

SME Roundup

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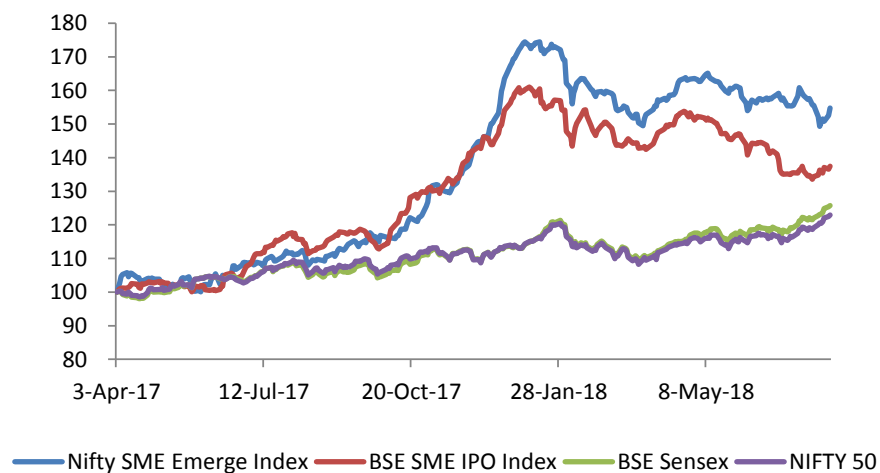
Highlights

- 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 activity.
- SME IPOs have raised significantly more money in 1H CY18 as compared to 1H CY17.
- Government is planning to increase support as well as funding to the SME sector, even as banks are stating that stress in the sector has increased.

1. Capital Market Movement

Index Movement

SME Index Movement



Source: NSE, BSE

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Index	13/07/18	31/07/18	% change
Nifty SME Emerge	1,700.79	1,660.62	-2.4
BSE SME IPO	1,770.90	1,789.72	1.1
BSE Sensex	36,541.63	37,606.58	2.9
Nifty 50	11,018.90	11,356.50	3.1

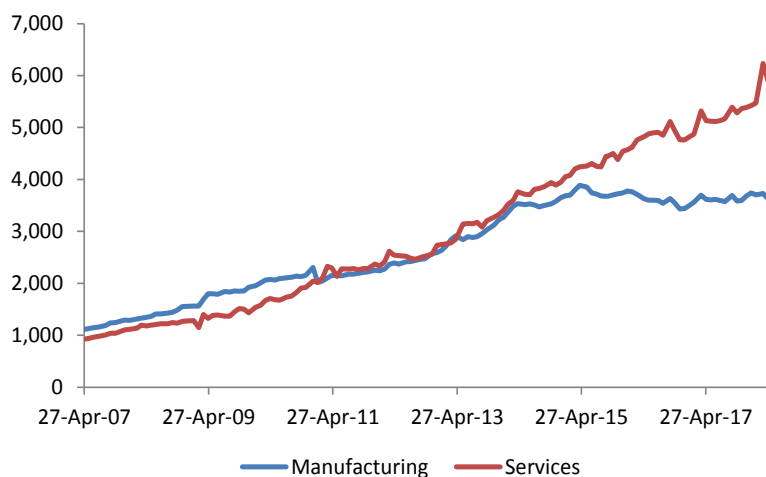
Source: NSE Emerge, BSE SME Platform

Upcoming IPOs

No	Company Name	Start Date	End Date	Issue Size	Issue Price	Lot Size	Platform
1	Saketh Exim Limited	1-Aug-18	3-Aug-18	9.44	69	2000	NSE Emerge
2	Salebhai Internet Ltd	27-Jul-18	2-Aug-18	23.73	105	1200	BSE SME

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	
	26-May-17	27-Apr-18	May. 25, 2018	FY19 till date	Y-o-Y 2018
Micro & Small Enterprises	8,728	9,526	9,503	-4.6	8.9
Manufacturing	3,605	3,629	3,613	-3.1	0.2
Services	5,123	5,897	5,890	-5.5	15.0

Source: RBI

3. Key Developments

[Registered MSMES Cross 48 Lakh](#)

The Ministry of Micro, Small and Medium Enterprises has stated that the number of SMEs registered on Udyog Aadhaar Memorandum (UAM) Portal from its launch in September, 2015 to 12th July, 2018 reached approximately 48.40 lakh. The highest number of 7,70,871 MSMES registered were from Bihar followed by Uttar Pradesh (5,96,036), Delhi (5,88,483), Maharashtra (5,70,101) and Gujarat (4,86,080).

[SME IPOs garner Rs 1,546 cr in H1 2018](#)

88 companies raised Rs 1,546 crore via IPOs during the January-June 2018 compared with 50 firms which raised Rs 660 crore in the same period of the previous year. According to the prospectuses, funds were

raised for business expansion plans, working capital requirements and other general corporate purposes.

Impact: The increasing number of SMEs accessing the capital market indicates the maturity and increasing depth of the SME IPO market. All activities that deepen the access to growth capital for SMEs are welcome.

NBFCs eye stressed SMEs for lending opportunities

NBFCs in India have started to explore funding opportunities for distressed small and medium enterprises (SMEs). Some of these NBFCs are planning to work with the promoters and finance one-time settlements; others are planning to fund the promoter at the bidding stage as SME promoters can participate in the auctions as resolution applicants.

Impact: Any funding which enables existing SMEs to operate faster and come out of distress in a better shape is welcome. However, credit and business risk of such companies would need to be assessed appropriately to ensure that a similar problem does not occur again in the future.

SME lending start-up OfBusiness raises Rs 200 crore

OfBusiness, a venture that finances small and medium enterprises (SMEs), has raised Rs 200 crore from US-based Creation Investments, Falcon Edge, Matrix Partners and Zodius Capital in its series-C funding round. OfBusiness facilitates purchase finance for SMEs, aligned to the cash flow cycles for traditional sectors such as manufacturing and infrastructure. According to OfBusiness, it has registered Rs 100 crore of monthly disbursements across 2,500 customers in sectors such as metals, plastics, and paper.

Impact: Access to formal credit is always a challenge for the SME segment. Any measures, whether public or private, that improves availability of finance to SMEs is welcome as it would enable SMEs to access capital for faster growth.

SME Loans Come Home to Roost for Kotak Mahindra Bank; Net Inches Up 17%

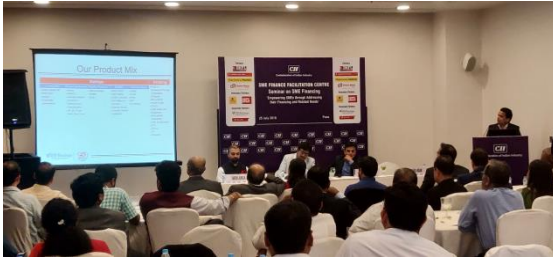
The SME book of Kotak Mahindra Bank stood at Rs 18,000 crore or 10% of the overall book and NPAs from this segment has increased to 5% compared with an overall ratio of 2.17%. Consequently the lender has slowed down on extending SME loans. According to the bank, the SMEs are facing margin pressure as the economy formalises which increases propensity of defaults. Also NPAs are likely to increase further in the segment.

Centre planning to provide Rs 800 cr funds for MSMEs in Kerala: MSME Development Centre Director

According to MSME Development Centre Thrissur, the Central government plans to provide the Kerala MSME sector with more than Rs 800 crore for capacity building and technological upgradation. Further the State government issued a scheme to provide necessary clearance to entrepreneurs to start their business within 30 days of submitting applications online.

Impact: Access to formal credit is always a challenge for the SME segment and increasing capital availability is important. However, speed of implementation of access and favourable market access remain the key risk issues.

CARE Ratings’ presence in SME related activities



Mr. Rahul Nigam, Senior Manager, presented on “SME Initiatives, products and schemes of Care Ratings Ltd” on 25 July 2018 at CII SME Finance Facilitation Centre Pune.

Ms. Jhumur Roy Chowdhury, Senior Manager and Mr. Dipam Basak presented at Canara Bank’s Kolkata RO II review meet on 27 July 2018 about various SME rating products, credit rating aspects and benefits.



Mr. Aakash Jain, Associate Director, chaired the session on MSME policies, financing & bottlenecks at the MSME Financing event organised by the FICCI Kerala Chapter at Kochi on 27 July 2018.

Mr. Aakash Jain, Associate Director, participated as a panellist at a CII Investors meet for MSMEs in Vizag.



Mr. Avinava Adhikary, Associate Director, presented on Credit Rating Process & Methodology, documentation required and its benefits at CANARA Bank Regional Office, Kolkata on July 20, 2018.

Mr. Devesh Kemkar, AVP presented about “CARE Ratings: Products, Schemes & SME Initiatives” at CII Seminar on SME Financing, under CII SME Finance Facilitation Centre Roadshow at Bhavnagar, Gujarat on 20 July 2018.



Mr. Gaurav Gupta and Mr. Deepak Kaushal presented on NSIC -CARE credit and performance rating at a Marketing programme on NSIC schemes jointly conducted by NSIC and Mahila Udhayami Sangathan on 13 July 2018.

Ms. Jhumur Roy Chowdhury, Senior Manager and Mr. Debasish Nath presented at Central Bank of India Staff Training College Kolkata on 25 July 2018 about various SME rating products, credit rating aspects and benefits.



Mr. Biswajit Saha, Area Sales Manager gave a presentation at Canara Bank Siliguri Region review meet on 17 July 2018 about various SME rating products, credit rating aspects and benefits.

Ms. Jhumur Roy Chowdhury, Senior Manager and Mr. Raju Dey presented at Canara Bank Durgapur Region review meet on 23 July 2018 about various SME rating products, credit rating aspects and benefits.

