about the company, including financial statements, notes to the financial statements, management discussions and

analysis. By studying these annual reports, I gained insights into the company's financial performance, growth prospects, risk factors, and other factors that impact its valuation.

Limitations: -

Limited Access to Promoter Contact Information:

It can be difficult to obtain contact information for the promoters or important personnel affiliated with unlisted SMEs. Unlike publicly traded firms, where such information is widely available, unlisted SMEs frequently do not reveal or advertise the contact information of their promoters. This makes direct engagement with them for additional insights or clarifications impossible.

Lack of Financial Disclosures:

Unlisted SMEs may have limited or no access to financial data such as turnover, profit margins, or other crucial financial metrics. This limits the breadth of financial analysis and may necessitate the use of alternate sources or estimation methodologies.

b) Company directories:

As part of my research in the SME sector, I've been searching company directories for unlisted SME companies. As a result, I've been using the Zaubia website to verify these companies' paid-up capital, verifying that they match the eligibility conditions. This procedure allows me to evaluate the suitability and relevance of these businesses in the context of my research.

Limitations:

Limited Company Information:

Unlisted SMEs may only receive minimal information from company directories, such as their name, registered address, and sector classification. Detailed financials, operational insights, and other crucial data points may be difficult to obtain, limiting the depth of study and understanding of these organisations.

Limited Insights into Operations and Strategy:

While company directories provide a snapshot of fundamental firm information, they frequently lack detailed insights into unlisted SMEs' operational elements or strategic direction. Understanding variables like production processes, market positioning,

supply chain dynamics, or growth strategies may need using different research methodologies or engaging directly with the companies themselves.

c) **VCC Edge Software:**

VCC Edge is a software platform that delivers extensive data and analytics on unlisted companies, especially small and medium-sized enterprises (SMEs).

It offers a vast database of unlisted companies, providing access to a wide range of information, including financials, ownership details, industry classification, and more. This extensive coverage allows me for thorough screening and analysis of potential SMEs.

Limitations:

limited access to the VCC Edge:

Programme, where we only have one set of login credentials for the entire Mumbai office, each user gets a 20-minute time slot to use the software. As a result, the amount of time available for screening organisations is limited, perhaps leaving less time for in-depth study and review.

VCC Edge's data updates may not be real-time:

There may be a time lag between the release of fresh information, such as financials from 3-4 years ago, and its inclusion in the platform. This constraint may have an impact on the data's timeliness and relevancy when assessing potential unlisted SMEs.

Internal Research:

At HEM Securities, I aggressively seek advice and insights from the department manager and senior analysts. Their knowledge and recommendations have been invaluable in creating our strategy. We typically target high-growth industries such as food manufacturers, chemical manufacturers, and information technology organisations. We avoid non-vegetarian enterprises and trading companies since trading companies have smaller profit margins and rely more on volume-based operations. This collaborative approach with department professionals who have a wide range of knowledge in the SME sector enables me to make educated decisions and capitalise on lucrative opportunities.

SME Department at Hem Securities Ltd.

Department head: Abhishek Pandey

Senior manager: CA Payal Chandnani

Analyst: Anuksha Nanekar

External Research:

I used data from NSE and BSE SME listed businesses, as well as main board corporations, to supplement my conclusions. This external research provides data on factors such as share price growth, HEM Securities' listed firms, and market capitalization. Analysing this data helps me gain a better knowledge of the SME sector.

Using this methodology, I get a comprehensive understanding of the role, performance, and investment potential of SMEs during my internship in the investment banking SME department.

2.5. LIMITATIONS OF THE STUDY

a) **Inadequate Disclosure:**

Many SMEs may not report as much financial information as publicly traded corporations. Due to the scarcity of financial data, conducting a thorough study and accurately assessing the company's financial health might be difficult.

b) **Data Accuracy and Completeness:**

The accuracy and completeness of data gathered from annual reports and corporate websites can vary. Relying on data provided by companies may bring biases or inaccuracies that affect the overall conclusion.

c) **Ignorance of Potential SMEs:**

HEM Securities Limited generally does not evaluate numerous industries such as nonveg food, steel, financial trade, and so on. Overlooking potential SMEs may limit the scope of the investigation and limit corporate expansion options.

d) **Time Restriction:**

As an intern, there may be limited in terms of available time and resources to undertake a comprehensive study. This may lead to a more concentrated analysis or a narrower field of research.

3. SME SECTOR OVERVIEW

3.1. CONTRIBUTION OF SME TO THE GDP

In India, SMEs are classified into two primary categories, based on the nature of business. These categories are:

Manufacturing Enterprises: This means mainly production of goods within this, the enterprises are classified based on their investment levels, such as:

- d) **Micro:** Up to INR 25 Lacs
- e) **Small:** Above INR 25 Lacs, but less than INR 5 Crores
- f) **Medium:** Above INR 5 Crores, but less than INR 10 Crores

Services enterprises: Basically, providing services (in terms of investment). Within this, businesses are categorized according to their degrees of investment, such as:

- **Micro:** Up to INR 10 Lacs
- **Small:** Above INR 10 Lacs, but less than INR 2 Crores
- **Medium:** Above INR 2 Crores, but less than INR 5 Crores

In this study, I will concentrate on small and medium-sized businesses. More over 80 million people, or more than 40% of India's workforce, are employed by SMEs and rely on low-skilled labour for a living. A total of 1.3 million SMEs account for 40% of overall exports and 45% of industrial output in India. In many ways, they are the foundation of the Indian economy. With 48 million SMEs, India is second in the world only to China, which has about 50 million.

The following facts demonstrate that the SME sector is one of the most important contributors to our country's economic development: -

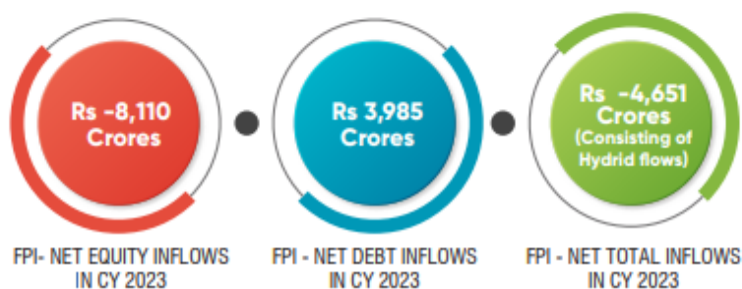
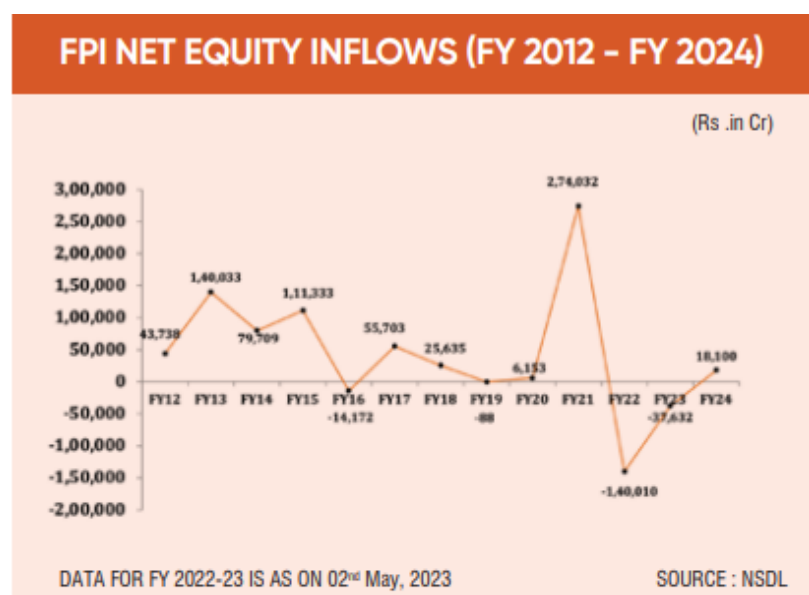
FY 2022-23 BELONGS TO SME IPO MARKETS COMPARED TO MAINBOARD LISTINGS

KEY STATISTICS OF IPO MARKETS FOR FY22-23	IPO Market Mainboard	IPO Market SME
Companies with Positive Listings day close	26	103
Companies with Negative Listings day close	13	22
Average Funds Raised (Rs in Cr.)	1,373.71	18.53
Number of Companies currently trading above IPO Issue Price [*]	25	82
Number of Companies currently trading below IPO Issue Price [*]	14	42
Total Average Returns based on Current Market Prices as on 03rd May 2023	21.73%	60.99%
Total Average Returns based on Listing Day Close	11.23%	29.95%
Average Subscription (in Times)	16.57X	69.35X

The average returns delivered on listing day by companies listed on SME IPO Platform stood at approximately 30% while the average returns delivered on listing day by Mainboard companies stood at only 11%.

Also, in terms of IPO Subscription, Investor s are showing strong interest in SME IPO Markets compared to Mainboard with an average IPO subscription level being at 69.35X for SME IPOs while the same figure stood at 16.57X for Mainboard IPOs.

FPI FLOWS IN CAPITAL MARKET



Without a doubt, one of the main forces behind our economic growth are SMEs. Over the past few decades, this sector—which includes manufacturing, infrastructure, services, food processing, packaging, chemicals, and IT—has emerged as the Indian economy's most active and dynamic development driver.

These privately funded firms, private cooperatives, private self-help organisations, Khadi, Village, and Coir industries not only create a tonne of jobs but also maintain regional balance by bringing industrialization to rural and underdeveloped areas (about 20% of MSMEs are based in these regions, according to CII).

FPI Equity flows for FY2023-24 Starts with Positive Net Inflows

- The FPI flows have seen a bumpy ride from FY 2017 to FY 2022.
- The total inflows into the Indian Capital Market have slightly gone negative for FY 22-23.
- The Net Equity Inflows has fallen from an all-time high of Rs 2,74,032 crores in FY 2021 to Rs -1,21,439 Crores in FY 22-23, while
- Net FPI inflows in FY22-23 into debt markets stood at Rs - 15,911 Crores.
- The FPI Flows in financial year 2022-23 have been in the negative zone for second consecutive financial year.
- Before FY 22-23, there were only three instances in which FPI flows had been negative i.e., in FY 2009 in which case FPI stood at Rs - 47,706 crores in the aftermath of global financial crises, FY 2016 in which case FII stood at Rs -14,172 Crores and FY2019 in which case FII stood at Rs -88 Crores.
- The FPI outflows has been nerve-racking for the Indian Investor for the financial year 2022-23 making the overall FPI flows for FY2022-23 to all time low levels of - 1,43,241 as on 31h January 2023.

Following are some key SME statistics:

- **No. of SMEs in India:** The number is estimated to be at 42.50 million, registered & unregistered combined which amounts to a 95% of the total industrial units in the country.
- **SME & Employment opportunity:** SME employs about 106 million that is 40% of India's work force.
- **Products:** SME produces more than 6000 products country wide
- GDP Contribution:** Currently around 6.11% of the manufacturing GDP and 24.63% of Service sector GDP.
- Companies listed on SME Exchange Till Date: 595+
- Companies Migrated to Main Board: 295+
- Total Fund Raised on SME Platform: 7,600+ crores
- SME Growth Rate: Has maintained an average growth rate of over 10%
- Fixed Assets: Current fixed assets at INR 1,471,912 crores

SMEs source their funding through the following 3 types-

- Personal finance - includes the personal savings that business owners, promoters, and others have. Due to the absence of financial fees like interest or profits, personal finance is the most affordable way to obtain funds. On the other hand, personal financial resources are typically insufficient to start and maintain a firm on their own. As a result, other money sources including debt financing and equity financing are regularly used to supplement personal finance.
- Debt Financing - The act of a business borrowing operating capital or other funds is referred to as "debt financing." It is the most common method of obtaining finance in the SME sector. The following capital sources are accessible through debt financing: Banking Loans, Credit from relatives and friends, Bond and debenture issues.
- Equity financing - It is the process of generating capital by offering investors company stock. For their investment, the shareholders receive ownership stakes in the business. Equity finance is less expensive than debt financing because the company is not legally compelled to give investors returns. The corporation is only required to distribute dividends to equity shareholders in the case of a profit. But in SME industries, this method of raising money is less popular than in the public sector or small businesses.

3.1. SME EXCHANGE IN INDIA: BSE SME PLATFORM (BSE) AND EMERGE PLATFORM (NSE)

BSE Ltd has established the BSE SME Platform in accordance with SEBI's norms and regulations. The BSE SME Platform presents entrepreneur and investor- opportunities that permits SMEs from India's unorganized region to be indexed in a regulated and already established marketplace. BSE SME assist small SMEs boost fairness when it comes to financing for boom and expansion, letting them develop into full-fledged companies. Allowing them to move to the BSE Main Board as quickly as possible. Entrepreneurs and buyers advantage significantly from the BSE SME.

NSE Emerge is another such marketplace for SME companies that brings collectively expert buyers and growing businesses in India. It is a unique venue for the pinnacle of growing businesses to raise funding from institutional buyers and high net worth individuals. The NSE Emerge platform gives an opportunity to small and medium firms wherein they could raise funds in the capital markets in place of counting only on financial institution, venture capital or private equity. The platform NSE Emerge additionally presents a choice to those businesses to immigrate from SME Board to the Main Board. For example, one of the IPOs listed by HEM security Limited – EKI Energy is now listed on the Main Board.

LISTING REQUIREMENTS FOR SME EXCHANGE AND MAIN BOARD FOR SMEs

Parameters	SME Exchange	Main Board
Post – issue paid up capital (Face value)	No Minimum Criteria. Maximum Capital should not be above Rs. 25 crores	Minimum Rs. 10 crores
Minimum number of allottees	50	1000
IPO Application Size	Minimum of Rs. 1,00,000	Rs. 10,000 – Rs. 15,000
Observation on DRHP	By Exchange	By SEBI
IPO Grading	Non-Mandatory	Mandatory
Track record	Relaxed norms	Stringent norms
IPO Underwriting	Mandatory (100% underwritten with Merchant Banker)	Compulsory, except where 75% is allotted to QIBS
Time Frame for Listing	3 - 4 months	6 months upwards
Reporting Requirements	Half-yearly	Quarterly

A Company listed on SME platform is eligible to be migrated to Main Board post completion of 2 years from the date of its listing on SME platform.

ELIGIBILITY CRITERIA FOR SME LISTINGS:

NSE Emerge:

- The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crores
- Positive Net worth
- The Company should have operating profit (earnings before interest, depreciation and tax) from operations for at least any 2 out of 3 financial years
- Track record of at least 3 years

BSE SME:

- The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crores
- Positive Net worth
- The Company should have combined positive cash accruals (earnings before depreciation and tax) in any of the year out of last three years and its net worth should be positive
- Track record of at least 3 years

PROCESS OF LISTING - SME IPO:

1. Appointment of “HSL” as merchant banker: The merchant banker is an important player in the IPO process, acting as a intermediary between the organisation going public (the issuer) and the regulatory authorities. They assist the issuer in meeting various regulatory requirements, guiding them through the IPO process, and ensuring smooth execution.
2. Due diligence of company by merchant banker: -
 - I. **Document collection & Site Visit:** - Initially, a checklist of documents required for preparing Draft Prospectus and for carrying due diligence is shared by Merchant Banker with Issuer Company. After which, a site visit is conducted by Merchant Banker at the factory premises/ registered office of the Company to check the internal control system, business operations and gain understanding on the business process, finance & accounts and an overall true picture of the Issuer.
 - II. **Financial Due Diligence:** - It involves analysis of financial statements and key ratios to reveal insights regarding profitability, liquidity, operational efficiency and solvency of the Company.
 - III. **Secretarial Due Diligence:** - It is carried to examine and ensure that the Company is in compliance with all the applicable provisions of the Companies Act, 2013 and other applicable Statutory Acts.
 - IV. **Legal Due Diligence:** - It involves examining outstanding litigation cases and their impact on Company, Promoters and Directors and making a legal

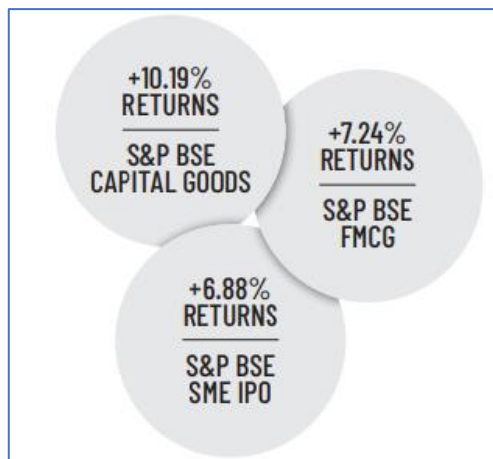
background check of Company, its promoters, directors and Group Companies.

3. Review of business plans, restructuring of capital: -
 - a. **Review of Business Plans:** - The merchant banker evaluates the corporation's business plans on behalf of the supplier. This includes an examination of present operations, growth strategies, market positioning, a competitive landscape, and financial projections. The purpose is to ensure that the business plans are strong, viable, and consistent with the goals of going public.
 - b. **Capital Restructuring:** - The service provider banker evaluates the capital structure of the SME organisation. This comprises assessing the current shareholding sample, equity capital, debt structure, and other financial commitments. If necessary, the capital structure may be modified to conform with the requirements of the IPO process and to improve the company's valuation and market appeal.
4. Conversion into public limited company and appointment of independent directors: -
 - a. **Conversion to a Public Limited Company:** - The SME wants to change its legal structure from a personal limited company to a public limited company. This includes adhering to the regulatory requirements established by the applicable government, such as filing the necessary documents, receiving approvals, and making the necessary changes to the organization's memorandum and articles of affiliation. The conversion allows the employer to issue stocks to the public and facilitates the IPO process.
 - b. **Appointment of Independent Directors:** - Independent directors must be appointed to the corporation's board as part of the governance and legal requirements for a public confined entity. Independent administrators are individuals who are not linked with the institution and provide objectivity and information to the board of directors.
5. Appointment of other intermediaries: - There's a want to rent different intermediaries to facilitate the IPO like Registrar and Transfer Agent, Legal Advisor, auditors and Advertising and PR Agencies. Appointing those intermediaries is essential to make sure smooth execution of the IPO system, preserve compliance with policies, and efficiently communicate the IPO to capability investors and the general public
6. Making of prospectus / offer document: - The prospectus, is a detailed disclosure file that contains specific information about the SME organisation and the IPO. It includes crucial information on the company's operations, finances, management team, risk factors, business analysis, and the terms of the IPO.

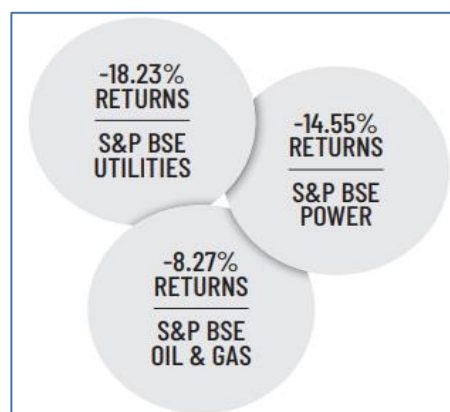
7. Filing of prospectus / offer document: - The prospectus or furnish file is submitted to the regulatory authorities, containing information on the SME organisation and the IPO.
8. Obtaining approval from stock exchange: - The SME agency seeks permission from the stock exchange to list its shares. The inventory provides second opinions to the IPO software and ensures compliance with listing standards.
9. Obtaining roc approval: - The Registrar of Companies (ROC), a regulatory entity, grants permission to the SME firm to issue and allot shares to the general public via the IPO.
10. Completion of pre-issue opening compliances: - The organisation completes many pre-trouble establishing compliances, such as depositing the appropriate amount in a specified bank account, designating a registrar for dealing with percentage programmes, and finalising stock pricing and allocation.
11. Issue opening and closing subscription: - The IPO is now open for subscription, allowing traders to purchase shares. Buyers submit their programmes and pay a charge for the subscribed shares during the designated time period. The IPO will be closed after the subscription period has ended.
12. Completion of post-issue compliances: - Following the IPO subscription period, the SME organisation completes post-issue compliances, which include reconciling the share software data, finalising the basis of allocation, and issuing allotment letters and percentage certificates to buyers.
13. Listing of shares: - Following the completion of all necessary compliances and approvals, the SME agency's shares are indexed at the stock exchange, making them available for public purchase and sale.
14. Continuous assistance after listing of shares: - The merchant banker and other intermediaries will continue to support the SME company after the stocks are indexed. They help to ensure that stock exchange rules, investor relations, and continuing reporting requirements are followed.
15. 2-3 years handholding for future rounds: - The service provider banker provides handholding assistance to the SME agency for the next 2-3 years, assisting with future investment rounds or any further capital-raising sports.

TRACKING THE BEST & THE WORST PERFORMING INDICES FOR THE CALENDAR YEAR 2023

BEST PERFORMING INDICES FOR CY 2023



WORST PERFORMING INDICES FOR CY 2023



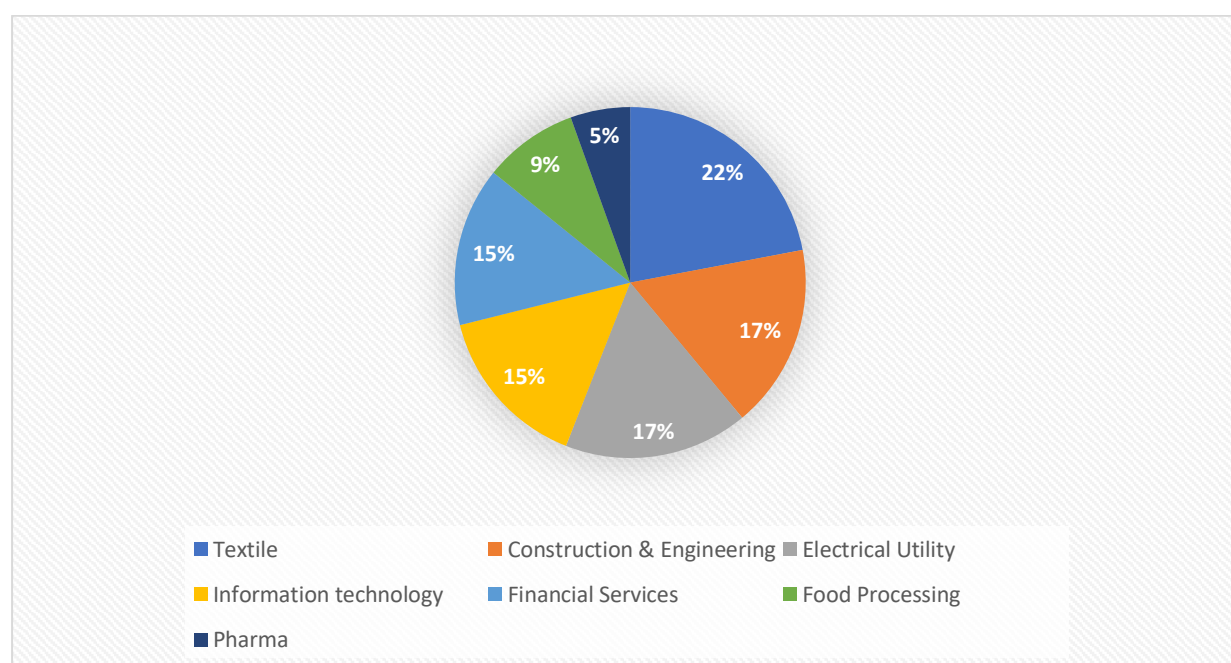
INDEX NAME	* DEC-2022	* APR-2023	RETURNS
S&P BSE Capital Goods	33342.22	36738.88	10.19%
S&P BSE FMCG	16075.30	17238.74	7.24%
BSE SME IPO	23733.81	25367.61	6.88%
NIFTY SME Emerge	6529.07	6861.30	5.09%
S&P BSE Auto	28923.14	30325.51	4.85%
S&P BSE Realty	3446.85	3560.04	3.28%
S&P BSE Commodities	5636.22	5782.70	2.60%
S&P BSE MidCap	25314.50	25492.43	0.70%
BSE Sensex	60840.74	61112.44	0.45%
S&P BSE Bankex	48906.28	48981.83	0.15%
S&P BSE Healthcare	23033.66	23033.93	0.00%
S&P BSE SmallCap	28926.79	28917.07	-0.03%
S&P BSE Consumer Discretionary	5721.65	5715.38	-0.11%
NSE Nifty 50	18105.30	18065.00	-0.22%
S&P BSE LargeCap	7005.80	6850.15	-2.22%
S&P BSE Consumer Durables	39722.17	38734.18	-2.49%
S&P BSE Metal	20855.59	20134.69	-3.46%
S&P BSE Information Technology	28671.86	27503.49	-4.07%
S&P BSE Telecommunication	1732.09	1601.34	-7.55%
S&P BSE Oil & Gas	20409.11	18721.28	-8.27%
S&P BSE Power	4381.29	3743.87	-14.55%
S&P BSE Utilities	3607.90	2950.04	-18.23%

SOURCE: BSE & NSE [*] - CLOSING PRICES ARE AS ON 30TH DECEMBER 2022 & 28TH APRIL 2023

A look at the performance of the Sectoral Indices for Calendar year 2023 (From Jan 2023 to April 2023) tells us that: -

1. Capital Goods Index have topped the returns chart with 10.19% returns followed by BSE FMCG Index with 7.24% Returns and BSE SME IPO Index (representing companies listed on the BSE SME Platform) with 6.88% returns.
2. The worst performing indexes has been BSE Utilities Index with a return of -18.23% followed by BSE Power Index and BSE Oil & Gas Index with returns of -14.55% and -8.27% respectively.

Sectoral Composition of the companies listed on SME Platforms:



Major division as per the chart is textile having around 48 companies followed by 37 companies involved in construction & engineering and Electrical Utility.

3.4 Stocks listed by HEM Securities Limited and their Financial performance

To further understand, we'll look at two SME stocks that are now traded on the BSE SME or NSE Emerge.

- I. Baheti Recycling Industries
- II. Prevest Denpro Limited

We shall examine numerous aspects of the mentioned stocks. The first metric is market capitalization. Sales and Net Profit are the second and third characteristics obtained from the Profit & Loss Account. Then we take into account the returns earned by investors (ROE). We also analysed a number of other financial ratios to gain a better grasp of the situation.

Finally, we performed a financial analysis on the stock to determine the important strengths and weaknesses that an investor should consider before investing. These areas are critical success factors and help make well informed decisions. Identifying these opportunities and threats can help you make sure you do not miss out on a good pick of a stock or make a wise decision of not investing in a company with poor performance.

Please note: We have considered financial data up to the date 2021-2023

I. Baheti Recycling Industries

Overview of Business:

Baheti Recycling Industries, founded in 1994, is an aluminium recycling company that primarily processes aluminium-based metal scrap to produce aluminium alloys in the form of ingots and aluminium de-ox alloys in the form of cubes, ingots, pictures and notch bar. Because of the flexible qualities of aluminium and its alloys, it is utilised in a wide range of industries, including cars, manufacturing, electric transmission applications, food packaging, and many more. Aluminium alloys are utilised in automobile components due to their rigidity, corrosion resistance, and exceptional power-to-weight ratio. Aluminium de-ox alloys are utilised as deoxidizers in metallic manufacturing devices.

The company's esteemed customers include ArcelorMittal Nippon Steel India, Tata Steel, Minda Corporation, Sigma Electric, Sunflag Iron & Steel Co. Ltd. etc. The company markets its products in around 12 states & Union Territories in India. Baheti Recycling Industries Limited also sell our products to foreign buyers located in Japan, Canada, USA, China, Hong Kong, UAE, Taiwan etc.

Competitive Strengths:

- In-house manufacturing facility supported by technology-driven process
- Stringent quality control mechanism ensuring standardized product quality
- Diversified Client Base and long-standing relationship with our customers
- Strong and diversified supplier base for sourcing raw materials

IPO Details:

IPO Date	Nov 28, 2022 to Nov 30, 2022
Listing Date	Dec 8, 2022
Face Value	₹10 per share
Price	₹45 per share
Lot Size	3000 Shares
Total Issue Size	2,760,000 shares (aggregating up to ₹12.42 Cr)
Fresh Issue	2,760,000 shares (aggregating up to ₹12.42 Cr)
Issue Type	Fixed Price Issue IPO
Listing At	NSE SME
Market Maker portion	147,000 shares Hem Finlease

IPO Subscription Details

The Baheti Recycling Industries IPO is subscribed **347.53** times on Nov 30, 2022. The public issue subscribed **435.65** times in the retail category, times in the QIB category, and **259.21** times in the NII category.

Financial Review Baheti Recycling Industries

- **Market Capitalization** - 122.35 Cr.
- **Promoter Holding** - Mr. Shankerlal Bansilal Shah, Mr. Balkishan Shankerlal Shah and Mr. Yash Shankerbhai Shah are the company promoters.
 - Pre-Issue Share Holding: - 99.98%
 - Post Issue Share Holding: - 73.37%

Companies with high promoter holding stocks are considered to be safe to invest rather than those companies with lower holdings. The reason behind this is if the promoters of a company think that its stocks are worth investing and holding onto for the future, then the possibility of the company doing well in the future is high.

- **TTM EPS** - 5.10
- **P/E ratio** – The sector is at 43.83 and company's PE is at 23.15 which means company is undervalued i.e., for every rupee of company's earnings investors are willing to pay 23.15
- **Return on Equity** – company's RoE as on March 2022 is 21.23% compared to 2021 i.e., 4.52% there is a jump of 425%
- **Return on Capital Employed** - It has significantly increased from 8.63% in 2021 to 13.07% in 2022

- **Return on Assets** – It has also improved from 0.88% in March 2021 to over 4.03% in March 2022.

Conclusion

Baheti Recycling Industries seems to be a properly-established aluminium recycling agency with a diverse patron base and a giant market presence in India and across the world. The company's monetary performance has shown high quality developments, which include a boom in RoE, RoCE, and RoA. The organisation's undervalued P/E ratio shows ability funding possibilities for buyers.

II. Prevest Denpro Limited

Overview:

Prevest DenPro Limited is today one of the world's leading dental materials manufacturers. It is the top producer of professional dental products in India, using cutting-edge technology in a modern production facility that has earned numerous international quality certifications. With a 21-year history of medical advancements the company is committed to the dental community, and caring for patients throughout its tenure. The company is based in Jammu and Kashmir and had come up with its IPO on BSE SME platform in the month of September 2021 with an Issue Price of Rs. 84 per equity share. With its stock currently selling at Rs. 222.45 a share, the company has given its IPO investors a return on their investment of more than 160 percent.

With a consumer base in Europe, North America, South America, Africa, and Asia, the company with its headquarters in Jammu has more than 90 international dealers distributed across practically all continents. The business also received USFDA certification for its five products, and it is prepared to join the US and Canadian markets in the fiscal year 2021–2022.

Prevest DenPro's competitive advantages include a sizable sales and distribution network, an extensive product portfolio of more than 100 dental products, knowledgeable management with experience in the field, a history of strong financial performance, and partnerships with reputable dental universities and institutions for technical training and research.

IPO Details

IPO Date	Sep 15, 2021 to Sep 17, 2021
Listing Date	Sep 27, 2021
Face Value	₹10 per share
Price	₹82 to ₹84 per share
Lot Size	1600 Shares
Total Issue Size	2,265,600 shares (aggregating up to ₹26.61 Cr)
Fresh Issue	3,168,000 shares (aggregating up to ₹26.61 Cr)
Issue Type	Book Built Issue IPO
Listing At	BSE SME
Market Maker portion	160,000 shares

IPO SUBSCRIPTION DETAILLS

The Prevest Denpro IPO is subscribed 38.12 times on Sep 17, 2021 6:52:00 AM. The public issue subscribed 32.87 times in the retail category, 5.78 times in the QIB category, and 78.98 times in the NII category

Financial Review Prevest Denpro Limited

- **Market Capitalization** - The company has a market capital of 621 crores.
- **Promoter holdings** - Promoters holding remains unchanged at 73.60 % in March 2022 quarter.
- **EPS**- The Earning per share as of March TTM 2023 is 13.09
- **P/E ratio** - P/E ratio of 39 and the industry P/E ratio is 61, it suggests that the company is trading at a relatively lower valuation compared to its industry peers.
- **ROE**- Comparing the ROE of 29 % in 2023 to the ROE of 38 % in 2021, it seems that the company's go back on fairness has reduced over the years
- **ROCE**- Comparing the ROCE of 39 % in 2023 to the ROCE of 47 % in 2021, it seems that the corporation's return on capital employed has reduced through the years. The decrease in ROCE may additionally suggest that the corporation's profitability or efficiency in utilizing its capital has decreased compared to the preceding 12 months.

- **Debt/Equity** – 0.02 Company is almost debt free

Conclusion

Prevest sells its product in more than 75 nations. Sales from India only account for 1/3 of their overall sales. They have received USFDA approval and are generating a lot of buzz worldwide. As a company they are prepared to produce even more items for oral hygiene, biomaterials, in the future. Overall, the scope for the company's expansion is huge. Prevest DenPro hopes to grow to be a Rs 1000 crore company and has aspirations to move to the main BSE platform over the next two years.

4. DETAILS OF WORK DONE

- A. My internship at HEM Securities as a SME IPO intern was focused on Business Development. It involved actively seeking opportunities, fostering client relationships, and contributing to the growth and success of HEM Securities in the SME IPO market.
- B. Our task was to carry out thorough market research aimed at identifying SMEs that could greatly benefit from going public through an IPO. This research involved meticulously analysing industry trends, carefully identifying target sectors, and diligently evaluating the growth potential of various companies. To achieve this, we gathered a comprehensive range of financial information, including indicators such as PAT, net worth, revenue, & debt and the contact details of the promoters of these potential SMEs, through MCA portal, LinkedIn, directories, historical data from HEM, the use of specialized software like VCC Edge (a software subscribed by HEM), and websites such as Zauba Corp, EasyLeadz, Apollo. In addition to SME data, we also collected relevant information about CAs who undertake investment banking activities on behalf of their clients, ensuring a comprehensive understanding of the ecosystem surrounding IPOs and SMEs.
- C. In addition, we were instructed to engage with promoters of eligible unlisted SMEs. One of our key tasks was to effectively communicate the benefits of SME IPOs to these promoters. We proactively reached out to them, showcasing the advantages of going public through an IPO and addressing any concerns or queries they had. By providing thorough information, we sought to help promoters understand the potential value and opportunities that SME IPOs could bring to their businesses.
- D. We also connected with CAs from different cities who provided investment banking services. We contacted these CAs and struck up conversations to find out whether they had any clients interested in going public on the SME Exchange.
- E. Furthermore, as part of our internship at HEM Securities, we were assigned to prepare the issue structure for SMEs (clients) interested in listing their companies through SME IPO. HEM Securities had developed an IPO Model in Excel. To utilize the model, we were required to input the financial data of the client's company for the past two years, as well as a projected profit after tax (PAT) for the upcoming year. Based on this input, the

IPO Model would generate a valuation for the company. This valuation served as a crucial component in determining the pricing and allocation of shares during the SME IPO process.

F. Our task involved accurately inputting the financial data, ensuring the projections were realistic, and leveraging the IPO Model to derive the valuation that would inform the overall issue structure of the client's SME IPO.

IPO Issue Structure for SMEs who are interested in IPO

[illegible]

F. After preparing issue structure of the client's company, we had to prepare a financial presentation that effectively showcased the company's financial status and prospects. This capital structure is generated by the issue structure. By including the capital structure in the financial presentation, we provided valuable insight into how the company's funding was structured and the implications it had on its valuation.

In our presentation, we have included five listed peers of the company to provide the client with valuable insights into the growth trends of similar companies after their listing. By showing the performance of these peers, we aim to provide a comparative analysis that helps the client understand the potential outcomes and opportunities for their own business. This information played a significant role in determining the listing price and offering a clear understanding to potential investors regarding the financial framework of the company.

Income Statement and Balance-sheet format which we follow at Hem Securities Ltd

Particulars	FY 23	FY 22	Particulars	FY 23	FY 22
Revenue from Operations			Sources of Funds		
Other Income			Share Capital		
Total Income			Reserves & Surplus		
Total Expenses			Total Net-Worth		
EBITDA			Long Term Borrowings		
EBITDA %			Long Term Provisions		
Finance Cost			Other Long Term Liabilities		
Depreciation			Short Term Borrowing		
Extra Ordinary Items			Trade Payables		
PBT			Other Current Liabilities		
PAT			Other Current Financial Liabilities		
PAT %			Short Term Provisions		
			Total		
Particulars	FY 23	FY 22	Application of Funds		
Profitability (%)			Fixed Assets - Tangible		
PAT Margin			Fixed Assets - Intangible		
RONW			Capital WIP		
Leverage			Non Current Investment		
Debt/ Equity			Deferred Tax Asset		
			Long Term Loans & Advances		
			Other Non Current Financial Assets		
			Other Non Current Assets		
			Current Assets		
			Total		

Capital Structure of the SME company for presentation purpose to the client

PARTICULARS			
Share Capital (Rs.)			
Existing Share Capital (No. of Shares)			
Reserves & Surplus (in Rs)			
Networth (in Rs)			
Share Capital (No. of Shares) (FY23)			
Issue of Bonus Shares (6:1)			
Total No. of Shares (Post Bonus)			
Proposed Fresh Issue of Shares in IPO (in No.)			
Total No. of Shares (Post IPO)			
Dilution / Public Issue (%)			
Promoters Holding Post Public Issue (%)			
PAT (Rs.) (FY 2024)			
EPS (Post Issue) (in Rs)			
Tentative Issue Price (in Rs)			
P/E Ratio based on Post Issue EPS			
Issue Size (Rs in Cr.)			
Post Issue Valuation of Company (in Cr.)			

4.1.EVENT - SME IPO CONCLAVE

HEM Securities Limited, as part of its promotional efforts, organizes events focused on SME IPOs in various cities across India. These events, known as SME IPO Conclaves, serve as platforms for raising awareness and promoting the benefits of SME IPOs to potential unlisted SMEs.

During my internship, I had the opportunity to be a part of two of these notable events: SME IPO Conclave - Indore and SME IPO Conclave - Ahmedabad.

Flow of work that take place pre and post event:

1. Data mining is being carried out in order to find companies that are suitable for study
2. Obtaining relevant data from a variety of sources
3. Conducting in-depth research on the chosen organisations
4. Engaging in phone talks with promoters and Chartered Accountants (CAs) to acquire thorough information about the company, as well as sending out invitations to the event via email
5. Following up with potential clients and asking feedback after the event
6. Making appointments with prospective clients to further discuss their interests and needs
7. Financial documents, company profiles, and estimates for the next three years are being requested from the companies
8. Analysing the company's finances, particularly the balance sheet and profit and loss statement
9. Creating a firm issue structure based on essential metrics such as profit after tax, revenue, paid-up capital, debt equity and net worth
10. Creating thorough client presentations that include the company's profile, promoter information, financial analysis, issue structure, capital structure, and comparisons with competitor companies.
11. Organising Zoom sessions with interested customers to present the issue structure and IPO details
12. Making follow-up calls and sending emails to clients to keep them updated and in touch

LEARNINGS

During my internship at HEM Securities, I learned a lot about many aspects of the SME IPO.

One of the most important lessons was the ability to analyse and evaluate company financial information.

This capacity was critical in assessing the financial health and performance of SMEs in order to determine their suitability for an IPO. Understanding financial parameters like PAT, net worth, revenue, and debt allowed me to assess the development potential and financial stability of SMEs, which informed my choice to suggest them for an IPO.

I learned to identify specific sectors and businesses with development potential and favourable market conditions for SME IPOs through intensive market research and analysis.

Throughout the internship, effective collaboration among team members was critical. We shared thoughts, brainstormed tactics, and mutually contributed to business progress while working together. Collaboration allowed us to gain new perspectives and talents while assuring rigorous analysis and decision-making when identifying viable SMEs for IPO.

Exploring other websites and databases was an important aspect of the internship. Platforms such as Zaubacorp, MCA portal, EasyLeadz and VCC Edge supplied valuable financial and contact information for potential SMEs and CAs participating in investment banking. Navigating these platforms enabled me to collect critical data and insights for analysis and decision-making.

Another key skill I gained throughout the internship was IPO modelling. I learnt how to input financial data, including past performance, into HEM Securities' IPO Model in Excel.

This internship required a high level of attention to detail. Accuracy and precision were critical in guaranteeing data integrity, from analysing financial statements to generating power-point presentations.

Throughout the internship, paying great attention to details aided in maintaining the quality of analysis, presentations, and suggestions.

My internship was heavily reliant on interaction. Engaging with existing and prospective SMEs taught me how to understand their needs, handle their problems, and create personalised solutions for SME IPOs. Effective communication and trust-building were critical in sustaining excellent client relationships, which ultimately contributed to HEM Securities' success in the SME IPO market.

Interacting with people like promoters, CAs, and other respectable members was really beneficial to the development of my communication skills during the internship. Furthermore, engaging with other credible members of the sector boosted not just my networking skills but also my interpersonal communication abilities, allowing me to actively listen, ask pertinent questions, and engage in meaningful conversations.

CONCLUSION

My internship with HEM Securities proved to be a priceless chance to hone the essential skills required in the financial business. I was given the opportunity to hone and improve my research and analytical abilities, allowing me to analyse industry trends, evaluate financial accounts, and find prospective prospects. As I gained real experience assessing and analysing financial accounts, understanding them became second nature to me.

Furthermore, the internship gave abundant opportunity for me to improve my communication skills and create a professional network. Engaging with clients, promoters, CAs, and other industry professionals enabled me to efficiently communicate information, respond to enquiries, and develop important connections. This experience taught me the value of networking and establishing contacts in the financial business.

Lastly, the internship fostered my personal growth by offering hands-on experience in a practical work environment. Contributing to the firm's growth and witnessing the impact of my efforts further boosted my enthusiasm and gratitude for the opportunity.

My internship at HEM Securities provided an enriching experience that not only expanded my theoretical knowledge but also enhanced my practical skills, leaving me grateful for the knowledge gained.

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