

## Weekly Market Update

AUG 2018

### BUSINESS THIS WEEK – SME IPO

- Funds raised through initial public offers (IPOs) were used for business expansion plans, working capital requirements and other general corporate purposes, as per the offer documents. Small and medium enterprises (SMEs) raised Rs 1,546 crore through initial public offerings during the first six months of the year, more than two-fold jump from the same period last year. Funds raised through initial public offers (IPOs) were used for business expansion plans, working capital requirements and other general corporate purposes, as per the offer documents. About 88 companies got listed with initial share sale offers worth Rs 1,546 crore during January-June 2018 compared with 50 firms which tapped the IPO route to garner Rs 660 crore in the same period of the previous year.
- Great Sports Infra, a Hyderabad-based sports infrastructure provider, is coming up with a Rs 30 crore SME-IPO in September. The funds will be utilised for expansion and diversification of products so that sports events can be taken to newer locations, the company Managing Director, Anil Kumar, said. The company, founded in 2004, had logged a turnover of Rs 68 crore in fiscal 2017-18. Of this, 5-10 per cent sales is from foreign contracts.
- Dividend givers seem to be outperforming the others on the SME platform. Notably, of 363 companies listed on SME platforms excluding those migrated on to the Main Board, 47 have paid dividend in FY18. Further, out of a total pool of dividend paying companies, stocks of 68 per cent issuers trade above the IPO price, whereas only 52 per cent of the non-dividend paying companies are trading above IPO price. In comparison with the BSE Small Cap Index companies, out of 855 members, 511 have declared dividends, representing 60 per cent of the total. The overall BSE SME Small Cap Index has clocked 16 percent CAGR returns over a period of last 3 years. This shows that SME companies are catching up with larger board. Companies like Zota Health Care, RKEC Projects and Shrenik paid Rs 5.26 crore, Rs 2.4 crore and Rs 2.04 crore as dividend last year.
- The recent decision by the Securities and Exchange Board of India (SEBI) to reduce the minimum anchor allocation size in initial public offers (IPOs) by small and medium enterprises (SMEs) has come as a shot in the arm for the segment. Data shows that while there has been increasing participation from institutional investors like mutual funds and foreign portfolio investors (FPIs) in the SME IPO segment, only nine among the more than 410 such public issues that have hit the market till date managed to get anchor investors. SEBI, in its board meeting held on June 21, decided that the minimum anchor investor size would be reduced from Rs.10 crore to Rs. 2 crore for SME IPOs.
- WhizKidz Media Pvt Limited, which runs language learning app for pre-school kids OckyPocky, has raised an undisclosed amount in angel investment through ah! Ventures, a startup-focused growth catalyst firm. The startup will deploy the funds to expand its user base to the pre-school market in Tier 2 and 3 centres and to tap non-resident Indian kids via a Hindi learning curriculum. It also plans to scale its operations and strengthen its technology infrastructure, a company statement said.
- Delhi-based Floydwiz Technologies Pvt. Ltd, which runs operating system maker PrimeOS, has raised an undisclosed amount of seed funding from incubation platform Venture Catalysts, the company said in a statement on Wednesday. The startup will use the funds for product development and to grow its business, the company said. PrimeOS was founded in February 2017 by Indian Institute of Technology, Delhi alumni Chitranshu Mahant, Aman Verma and Aman Gupta.
- Food-tech firm Swiggy has acquired online startup Scootsy Logistics Pvt. Ltd, which delivers food, fashion apparel and accessories, home décor, and more in Mumbai, two people aware of the development told VCCircle. Founded in 2015, Scootsy was incubated at Mumbai-based Ant Farm, the startup accelerator founded by former Times Internet chief executive Rishi Khiani. Sandeep Das and Khiani are the co-founders of Scootsy. Das was the chief operating officer and head of business at local search site Burrrp and executive vice-president of operations and business development at defunct e-commerce firm AskMe.
- ZiffyHomes, an online marketplace for home rental services, has raised \$120,000 (around Rs 82 lakh) from Silicon Valley-based accelerator Y Combinator. Gurugram-based ZiffyHomes is part of Y Combinator's summer cohort for 2018. Founded in May 2015 by Sanchal Ranjan and Saurabh Kumar, ZiffyHomes lets users rent or let out homes online without brokerage. It offers ready-to-move-in individual rooms for long stays and allows tenants to pay their rent online.
- PNB MetLife India Insurance Co. Ltd, which is among India's top 10 life insurers by market share, has filed a draft prospectus with the Securities and Exchange Board of India (SEBI) to float an initial public offering. The public issue is a complete secondary sale by state-owned lender and majority owner Punjab National Bank Ltd, joint venture partner American multinational insurance major Met Life, Inc., and other corporate bodies and institutional shareholders. The IPO comprises a sale of 495.89 million shares and will result in roughly 24.64% stake dilution on a post-issue basis, the draft prospectus showed.
- ReNew Power Ltd, India's largest green energy firm by capacity, has received regulatory approval to float an initial public offering (IPO). The Securities and Exchange Board of India (SEBI) issued final observations on ReNew Power's share sale proposal on 18 July. This makes ReNew the 34th company to receive SEBI's nod for an IPO in 2018. As many as 46 firms had received clearance for IPOs in 2017, according to the regulator's website. The company had filed its draft proposal on 8 May for an estimated Rs 7,000-7,500 crore (\$1.04-1.11 billion) public offering.

### UPCOMING SME IPOs

Issuer Company	Exchange	Issue Open	Issue Close	Offer Price (Rs)	Issue Size (in Rs Crore)
Powerful Technologies Limited IPO	NSE SME	Aug 9, 2018	Aug 14, 2018	51	13.55
Sungold Media and Entertainment Limited IPO	BSE SME	Aug 9, 2018	Aug 14, 2018	10	1.35
Deep Polymers Limited IPO	BSE SME	Aug 8, 2018	Aug 13, 2018	40	15.24

### CONTACT DETAILS

SATBIR SINGH  
MOBILE: +91 97023 96497  
EMAIL: satbir@solutions4sme.com

SWATI AGARWAL  
MOBILE: +91 90297 37342  
EMAIL: swati.agarwal@bonanzaonline.com