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Panel Discussion



- **Mr. SENTHIL CHENGALVARAYAN – Editor-In-Chief, Integrated Business Newsroom, Network 18 (Moderator)**
- Today what is the right time to go for funding, As the Head of National Stock Exchange you said that companies should go public only when they are ready for it ?
- **Ms. CHITRA RAMKRISHNA – MD & CEO, NSE**
- I can see that in the last two years when we have engaged with about thousands of them, I think the starting point is the awareness of the options of financing is very limited. Second, they do not have a good way to analyse the cost benefit of raising outside sources of capital. Only when there is a strong trigger for growth and expansion, Balance Sheet expansion do they even think about outside sources of capital. So right time, obviously when there is a crying need for them to expand from where they are or to reassess the kind of funding that they are already doing for their businesses, this seems to be the point in time when they are taking that decision.

- **Mr. SENTHIL CHENGALVARAYAN – Editor-In-Chief, Integrated Business Newsroom, Network 18 (Moderator)**
- Lot of companies are raising billions and billions of dollars, will not be able to list on the stock market purely because they don't have a profit track record but yet they go on to create great wealth but an ordinary investor will not be able to take the chance. It's like saving him from some kind of risk but aren't we protecting him too much?
- **Ms. CHITRA RAMKRISHNA – MD & CEO, NSE**
- I want to respond to some of the insight that came in the earlier comments. When we talk about funding for start-up businesses, there is a whole spectrum that we are dealing with. On one end, we talk about start-ups, new age businesses very well and today a lot of new felicitation that you see in the market, whether it is the institution of black fog or whether it is the start-up guideline that SEBI is coming out with, addresses this at the end of this spectrum or attempts to address this at the end of this spectrum and then there is a huge mass at the other end of the spectrum which is small ticket sizes. The amount of capital requirement with this mass is humongous and which is what one typifies it as a SME. We can really have one solution which deals with all of this. I think the level of awareness of high end spectrum which is start up, new generation businesses which have no profit track record etc are getting discussed debated and I think the framework will evolve for this. But if you look at the bottom end of the spectrum, the insight is that; for them to come and raise capital, whether from market or any other source of finance is several steps away today. And here, either it is because of the ticket size and it wont be worth, even if you call them angel or smaller version of institution investor. They don't look at these businesses, so what we can do as an investor to channelize some amount of capital formation here as well and here necessarily infrastructure like Exchanges can definitely do some work. For example, in the last two years we assist in preparing these companies for capital raising. They may raise today, they may raise after two years, they may raise in equity, they may raise debt or they may do private placement. But these are basic standards of preparedness that they all need to have.
- **Mr. SENTHIL CHENGALVARAYAN – Editor-In-Chief, Integrated Business Newsroom, Network 18 (Moderator)**
- How many companies you have worked with?
- **Ms. CHITRA RAMKRISHNA – MD & CEO, NSE**
- Actually 100 of them and it's not with the view that in the next six months their RHP with file. It may not even be appropriate for them to file. But that level preparedness

that they need, which is just around, for example, financial statement which is about third party looking at the statement and you can call it voluntary grading or third party due diligence. I think there is a lot of ground to be covered in terms of preparatory work that can be done.

- **Mr. SENTHIL CHENGALVARAYAN – Editor-In-Chief, Integrated Business Newsroom, Network 18 (Moderator)**

- Are you finding these companies or these companies finds you

- **Ms. CHITRA RAMKRISHNA – MD & CEO, NSE**

- We are finding these companies. That's where the education and awareness comes into play, which is what is possible. Actually there is no channel for them to reach out and to even understand the possibility. This is a little bit of some of them seeking but a lot of work for many of us in this room to go out and reach. We find that when some of these works is done then the investor is also willing to look at smaller ticket sizes. So there a voluntary grading is done then some one is willing to look at 10 million, other wise 10 million in not in the list. All I want to say is that generically addressing funding for this entire community probably will not even give the right answers.

- **END.**