SME should be able to articulate an effective equity story backed up by a strong track record of growth which sets you apart from your competitors while maximizing value for owners.

7. SME corporate image creation, better visibility and strong Brand Building:

Going for a public issue is most likely to enhance the company's visibility. Greater public awareness gained through media coverage, and research coverage by sector investment analysts provide the SMEs with greater visibility and help brand building which otherwise may remain a dream especially for SMEs.

8. SME listing on stock exchange can facilitate growth through strategic investments and SME Mergers and Acquisitions:

The SME companies in their effort to have forward or backward integration for growth and expansion may take a strategic stake in other SMEs. Domestic & International investors repose faith in listed SMEs. Listed SMEs are likely to get strategic investments from both, domestic and international investors as well as from private equity and strategic investors.Instead of a direct cash offering, using shares for an acquisition can be a tax- efficient and cost- effective vehicle to finance such a transaction.

9. Incentive mechanism for employees :

ESOPs and any other share-based compensation plan of listed company have an immediate and tangible value to employees. This, in turn, serves as a talent retention tool.This can serve to ensure stronger employee commitment to the company's performance and success

10. Strong Corporate Governance & Financial Controls:

Though the requirements for a company listed on SME Exchange are not as stringent as that for Main Board listed companies, nevertheless SME listing ensures that the company has drawn up the internal control systems and set up minimum required framework of corporate governance. This, in turn, lends sustainability to the business.

Conclusion:

The SME listing window of opportunity is now open for SMEs. Advance preparation & planning are critical. Lack of preparation and proper planning can jeopardize an SME IPO.SME Listing and brining IPO is a long process and involves enormous amount of work and planning like building an equity story, strong financial results, timely and accurate financial and accounting information, strong internal controls, qualified management team, corporate governance and investor's relations. If you want your SME to transform to a public listed company, start getting ready by taking following steps. Here is what companies with highly successful IPOs do.

Start preparing as soon as possible:

- Begin the preparation of listing process early enough so that your pre listed company acts and operate like a public company at least a year before the IPO.

Though the requirements for a company listed on SME Exchange are not as stringent as that for Main Board listed companies, nevertheless SME listing ensures that the company has drawn up the internal control systems and set up minimum required framework of corporate governance.

- Commit substantial resources to the IPO process and build the quality management team, robust financial and business infrastructure, corporate governance &investor's relation strategy that will attract the right investors.
- Don't underestimate the amount of time the IPO journey will take or the level of accountability and corporate governance required by a public limited company.

SMEs should start preparing to outperform competitors on key benchmarks:

- Investors base an average of 70% of their IPO investment decisions on the financial performance of the company especially debt to equity ratio, EPS growth, sales growth, ROE, profitability and EBITDA growth.
- Investors base an average of 30% of their IPO investment decisions on the non-financial factors especially quality of management, corporate strategy and execution, brand strength and corporate governance.
- SME should be able to articulate an effective equity story backed up by a strong track record of growth which sets you apart from your competitors while maximizing value for owners.

Evaluate Capital raising options:

- Consider a multi-track approach and the expanding number of capital raising strategies including a strategic sale to a trade or financial buyer, joint venture, private placement and compare all the options to arrive at the best decisions to maximize the value and wealth.

Address investors current concerns:

Recognize the need for enhanced corporate governance especially recruiting qualified team members, improved internal controls and systems and forming a qualified audit committee.

Fine tune your internal business operations-especially working capital management, regulatory risk and rationalizing the business and financial structure.

Ensure timely and accurate financial information is available. Appropriate systems and controls are in place with all the financial and management information readily available on monthly and quarterly basis.

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