

## SME Roundup

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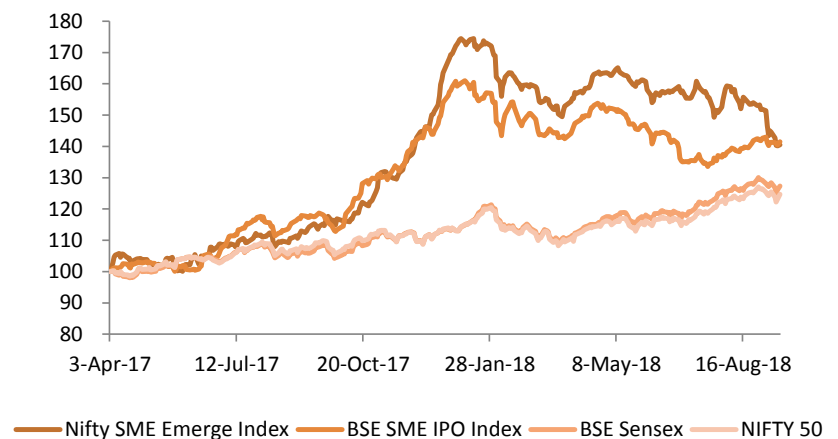
### Highlights

- Over the last fortnight, all the indices fell, although the NSE Emerge index reduced faster than the broad market indices.
- Mr. Raghuram Rajan, the former RBI governor, has highlighted that risks of NPA could increase in the SME lending domain due to relaxed lending standards
- Gujarat is establishing new industrial parks to boost SMEs.
- The SME funding space is witnessing several transactions underlying the increased interest in the space.

### 1. Capital Market Movement

#### Index Movement

##### SME Index Movement



Source: NSE, BSE

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Index	31/08/18	14/09/18	% change
Nifty SME Emerge	1,629.59	1,508.59	-7.4%
BSE SME IPO	1,857.16	1,842.06	-0.8%
BSE Sensex	38,645.07	38,090.64	-1.4%
Nifty 50	11,680.50	11,515.20	-1.4%

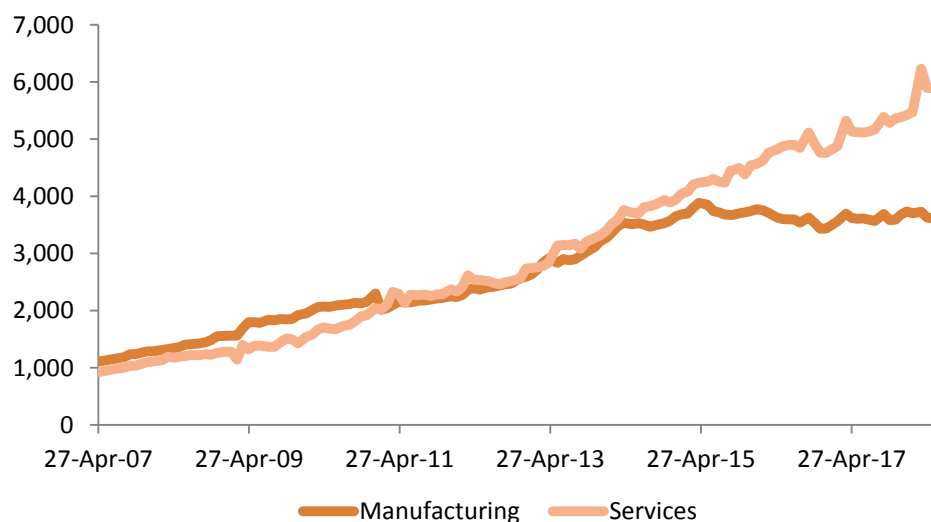
Source: NSE Emerge, BSE SME Platform

## Upcoming IPOs

No	Company Name	Start Date	End Date	Issue Size	Issue Price	Lot Size	Platform
1	Ahlada Engineers Ltd	11-Sep-18	18-Sep-18	50.05	147-150	1000	NSE Emerge
2	AKG Exim Limited	10-Sep-18	14-Sep-18	5.52	31-0	4000	NSE Emerge
3	Ranjeet Mechatronics	12-Sep-18	17-Sep-18	25-0	4.5	6000	BSE SME
4	Spectrum Electrical Industries Limited	17-Sep-18	21-Sep-18	25.87	65	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	
	21-Jul-17	22-Jun-18	20-Jul-18	FY19 till date	Y-o-Y 2018
Micro & Small Enterprises	8,726	9,572	9,717	-2.5	11.4
Manufacturing	3,593	3,641	3,594	-3.6	0.0
Services	5,132	5,930	6,122	-1.8	19.3

Source: RBI

## 3. Key Developments

### [MoMSME to meet industry representatives over 'Promotional Scheme for Service Sector'](#)

The Ministry of Micro, Small and Medium Enterprises (MoMSME) is scheduled to meet with industry representatives on 'Promotional Scheme for Service Sector' on September 24, 2018 at a meeting organized by Office of Development Commissioner, MoMSME, in New Delhi. The DC-MSME has also sought inputs from the stakeholders from various sub-sectors such as Health Services, Education, ITES,

Skill Development and Health/ Medical Tourism. The expected outcome is support to the MSMEs operating in the service sector.

### **Both MUDRA & Kisan Credit Card, while popular, have to be examined more closely for potential credit risk: Raghuram Rajan**

The Reserve Bank of India's (RBI's) former Governor Raghuram Rajan in a letter amongst other observations has indicated that NPAs could increase in MSMEs under the SIDBI-administered Credit Guarantee Scheme for MSME (CGTMSE). He is reported to have stated that credit disbursement targets were sometimes achieved by abandoning appropriate due diligence. According to him, the MUDRA loans and the Kisan Credit Card, have to be examined more closely for potential credit risk.

### **New industrial zones in eight districts of Gujarat will help industrialists set up MSMEs, create employment**

According to Mr. Kaushik Patel, state revenue minister, The Gujarat Industrial Development Corporation (GIDC) plans to set up nine industrial zones over 1,050.3 hectares spanning eight districts. This allocation is expected to enable entrepreneurs to set up enterprises and increase local employment.

### **SME cotton mills in Tamil Nadu go for production cuts**

Tamil Nadu-based SME cotton yarn manufacturers have reportedly reduced production due to a significant increase in the price of cotton. The SME spinning sector generally buys cotton on monthly basis and consequently have to pay a higher price.

### **Satya MicroCapital raises Rs 34 crore from BlueOrchard Finance to offer loans to MSMEs**

Satya MicroCapital has received Rs. 34 crore from Swiss impact investment manager BlueOrchard Finance Ltd. Satya MicroCapital focuses on lending to micro, small and medium enterprises (MSMEs) and has added women entrepreneurs for target-lending. The additional funding would enable the company to expand geographically and expand its loan portfolio.

### **Ambit acquires SME lending arm of Finmax**

Ambit Finvest, part of Ambit Group, has acquired Finmax Credit and Finance, the SME financing NBFC arm of fintech firm Finmax in an all-cash deal. The acquisition would enable Ambit to expand in the SME lending domain utilizing Finmax's technology tools and diversify its asset base

### **ICICI Bank launches OD facility for MSMEs based on GST Returns**

ICICI Bank has launched a new product – GST Business Loan – offering an annual overdraft of up to Rs 1 crore for working capital requirements, based on the goods and services tax (GST) returns. The overdraft amount could range between Rs 10 lakh and Rs 1 crore and would be up to 20% of the turnover reported in the GST return. Additionally, the MSMEs can offer residential, commercial or industrial property as collateral.

**CARE Ratings’ presence in SME related activities**

Mr. Achin Nirwani (Associate Director), Mr. Ashwani Panchal (Territory Sales Manager), Mr. Sahil and Mr. Deepak Kumar conducted a session on understanding the BLR Rating and the Rating Parameters on September 06, 2018 at Bank of Baroda, SME loan factory, Karnal.



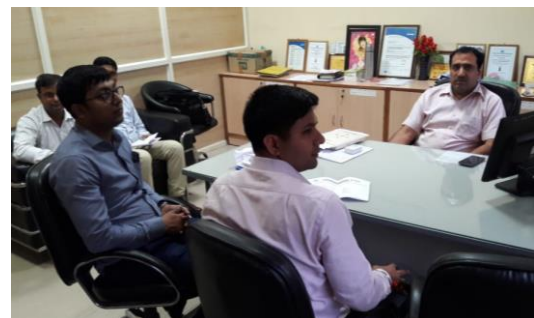
Ms. Ruchi Shroff (Manager) and Mr. Pankaj Ojha conducted a discussion on the Solar industry and the importance of credit ratings on September 11, 2018 at Bank to India, Andheri West branch, Mumbai.

Mr. Aakash Jain (Associate Director), Mr. Manish Kumar (Senior Manager) and Ms. Keerthi Jeedigunta (Analyst) conducted a presentation on Corporate Credit Risk Assessment at Vijaya Bank HO Staff Training Centre.



Ms. Jhumur Roy Chowdhury (Senior Manager) and Mr. Biswajit Saha (Area Sales Manager) presented on different rating products and their benefits on September 07, 2018 at United Bank of India’s Staff Training College Kolkata.

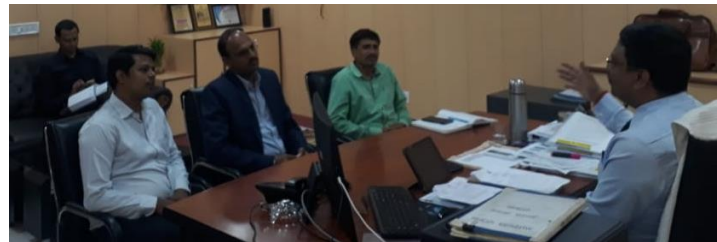
Mr. Gaurav Gupta (AVP), Mr. Deepak Kaushal (Deputy Manager) attended a workshop on September 04, 2018 at NSIC Delhi office where information was exchanged on NSIC schemes & benefit to MSMEs and CARE MSME offerings & rating methodology.





Mr. Ankur Garg conducted a workshop on September 07, 2018 with NSIC at Mohali where information was exchanged on NSIC schemes & benefit to MSMEs and CARE MSME offerings & rating methodology.

Mr. Achin Nirwani (Associate Director), Mr. Santosh Srivastava (Territory Sales Manager) and Mr. Swadesh Nigam (Business Development Officer) conducted a session on understanding the CARE rating methodology, views on industry & global economy and due diligence process on September 12, 2018 with Allahabad Bank, Kanpur.



Mr. Achin Nirwani (Associate Director), Mr. Santosh Srivastava (Territory Sales Manager) and Mr. Swadesh Nigam (Business Development Officer) conducted a session on understanding the CARE rating methodology, process & parameters and views on industry on September 12, 2018 with Bank of Baroda, Kanpur.