

**July
Edition**

S-CAP

SME Capital Market Watch



S A R T H I

An initiative by Sarthi Capital Advisors Private Limited
SEBI Registered Category I Merchant Banker



PREFACE

Dear Readers,

It is our great pleasure to present the eighth edition of 'S - Cap' - SME Capital Market Watch, an initiative of Sarthi Capital Advisors Private Limited ('Sarthi Capital').

SEBI at its Board meeting held on 25th June, 2013 has accorded in-principle approval for setting up of Institutional Trading Platform (ITP) to facilitate entry and exit of investors of Start-Up SMEs through a trading platform without requiring SMEs to go through IPO route. As promised in our last edition we share with you our analysis on the shortly expected ITP.

We are over-whelmed with the magnificent response and wide appreciation by the readers for last seven issues of S-Cap. Be it SME entrepreneurs, or professional fraternity or corporate executive, all stakeholders found S-Cap very useful & informative. In this edition we bring to you

- Researched article on Institutional Trading Platform
- Highlights of related developments on regulatory, market and other fronts
- View of Mr. Ajay Thakur, Head – SME Segment, BSE Ltd in our 'Guest Column'
- SME Market Watch updated
- Research Coverage on select listed SME companies
- Latest information and upcoming events regarding SMEs

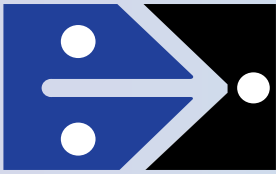
Towards our constant endeavour to include newer value-added features, we introduce a new section 'In The Classroom' – a series of important basic concepts of capital markets. Further, we have changed the layout for better readability.

We trust you would enjoy reading this issue of S-Cap and find it of immense use. We do invite your suggestions/feedback to make S-Cap even more useful, going forward.

Mahavir Lunawat
MD and CEO

Deepak Sharma
Group MD

Anand Lakhota
Director



SARTHI
Bridging the Gap

A one-stop comprehensive solution to SME listing

A Sarthi Initiative



Smelisting.net
Knowledge Portal



SME segment has always been the prime focus of Sarthi Group. "Smelisting.net" is a knowledge portal designed to provide an overall understanding of regulatory framework, processes involved, & benefits of SME Listing with queries, updation, feedback, all at one place.

Salient Features

- Comprehensive content** : Detailed knowledge content on procedural and regulatory aspects.
- Eligibility Calculator** : An innovative features to gauge your eligibility for SME IPO.
- Knowledge Corner** : Provides regulatory & market insights.
- Ask the Expert** : A platform to interact with the experts on SME Listing & related topics.
- What's New** : Latest happenings in SME world
- Sarthi's Research Coverage** : An in-depth research on listed SMEs & prospective IPOs

& many more.....

Email us at: smelisting@sarthiwm.in

Contents

PARTICULARS	PAGE NO.
<u>ARTICLES</u>	1-2
Institutional Trading Platform – A Step Pre-Listing	1
<u>DEVELOPMENTS</u>	3-5
Regulatory Developments	3
Market Developments	3
Other Developments	5
<u>GUEST COLUMN</u>	6
BSE SME platform –great opportunity for small and Medium Enterprises	6
<u>RESEARCH COVERAGE</u>	7-8
Bothra Metals & Alloys Limited	7
Edynamics Solutions Limited	8
<u>MARKETS</u>	10
SME Market Statistics	10
<u>MISCELLANEOUS</u>	11-12
Upcoming Events	11
What's in Press?	12
Quotes	12
<u>IN THE CLASSROOM</u>	13
Role of Clearing Corporation	13

INSTITUTIONAL TRADING PLATFORM – A STEP PRE-LISTING

Background

SME business segment holds a critical space in Indian business panorama, given, *inter alia*, that SMEs produce nearly half of the manufactured output and also are the largest employers of workforce in India. In order to bolster growth funding opportunities vital for next-level elevation of SME businesses, SME Exchanges were launched last year creating a dedicated equity platform for SMEs. Till date, 28 companies have been listed on SME Exchanges of BSE and NSE and 15 have filed their Offer Documents for IPOs. Considering the times the economy is witnessing, these numbers are perceived as quite encouraging and display the potential SME Exchanges possess.



To complement the SME Exchanges, the Government has initiated opening up another layer of listing platform – Institutional Trading Platform (ITP), i.e. listing without IPO to facilitate entry and exit of investors of Start-Up SMEs. SEBI at its Board meeting held on 25th June, 2013 has accorded in-principle approval for setting up of ITP and released a brief press-note.

Broad Contours of SME ITP

SEBI is yet to release the exact framework and operational guidelines of ITP. The broad contours of ITP covered in the Press Note and in the agenda of Board Meeting as available on SEBI website are summarized as under:

Eligible Companies:-

1. Minimum investment in the equity by either registered Venture capital funds, Alternate investment funds, Merchant banks, Qualified institutional buyers or specialized international multilateral agency or domestic agency like SIDBI, NABARD, or a PFI under Sec 4A of Companies Act and other approved categories of investors/ lenders; or
2. Companies receiving project financing or working capital financing from scheduled banks during the last 3 years; and
3. Companies should not be older than 10 years or having revenues more than Rs. 100 crores or paid up capital more than Rs. 25 crores.

Minimum Public Float

Currently the Rule 19(2)(b) of the Securities Contract Regulation Rules, 1957 requires that at least twenty five per cent of equity shares issued by the company be offered and allotted to public. Since most promoters would not wish to dilute a significant part of their company at an early stage at relatively lower valuations, this requirement for dilution is be a major road block in preventing start-ups and SMEs from considering the listing route for capital raising. Hence this requirement has been done away with for companies wishing to list on ITP. However whenever these companies wish to migrate to Main Board or SME platform where there is wider participation of investors, they would be required to offer shares to public through an IPO and comply with other conditions for listing and raising capital as applicable to the respective platforms.



Corporate Governance and Continuous Disclosures

Good Corporate Governance practices are the very foundation of the any successful venture and are imperative in order to win the trust of investors. Hence Corporate governance norms as applicable to the Main Board and SME Exchange would apply to a company with a paid up capital of Rs. 3 Crores or above. Also following continual disclosures will be required to be made:-

- a) Shareholding pattern on half yearly basis;
- b) Abridged Financial Results on half yearly basis;
- c) Corporate Actions where corporate benefits are involved (like dividend, split, buyback, bonus, rights);
- d) Intimation of Board Meeting where specific agenda disclosure shall be required (although not all board meeting intimation would be required) and their outcome;
- e) Intimate to stock exchanges regarding all the notices sent to shareholders and their outcome;
- f) Details related to further raising of funds;
- g) Any change in Management Team;
- h) Any Price Sensitive Information;

Accessible to informed investors only

Shares will trade in a market lot of Rs. 10,00,000 so that only informed investors trade in this platform.

Lock-in

In-order to ensure that the promoters continue to remain committed to the company even after listing, the promoters shareholding shall be put under 3 years lock-in to the extent of 20% of shares held by him at time of listing on similar lines to Main Board and SME Exchanges.

Raising Further Capital

The companies that seek listing on this platform shall not be allowed to raise capital at time of listing. Post listing capital may be raised through private placement under the extant regulations in this regard or through rights issue without the option to renunciation of rights.

Information memorandum and Liability for mis-statements

It is important that Investors are provided with sufficient information to make an informed investment decision. Accordingly the companies who seek listing on this platform will be required to file an information memorandum on the stock exchange which shall be made public for 21 days before the company is listed. Any mis-statements in such information memorandum shall invite regulatory action in accordance with the provisions of SEBI Act 1992 or rules and regulations made there under.

Migration / Exit from proposed platform**1. Compulsory Exit**

Companies listed on ITP shall be compulsorily required to exit the platform in any of the following circumstances:

- When paid - up share capital exceeds Rs. 25 Crore or revenues or market capitalization exceed as thresholds prescribed from time to time. The Companies shall be required to exit the platform within a period of 18 months from breaching the thresholds;
- Company has remained listed on this platform for 10 years;
- Failure to comply with requirements on this platform for more than a year. This shall lead to permanently removal from the platform.

2. Voluntary Exit

Company can delist its shares voluntarily from this platform if its shareholders approve such delisting by passing a special resolution through postal ballot with 90% of total votes and the majority of non-promoter votes have been cast in favor of the proposal.

Impact Analysis – How We Look At It !

Globally, institutional trading platforms are prevalent, in various different forms albeit. For instance, AIM (UK) permits listing without IPO on fulfillment of prescribed conditions. In the US, “Over the Counter Bulletin Board” (OTCBB) could be used by companies as a stepping stone before leaping into the larger exchanges and markets.

ITP aims to facilitate efficient entry and exit of ‘early-stage’ investors into SMEs in India. In our view, such transactions would enjoy favourable treatment of capital gains taxes. Listing on ITP would also lend added visibility to the investee business. On a flip side, the investee company could be subject to listing compliances including fetters such as restriction on privileged shareholder rights (call, put, right of first refusal) and the same should be examined in detail by the policy makers.

ITP, in our view, would not be a substitute of listing on Stock Exchanges (SME or Main Board). It would be a sort of ‘limited’ platform only to facilitate early-stage investment by informed investors into SMEs. It is clarified in the SEBI Press Note that companies listed on ITP would be required to list on SMEs / Main Board for raising capital through public. So, ITP listed companies would typically be subject to the entire process of an SME IPO.



ITP could be of help to those SMEs which are not prepared for full-fledged listing on SME Exchanges. However, considering the facilitative and simpler regime of SME Exchanges, it could be a possibility that SMEs would find listing on SME Exchanges more beneficial rather than following two-step process of listing on ITP and then subsequently following the process of listing on SME Exchanges. Regardless of which route SMEs, in general, would like to adopt, opening of ITP in our view would attract more and more SMEs towards capital markets. It would act as a precursor to listing on SME Exchange or Main Board. Moreover, ITP would certainly be an additional alternative and both the investor and the investee can evaluate the pros and cons to take an informed decision.

Nirav Gala

“Considering the facilitative regime of SME Exchanges, SMEs could possibly find listing on SME Exchanges more beneficial rather than following two step process of ITP listing followed by listing on SME Exchanges.”

REGULATORY DEVELOPMENTS

Amendments to SEBI (Alternative Investment Funds) Regulations, 2012

Capital Market regulatory SEBI formulated a framework for registration and regulation of angel pools under a sub-category 'Angel Funds' under Category I - Venture Capital Funds giving effect to the announcement in Budget for FY 2013-14 by Union Finance Minister on angel investor pools.

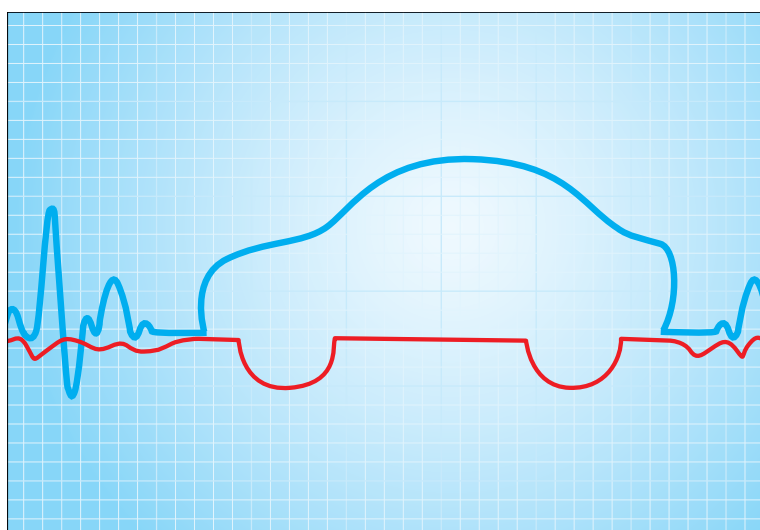
Brief outline of 'Angel Funds' Amendment as approved by the Board are as under:

1. 'Angel Funds' to be included in the definition of "Venture Capital Funds" under the SEBI (Alternative Investment Funds) Regulations, 2012.
2. Individual angel investors are required to have early stage investment experience/ experience as a serial entrepreneur/ be a senior management professional with 10 years experience with required net tangible assets of atleast Rs. 2 crore. Corporate angel investors are required to have Rs. 10 crore net worth or be a registered AIF/VCF.
3. Fund corpus of atleast Rs.10 crore (as against Rs. 20 crore for other AIFs) and minimum investment by an investor shall be Rs. 25 lakh (may be accepted over a period of maximum 3 years) as against Rs. 1 crore for other AIFs. Further, the continuing interest by sponsor/ manager of atleast 2.5% of the corpus or Rs. 50 lakh, whichever is lesser.
4. Angel funds shall invest only in investee companies which:
 - a. are incorporated in India and are not more than 3 years old;
 - b. have a turnover not exceeding Rs.25 crore;
 - c. are unlisted;
 - d. are not promoted, sponsored or related to an Industrial Group whose group turnover is in excess of Rs.300 crore and
 - e. has no family connection with the investors proposing to invest in the company.

5. Further, investment in an investee company by an angel fund not to be less than Rs.50 lakh and not more than Rs.5 crore and is required to be held for a period of at least 3 years.

MARKET DEVELOPMENTS

- **Edynamics Solutions Limited** engaged in the operations of online trading and retailing of range of products including groceries, fabrics, clothing, furnishings, electronics and computers and its accessories opened the issue for subscription on 10th June, 2013. The Issue was subscribed 1.27 times out of which Retail category was subscribed by 1.40 times while Non Retail Investors category was subscribed by 1.09 times.
- **Amrapali Capital and Finance Services Limited** engaged in the business of trading of shares, stocks, forex, arbitrage including Brokerage, distribution of financial products, depository and clearing services filed a draft prospectus for a public issue of Rs. 24.01



Invest regularly to achieve your dreams.

HDFC MF Systematic Investment Plan (SIP) is a simple, convenient and disciplined plan that helps you meet your financial goals by investing a fixed sum regularly. It invests a minimum of ₹ 500 monthly, irrespective of market conditions thus reducing the risk of investing a large sum at a high price. SIP adopts Rupee Cost Averaging wherein more units are purchased when prices are low and fewer when prices are high. So, don't let an unpredictable market compromise your dreams anymore.

Toll Free No.: 1800 3010 6767

HDFC **SIP**
MUTUAL FUND
Systematic Investment Plan
www.hdfcfund.com

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS,
READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

crore. Equity shares are proposed to be listed on the SME Platform of the BSE. The company intends to use issue proceeds for enhancement of margin money maintained with the Exchanges, general corporate purpose and for issue expenses.


- **GCM Commodity & Derivatives Limited** engaged in the business of investing in National Spot Exchange Limited (NSEL) Investment Products for arbitrage opportunities and commodity broking filed a draft prospectus for a public issue of Rs. 7.02 crore. Equity shares are proposed to be listed on the SME Platform of the BSE. The company intends to use issue proceeds for long term working capital, acquiring membership of MCX and for issue expenses.
- **VCU Data Management Limited** engaged in the business of providing rights for one of the world's most unique Interactive Audio/Video Live Streaming
- **Currently 28 companies are listed on SME platforms of BSE and NSE.**


Forth Coming IPOs

Name of the Company	Exchange	Issue Size (Rs. lakhs)	Issue Price (Rs. Per Share)
Subh Tex (India)	BSE	1500	20
Finshore Management	BSE	400	60
RJ Bio-Tech	BSE	500	20
Kushal Tradelink	BSE	2775	35
Ace Tours	BSE	800	16
Alacrity Securities	BSE	900	15
Trine Entertainment	BSE	574	15
Money Masters Leasing & Finance	BSE	200	15
Amrapali Capital and Finance Services	BSE	2401	100
GCM Commodity & Derivatives	BSE	702	20
VCU Data Management	BSE	1875	25
Silverpoint Infratech	BSE	1200	15
VKC Credit and Forex Services	NSE	1600	NA
Mobme Wireless Solutions	NSE	NA	NA
Sanco Industries	NSE	1400	NA

hardware/software solutions for the masses filed a draft prospectus for a public issue of Rs. 18.75 crore. Equity shares are proposed to be listed on the SME Platform of the BSE. The company intends to use issue proceeds for working capital requirement, purchase of demo vans, computers, printers & air conditioners & office furniture & fixtures, issue expenses and other contingencies.

- **Silverpoint Infratech Limited** engaged in the business of providing land development, construction services and other related services for civil & infrastructure sector projects filed a draft prospectus for a public issue of Rs. 12 crore. Equity shares are proposed to be listed on the SME Platform of the BSE. The company intends to use issue proceeds for achieving the benefits of listing carrying out the sale of equity shares, enhance visibility & brand name and creat a market for the equity shares.





**Staying
FIXED
gets you nowhere.
So break free**

Reliance Regular Savings Fund - Debt Option
(An open-ended scheme)

■ Low Volatility ■ Invests in Fixed Income Instruments

This product is suitable for investors who are seeking*
- Income over medium term,
- Investment predominantly in debt instruments having maturity of more than 1 year and money market instruments,
- low risk. (BLUE)

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.
Note: Risk may be represented as:
(BLUE) investors understand that their principal will be at low risk | (YELLOW) investors understand that their principal will be at medium risk | (BROWN) investors understand that their principal will be at high risk

For more details visit www.reliancecapital.com, SMS RDEBT to 561617 or contact your financial advisor.

SMS charges apply.

* The investment of the fund is based on short to medium term interest rate view and typically maintains a moderate duration upto 2 years, thereby being low volatile.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

OTHER DEVELOPMENTS



nearly half of the manufactured output and also are the largest employers of workforce in India. The Government has also recognized this fact and is in the process of introducing various policy measures to help SMEs grow. Sarthi Capital is committed to supporting SMEs and helps them grow. SME segment has been in our prime focus. The deep routed understanding of our experienced team about the segment built over the years of work and exposure has provided us with unmatched excellence.

Through Smelisting.net we endeavor to bring to you the overall understanding of the SME listing including regulatory framework, processes involved, and benefits. The website is designed to offer a one-stop comprehensive access to SME listing along with several related aspects and also enable queries, updation, and feedback, all at one place.

Government to set up 10 incubators to promote entrepreneurs

The State Government has firmed up plans to set up 10 SME incubators to nurture and promote innovative entrepreneurial ventures within the current year. The incubators would be funded by the Union MSME Ministry and hosted by technological universities and institutions. The objective is to provide a proper environment with high-class infrastructure, laboratories, workshops, libraries and resource materials to enable the budding entrepreneurs to give shape to their ideas and innovations. The incubators would offer complete support right from fostering and developing the ideas into enterprises to ensuring successful commercialization of the ventures.

Government panel may propose easier entry and exit rules for MSMEs

A government-panel looking at ways to boost manufacturing in MSMEs sector is likely to propose easier entry and exit norms for smaller units. The government had set up an inter-ministerial committee (IMC), headed by MSME Secretary Mr. Madhav Lal, to look into issues faced by small units and suggest ways to boost the manufacturing in the sector.

Knowledge portal on SME Listing

Sarthi Capital Advisor Pvt Ltd has launched a knowledge portal "Smelisting.net" a knowledge sharing initiative on SME Listing on 23rd January 2013. We at Sarthi believe that the SMEs are poised to become the next big opportunity in the Indian markets given that they already produce



Championing the cause of Cash Management

Peerless
LIQUID FUND

Peerless
MUTUAL FUND
for you, forever

Product Labelling:

The Product is suitable for the investors who are seeking*

- Income over short term
- Investment in debt and money market instruments
- Low risk (Blue)

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.
Note: Risk may be represented as:

BLUE - Investors understand that their principal will be at low risk **YELLOW** - Investors understand that their principal will be at medium risk **BROWN** - Investors understand that their principal will be at high risk

To know more about Peerless MF Plans, please call us at Toll Free No.: 1800 103 8999
Email: connect@peerlessmf.co.in | Website: www.peerlessmf.co.in | Follow us [f](#) [t](#) [s](#)

CARE Rating Methodology: Peerless Liquid Fund has been assigned "Credit Risk Rating AAAMfs" by CARE Ratings (Credit Analysis and Research Limited). CARE's fund credit quality ratings are opinions on the overall credit quality of specific debt mutual fund. The rating captures fund's overall exposure to default risk. CARE uses the concept of credit scores, assigned to individual securities, as per credit scoring matrix developed by CARE. The score is essentially a function of the credit quality and rating of security and its internal residual maturity. The rating includes assessment of various qualitative factors including management quality and management information systems and risk management systems in various operational areas. CARE reviews the rated mutual fund on an ongoing basis to support its published rating opinions. A detailed methodology can be sourced from Credit Analysis & Research Limited.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.



Mr. Ajay Thakur
Head - SME segment, BSE Ltd.

A professional with more than 18 years of experience in Capital Market. The key roles have been setting up the depository by the regional stock exchange, developing derivatives market and setting up SME Platform. Ajay started the career way back in 1994 with Stock Holding Corporation Ltd. In 1995 he joined Vadodara Stock Exchange and worked in various departments viz Market Operations, Bad Delivery Cell and Auction, setting up depository etc.

He joined BSE Ltd in December, 1996 as Head – Arbitration and Business Development. He has developed the derivatives segment of BSE Ltd and also actively involved in opening of regional centers across the country. Presently as Head - BSE SME, responsible for the development of this segment of BSE Ltd. He very successfully launched the SME Platform on 13th March, 2012, the first in the country and has effectively lead the segment with ninety percent market share.

BSE SME PLATFORM –GREAT OPPORTUNITY FOR SMALL AND MEDIUM ENTERPRISES

Small and medium enterprises (SME) have attracted the government's policy focus lately. The small scale segment is a manifestation of India's socio-economic development model and has met with the country's long-term expectations in terms of contribution to GDP, industrial base, employment and exports. This segment forms a major part of India's industrial base. If India is to attain its aspiration of double-digit growth rates and a reduced poverty ratio, greater focus on the well being of the Small and Medium Enterprises (SME) sector becomes a necessity.

Hence, 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 became the first Stock Exchange in India to launch SME Platform on 13th March, 2012.

BSE very well understand the importance of SME to Indian economy and therefore taken various steps for creating awareness among the entrepreneurs, intermediaries and Investors about the SME Platform. We are doing seminars with FICCI, CII, IMC, D&B, ICAI and ICSI and many other Industrial Associations at state and central level.

As on today there are 25 companies listed in this segment and another 11 companies have filed the prospectus, wherein we have given in principal approval to 6 of them, whereas other 5 are awaiting approval. 54 market makers

have registered with the BSE-SME Platform and all of them are able to provide quotes 90% of the trading time. Out of 25 companies 23 companies are trading above the issue price. BSE is the market leader in this segment with a market share of Eighty Nine percent. SME IPO Index launched on 14th December 2012 has appreciated more than 190% since launch.

In the budget speech the Honorable Finance Minister, announced that the start-ups

and SMEs can get listed on the bourses without bringing IPO. Accordingly the market regulator SEBI in its board meeting held on 25th June, 2013 approved the listing of start-ups and small and medium enterprises (SMEs) to get listed on bourses without making an initial public offering (IPO). During this meeting in Mumbai, SEBI board approved the amendments of rules to permit listing of start-ups and SMEs in Institutional Trading platform (ITP) without having to make an IPO.



BOTHRA METALS & ALLOYS LIMITED (BMAL) (RESULT UPDATE)

CMP – Rs. 32.20

Bothra Metals & Alloys Limited is a producer and trader of high grade aluminum with in-house foundry and modern melting furnace including fully automatic hot top casting technology. BMAL has 3 manufacturing facility situated at **Himachal Pradesh (kala-amb), Gujarat (Bhavnagar) and Maharashtra (Sangli)** with aggregate approx. installed capacity of 15000 MTPA. The Promoters of the Company have more than 20 years of experience in the aluminium industry.

Financial Year 2013 Results Update:

BMAL posted about 56% YoY increase in its sales for FY 2013 and its PAT which stood at Rs. 2.52 crore grew approx. 14% as compared to last year. EBIDTA which stood at Rs. 4.44 crore grew @ 19%.

Below are some ratios which observed changes after the IPO:

Parameters	Post IPO (FY 2013)	Pre IPO (FY 2012)	YoY Change
Sales (Rs. in Cr)	176.40	112.90	56%
EBIDTA (Rs. in Cr)	8.97	7.50	19%
PAT(Rs. in Cr)	4.44	3.89	14%

Expansion Plans:

BMAL has commenced Production at its plant at Sangli, Maharashtra with 9,900 MTPA installed capacity for manufacturing of non-ferrous alloys viz. aluminium extrusions, aluminium billets, etc. Further as a part of expansion plans, BMAL have opened up branch offices at Hyderabad and Andhra Pradesh. It also plans to open another branch at Bengaluru, Karnataka, continuing the trend of expansion.

Achievements:

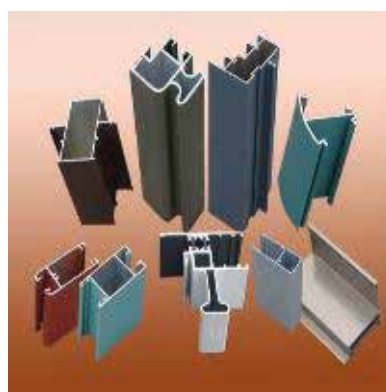
BMAL has been assigned a Long-term Issuer Rating of "IND BB" by India Ratings & Research- A Fitch Group Company as against the earlier rating of "B" gaining three notches.

BMAL has been awarded "ISO certification" for its manufacturing units viz. Kala-amb, Himachal Pradesh & Sangli, Maharashtra for quality system in manufacture and supply of all types aluminium.

Utilization of Issue proceeds:

The Company raised an amount of Rs. 12.21 Crores through IPO and Offer for Sale. IPO proceeds were to be utilized for working capital requirement, general corporate purpose and issue expense. The position of utilization of issue proceeds as on 31st March, 2013 is given:

Particulars	Amount Allocated (Rs. In Lakhs)	Current Status
Working Capital Requirement	600.00	530.72
General Corporate Purpose	30.91	30.91
Issue Expense	17.09	17.90
Total	648.00	578.72



Stock Info

Sector	Aluminum
MCap(Rs.cr)	59.62
Book value	16.84
52 week High/Low	32.20/24.85
Face value (Rs.)	10

Share Holding Pattern (%)

Promoters	73.59
Public - Non Institutions	-
Bodies Corporate	18.31
Individuals	08.09
Total	100.00

Relative Valuation

Compared to its peers BAML has higher Sales as well as higher PAT margins and RONW. However EBIDTA margins are lower and the debtors cycle is longer compared to its peers. The Company has been keeping more focus on manufacturing segment with the objective of enhancing operating margins. The company trades at 11x its earnings and 2x its Book Value whereas its peers trade on an average trade at ~ 9x earnings and 0.25x their Book Value. The Company also has higher debt compared to its peers. Company's manufacturing operations will be the key focus to foster profitability.

Financials (Rs. In Cr)

Y/E march (FY 13)	Bothra	Sudal	Maan
Sales	176.40	98.90	93.49
EBITDA%	5.08	9.26	5.32
PAT%	2.52	1.98	0.43
ROCE%	13.83	18.14	1.79
RONW%	17.07	7.77	1.50
Debtors days	83	55	61
Inventory days	30	69	60
Debt/ Equity	1.13	0.51	0.49
EPS (Rs.)	2.78	3.34	1.19

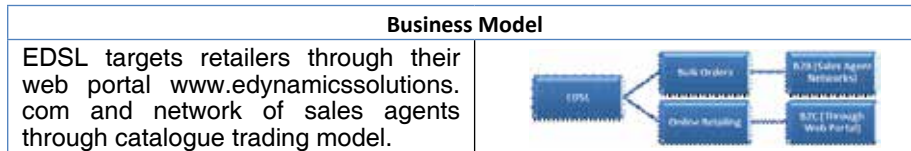
EDYNAMICS SOLUTIONS LIMITED ((INITIATING COVERAGE))

CMP – Rs. 30.75

Business Overview*:

Edynamics Solutions Limited (EDSL) was incorporated in 2000 in New Delhi and is engaged in online trading and retailing of a range of products including groceries, fabrics, clothing, furnishings, electronics and computers and its accessories with state-of-art ecommerce system which is customized to provide utility, reliability and security.

EDSL has **24 hours TAT on special order** including **mid night services** for special customers in emergency. It constantly adds new products to catalog, in an attempt to make the possibilities endless, and to truly find that perfect products.



*Industry Overview:

- Though Internet penetration is low at just 10% of the overall population, the government has ambitious plans to build infrastructure provide broadband connections in every village of India.
- India has close to 10 million online shoppers and is growing at an estimated 30% CAGR vis-à-vis a global growth rate of 8–10%.

*Source: Wikipedia

Key Business Strengths*:

- Experienced & Competent Management Team** having knowledge of core aspects of material, and marketing. The dedicated development team will update this platform with the latest technology.
- Diversified Customer Base** which includes online end users, trader and retailers. The payment mechanism is cash on delivery for end users and provides sufficient credit periods to bulk buyers and traders.

Growth Strategy:

- Enhance Brand Image:** To increase visibility through digital channel and social media to sell more products.
- Customer Value Improvement:** To increase customer profitability by decreasing cost to serve and at the same time increasing purchase or usage frequency and quantity.
- Hybrid Model of E-Commerce:** To commence an innovative model in the form of chain of offline stores, preferably spreading across the length and width of the country.
- Develop Strong Sale Network of Bulk Orders:** To increase penetration in Metro and Tier I cities in India and to ensure sales & distribution networks to procure bulk orders. The company further aims to develop alternate sales channels like B2B sales through tie-ups with retailers to increase reach to the potential customers.
- Selling & Marketing:** Marketing strategy through Audio Promotion via radio channels, Print Promotion- Newspaper Ads, Online Promotion through Internet; Bulk SMS and Freebies like E-mail Vouchers and Discount Coupons.

Key Challenges:

- Dependent upon demand supply pattern:** Failures in adequate & timely supply of products or increase in cost of products may affect the Company's operations.
- Heavy Promotional Expenditure:** To attract customers and increase sales & profitability, EDSL is required to undertake heavy advertisement expenditure which may fail to pay off.
- Other challenges:**
 - Limited presence and unrecognized brand image,
 - Logistics and payment collection hurdles,
 - Cyber act and threat of hacking and
 - Undercutting of price due to immense competition.

#Draft Prospectus of Company filed on BSE SME Exchange.

Stock Info

Sector	Trading
MCap(Rs.cr)	66.70
Book value	15.44
52 week High/Low	30.7/25.4
Face value (Rs.)	10

Share Holding Pattern (%)

Promoters	20.75
Public	
Institutions	1.49
Non Institutions Hold.	
Bodies Corporate	1.87
Individuals	75.89
Total	100.00

Relative Valuation

There are no listed peer in the business in which the company operates hence we are not able to comment on Relative valuation. Reducing PAT margin and increasing debtors days remains a cause of worry for the business. On standalone basis the company trades at 909x its Jan 13 EPS and 2x its Jan 13 Book Value which is quite high in absolute terms.

Historical Performance (Rs. In Cr)

Y/E	Jan 2013	March 2012	March 2011
Sales	3.36	2.65	0.17
EBITDA%	3.14	2.29	3.77
PAT%	0.86	1.56	2.61
ROCE%	0.52	0.81	0.29
RONW%	0.24	0.55	0.20
ROA%	0.23	0.52	0.20
Debtors	79.95	34.73	0
days			
Debt/Equity	-	-	-
PE(x)	908.9	256.3	NA
P/BV(x)	1.99	2.49	NA



To see the future, you must sometimes turn to the past.

As Asia's oldest exchange and India's first, the BSE has played an important role in India's financial history. Building on that rich past, the BSE is committed to being an important part of India's future. Today, the BSE trades on a variety of market segments and offers several advanced technology services. With the technologies now in place and an innovation-driven strategy to move forward, a bright new future is just around the corner.

Market Segments: Equities • Delivery-based Derivatives • Securities Lending & Borrowing
• Mutual Fund Platforms • Exchange-traded Funds.

Technology Services: Internet-based Trading • Co-location Services • Mobile-based Trading
• Real-time Risk Management • Smart Order Routing.

Issued in public interest by BSE Investors' Protection Fund

SME MARKET STATISTICS

SI No	Company	Closing#	%Returns*	52 Week High	52 Week Low
1.	Anshus Clothing	31.7	17.41	37.00	22.50
2.	BCB Finance	25.15	0.60	27.50	24.50
3.	Bronze Infra	10.20	-32.00	20.10	6.20
4.	Comfort Commotrade	40.55	305.50	45.95	10.10
5.	Jointeca Education	15.05	0.33	18.00	14.60
6.	Jupiter Infomedia	25.00	25.00	25.75	21.10
7.	Max Alert	93.00	365.00	99.00	49.25
8.	Looks Health	285.10	612.75	302.00	40.20
9.	RCL Retail	14.90	49.00	16.80	7.55
10.	Sangam Advisors	22.00	0.00	25.85	19.00
11.	SRG Hsg Fin	54.00	170.00	59.00	19.95
12.	Eco Freindly	63.95	155.80	63.95	21.10
13.	Esteem Bio	66.20	164.80	66.20	25.25
14.	Sunstar Realty	29.70	48.50	29.70	21.20
15.	Kavita Fabrics	39.95	-0.12	45.25	39.10
16.	Channel Nine	38.55	54.20	38.55	26.25
17.	Bothra Metals	31.50	26.00	32.20	24.85
18.	Lokhotia Polyesters	35.00	0.00	36.60	33.85
19.	GCM Securities	131.15	555.75	131.15	65.00
20.	Ashapura Intimates	72.55	81.38	76.00	46.40
21.	Samruddhi Realty	35.00	191.67	35.00	12.75
22.	HPC Biosciences	66.60	90.29	66.60	37.25
23.	Onesource Mediatech	6.30	-55.00	13.00	5.75
24.	India Finsec	10.00	0.00	11.55	9.55
25.	eDynamics Solutions	30.75	207.50	30.75	25.40
26.	Thejo Engineering	372.00	-7.46	403.00	297.45
26.	Veto Switch Gear	52.00	4.00	58.00	50.10
27.	Opal Luxury	120.00	-7.69	135.00	112.00

*Absolute returns since IPO. # Closing prices as on 9th July, 2013

GLOBAL SME MARKET

	Closing #	% Returns YTD
BSE SME IPO	294.37	113.65
TSE MOTHERS	751.99	81.18
CHINEXT PRICE INDEX	1,050.72	48.97
FTSE AIM All Share Index	707.78	-1.15
TSX Venture Composite	877.06	-29.26
Hong Kong GEM Index	386.57	1.33

Closing Values as on 9th July, 2013

MARKET WATCH

Particulars	Jointeca Education	SRG Housing	Comfort Commotrade	Sunstar Realty	Anshu Clothing	BCB Finance	Looks Health	GCM Securities	HPC Biosciences
A. Valuation / Market Cap	(Rs. Crore)								
Pre Issue Net Worth	9.60	4.90	4.30	5.54	12.70	11.50	0.80	8.56	4.80
Issue Size	5.40	7.00	6.00	10.62	5.10	8.80	7.20	12.18	15.75
Market Capitalization*	15.07	43.63	40.63	59.19	19.76	28.93	171.06	249.05	105.89
B. Price Pattern	(Rs. Per Share)								
Issue Price	15.00	20.00	10.00	20.00	27.00	25.00	40.00	20.00	35.00
CMP (Face Value Rs. 10)*	15.05	54.00	40.55	29.70	31.70	25.15	285.10	131.15	66.60

Particulars	Jupiter Info	RCL Retail	Bronze Infra	Eco- friendly	Esteem Bio	Channel Nine	Onesource Media tech	Bothra Metals & Alloys	Ashapura Intimates	eDynamics Solutions
C. Valuation / Market Cap	(Rs. Crore)									
Pre Issue Net Worth	2.00	5.60	17.40	8.606	8.56	5.56	6.25	20.82	10.98	8.52
Issue Size	4.10	5.80	8.56	7.515	11.25	11.67	2.80	12.21	21.00	15.60
Market Capitalization*	8.73	18.34	17.62	63.35	98.76	59.78	4.09	58.33	141.23	66.64
D. Price Pattern	(Rs. Per Share)									
Issue Price	20.00	10.00	15.00	25.00	25.00	25.00	14.00	25.00	40.00	25.00
CMP (Face Value Rs. 10)*	25.00	14.90	10.20	63.95	66.20	38.55	6.30	31.50	72.55	30.75

Particulars	Max Alert	Sangam Advisors	Kavita Fabrics	Lakhotia Polyester	Samruddhi Realty	India Finsec	Opal Luxury	Veto Switch Gear	Thejo Engineering
E. Valuation / Market Cap	(Rs. Crore)								
Pre Issue Net Worth	7.10	4.40	1.14	1.27	4.39	28.78	11.82	32.70	25.8
Issue Size	8.00	5.10	5.10	5.08	2.60	6.00	12.00	25.00	19.00
Market Capitalization*	85.56	13.54	13.87	13.09	24.50	19.44	40.31	86.64	63.86
F. Price Pattern	(Rs. Per Share)								
Issue Price	20.00	22.00	40.00	35.00	12.00	10.00	120.00	50.00	402.00
CMP (Face Value Rs. 10)*	93.00	22.00	39.95	35.00	35.00	10.00	120.00	52.00	372.00

*Closing prices as on 9th July, 2013

MISCELLANEOUS

UPCOMING EVENTS

Name of Event	Place	Date	Organizer
Sensitization Programme on IPR in software for MSMEs	Ahmedabad	23rd July 2013	FICCI
INDIA SME BANKING CONCLAVE - Innovative Strategies for Financial Support for SMEs	Mumbai	3rd August 2013	SME Chamber of India
SME Business Club Meeting - Integration of Medium Size Manufacturing & Service Sector Industries	Mumbai	17th August 2013	SME Chamber of India
International Activity - Women Entrepreneurs Summit	Mumbai	30th August 2013	SME Chamber of India
Conference on Strengthening Family Managed Businesses for Better Growth	Mumbai	August 2013	SME Chamber of India
ASSOCHAM - ICAI-CMA "SMEs Excellence Award"	India	August 2013	ASSOCHAM India

WHAT'S IN PRESS?

Banks should ease lending norms for small units: Muniyappa

The central government would direct state-owned banks to ease lending norms to the micro, small and medium enterprises (MSMEs) so they can manufacture new products and compete globally, Union Minister of State for MSME K.H. Muniyappa said.

"We will instruct banks to ease norms for advancing loans to the MSMEs so that they can manufacture newer products for domestic industries and to compete with countries like Germany and China in export markets," Muniyappa said at a meeting here.

Admitting that the sector was at crossroads due to challenging macro-economic conditions and difficulties in raising funds, Muniyappa told about 300 entrepreneurs from across Karnataka to invest in research and development (R&D) for innovating new products and solutions required by the manufacturing sector.

"As the sector lags behind its counterparts in Germany and China, the ministry will facilitate bank loans and help build skills to manufacture products for diverse verticals and expand capacity to meet the demand within the country and compete overseas," Muniyappa said at a 'MSME Connect Programme', organised by the Confederation of Indian Industry (CII).



Union Minister of State for MSME K.H. Muniyappa

Lauding the CII's strategy to help micro and small scale units to expand their capacity and product portfolio to become a part of the medium and large enterprises, the minister said the Reserve Bank of India (RBI) had already directed banks to enhance credit flows to the MSME sector on the recommendation of the prime minister's task force.

"The sector should invest in expanding its product range and enhance production capacity than using bank finance for meeting working capital and contingencies," Muniyappa said.

The CII has recently initiated a novel programme to educate about 100 MSME firms selected across the country on performance basis and for whom the government has introduced a credit guarantee scheme under which 85 percent credit is granted without collateral up to Rs.1 crore.

The minister also assured the entrepreneurs of directing the state-run Small Industries Development Bank of India to grant funds from the Rs.5,000-crore venture fund that was announced in the 2012-13 union Budget but not set up yet.

CII president and Infosys vice-chairman S Gopalakrishnan said a cluster programme was being conducted to educate MSME entrepreneurs to explore better ways of production and finding new markets within the country and overseas.

Source : The Business Standard

QUOTES



"India's New National Manufacturing Policy has been formulated with the twin objectives of enhancing the share of manufacturing in our GDP from the current low level of 16% to at least 25% by the next decade and to create 100 million skilled jobs in the next 10 years by strengthening MSME sector."

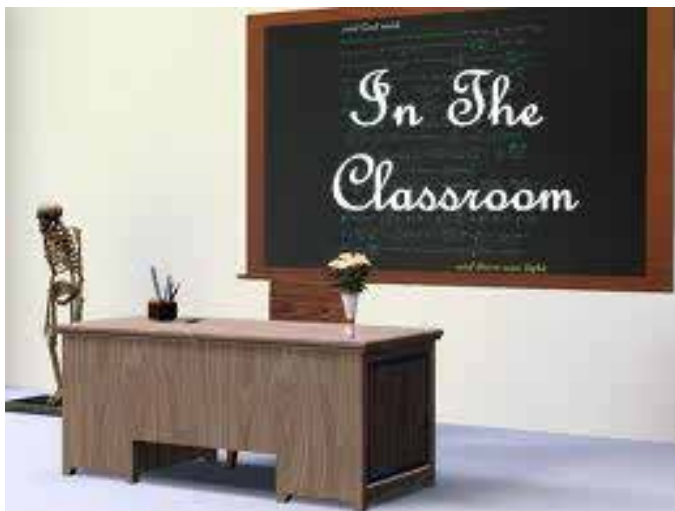
Anand Sharma,
Minister for Trade & Commerce, Government of India

"As in developed economies, the small and medium enterprises sector (SME) has a potential to add significant value to India's economy. Therefore, encouraging SME sector is an important activity."



Narayan Murthy,
Executive Chairman, Infosys

ROLE OF CLEARING CORPORATION



What is a Clearing Corporation?

It is an organization associated with a Stock Exchange to handle the confirmation, settlement and delivery of transactions. It fulfills the main obligation any stock exchange i.e. ensuring transactions are made in a prompt and efficient manner.

What is Counter Party Risk ?

Every transaction on a Stock Exchange involves Counter Party risk. Counter Party risk is the risk that one of the parties to the transaction refuses to honour its obligation under the contract. The chances are high as the prices of financial assets change continuously. It may happen so that the price of underlying asset changes after the contract is executed. In such a case one of the parties will be in favourable position and other will be in an unfavourable position. Hence there is a strong incentive for the party in unfavourable position to not to honour its obligation under the contract. Eg. A agrees to sell to B 100 shares of ABC Limited at a price of Rs. 100. After the contract is made but before the shares are delivered and payment is made the price of shares of ABC Limited increases to say Rs. 125. In this case A has a strong incentive not to honour his side of contract as he will get a higher price if he sells it to someone else at current price rather than to B at Rs. 100.

How a Clearing Corporation (CC) mitigates counter party risk?

In order to mitigate the counter party risk and promote healthy development of capital markets clearing corporations were established. CC plays the role of a central counterparty whereby, the contract between buyer and seller gets replaced by two new contracts - between CC and each of the two parties. This process is known as 'Novation'. Through novation, the counterparty credit risk between the buyer and seller is eliminated with CC subsuming all counterparty and credit risks. Thus execution of any trade that happens on a stock exchange is guaranteed by the Clearing Corporation of that exchange. i.e. buyer will get the agreed upon securities at the agreed upon price and the seller will get the agreed upon price for his securities. By removing the counter party risk they

enhance the credibility of the Stock Exchanges.

How Risk is Managed at CC ?

The job of a Clearing corporation is highly risky as despite the default of one of the parties to the trade it has to honour its obligation to the other party. If any default is made by the CC in honouring its obligation the investors will lose trust in the Stock Exchanges and entire financial system will come collapse. Hence in order to minimize these risks, which it exposes itself to, CC follows specific risk management practices which are as per international best practices.

Clearing and Settlement at BSE

Indian Clearing Corporation Limited (ICCL) a wholly owned subsidiary of BSE Ltd has been set up with an objective of promoting financial stability and integrity.

ICCL undertakes clearing and settlement activities for trades reported on the debt and mutual fund segments of BSE and for trades executed on all the other segments of BSE, including Equity Cash, Equity F&O, BSE SME, Offer for Sale, Securities Lending & Borrowing, etc. and the Currency Derivatives Segment (Currency F&O) of United Stock Exchange (USE).

While over 20 banks are empanelled with ICCL as Clearing Banks for BSE activities, ten banks have been empanelled as Clearing Banks for providing clearing and settlement services for trades executed on USE platform.

Clearing and Settlement at NSE

The National Securities Clearing Corporation Ltd. (NSCCL), a wholly owned subsidiary of NSE, acts as clearing corporation for NSE. It was the first clearing corporation to be established in the country and also the first clearing corporation in the country to introduce settlement guarantee.

NSCCL carries out the clearing and settlement of the trades executed in the equities and derivatives segments of the NSE. It operates a well-defined settlement cycle and there are no deviations or deferments from this cycle. It aggregates trades over a trading period, nets the positions to determine the liabilities of members and ensures movement of funds and securities to meet respective liabilities.

NSCCL has empanelled 13 clearing banks to provide banking services to trading members and has established connectivity with both the depositories for electronic settlement of securities.

It also undertakes settlement of transactions on other stock exchanges like, the Over the Counter Exchange of India.

“Clearing Corporation by eliminating counter party risks promotes healthy development of Capital Market”



S A R T H I
Bridging the Gap

Sarathi Capital Advisors Private Limited
SEBI Registered Category I Merchant Banker
SEBI Registration No : INM000012011

Mumbai

159/11, Amar Brass Compound,
Vidya Nagari Marg,
Kalina, Santacruz (E),
Mumbai – 400098
Landline: 022-26528671-72
Fax: 022-26528673

New Delhi

Anthem House,
E-360, 1st Floor,
Nirman Vihar, Delhi - 110092
Landline: 011-22449817, 011-22449815
Fax: 011-22439816

CONTACT US

Please write to us with your feedback,
suggestion or query at smelisting@sarhiwm.in
www.sarhiwm.in

DISCLAIMER

This document has been prepared by Sarathi Capital Advisors (P) Limited as a part of research only. In rendering this information, we assumed and relied upon without independent verification, the accuracy and completeness of all information that was publicly available to us. The information has been obtained from the sources we believe to be reliable as to the accuracy or completeness. This document should not be construed as an offer to sell or solicitation to buy the securities and the information contained herein is meant exclusively for the recipient and is not for circulation, publication or reproduction in any manner What's oever. This information is given in good faith and we make no representations or warranties, express or implied as to the accuracy or completeness of the information and the expectation of income and capital appreciation and shall have no liability to you or your representatives resulting from use of this information. We shall not be liable for any direct or indirect losses, loss of profits, hardships, inconveniences arising from the use thereof and accept no responsibility for statements made and information provided and you would be relying on this document at your own risk.