

SME Roundup

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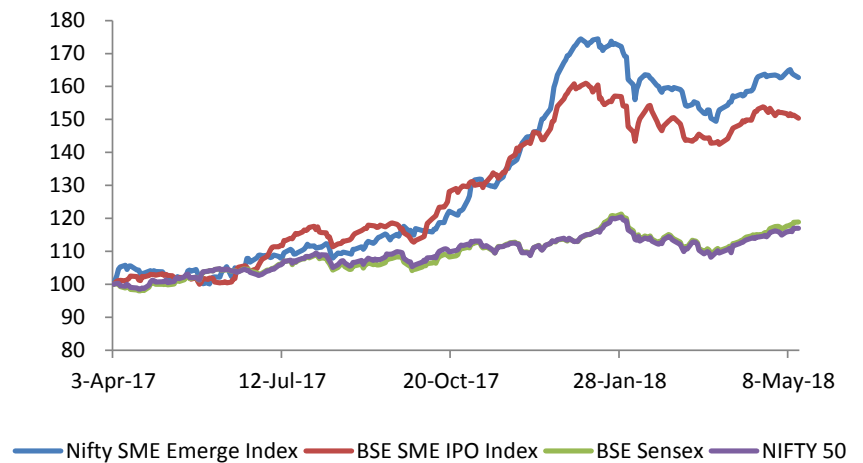
Highlights

- Over the last fortnight, the SME indices have remained broadly flat in line with the broad market indices.
- The government is taking multiple steps to improve the international trade of Indian SMEs.
- The government is further increasing the CGTMSE scheme to increase credit availability.
- [CARE Ratings and CII FFC are holding a webinar on 'Role of Credit Rating in Increasing the Odds for SME Financing' at 1530 on May 18th, 2018](#) (details below)

1. Capital Market Movement

Index Movement

SME Index Movement



Source: NSE, BSE

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Index	30/04/18	14/05/18	% change
Nifty SME Emerge	1,755.01	1,746.80	-0.5
BSE SME IPO	1,968.23	1,957.85	-0.5
BSE Sensex	35,160.36	35,556.71	1.1
Nifty 50	10,739.35	10,806.60	0.6

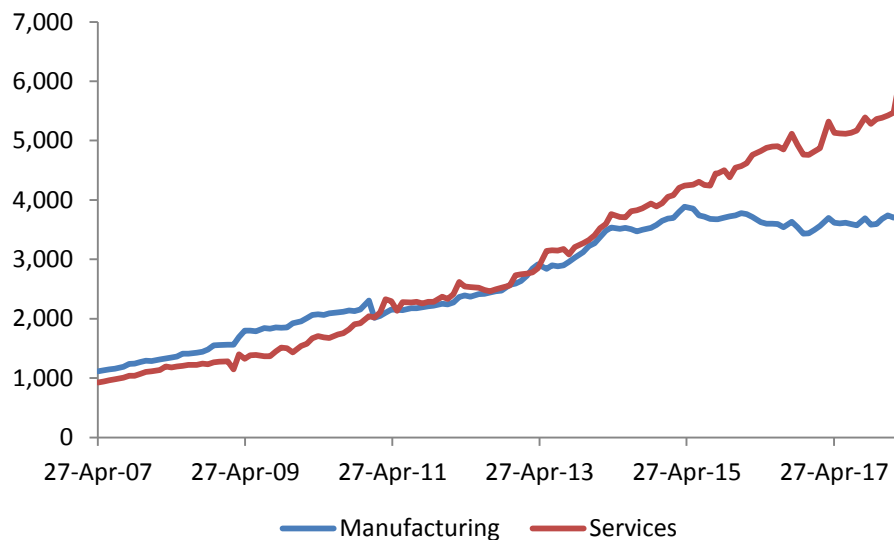
Source: NSE Emerge, BSE SME Platform

Upcoming IPOs

No	Company Name	Start Date	End Date	Issue Size	Issue Price	Lot Size	Platform
1	Sirca Paints India	16-May-18	22-May-18	73.53 - 77.91	151 to 160	800	NSE Emerge
2	Innovators Facade Systems	14-May-18	16-May-18	40.19 - 40.76	71.00-72.00	1600	BSE SME

2. Sectoral Deployment of Credit

Bank Credit to the MSME Sector (in Rs. bn)



Source: RBI

Sector	Outstanding as on (Rs bn)			% Change	
	Mar.18, 2016	Mar.31, 2017	March 30, 2018	Mar.31, 2017 / Mar.18, 2016	Mar.30, 2018 / Mar.31, 2017
Micro & Small Enterprises	8,476	9,020	9,964	6.4	10.5
Manufacturing	3,715	3,697	3,730	-0.5	0.9
Services	4,761	5,322	6,234	11.8	17.1

Source: RBI

3. Key Developments

[India-Zimbabwe inks pact to make SMEs techno-savvy](#)

Zimbabwe and India have signed a Memorandum of Understanding (MoU) to extend the Indo-Zimbabwe project designed to enhance capacity and capability of SME sector. The MoU would promote access to technology among SMEs in the field of Tool and Die, Computer Numerical Control (CNC) and Computer-aided Manufacturing (CAM), plastic products manufacturing, as well as carpentry and metal fabrication.

Impact: Government activities to develop the SME segment and improve market access are a welcome step in the right direction. However, speed of implementation of access and favourable market access remain the key risk issues.

[Customs, postal dept. discuss ways to help exporters, SMEs](#)

Indian Customs and Department of India Posts held a joint conference to deliberate on streamlining of imports and exports by post. One of the major bottlenecks facing India Post is the absence of facilities which can facilitate global trade by SMEs. In order to cater to the SMEs, the Customs department is reportedly proposing new simplified procedures for exports through India Post.

Impact: Any activities undertaken by the Government to improve market access or reduce costs is welcome, however, speed of implantation should also be a key area of focus.

[Govt planning to increase CGTMSE credit guarantee up to Rs 50K cr](#)

MSME secretary Mr A.K. Panda stated at an event recently, that the Union Government planned to more than double the credit guarantee under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme in the current financial year. The amount of guarantee could reportedly reach up to Rs 50,000 crore in FY19.

Impact: Government action to ensure credit availability including trade finance to MSMEs for inclusive growth is laudable; however, timely disbursals remain a concern.

4. Other Updates

Guest Update: BSE SME Platform – Opportunity for Small and Medium Enterprises

Mr. Ajay Thakur
Head-SME,
Bombay Stock Exchange

The Small and Medium Enterprises (SMEs) play a catalytic role in the development process of the economy as they constitute a major part of the industrial activity. This is reflected in the form of their increasing number and rising proportion in the overall product manufacturing, employment, technical innovations and promotion of entrepreneurial skills. The contribution of SMEs in the development of Indian economy has been significant, both in terms of contribution to GDP and creation of employment opportunities. They are the largest generator of employment as SMEs account for 80 million plus jobs. In India, SME sector is the second largest employer, after agriculture. With the Indian economy growing, the need of SMEs to raise capital is becoming increasingly critical.

Today, the equity markets and the capital markets in general, have become more robust. Capital market regulations in India are among the best in the world. As the investor base keeps widening, it becomes inexorable to provide investors with a greater choice set of investments. Thus, the creation and conservation for SMEs becomes inevitable. Therefore a specialized capital market segment was needed to be in place that can provide risk capital for promising entrepreneurs, promoting innovation crucial for sustainable economic growth. With this objective and as per the recommendation of Prime Minister Task Force, SEBI has come out with detail guidelines on SME Exchange through their various notices dated 18th May, 2010, 26th April, 2010 and 17th May, 2010. BSE launched its SME Platform on 13th March, 2012.

Statistics on BSE SME Platform

No. of Companies Listed on SME	245
Total Amount of Money Raised (Rs. Cr.)	2245.73
No. of Companies Migrated to Main Board	47
Mkt Cap of Companies. Listed on SME as on till Date (Rs. Cr.) (including companies migrated to main board)	21,364.12

In order to facilitate the companies in getting listed in a cost effective manner the guidelines have been simplified. The brief guidelines for the same are:

1. Issuer with post issue face value capital up to Rs.10 crores shall be compulsory listed under the SME Platform, Issuer with post issue face value capital between Rs.10 – 25 crores may get listed at SME Platform and Issue with post issue face value capital above Rs.25 crores has to necessarily listed at main board of the Exchanges
2. Net Tangible assets of at least Rs. 3 crore as per the latest audited financial results
3. Net worth (excl. revaluation reserves) of at least Rs. 3 crore as per the latest audited financial results
4. Track record of distributable profits in terms of sec. 205 of Companies Act, 1956 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the net worth shall be at least Rs 5 crores.
5. The post-issue paid up capital of the company shall be at least Rs. 3 crores
6. The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR)
7. There is no winding up petition against the company that has been accepted by a court.
8. The post listing compliance has been also simplified and kept it on half yearly basis.

Benefits of SME Platform:

1. Provides SMEs with equity financing to grow their business – from expansion to acquisition
2. Equity Financing lowers the Debt burden leading to lower financing cost and healthier balance sheet
3. Expands the investors base, which in turn helps in getting secondary equity financing, including private placement
4. Enhances company's visibility. Media coverage provides SME with greater profile and credibility leading to increase in the value of its shares
5. Greater incentive for the employees as they can participate in the ownership of the company and benefit from being its shareholders

In last few years, SME listings have enabled SMEs to unlock value by acting as a catalyst for business growth and visibility.

(Views expressed are personal, Edited for clarity)

CARE Ratings’ presence in SME related activities

Ms. S.Uma, Area Sales Manager, and Anand Kumar N, presented on the importance of credit rating for MSMEs at the CII – MSME (SME finance facilitation Centre) event in Madurai on April 25, 2018 and in Tuoothukudi on April 24, 2018



CARE Ratings along with CII FFC is jointly organising a webinar on ‘Role of Credit Rating in Increasing the Odds for SME Financing’

<https://register.gotowebinar.com/register/4901966274739824131>



Confederation of Indian Industry

Webinar Session

Role of Credit Rating in Increasing the Odds for SME Financing

Friday, May 18th, 2018, 3:30 pm to 5:00 pm IST

With more than 63.4 million operational enterprises and 117 million workers, the micro, small and medium enterprise (MSME) sector contributes a significant 7% to India’s GDP. In spite of its large footprint, the sector gets the short shrift from institutional finance because of the granular information on the enterprises that are hard to come by, low awareness amongst the entrepreneurs and inadequate wherewithal.

Research shows that the main challenge for getting finance is information asymmetry between external creditors and SMEs themselves. This makes SMEs investment more risky and vulnerable for the investors. In this situation, credit rating agencies play an important role by rating the SMEs that reflect their overall creditworthiness.

To enhance the awareness in the light of the above, CII SME Finance Facilitation Centre (CII FFC) is organizing an online session on ‘Role of Credit Rating in Increasing the Odds for SME Financing’, in collaboration with Care Ratings Ltd. This session focuses on the information dissemination on various sources of financing options along with an in depth understanding of the Credit rating as a concept and its benefits for ease of access of finance for SMEs

Objective

The objective of this session would be to understand how credit rating can affect the financial lives of SMEs and their access to finance. Some of the important topics which will be covered in this session are:

- Understanding major conventional and contemporary sources of financing options available to SMEs and recent trends
- Credit Rating Basics-Concept, Process, Key rating drivers and Analytical Framework
- Importance and Benefits of Rating to various stakeholders for finance facilitation

Target Audience

- Business Owners
- Entrepreneurs / CEOs
- Finance Managers
- Accounts Managers
- CFOs

[Click to Register](#)

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