

SME Roundup

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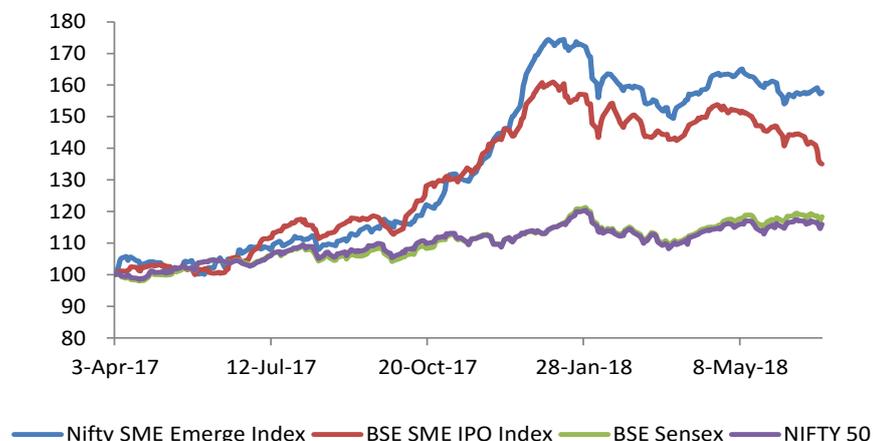
Highlights

- Over the last fortnight, the BSE SME IPO index fell faster than the broad market indices, while the NSE Emerge index remained flat.
- Several companies have either acquired or raised funds for financing the SME segment.
- Government plans to infuse Rs 2000 crore in ECGC for export credit insurance primarily to the SME sector.
- The BSE plans to have approximately 300 firms listed on its SME platform by the end of 2018.

1. Capital Market Movement

Index Movement

SME Index Movement



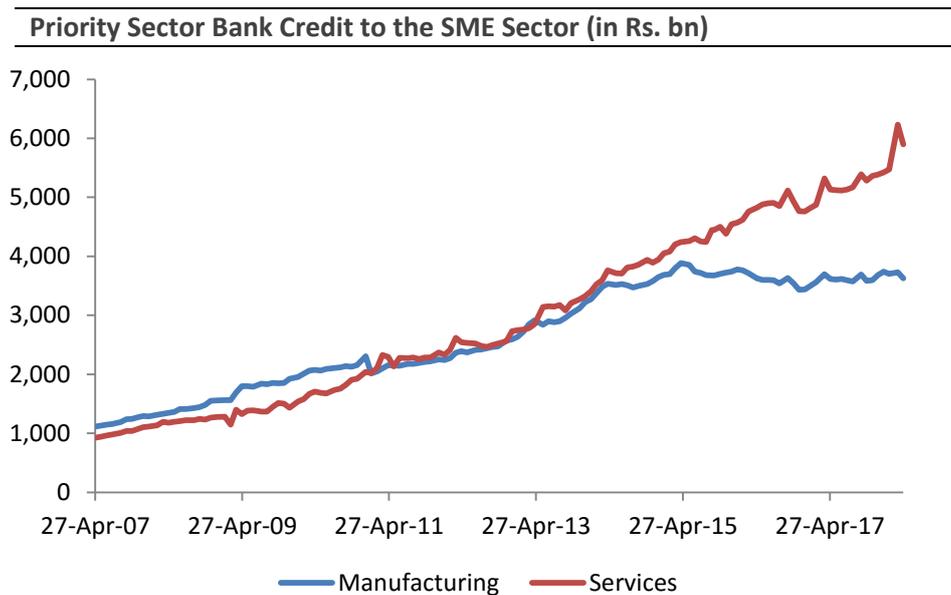
Source: NSE, BSE

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Index	15/06/18	29/06/18	% change
Nifty SME Emerge	1,685.68	1,692.78	0.4
BSE SME IPO	1,879.29	1,758.39	-6.4
BSE Sensex	35,622.14	35,423.48	-0.6
Nifty 50	10,817.70	10,714.30	-1.0

Source: NSE Emerge, BSE SME Platform

2. Sectoral Deployment of Credit



Source: RBI

Sector	Outstanding as on (Rs bn)			% Change	
	Apr. 28, 2017	Mar. 30, 2018	Apr. 27, 2018	FY19 till date	Y-o-Y 2018
Micro & Small Enterprises	8,749	9,964	9,526	-4.4	8.9
Manufacturing	3,618	3,730	3,629	-2.7	0.3
Services	5,131	6,234	5,897	-5.4	14.9

Source: RBI

3. Key Developments

[Cabinet Committee on Economic Affairs approves capital infusion of Rs 2,000 crore to ECGC](#)

The Cabinet Committee on Economic Affairs has approved capital infusion of Rs 2000 crore to Export Credit Guarantee Corporation (ECGC) over the next three years. ECGC offers credit insurance schemes to exporters to protect them against losses due to non-payment of export dues by overseas. The additional funding would enable ECGC to enhance its insurance coverage to SME exports as a significant set of ECGC customers are SMEs.

Impact: Any government decision which facilitates SMEs in accessing larger overseas markets is welcome.

[Morning Glory Capital Advisors closes first tranche of Rs 100crore SME Growth Fund](#)

Morning Glory Capital Advisors plans to focus on SMEs which either plan to list or are listed on the SME stock exchanges. The fund would identify companies with revenues more than Rs 25 crore and invest between Rs 3 crore and Rs 5 crore in each company.

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 lender Drip Capital raises \$ 15 mn via fresh round of equity funding

Drip Capital has announced that it had raised a \$15 mn funding round from Accel, Sequoia India and Wing VC investors. The company provides import/ export focused working capital finance to SMEs.

Impact: SMEs face challenges while accessing finance for cross border trade. Any instrument which eases this funding requirement is welcome.

Recognized NPA exposure for MSME is Rs 81K Cr as on Mar'18

According to a study by CIBIL & SIDBI, the overall recognized Non-Performing Asset (NPA) exposure for SMEs is Rs 81,000 Crores as on March 2018.

BSE SME aims to list 300 firms on its platform by Dec

According to BSE, the BSE SME Platform plans to have at least 300 companies listed on its platform by December 2018. Currently, 254 SMEs are listed on the BSE SME platform and another 20 SMEs have received approvals for listing/ raising funds.

PayMate acquires Z2P to speed up SME lending

PayMate plans to expand its service offerings from automation of payment processing to providing supply chain financing solutions. The acquisition would help in faster processing of the credit application and decision process for SMEs.

Impact: Access to formal credit is a significant growth impediment for the SME segment. Any mechanism which increases capital flows to the SME sector is welcome.

CARE Ratings’ presence in SME related activities



Mr. Saikat Roy, Director and Head, SME spoke on the “Key Issues in MSME Ratings” at a conclave organised by National Institute for Micro, Small and Medium Enterprises, Hyderabad.

Mr. Gaurav Gupta, AVP conducted a session on Credit rating, rating process, methodology and benefits of external credit rating at the Delhi branch of Corporation Bank.



Mr. Manish Kumar (Senior Manager), Ms. Nithya Raman (Analyst) and Mr. Chandragupta Kumar (Deputy Manager – Business Development) conducted a presentation on ‘Credit Risk Assessment’ at Andhra Bank Zonal Office, Hyderabad.

Mr. Gaurav Gupta, AVP and Mr Achin Nirwani (DGM) conducted a presentation on Credit rating, rating process, methodology, cases studies and products at the Delhi branch of Bank of Baroda.

