

SME Roundup

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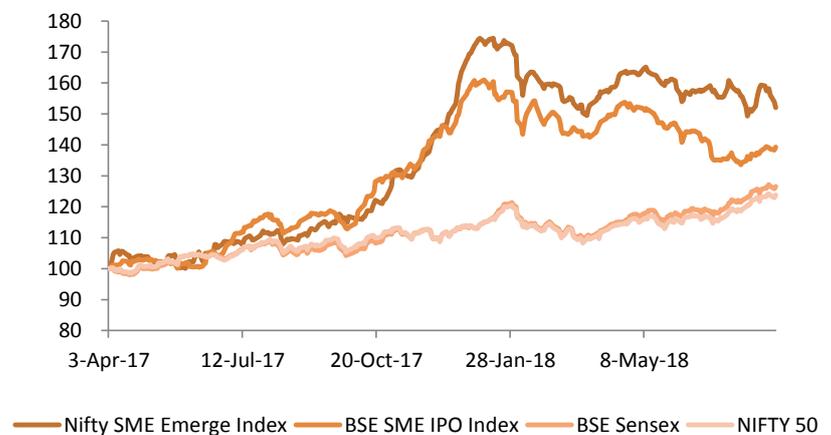
Highlights

- Over the last fortnight, the NSE SME Emerge index fell marginally, while the BSE SME IPO index tracked the broad market indices and rose higher. The divergence can broadly be explained by the sectoral weights of companies in the indices and quantum of trading.
- The MSME ministry has launched the Rs. 550 crore Mission Solar Charkha to generate rural employment.
- Fintech companies are raising funds for onward deployment to the SME sector.

1. Capital Market Movement

Index Movement

SME Index Movement



Source: NSE, BSE

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Index	31/07/18	14/08/18	% change
Nifty SME Emerge	1,660.62	1,631.83	-1.7%
BSE SME IPO	1,789.72	1,813.31	1.3%
BSE Sensex	37,606.58	37,852.00	0.7%
Nifty 50	11,356.50	11,435.10	0.7%

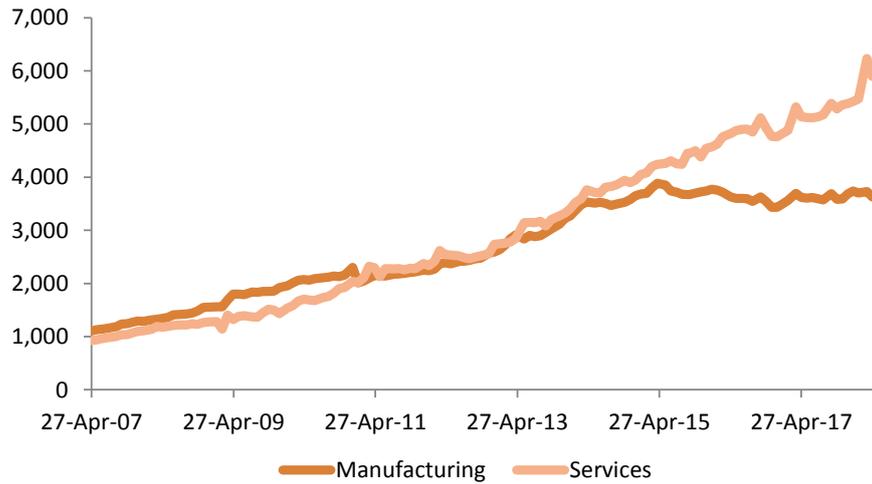
Source: NSE Emerge, BSE SME Platform

Upcoming IPOs

No	Company Name	Start Date	End Date	Issue Size	Issue Price	Lot Size	Platform
1	Powerful Technologies Limited	9-Aug-18	17-Aug-18	13.55	51	2000	NSE Emerge

2. Sectoral Deployment of Credit

Priority Sector Bank Credit to the SME Sector (in Rs. bn)



Source: RBI

Sector	Outstanding as on (Rs bn)			% Change	
	23-Jun-17	May. 25, 2018	22-Jun-18	FY19 till date	Y-o-Y 2018
Micro & Small Enterprises	8,733	9,503	9,572	-3.9	9.6
Manufacturing	3,616	3,613	3,641	-2.4	0.7
Services	5,117	5,890	5,930	-4.9	15.9

Source: RBI

3. Key Developments

[Solar Charkhas to Generate Direct Employment to One Lakh Persons](#)

The Ministry of Micro, Small and Medium Enterprises has launched the Rs. 550 crore Mission Solar Charkha to implement 50 Solar Charkha Clusters across the country in the next two years. The scheme is expected to generate direct employment of approximately one lakh persons.

Impact: Measures to increase rural employment would drive incomes, alleviate poverty and reduce stress on urban areas and are therefore welcome. However, these projects should be monitored appropriately to ensure the benefits reach the intended recipients.

[Paisabazaar.com collaborates with NewGrowth for SME Loans](#)

Paisabazaar.com and NeoGrowth have partnered to provide swipe-machine-based or POS-based loans to small and medium scale enterprises. Paisabazaar.com and NeoGrowth have reportedly disbursed POS-based loans worth Rs. 6 crore to merchants from 10 cities in the last few months.

Impact: Innovative financing of SMEs enables them to access credit faster and grow at a rapid pace.

[Digital lending platform for SMEs, Prest Loans, raises Rs 16.5 crore in debt funding from multiple lenders](#)

Prest Loans, a digital lending platform for SMEs, has raised Rs 16.5 crore in debt funding from multiple lenders such as INCRED, MAS Finance and Northern Arc Capital to build up the technology platform and meet the growing demand of credit. Reportedly, the company has disbursed new loans worth Rs 15 crore in the last financial year.

4. Other Updates

Guest Update: MSME of Gujarat a Big Step to become Public



Mr P.K.Jha
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The development of small and medium enterprises in the state has taken place in the form of different industrial clusters. At present, there are in all 83 identified industrial product clusters for different industry groups across the state. Gujarat has well-developed eco-system with diverse industrial sectors. Gujarat has garnered second highest share in India, in receiving Entrepreneur Memorandums (IEM) in the MSME sector. The MSMEs of Gujarat have grown up by 193% as per UAM.

Considered to be the backbone of economy, SMEs have always complained of constraints in obtaining finances. With relaxed compliance norms and cheaper cost structure, SME exchanges offer growth capital platform to progressive firms to meet their funding requirements. There was a hunger for funds in SMEs. With these platforms, increased numbers of SMEs are tapping the primary market to raise funds. There is greater awareness about the listings in the state hence more and more companies are coming forward to get themselves listed the SME exchanges.

Gujarat-based Small and Medium Enterprises (SMEs) are increasingly banking on primary market to raise funds by listing their shares on SME exchanges. The state has not only witnessed the highest number of listings but also remained ahead of other states in terms of capital raised by local small companies. Stock Exchange (BSE) and the National Stock Exchange (NSE) in 2016, 25 were from Gujarat followed by Maharashtra (11), Rajasthan (7) and West Bengal (4). Gujarat-based small and medium enterprises (SMEs) seem to be cashing in on investors' growing interest and confidence in initial public offerings (IPOs) by smaller enterprises. The state has churned out two biggest SME IPOs of over Rs. 50 crore.

State governments have lent support to SME platforms. The small and medium enterprises (SMEs) platforms started in early 2012 by the two national bourses, BSE and NSE, to enable smaller companies to list and raise money, have found support from state governments. The Gujarat and Rajasthan governments have already announced subsidies to pay for the expenses of SMEs going public through initial public offerings (IPOs) of equity. The Gujarat government is now reimbursing 10 per cent of the IPO expenses of SMEs in the state, subject to a maximum of Rs 5 lakh each. Rajasthan has announced a similar policy, to reimburse up to Rs 2.5 lakh towards IPO expenses for SMEs there.

In terms of the number of units, it is estimated that 18.7% more have been added to the MSME sector between 2014-15 and 2015-16. The number of employees in them too has shot up from 81 million to 117 million between 2006-07 to 2015-16. But as unregistered micro units are roughly 13 times the number of registered ones, the average employment per enterprise is just about three persons, maybe lower.

Units that begin their lives in the Micro, Small and Medium Enterprise (MSME) sector should grow up and leave the nursery one day. If they forever remain small that would defeat the purpose of supporting them in the first place.

(Views expressed are personal, edited for clarity)

CARE Ratings’ presence in SME related activities



Mr. Munish Dhawan, Ashwani Panchal and Sahil conducted a session on CARE MSME Offerings and Rating Methodology at the Circle Office Karnal of Canara Bank on August 13, 2018.

Mr. Shriganesh Pardhi was a speaker during the CII SME Finance Facilitation Centre Roadshow at Raipur on Friday, 10 August 2018 at Hotel Babylon International, Raipur



Mr. S. Saravanan participated with NSIC to create an awareness about CARE rating products at the Print & Pack Fair 2018 conducted by Madurai District Tiny and Small Scale Industries Association (MADITSSIA).