December 2015 Issue | Volume 48

CRISIL SME CONNECT

A newsletter from CRISIL SME Ratings

Table of Contents

Page No

Foreword

CRISIL SME Ratings is back with the latest on the Micro, Small, and Medium Enterprises (MSME) space in this issue of SME Connect - CRISIL's endeavour to strengthen connections and the flow of information within this sector, while shining a spotlight on the people who make a difference.

The highlight of this issue is our interview with Mr. S K V Srinivasan, Executive Director of IDBI Bank Limited. wherein he discusses all the range of specific offerings the bank has for SMEs, having grown its business in leaps and bounds through its focus on the small enterprises. Notably, Mr. Srinivasan points out that the bank looks at lending to MSMEs not as a regulatory dispensation but as a profitable business proposition, which marks the significance of the MSME sector and the role it plays in the country's economy.

This issue also takes a look at the performance of the packaging sector, which is closely associated with the booming logistics sector, both a result of strong growth in the e-commerce sector. Apart from the analysis of the strengths, weaknesses, opportunities, and strengths of the packaging industry, which reveals a dynamic shift in its functioning driven by the changing demographics of the country, we can also see that this sector holds huge potential for growth that is largely untapped. Of the 22,000-plus registered packaging firms in the country, more than 85 per cent are MSMEs. Thus, interventions focused on MSMEs are likely to benefit this sector as well.

And finally, we present to you entrepreneurial insights directly from the promoters of top-performing MSMEs in their respective sectors. These business leaders have demonstrated the vision, the leadership, and the ability to make their dreams come true, their stories serving as an inspiration to the upcoming entrepreneurs of today.

I would like to conclude by conveying our best wishes to you for a happy and a successful new year.

V Srinivasan
Chief Strategy Officer & Business Head
CRISIL Ratings, SME

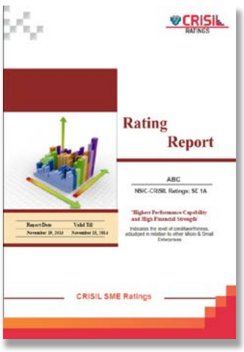
CRISIL SME Ratings: An Overview

About us

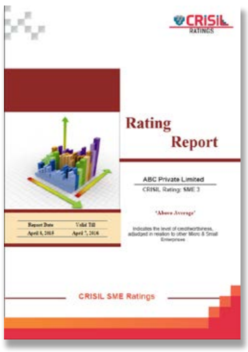
- Rated more than 75,000 MSMEs since 2005
- Present in more than 80 cities across India
- Rating enterprises in over 500 cities/towns in India
- Working arrangement with more than 40 banks and financial institutions across the country to encourage SME ratings
- 30 banks and financial institutions provide interest rate concession and/or relaxation in processing fee based on rating assigned
- Ratings are serviced by a large (300+ strong) and well-equipped business development and analytical team
- Regulatory support continues. Finance Ministry and RBI expect banks to link the rate of interest to the ratings assigned

Our Offerings

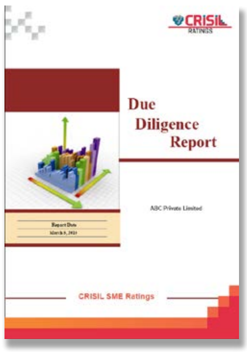
NSIC-CRISIL Performance and Credit Rating



CRISIL SME Rating

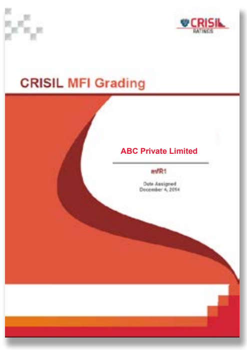


CRISIL SME Due Diligence

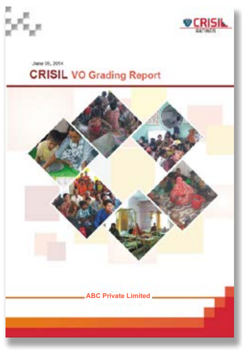


CRISIL Verified

CRISIL MFI Grading



CRISIL VO Grading



Distribution of CRISIL-rated MSMEs

Industry-wise

Industry	Percentage
Engineering	11.33
Electrical Equipment	9.06
Construction	8.24
Textiles	8.20
Services	5.74
Printing and Packaging	5.62
Agriculture Products	5.12
Transportation/Logistics & Warehousing	3.70
Automobile - Components	3.69
Food and Food Product	3.47
Trading	3.45
Steel And Steel Products	3.16
Chemicals	2.95
Information Technology	2.55
Pharmaceuticals	1.97
Hospital/Health Care	1.79
FMCG	1.76
Leather And Leather Products	1.54
Education	0.95
Gems and Jewellery	0.78
Wood and Wood Products	0.69
Oil and Gas	0.65
Others	13.59

Geography-wise

States/ Union Territories	Percentage
Maharashtra	27.55
Uttar Pradesh	10.74
New Delhi	10.01
Gujarat	6.90
West Bengal	6.83
Tamil Nadu	6.69
Punjab	5.75
Madhya Pradesh	3.85
Karnataka	3.23
Rajasthan	3.13
Haryana	2.52
Telangana	1.93
Andhra Pradesh	1.79
Assam	1.59
Odisha	1.40
Chhattisgarh	1.21
Kerala	1.11
Bihar	0.85
Uttarakhand	0.79
Jharkhand	0.57
Jammu & Kashmir	0.45
Himachal Pradesh	0.37

States/ Union Territories	Percentage
Chandigarh	0.19
Tripura	0.15
Goa	0.11
Manipur	0.11
Daman & Diu	0.05
Arunachal Pradesh	0.04
Meghalaya	0.04
Andaman and Nicobar	0.02
Pondicherry	0.02
Dadra & Nagar Haveli	0.01
Nagaland	0.01

Rating Scale

NSIC-CRISIL Rating Scale

An NSIC-CRISIL Rating reflects CRISIL's opinion on the performance capability and financial strength of a micro or small enterprise. Ratings are assigned based on the scale given below.

		Financial Strength		
		High	Moderate	Low
Performance Capability	Highest	SE 1A	SE 1B	SE 1C
	High	SE 2A	SE 2B	SE 2C
	Moderate	SE 3A	SE 3B	SE 3C
	Weak	SE 4A	SE 4B	SE 4C
	Poor	SE 5A	SE 5B	SE 5C

For eg.: A company with High Performance Capability and High Financial Strength will be rated 'SE 2A', while one with Weak Performance Capability and Low Financial Strength will be rated SE 4C'.

CRISIL's SME Rating Scale

A CRISIL SME Rating reflects the level of creditworthiness of an SME, adjudged in relation to other Small or Medium Enterprises. CRISIL SME Ratings are assigned with the following Rating definition:

Definition	CRISIL SME Rating
Highest	SME 1
High	SME 2
Above Average	SME 3
Average	SME 4
Below Average	SME 5
Inadequate	SME 6
Poor	SME 7
Default	SME 8

Benefits to MSMEs

- **A trusted (third-party) opinion:** A CRISIL rating is a stamp of quality from the most renowned rating agency in India.
- **Access to funding:** A good rating from CRISIL carries weight with lenders, and can help MSMEs get faster credit at a lower cost. The Indian Banks' Association (IBA) has endorsed NSIC-CRISIL Ratings and informed member banks as well. CRISIL has working arrangements with more than 40 banks and financial institutions, many of which extend concessional pricing to borrowers based on these ratings.
- **Credibility and confidence building with business partners:** A CRISIL rating is an indicator of performance capability and financial strength of an enterprise. A good rating provides comfort to lenders (including bankers and various intermediaries), customers, suppliers, foreign partners, business associates and joint venture partners.
- **Self-improvement tool:** Along with the rating, CRISIL gives a detailed, analytical report on the strengths and weaknesses of the rated enterprise. This functions as a powerful self-improvement tool, enabling enterprises to strengthen their operations.
- **Rating helps improve visibility:** Rated enterprises get a free listing on CRISIL's website. The name of the rated entity is also published by CRISIL in SME Connect, which reaches to all the leading banks and financial institutions as well as over 70,000 MSMEs.
- **Useful as a marketing tool:** CRISIL Ratings is a useful marketing tool, as enterprises can display their rating on their website, brochures, advertisements, and marketing material.

CRISIL SME Ratings: Recent Highlights

CRISIL SME Ratings: Diary of events and MoUs signed
(July – December 2015)

CRISIL SME Rating participating in various types of events held across the country; also, we signed MoUs with our valued partners.

Key Events

Mr. V. Srinivasan, Chief Strategy Officer & Business Head, CRISIL Ratings, SME, delivering the speech during the introductory session

Seminar on 'SME for Success of Make in India'

CRISIL SME Ratings participated in a seminar on 'SME for success of Make in India', on December 1, 2015, on the premises of BSE Limited. The entrepreneurship development programme was jointly organised by The Rotary International, the Bombay Stock Exchange Limited, and Reliance Commercial Finance.

Mr. V Srinivasan, Chief Strategy Officer & Business Head, CRISIL Ratings, SME, delivered a speech during the introductory session on 'Credit Ratings for SME – A healthy check for growth sustainability'.

"Shri Subhash Desai, Hon'ble Minister for Industries, Govt. of Maharashtra, was present and addressed the delegates. The seminar was attended by many eminent speakers in financial domain to name a few B.K. Srivastav, Executive Director, Corporation Bank, K.V. Rama Moorthy, Executive Director, United Bank of India, Pawan Bajaj, Executive Director, Indian Overseas Bank, C V R Rajendran, Former Chairman & Managing Director, Andhra Bank, currently Chairman, AMFI, K.V. Srinivasan, CEO, Reliance Commercial Finance, and Ashish Kumar Chauhan, MD & CEO, Bombay Stock Exchange Limited.

Mr. V. Srinivasan, Chief Strategy Officer & Business Head, CRISIL Ratings, SME. (2nd from left) discussing the agenda during the event

'Global SME Business Summit 2015'

CRISIL SME Ratings participated in the 'Global SME Business Summit 2015' organised by the Confederation of Indian Industry (CII) in partnership with the Ministry of Micro, Small and Medium Enterprises, Government of India, on December 7 & 8 in New Delhi.

Mr. V. Srinivasan, Chief Strategy Officer & Business Head, CRISIL Ratings, SME, participated in the 'Discussion on: Financial Inclusion for MSMEs' during 'Breakfast Session with Banking CEOs' which was organised during 'Global SME Business Summit 2015'. The objective of the session was 'MSME Funding: An Action Agenda' and the discussion was on the Role of Banks & Financial Institutions in Bridging the MSME Funding Gap.

Mr. Abhishek Singh, Director, CRISIL SME Ratings, (2nd from left) answering the audience at event.

To name a few, the session was attended by Mr. Ravindra Nath, Chairman & Managing Director, NSIC Ltd., Mr. Jiji Mammen, CEO, Mudra Bank, Mr. T N Manoharan, Chairman, Canara Bank, Mr. TT Ashok, Chairman, CII National SME Council, Mr. Ashish Kumar Singh, Managing Director, SICOM, Mr. JP Singh, President-SME, Axis Bank Limited, Mr. Rajender Sehgal, Group Head, HDFC Bank Limited, Mr. Harshil Mehta, CEO, DHFL, Mr. Ashok Taneja, Co-Chair, CII National SME Council.

CEO Connect- Take a Big Leap

CRISIL SME Ratings participated in CEO Connect - an event organised by DBS Bank in association with SMB Connect on December 11, 2015, in Mumbai, as its knowledge partner. The event was centred on the subject of 'how innovation leads growth' and drew 150-odd SMEs.

Mr. Abhishek Singh, Director, CRISIL SME Ratings, participated in a panel discussion on 'Using Innovation to increase efficiency through Technology', during which he shared the success stories of a businesses that created a completely new business model by replacing routine processes with technology.

Mr. Salil Chaturvedi, Director, CRISIL SME Ratings, (Extreme right) releasing the report during the event

3rd ASSOCHAM – ICAI CMA SMEs Excellence Award - 2015

CRISIL SME Ratings featured as the 'Knowledge partner' in 'SMEs Excellence Award – 2015' organised by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) on December 10, 2015, at New Delhi. Shri Shripad Yesso Naik, Hon'ble Minister of State (I/C) for AYUSH and MoS for Health & Family Affairs handed over the awards to the winners.

CRISIL and ASSOCHAM released a joint report on **'Financial Inclusion for Entrepreneurship'** at the event during an award ceremony. **Mr. Salil Chaturvedi, Director, CRISIL SME Ratings,** gave the highlights of Joint Report.

Summit on 'Make in India – Promoting Entrepreneurship & Innovation'

CRISIL SME Ratings participated in the Seminar on Make in India - Promoting Entrepreneurship & Innovation organised by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) with the support of the Government of Maharashtra on November 19, 2015, in Mumbai.

Mr. Abhishek Singh, Director, CRISIL SME Ratings, making the presentation at summit

The focus was on the industrial growth in Maharashtra. Shri Subhash Desai, Hon'ble Minister for Industries and Shri Deepak Vasant Kesarkar, Hon'ble Minister of State for Finance, Rural Development & Planning, Government of Maharashtra.

Representing CRISIL Limited at the event, **Mr. Abhishek Singh, Director, CRISIL SME Ratings** outlined the growth story of MSMEs in India along with the analyses of select sectors.

Mr. Salil Chaturvedi, Director, CRISIL SME Ratings, speaking at the forum

India MSME 2015 – International Business Summit & Expo

CRISIL SME Ratings participated in the 4th Edition of the 'India MSME 2015 – International Business Summit & Expo' held on October 29-30, 2015, in New Delhi, organised by Prospur Events & Promotions Pvt. Ltd. in association with the Ministry of MSME, NSIC Ltd, and The Federation of Indian Export Organisations (FIEO).

Eminent personalities from the SME space including Shri H. C. Durgapal, Hon'ble Minister for Laghu Udyog (MSME), Govt. of Uttarakhand, and Dr. Anup K. Pujari, Secretary, Ministry of Micro, Small and Medium Enterprises, Govt. of India, shared their views at the event.

Mr. Salil Chaturvedi, Director, CRISIL SME Ratings, participated in the panel discussion on Financial Solutions for MSMEs – Necessity for Sustainability, where he discussed the 'Importance of Credit Ratings in today's dynamic business scenario'. Other panellists included Mr. Kushal Agarwal, Associate Director, Standard Chartered Bank (PLC), and Mr. Ramesh K. Sahijwani, VP (Marketing), IFFCO Tokio General Insurance Company Limited.

Mr. Amrit Pal Singh, Regional Sales Manager, CRISIL SME Ratings, making a presentation at the event.

Town Hall Meet on MSME-related issues

CRISIL SME Ratings participated in a Town Hall Meet on MSME-related issues organised by the RBI on September 24, 2015, in Jalandhar. Mrs. Rashmi Faujdar, Regional Director, RBI, was the chief guest at the event and **Mr. Amrit Pal Singh, Regional Sales Manager, CRISIL SME Ratings** was the key speaker. Nearly 50 SMEs and 15 banks participated in the event.

Mr. Avinash Gidwani, Associate Director, CRISIL SME Ratings, speaking on the topic 'Enhancing Credit worthiness of SMEs through Better risk Management'

SME Conference – 2015

CRISIL SME Ratings was the Rating Partner in the SME Conference – 2015, organised by V4C on September 11, 2015, in Mumbai. **Mr. Avinash Gidwani, Associate Director, CRISIL SME Ratings,** gave the keynote address along with a presentation on 'Enhancing Credit worthiness of SMEs through Better risk Management'. The forum saw participation of around 80 entrepreneurs engaged in the MSME sector.


Mr. T Raj Sekhar, Director, CRISIL SME Ratings, delivering the presentation at the workshop.

Workshop for Capacity Building of Branch Managers of Specialised MSME Branches

CRISIL SME Ratings participated in Workshop for Capacity Building of Branch Managers of Specialised MSME Branches organised by the Reserve Bank of India (RBI), in collaboration with the College of Agriculture Banking (CAB), RBI, on September 3 and 4, 2015, in Ahmedabad.

The discussion was focused on understanding constraints in the flow of credit to the MSME sector. **Mr. T Raj Sekhar, Director, CRISIL SME Ratings,** participated in the panel discussion on 'Credit Scoring and Rating for MSMEs'.

Mr. Rahul Sondhi, Associate Director, CRISIL SME Ratings (extreme right) speaking at the event.

MSME Conclave on Facilitating Financing & Enhancing Competitiveness

CRISIL SME Ratings participated in the MSME Conclave on Facilitating Financing & Enhancing Competitiveness organised by the Confederation of Indian Industry, Northern Region, on August 28, 2015, in Chandigarh.

Mr. Rahul Sondhi, Associate Director, CRISIL SME Ratings, participated in a panel discussion on the 'Role of Credit Rating Agencies'. The forum saw participation of more than 90 entrepreneurs engaged in the MSME sector.

National Seminar on Capacity Building in Banks for MSME Financing

CRISIL SME Ratings participated in the 'National Seminar on Capacity Building in Banks for MSME Financing' organised by the College of Agriculture Banking (CAB), RBI, on August 7-8, 2015, in Pune. It was inaugurated by Mr. S. S. Mundra, RBI Deputy Governor.

Mr. T Raj Sekhar, Director, CRISIL SME Ratings, (3rd from left) in the panel.

Mr. T Raj Sekhar, Director, CRISIL SME Ratings, participated in the panel discussion on 'Credit Scoring and Rating for MSMEs' with fellow panellists R Madhusudan, General Manager, Canara Bank, Shri Rajarshi Chakraborty, Director and Head of Priority Sector Lending, Citibank, moderated by Dr Malcolm Athaide, Senior President, Yes Bank Limited. Around 100 senior officials from the RBI, various nationalised banks, private banks, and regional rural banks attended the event.

Mr. T Raj Sekhar, Director, CRISIL SME Ratings, at the event

MSME Summit 2015 - 'The Backbone of growth'

CRISIL SME Ratings participated in MSME Summit, 2015 – 'The Backbone of growth' organised by the Confederation of Indian Industry (CII) on October 16, 2015, in Mumbai. The Summit was focused on how the MSME Sector can capitalise on the emerging opportunities to increase its contribution towards industrial and employment and growth in India. Mr. Subhash Desai, Hon'ble Minister of Industries, Government of Maharashtra, inaugurated the summit.

Mr. T Raj Sekhar, Director, CRISIL SME Ratings, was a panellist in the session 'Making Finance Available to Catalyze Growth', which was aimed at discussing financing for MSMEs, which are part of the priority sector lending for banks along with agriculture, rural markets and microfinance.

Mr. Abhishek Singh, Director, CRISIL SME Ratings, making the presentation at summit

SME Finance and Investment Summit

CRISIL SME Ratings participated in the 6th Annual National Conference Finance and Investment Summit organised by the SME Chamber of India on July 24, 2015, at hotel Sahara Star, Mumbai, as its knowledge partner. It was organised with the support of Maharashtra Industrial and Economic Development Association (MIEDA), India International Trade Centre and SME Export Promotion Council.

Several eminent professionals namely Dr. K. Shivaji, IAS, Chairman & MD, SIDBI, Dr. Surendra Bagde, IAS, Secretary (SME Department) & Development Commissioner (Industries), Government of Maharashtra, Dr. Ram S Sangapure, Executive Director, Punjab National Bank, Shri Kishor Kharat, Executive Director, Union Bank of India, Shri K. V. Srinivasan, CEO, Reliance Commercial Finance, attended the event, which drew nearly 300 participants.

Mr. Abhishek Singh, Director, CRISIL SME Ratings made a presentation on 'SMEs in India – Key Challenges and Preparing for Future' during a plenary session on 'Streamlining Finance for SME Growth – Strategy and Initiative'.

MoUs with Banks

CRISIL SME Ratings has for years looked at value addition for our SME clientele, and has nurtured partnerships that help us strengthen the MSME network. A direct benefit of this goes to our clients in the form of banks offering concessions on the rate of interest charged on financial assistance provided, depending on the rating given to their enterprises. In the current financial year, we signed/renewed MoUs with the banks listed below:

Mr. Abhishek Singh, Director, CRISIL SME Ratings, and Sharad Prabhakar Madiwale, General Manager, G P Parsik Bank

G P Parsik Bank

The MoU was signed on July 7, 2015, by **Mr. Abhishek Singh, Director, CRISIL SME Ratings,** and by **Mr. Sharad Prabhakar Madiwale, General Manager, G P Parsik Bank.** Also present were Mr. Bhagwan Patil, Chief Manager - Credit Marketing, G P Parsik Bank, Pranav Ranjan - Manager, Pankaj Ojha - Business Development Manager, and Shumail Kazimi - Business Development Officer, CRISIL SME Ratings. G P Parsik Bank will also provide a concession on the rate of interest to the tune of 1% on a discretionary basis to the top-rated clients of CRISIL.

Mr. Abhishek Singh, Director, CRISIL SME Ratings, and J. P. Singh, President – SME, AXIS Bank Limited

AXIS Bank Limited

CRISIL SME Ratings renewed its MoU with AXIS Bank Limited on August 11, 2015, signatories to which were **Mr. Abhishek Singh, Director, CRISIL SME Ratings,** and **Mr. J. P. Singh, President - SME, AXIS Bank Limited. Mr. Salil Chaturvedi, Director, CRISIL SME Ratings**, Ajay Salohar, Assistant Vice-President, SME Strategy & Analytics, AXIS Bank Limited, and Mr. Pratik Raychaudhuri, SME Business Unit, AXIS Bank Limited were also present at the meeting.

Mr. Abhishek Singh, Director, CRISIL SME Ratings, and S. Sridharan, General Manager - MSME, Bank of Baroda

Bank of Baroda

CRISIL SME Ratings renewed its MoU with Bank of Baroda on October 8, 2015, signatories to which were **Mr. Abhishek Singh, Director, CRISIL SME Ratings,** and **Mr. S. Sridharan, General Manager – MSME Banking, Bank of Baroda.**

Canara Bank

CRISIL SME Ratings renewed its MoU with Canara Bank on December 8, 2015, in Mumbai; it was signed by **Mr. Abhishek Singh, Director, CRISIL SME Ratings,** and **Mr. R Madhusudan, General Manager – MSME, Canara Bank.** Canara Bank will offer concession on interest rates on a case-to-case basis for credit facilities extended to CRISIL's top-rated MSME units.

MoUs with Industry Associations

CRISIL SME Ratings recognizes the important role Industry Associations play in the SME space in developing strong relationships as well as aiding the flow of information within the sector. CRISIL is working closely with these associations with a view to building strategic partnerships and a strong network that would benefit the entire SME space.

We take pride in being formally associated with the industry associations mentioned below, with whom we signed Memoranda of Understanding (MoU) during the current financial year:

Mr. V. Srinivasan, Chief Strategy Officer & Business Head, CRISIL Ratings, SME, and Mr. N M P Jayesh, Director, CII

Confederation of Indian Industry (CII)

The MoU was signed for its Finance Facilitation Centre (FFC) in December, 2015, at the 'Global SME Business Summit 2015', by **Mr. V. Srinivasan, Chief Strategy Officer & Business Head, CRISIL Ratings, SME,** and **Mr. N M P Jayesh, Director, Confederation of Indian Industry (CII). Mr. Salil Chaturvedi, Director, CRISIL SME Ratings,** was also present at the event.

Karnataka Small & Medium Business Owner's Association (KSMBOA)

The MoU was signed with (KSMBOA) in October, 2015, by **Mr. Abhishek Singh, Director, CRISIL SME Ratings,** and **Mr. Christopher Richard, Founder & President, KSMBOA.**

All India Association of Industries (AIAI)

The **MoU** was signed with the All India Associations of Industries (AIAI) in August, 2015 by **Mr. Abhishek Singh, Director, CRISIL SME Ratings,** and **Ms. Rupa Naik, Executive Director, AIAI.**

Chamber of Indian Micro Small & Medium Enterprises (CIMSME)

The MoU was signed with CIMSME in August, 2015, by **Mr. Salil Chaturvedi, Director, CRISIL SME Ratings,** and **Mr. Mukesh Mohan Gupta, President, CIMSME**. Mr. Chayan Gulati, Regional Manager, CRISIL SME Ratings was also present at the event.

Rajkot Chamber of Commerce & Industry (RCCI)

The MoU was signed with RCCI in August, 2015, by **Mr. Abhishek Singh, Director, CRISIL SME Ratings,** and **Mr. Sameerbhai Shah, President, RCCI.** Mr. Anand Nair, Regional Manager, CRISIL SME Ratings, was also present at the event.

Indian Entrepreneur Club Ventures LLP(IEC)

The MoU was signed with the Indian Entrepreneur Club (IEC) Ventures LLP in July, 2015, by **Mr. Abhishek Singh, Director, CRISIL SME Ratings,** and **Nazim Sawant, Director, IEC Ventures LLP.**

Publications from CRISIL Ratings

CRISIL rates virtually all the large players in almost every industry/sector in India. In addition to this, CRISIL has so far rated more than 75,000 MSMEs. This provides CRISIL with the most comprehensive understanding of Indian industry fundamentals.

To provide borrowers, lenders, and investors with an in-depth perspective on current issues relating to all sectors, CRISIL regularly publishes commentaries and opinion pieces.

CRISIL Ratings published the following commentaries over the past financial year (November 2014 to December 2015):

Insights from CRISIL Ratings	
1	Digitisation manna - Next phases should be a win-win for all
2	Radio Returns
3	No smooth ride
4	Credit quality pressures intensify for highly leveraged firms
5	CRISIL Performance report - ABS & MBS Pools
6	India needs 2600 Crore a Day of Financing for Growth
7	R.I.P brick & mortar retail? Not so fast
8	CRISIL Credit Conversations Volume: 1 to 8
9	Current Worries: Power Sector
10	Knowledge Report on ARC: The New Normal: Growth Tempered, Recovery in the Crosshairs
11	On securitisation road, commercial vehicle pools gaining traction
12	CRISIL Annual Default and Ratings Transition Study – 2014
13	CRISIL Ratings Roundup Second-Half 2014-15: Mid-size firms see biggest gain in credit quality
14	Wind-energy sector to see Rs.650 billion investments in 3 years
15	For IT services aspirants, job opportunities will narrow

To receive a copy of any of these publications, contact us on Toll free no.: 1800 1033 453 or log on www.crisil.com

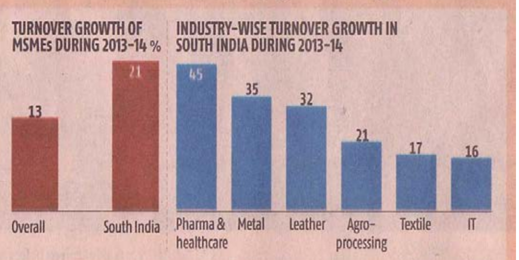
CRISIL SME Ratings in Media

CRISIL is one of the largest rating agencies and has rated more than 75,000 MSMEs across industries and geographies. Based on the understanding gained from this vast experience, CRISIL has been actively involved in sharing its insights through articles and opinion pieces in leading dailies and the electronic media, including online portals, a snapshot of which is produced below:

Business Standard

CRISIL SME TRACKER

MSMEs in south India top growth figures



CRISIL has analysed the performance of about 8,400 micro, small, and medium enterprises (MSMEs), rated on the basis of their 2013-14 (April 1-March 31) financials. The study revealed that the average annual turnover of these MSMEs grew from ₹15.18 crore in 2011-12 to ₹18.14 crore in 2012-13 (a growth of 19 per cent) and to ₹20.53 crore in 2013-14 (a growth of 13 per cent). It also showed that MSMEs in the southern states of India, namely, Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Telangana, have performed better than those in other regions — recording a growth in average annual turnover of 21 per cent in 2013-14, as against 13 per cent overall growth of MSMEs. Remarkably, MSMEs in Andhra Pradesh (AP) and Tamil Nadu (TN) posted 21 per cent and 18 per cent growth respectively, being key contributors to the growth in this region.

The key sectors contributing to the growth story in the south are pharma & healthcare (45 per cent growth in average annual turnover of MSMEs), metal (35 per cent), leather (32 per cent), agro-processing (21 per cent), textile (17 per cent) and IT (16 per cent).

MSMEs in South India (particularly AP and TN) are expected to surpass the other regions in terms of future growth with support from policies for industrial development, including the setting up of various industrial centres in less developed regions of southern TN, development of the Madurai-Tuticorin corridor in TN, a green energy corridor and infrastructure development of 31 cities in AP under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme.

Note: CRISIL has rated over 75,000 MSMEs in India. This fortnightly tracker presents to our readers insights on MSMEs, a key element of the Indian economy.

October 13, 2015 | Business Standard

Business Standard

CRISIL SME TRACKER

MSMEs in construction sector counting on govt push

CRISIL has analysed the performance of 305 micro, small, and medium enterprises (MSMEs) in the construction sector, rated on the basis of their 2013-14 (financial year April 1 to March 31) financials. The sample includes MSMEs engaged in construction activity related to roads, bridges, irrigation projects and industrial projects, and excludes real estate projects. The analysis reveals that while these MSMEs recorded an increase in their average annual turnover — from ₹10.81 crore in 2011-12 to ₹13.57 crore in 2012-13 and ₹15.03 crore in 2013-14 — the sector showed a year-on-year decline in growth, from 25 per cent in 2012-13 to 11 per cent in 2013-14. Growth figures for 2014-15 and 2015-16 are expected to remain sluggish owing to lower order backlog and slow project execution.

As of today, the construction sector contributes about 10 per cent of India's GDP, and is among the largest employment-generating sectors in the country. However, going forward, the growth of MSMEs in this sector would depend on the government's propensity to ensure timely implementation of various projects proposed for the development of infrastructure in the country.

Note: CRISIL has rated over 75,000 MSMEs in India. This fortnightly tracker presents to our readers insights on MSMEs, a key element of the Indian economy.

September 15, 2015 | Business Standard

Business Standard

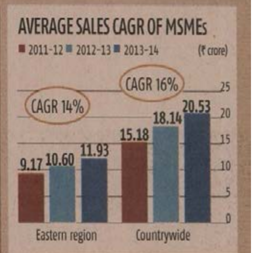
CRISIL SME TRACKER

Eastern region lags in MSME growth

CRISIL has analysed the performance of about 830 micro, small, and medium enterprises (MSMEs) from the eastern region of the country, rated on the basis of their 2013-14 (April 1-March 31) financials.

The study covered MSMEs from the states of Odisha, Bihar, Chhattisgarh, West Bengal and Jharkhand, and revealed that their average annual turnover grew to ₹11.93 crore in 2013-14 from ₹9.17 crore in 2011-12, at a compounded annual growth rate (CAGR) of 14 per cent. This is lower than the CAGR of 8,400 CRISIL-rated MSMEs across the country over this period, which was 16 per cent.

In the eastern region, growth in agro-processing, dairy products, chemicals, pharmaceuticals and steel is offset by lower performance in the engineering/capital goods, electrical equipment and textile sectors. Considering the region is rich in natural resources, government initiatives to support infrastructure



will help boost the region's economy. CRISIL believes in addition to these, easy access to credit will also be critical for maintaining growth in the region.

Note: This fortnightly tracker presents to our readers insights on MSMEs, a key element of the Indian economy. CRISIL has rated over 75,000 MSMEs in India. The analysis is based on the latest audited financial statements (i.e. 2013-14) of CRISIL-rated MSMEs. Most enterprises finalise their audited financials for the previous financial year by the end of the second quarter of the current one.

October 27, 2015| Business Standard

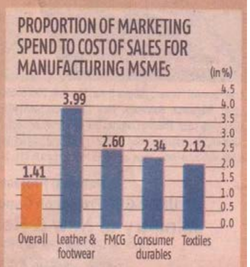
Business Standard

CRISIL SME TRACKER

Low marketing spend limits manufacturing MSMEs' customer outreach

CRISIL has analysed the marketing costs of about 3,600 micro, small, and medium enterprises (MSMEs) from the manufacturing sector, rated on the basis of their 2013-14 (April 1-March 31) financials. The study looked into their marketing spends as a percentage of total costs of sales, and found that while the figure for the sector overall was 1.41 per cent, those for the four main segments – leather and footwear, fast-moving consumer goods (FMCG), consumer durables, and textiles – were only 3.99 per cent, 2.60 per cent, 2.34 per cent, and 2.12 per cent respectively, even as these segments are mainly retail-based industries.

This shows that MSMEs' spending on marketing their products is low in this sector, and they are relying more on traditional modes of reaching out to the customer, such as word-of-mouth publicity and using established customer relationships for obtaining repeat orders. Marketing spend as a percentage of total cost of sales for MSMEs across the sector effectively



remains below four per cent.

As competition intensifies and with the growing use of online media, it is important for these MSMEs to increase their marketing spends through various media in order to create awareness about their products, so as to widen reach and scale up their businesses.

Note: CRISIL has rated over 75,000 MSMEs in India. This fortnightly tracker presents to our readers insights on MSMEs, a key element of the Indian economy.

September 29, 2015 | Business Standard

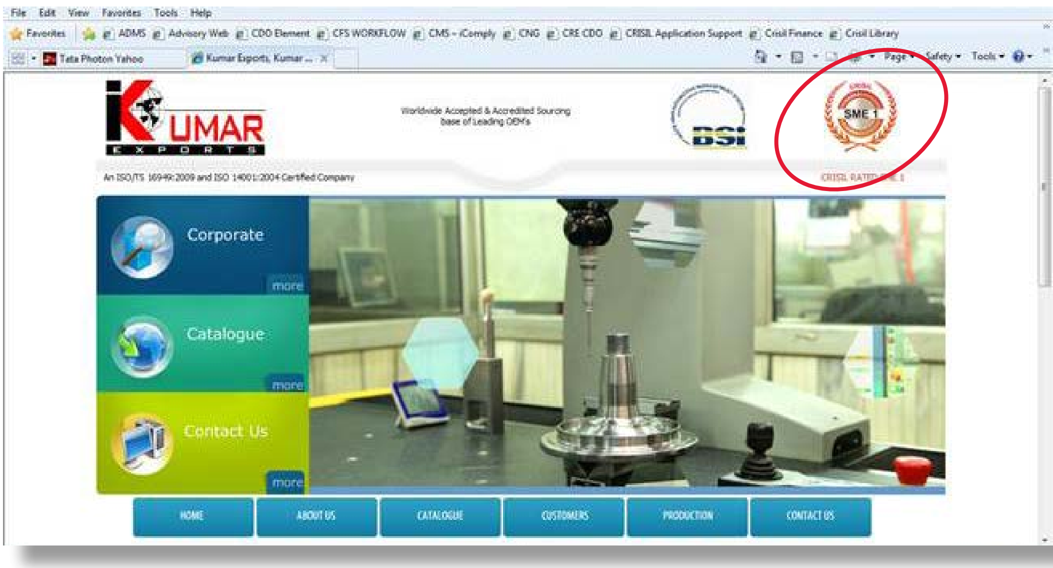
Maximising rating benefits

CRISIL-rated SMEs are maximising their rating benefits by giving the rating the pride of place in their communication with existing and potential clients, suppliers, investors, and stakeholders, including their packaging, business cards, letterheads, among others:

Website

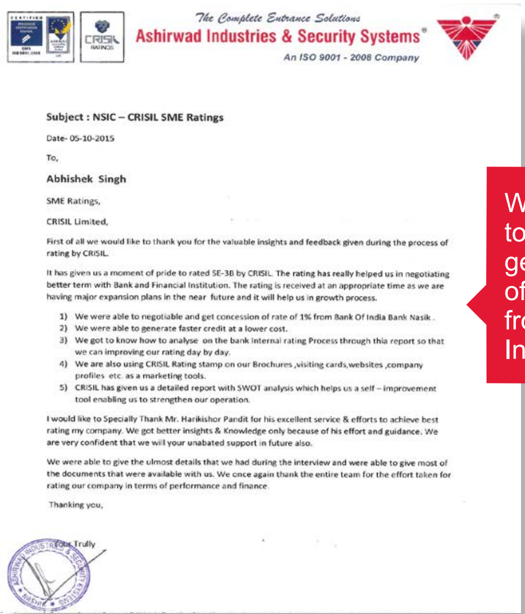
Company Name : ERP Shine Solution

Company Name : Kumar Exports



CustomerSpeak

CRISIL-rated SMEs recount their experience with the ratings exercise, their ease of dealing with our team, and the benefits accrued from the process in their own words:



The Complete Entrance Solutions

Ashirwad Industries & Security Systems

An ISO 9001 - 2008 Company

Subject : NSIC – CRISIL SME Ratings

Date- 05-10-2015

To,

Abhishek Singh

SME Ratings,

CRISIL Limited,

First of all we would like to thank you for the valuable insights and feedback given during the process of rating by CRISIL.

It has given us a moment of pride to rated SE-3B by CRISIL. The rating has really helped us in negotiating better term with Bank and Financial Institution. The rating is received at an appropriate time as we are having major expansion plans in the near future and it will help us in growth process.

1) We were able to negotiable and get concession of rate of 1% from Bank Of India Bank Nasik .
2) We were able to generate faster credit at a lower cost.
3) We got to know how to analyse on the bank Internal rating Process through thia report so that we can improving our rating day by day.
4) We are also using CRISIL Rating stamp on our Brochures ,visiting cards,websites ,company profiles etc. as a marketing tools.
5) CRISIL has given us a detailed report with SWOT analysis which helps us a self – improvement tool enabling us to strengthen our operation.

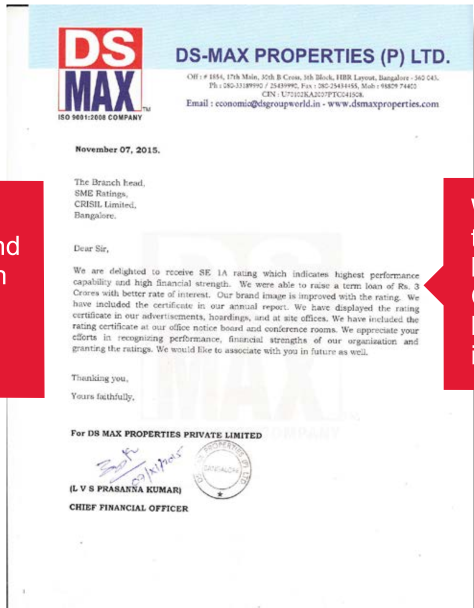
I would like to Specially Thank Mr. Harikishor Pandit for his excellent service & efforts to achieve best rating my company. We got better insights & Knowledge only because of his effort and guidance. We are very confident that we will your unabated support in future also.

We were able to give the ulmost details that we had during the interview and were able to give most of the documents that were available with us. We once again thank the entire team for the effort taken for rating our company in terms of performance and finance.

Thanking you,

Your Trully

We were able to negotiate and get concession of rate of 1% from Bank of India



DS-MAX PROPERTIES (P) LTD.

Off : # 1854, 17th Main, 30th B Cross, 5th Block, HBR Layout, Bangalore - 560 043.
Ph : 080-33189990 / 25439990, Fax : 080-25434455, Mob : 98809 74400
CIN : U70102KA2007PTC041508.
Email : economic@dsgroupworld.in - www.dsmaxproperties.com

ISO 9001:2008 COMPANY

November 07, 2015.

The Branch head,
SME Ratings,
CRISIL Limited,
Bangalore.

Dear Sir,

We are delighted to receive SE 1A rating which indicates highest performance capability and high financial strength. We were able to raise a term loan of Rs. 3 Crores with better rate of interest. Our brand image is improved with the rating. We have included the certificate in our annual report. We have displayed the rating certificate in our advertisements, hoardings, and at site offices. We have included the rating certificate at our office notice board and conference rooms. We appreciate your efforts in recognizing performance, financial strengths of our organization and granting the ratings. We would like to associate with you in future as well.

Thanking you,

Yours faithfully,

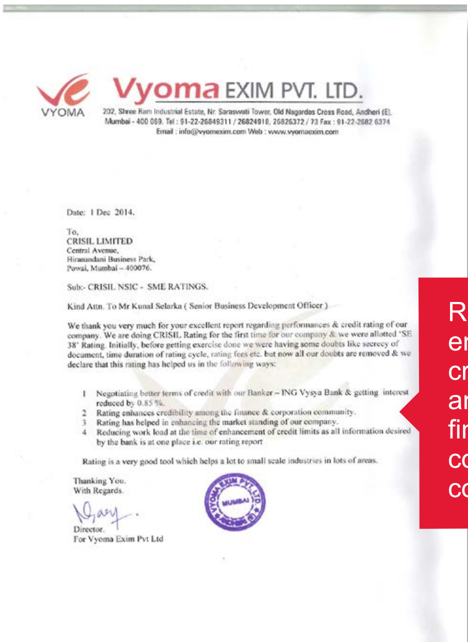
For DS MAX PROPERTIES PRIVATE LIMITED

07/11/2015

(L V S PRASANNA KUMAR)

CHIEF FINANCIAL OFFICER

We were able to raise a term loan of Rs. 3 Crores with better rate of interest



Vyoma EXIM PVT. LTD.

202, Shree Ram Industrial Estate, Nr. Saraswati Tower, Old Nagardas Cross Road, Andheri (E), Mumbai - 400 069. Tel : 91-22-26849311 / 26824918, 26826372 / 73 Fax : 91-22-2682 6374
Email : info@vyomexim.com Web : www.vyomaexim.com

Date: 1 Dec 2014.

To,
CRISIL LIMITED
Central Avenue,
Hiranandani Business Park,
Powai, Mumbai – 400076.

Sub:- CRISIL NSIC - SME RATINGS.

Kind Attn. To Mr Kunal Selarka (Senior Business Development Officer)

We thank you very much for your excellent report regarding performances & credit rating of our company. We are doing CRISIL Rating for the first time for our company & we were allotted 'SE 3B' Rating. Initially, before getting exercise done we were having some doubts like secrecy of document, time duration of rating cycle, rating fees etc. but now all our doubts are removed & we declare that this rating has helped us in the following ways:

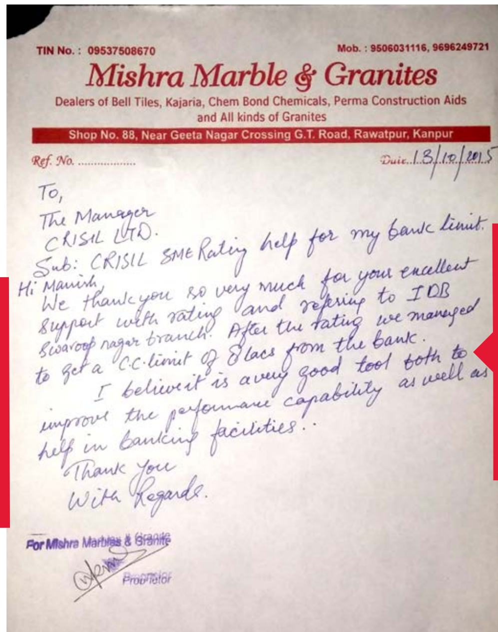
1 Negotiating better terms of credit with our Banker – ING Vysya Bank & getting interest reduced by 0.85 %.
2 Rating enhances credibility among the finance & corporation community.
3 Rating has helped in enhancing the market standing of our company.
4 Reducing work load at the time of enhancement of credit limits as all information desired by the bank is at one place i.e. our rating report

Rating is a very good tool which helps a lot to small scale industries in lots of areas.

Thanking You.
With Regards.

Director.
For Vyoma Exim Pvt Ltd

Rating enhances credibility among the finance & corporation community



TIN No. : 09537508670 Mob. : 9506031116, 9696249721

Mishra Marble & Granites

Dealers of Bell Tiles, Kajaria, Chem Bond Chemicals, Perma Construction Aids and All kinds of Granites

Shop No. 88, Near Geeta Nagar Crossing G.T. Road, Rawatpur, Kanpur

Ref. No. .... Date 13/10/2015

To,
The Manager
CRISIL LTD.
Sub: CRISIL SME Rating help for my bank limit.
Hi Manish,
We thank you so very much for your excellent support with rating and refering to IDB Swaroop nagar branch. After the rating we managed to get a C.C. limit of 8 lacs from the bank.
I believe it is a very good tool both to improve the performance capability as well as help in banking facilities..
Thank You
With Regards.

For Mishra Marbles & Granite
Proprietor

I believe it is a very good tool both to improve the performance capability as well as help in banking facilities

Our Partnerships - what CRISIL brings to you

CRISIL esteems its partnerships with several leading Indian banks and financial institutions (FIs), and it is their trust that we bring to you when you embrace credit and performance ratings from us. In appreciation of the needs of our clients for greater credibility and ease in the market, we offer them the potential to maximise their benefits from our strategic partnerships with these institutions. CRISIL has an understanding with over 40 banks and FIs, of which 30 banks and FIs offer loans at a concessional rate of interest to borrowers that have a favourable rating.

Banks and financial institutions that currently partner with CRISIL

Name of Institution	Concession offered on Rate of Interest
Assam Gramin Vikash Bank	0.50%
Axis Bank Limited	-
Bank of Baroda	-
Bank of India	0.25% - 0.50%
Bank of Maharashtra	0.25% - 0.50%
Bassein Catholic Co-op Bank Limited	0.50%
Canara Bank	Discretion of the Credit Officer
Capital Local Area Bank Limited	0.50%
Corporation Bank	0.25% - 0.50%
DCB Bank Limited	0.75%
Dhanlaxmi Bank Limited	0.50%
Dharmavir Sambhaji Urban Co-op Bank Limited	0.25% - 1%
Dombivli Nagar Sahakari Bank Limited	0.50%
Federal Bank Limited	-
G P Parsik Janata Sahakari Bank Limited	1%
HDFC Bank Limited	-
ICICI Bank Limited	-
Indian Overseas Bank	0.25%
Janaseva Sahakari Bank Limited	-
Karnataka Bank Limited	Discretion of the Credit Officer
Karnataka State Financial Corporation	0.50% - 1%
Karur Vysya Bank Limited	0.25%-1%
NKGSB Co-op Bank Limited	1%
Pune People Co-op Bank Limited	0.25% - 1%
Punjab and Sind Bank	0.25%
RBL Bank Limted	0.50%
Saraswat Co-op Bank Limited	-
South Indian Bank Limited	-

Name of Institution	Concession offered on Rate of Interest
State Bank of Bikaner and Jaipur	0.25%
State Bank of Hyderabad	0.25%
State Bank of Mysore	0.25%
State Bank of Travancore	-
Syndicate Bank	-
Tamilnad Mercantile Bank Limited	0.50%
The Nainital Bank Limited	0.50%
The Surat People's Co-op Bank Limited	-
UCO Bank	0.25% - 1%
Union Bank of India	0.25% - 0.50%
United Bank of India	0.25% - 0.50%
Vijaya Bank	0.50% - 1%
Yes Bank Limited	0.25% - 1%

Feature on Economy

View of the month - Pulse of inflation

Consumer inflation rose to 5% in October from 4.4% in September. It was not just the base effect that lifted inflation; the surge in pulses inflation (to 42% in October) compounded inflationary pressures. During 2004-05 to 2014-15, while overall WPI inflation averaged 6.3%, pulses inflation has been much higher at 9.4%.

Several factors explain this, the biggest being persistent demand-supply mismatch. Pulses acreage and production was stagnant for nearly seven years after 2003-04. Notwithstanding the policy push to production after 2010, yields have fallen yet again due to weather shocks. Meanwhile, the demand for proteins in general and pulses in particular has accelerated due to rising per capita income and changing food habits. An interesting pattern is the sharp spike, akin to what is happening now, in pulses inflation at fairly regular intervals. These spikes, when pulses inflation typically crosses 30%, are related to weather shocks that pull production below the trend.

Pulses inflation crossed 40% this October, which is the sharpest price rise in pulses in a decade. Three consecutive monsoon shocks have hurt production. At the same time, elevated prices of pulses globally, a weak rupee, and limited global supplies suggest that imports will provide only limited comfort to domestic prices. Over the next few months, pulses inflation will head down as high market prices and the recent increase in minimum support prices will act as an incentive to farmers to grow more pulses.

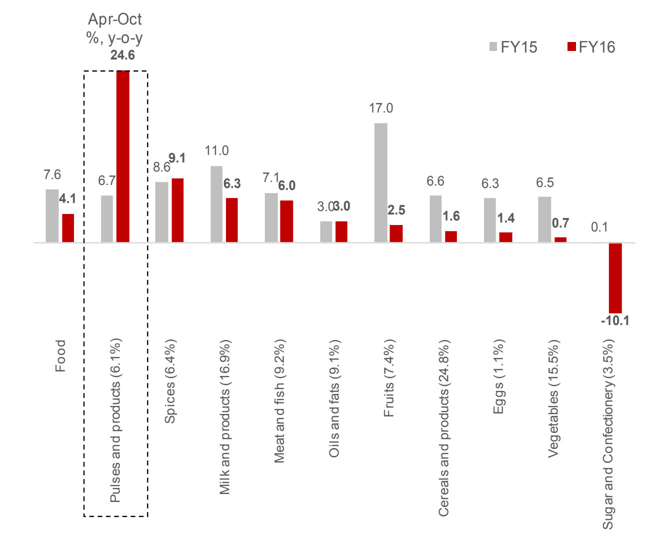
The Indian Institute of Pulses Research projects the country's pulses requirement at 39 million tonnes by 2050. This will require annual production growth of 2.2%, compared with 0.9% growth seen in the last decade. Clearly, a mix of policies that de-risk production from weather-related shocks and raise yields are the need of the hour.

Key updates on the economy

Outlook	Parameter	2014-15	2015-16F
Growth (%) – new series	Agriculture	0.2	1.5
	Industry	6.1	6.5
	Services	10.2	9.8
	Total GDP	7.3	7.4
	Private Consumption	6.3	6.6
Inflation	CPI (average)	6.0	5.4
Interest Rate	10-year G-sec (Year-end)	7.7	7.5
Exchange Rate	Re/US$ (Year-end)	62.6	64.0
Fiscal Deficit	as a % of GDP	4.0	3.9
Current Account Deficit	as a % of GDP	1.3	1.3

F: CRISIL's Forecast
Source: CSO, Budget documents, Reserve Bank of India (RBI), CRISIL Research

High Pulse Inflation



7th Pay Commission: Recommendations

Non-inflationary boost to consumption, investment

- The Seventh Central Pay Commission (Seventh CPC) has recommended a 23.5% hike in wages, allowances and pension (PAP) of government employees, which is a tad more than what was expected. According to the Seventh CPC, PAP as a share of GDP would rise to 3.4% compared with 2.77% in fiscal 2016. Total payout under PAP is estimated to be Rs 1,021 billion in fiscal 2017.
- The PAP recommendations, if accepted, will provide a boost to consumption and also provide an upside to GDP growth in 2017. In addition to increase in consumption, it will also raise capacity utilisation and, hence, hasten recovery in the private capex cycle. There will be adverse fiscal and inflationary implications, but these will be far lower than what was experienced when the Sixth Pay Commission was implemented. The 6th Pay Commission had recommended a 35% hike in wages and pensions.

Consumption Impact

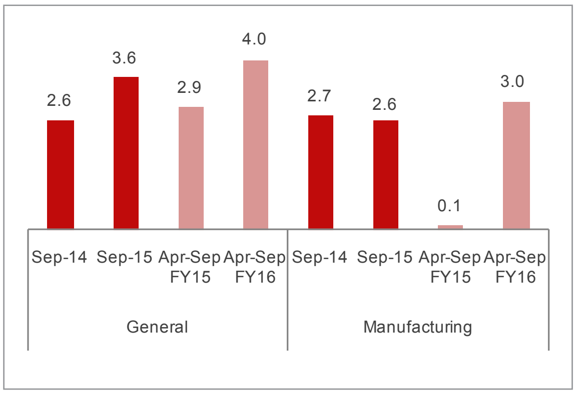
% of payout spent	Impact on Consumption (% increase)
Scenario 1: All	0.64%
Scenario 2: 3/4	0.44%
Scenario 3: 1/2	0.32%

Industrial Production

IIP growth moderates

- IIP growth moderated to 3.6% in September after rising to 6.3% in August (the highest growth in 36 months). All sub-indicators except electricity saw lower growth. Manufacturing activity growth was down to 2.6% on-year (versus 6.6% in August) due to slowdown in both consumer and investment-oriented sectors whereas electricity production rose to 11.4%, almost double the growth in August. Capital goods growth slowed to 10.5% (versus 21.4% in August) due to an unfavourable base effect.
- Month-on-month momentum picked up to 0.8% from -1.9% in August, on strong monthly growth in electricity and capital goods production. Core sector growth rose in September to 3.2% from 2.7% in August led by higher growth in electricity (10.8%), fertilisers (18.1%), and coal (1.8%).

Y-o-Y (%)



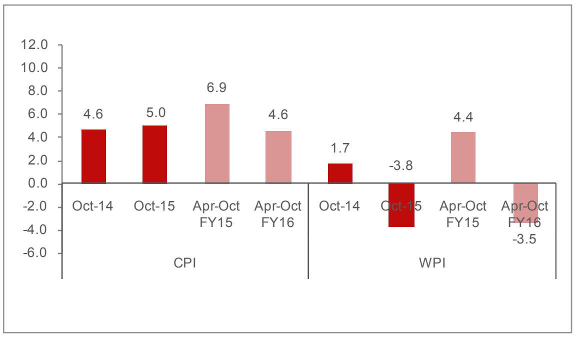
Inflation

Up on spike in pulses inflation

- Inflation rose in October, led by a low base and sharp push from pulses inflation. Inflation in pulses (CPI 42.2% and WPI 53% in October) is the highest in a decade. So far this fiscal, while overall food inflation is down, pulses inflation in CPI is up at 24.6% compared with 6.7%. Consumer price inflation (CPI) rose to 5% from 4.4% last month; the fall in WPI inflation was less steep, at -3.8% compared with -4.5%. Core inflation stayed benign reflecting slack domestic demand.

- Core inflation fell to 5.3%, after remaining unchanged at 5.4% for two consecutive months, led by lower inflation in clothing and footwear, household goods and services, and health. Inflation could likely continue to trend up through December as the low base effect nudges it higher this year.

Y-o-Y (%)

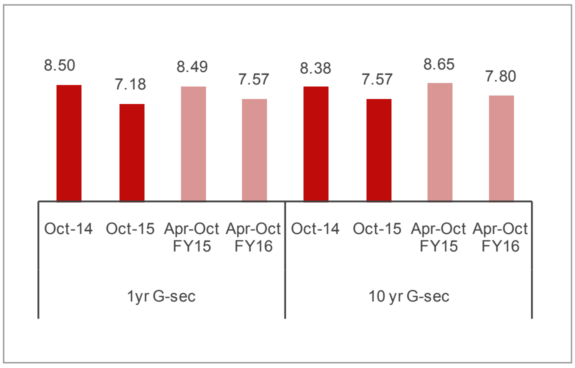


Interest Rate

Marginal rise in yields

- G-sec yields eased significantly after the 50 bps cut in repo rate on Sep 29 but trended up a little in October. The yield on the 7.72%, 2025 government bond - the new 10-year benchmark - ended October at 7.64%, compared to 7.54% in end-September. On an average basis, however, yield on the 10 year G-sec was lower in October (7.57%) compared to September (7.73%) due to the steep fall in yields after the repo rate cut. One-year G-sec yields remained relatively unchanged, ending October at 7.20% compared to 7.19% in end-September.
- Liquidity turned mildly deficit in October after being in surplus since June. Higher government borrowing coupled with low spending put a strain on available liquidity. The average daily liquidity injection under the repo, variable term repo and marginal standing facility was Rs 41 billion compared with a net absorption of Rs 15 billion in September.

Average (%)

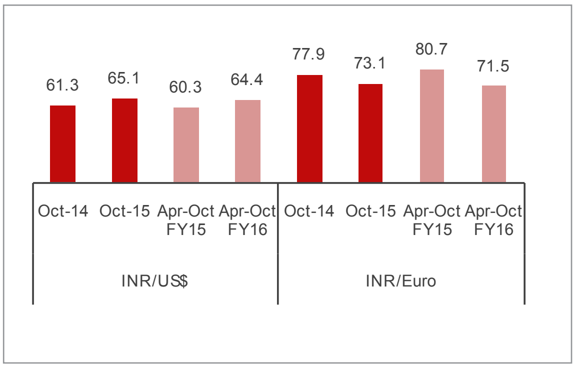


Rupee

Rupee strengthens slightly

- The rupee appreciated from its September lows, averaging 65.1/$ in October compared with 66.2/$ in September. It gained ground against other major currencies too, climbing 1.8% and 1.7% versus the pound and the yen, respectively.
- In October, sentiment improved as uncertainty surrounding the US Federal Reserve action faded for the time being, and Reserve Bank of India lowered the policy rate by 50 bps and expanded foreign portfolio investment limits. As expected, the rise in investment limits from October 12, 2015, attracted more inflows and supported the rupee.

Average



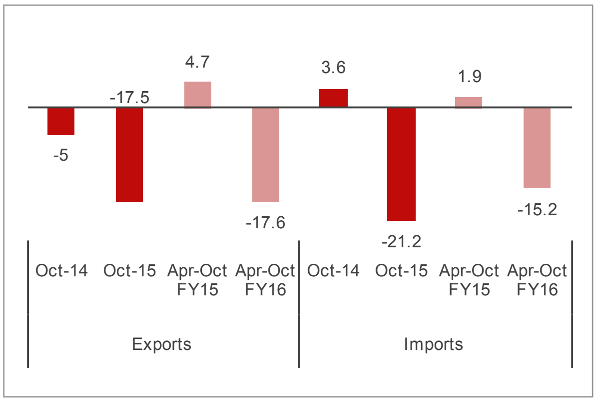
We maintain our outlook on the rupee to 64/$ by March 2016 from 63/$ earlier, versus 62.6/$ in March 2015.

Trade

Exports fall for 11th straight month

- Exports dipped 17.5% on-year to $21.4 billion in October. The decline is lesser than the 20%-plus fall in the preceding two months but is on a much weaker base. However, the fall in non-oil exports was partially arrested (down only 6.3% in October compared to 14.2% in the preceding two months). With this, total exports are down 17.5% on-year during April-October this fiscal compared to 4.7% in the year-ago period.
- Imports fell more than exports for the second consecutive month. At $31.12 billion, imports were down 21.2% on-year in October largely on account of lower petroleum and gold imports. With imports falling more than exports, the trade deficit fell to $9.7 billion in October from $13.6 billion on year.

Y-o-Y (%)



Global Developments						
Parameters		**U.S.**	**U.K.**	**Euro Area**	**Japan**	**China**
GDP (q/q, annualised %)	Q3-2015	1.5	0.5[1]	NA	-0.8	6.9[2]
CPI Inflation (y-o-y %)	Oct-15	0.2	-0.1	0.1	0.2	1.3
Trade balance (National currency, billion)	Sep-15	-40.8	-1.4	20.1	-114.5	60.3#
Policy Rate (%)	Oct-15	0.0-0.25	0.50	0.05	0.00	4.35

*Note: # $ billion, 1 q/q not annualized, 2 y/y, *Data for March*

- Global growth continues to remain weak and uneven. Even as the US growth is steadily improving, recovery in Europe remains fragile and growth in many emerging economies, except India, seems to be weakening. The eurozone continues to face downside risks to growth with low inflation and high unemployment. And, for most emerging economies investment remains elusive amidst slowing growth prospects.
- The US economy grew an annualised 1.5% in the September quarter compared to 3.9% growth in the previous quarter largely on account of falling inventories and lower exports due to the strong dollar. The lowering of inventories means that companies are able to sell off the accumulated goods, which means that the demand is buoyant and firms would start building up inventories again. Consumer spending grew by an annualised 3.2%, only slightly lower than 3.6% in the second quarter.
- The European commission (EU) does not expect a marked improvement in eurozone's growth in the coming years. According to EU, the 19-nation eurozone is expected to grow by 1.6% this year, followed by a marginally higher 1.8% and 1.9% in 2016 and 2017 respectively. The current improvement in the economy rests on temporary factors such as low oil prices, weaker exchange rate and ECB's accommodative monetary policy. There is, however, some improvement on the jobs front. Unemployment hit a four-year low of 10.8% in September, down from 10.9% in August.
- Japan's economy contracted by an annualised 0.8% in the September quarter after a 0.7% decline in the previous quarter. Two consecutive quarters of GDP contraction technically mean that an economy is in recession. The contraction was largely attributed to weakness in business investment and shrinking inventories as Japanese firms refrained from spending amidst slowdown in Chinese growth and a weak global outlook. Business investment shrank an annualised 5% during the quarter marking a second consecutive quarterly decline.
- China's GDP slowed to a six-year low of 6.9% y-o-y in the quarter ended September compared with 7% in each of the previous two quarters. It is the slowest pace of growth since 6.2% recorded in the March quarter of 2009 during the global recession. Still, the reported growth was higher than the consensus expectation of 6.8%. While continued downward pressure from real estate, manufacturing and exports weighed down on GDP growth, the strength in services and consumption prevented further downfall. Services sector growth quickened to 8.4% in the first nine months of 2015 while the so-called secondary industry (which includes manufacturing) weakened to a 6% expansion. This is in line with the government's target of rebalancing the growth of the Chinese economy away from investment and secondary sector production towards consumption.

Data Summary

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Industrial Production*						
General	4.1	2.7	3.8	4.2	3.6	-
Manufacturing	5.1	2.2	4.6	4.7	2.6	-
Mining	0.6	2.8	-0.3	1.3	3.0	-
Electricity	-0.5	6.0	1.3	3.5	11.4	-
Basic Goods	2.8	6.4	5.1	5.2	4.0	-
Capital Goods	11.1	1.8	-3.6	10.6	10.5	-
Intermediate Goods	3.3	1.2	0.8	1.5	2.1	-
Consumer goods	3.1	-1.6	6.6	1.3	0.6	-
Consumer Durables	1.3	-3.9	16.0	11.4	8.4	-
Consumer Non-Durables	4.4	-0.1	1.3	-4.6	-4.6	-
Inflation* (WPI at 2004-05 base)						
WPI-Primary Articles	-1.1	-0.5	-4.0	-4.2	-2.1	-0.4
WPI-Manufactured Products	-0.5	-0.8	-1.5	-2.0	-1.7	-1.7
WPI-Fuel, Power L&L	-9.4	-8.9	-11.6	-16.2	-17.7	-16.3
WPI-All Commodities	-2.2	-2.1	-4.0	-5.1	-4.5	-3.8
CCII	0.2	0.1	-0.6	-0.9	-0.7	-0.4
CPI-(combined)^	5.0	5.4	3.7	3.7	4.4	5.0
Exports*	-20.2	-15.8	-10.3	-20.7	-24.3	-17.5
Imports*	-16.5	-13.4	-10.3	-9.9	-25.4	-21.2
FOREX Reserves ($ billion)**	352.1	352.7	354.5	353.3	353.5	352.5
Markets##						
BSE SENSEX	27828.44	27780.83	28114.56	26283.09	26154.83	26656.83
CNX-NIFTY	8433.65	8368.50	8532.85	7971.30	7948.90	8065.80
SENSEX P/E	20.12	22.31	22.38	20.98	21.11	28.9
Exchange Rate#						
INR/$	62.8	63.8	63.9	63.6	66.2	65.1
INR/GBP	93.9	98.8	99.4	99.1	101.6	99.8
INR/ 100 YEN	52.5	52.8	51.6	51.6	55.1	54.2
INR/EURO	67.8	71.2	71.6	70.0	74.4	73.1
INR/Chinese Yuan	6.20	6.20	6.21	6.21	6.37	6.35
Interest Rates##						
Base rate (Per cent)$	9.75-10.25	9.75-10.00	9.75-10.00	9.75-10-00	9.30-9.70	9.30-9.70
1 Year GoI Paper (Per cent)@	7.84	7.83	7.63	7.59	7.19	7.20
10 Year GoI Paper (Per cent)@	7.86	7.82	7.86	7.86	7.54	7.64

**Growth year-on-year, #Monthly Averages, ##Month-end, ^Data from January 2015 onwards is on the basis of new series*
*@Semi-annualised, $10 banks **Data as on Nov 13, 2015*
Source: RBI, GoI, BSE, CSO, CRISIL Research

Pause it is! RBI keeps a vigil on inflation

The Reserve Bank of India (RBI) on Tuesday (December 1) kept its policy repo rate unchanged at 6.75%, as expected after the front-loaded rate cut of 50 bps on September 29. Three factors – inflation within target this fiscal, continued windfall from lower global oil and commodity prices, and aneed to push up the pace of domestic demand– influenced the policy decision this time as well. The central bank, however, cautioned vigil on core inflationary pressures, which could see some uptick as consumer demand and inflationary expectations perk up due to Seventh Central Pay Commission payouts next fiscal.

Our view:

- We believe the RBI will keep policy rates unchanged for the rest of this fiscal unless inflation surprises on the downside. The RBI policy remains accommodative. In 2016-17, if inflation continues to move down the glide path, there will certainly be some room for further policy rate cuts.
- The apex bank is confident of meeting its January 2016 inflation target of 6%, but is cautious on the inflation outlook for next fiscal.Though it has set itself a 5% inflation target for 2016-17 end, payouts under the Seventh Central Pay Commission (CPC) could cause a transitory bump in inflation.Also, close coordination between the Central and state governments will be crucial to keep a tab on food inflation,which could see some pressure due to slow rabi crop sowing.
- Policy transmission remains weak, and that is an area of concern. So far in 2015, the policy repo rate has been cut by 125 bps. But while market-driven interest rates such as those on CPs and CDs have fallen 90-120 bps across maturities, bank lending rates have seen much weaker transmission. This limits the boost to consumption from lower interest rates.

Inflation to stay within target this fiscal…

The RBI has set itself an inflation target of 6% by January 2016. We believe despite the recent pick-up in inflation, CPI will remain within this target. We maintain our CPI inflation forecast of 5.4% (average) in 2015-16 compared with 6% last fiscal.

The recent crawl-up in consumer price inflation (CPI)– CPI rose to 5% in October from 4.4% in September and 3.7% in August – is largely being driven bya low base, the impact of which could continue through December. Sharp price spikes in many food items – mainly pulses, oils and fats, and fruits and vegetables – too are pushing overall inflation higher. Therefore, government's efforts to improve food supply management will be key indetermining the outlook on food inflation. However, downward pressures from global oil and commodity prices and slower recovery in domestic demand have capped the upside. No wonder, inflation measured via GDP deflator came in at -1.3% in the second quarter of 2015-16.

…but CPC payouts could lend a bump next fiscal, depending on the pace and extent of implementation

Beyond 2015-16, some inflationary pressures could be felt on account of pay hikes to government employees. The Seventh CPC has recommended a 23.6% increase in central government employees' pay, allowances and pension, which will perk up demand. The impact on inflation will depend on how quickly and to what extent the recommendations of the Seventh CPC are implemented by the Centre and states. As states also implement these hikes with a lag of a year or two, as seen in the past, consumption demand will get another booster shot. We believe the impact on inflation could be mild and transitory compared with previous CPC years(see our report on this) for the following reasons: (i) the proposed pay increase is much lower in aggregated terms, (ii) capacity utilisation is low as consumer demand remains subdued, (iii) inflation impact of CPC payouts in the past, too, have been transitory, (iv) the sharp decline in global oil and commodity prices can offset inflationary pressures, and (v) strong monetary stimulus to growth is missing unlike the last time.

Rate cut transmission key for monetary policy effectiveness and to support growth uptick

The RBI's policy rate cuts this year have brought relief to interest rates in general. Market-driven interest rates have eased considerably (Figure 1), supported by the central bank's active liquidity management efforts. Still, many banks have only partially passed this on to customers – as of November-end, bank base lending rates have fallen less than 60 bps – indicating downward rigidity in lending rates. Easing interest rates will be key to support a consumption-led growth pick-up. For this to happen, transmission of repo rate cuts to bank lending rates must improve.

To address this issue, the RBI wants banks to fix their lending rates based on the marginal cost of funds from April 1, 2016. The RBI is planning to shortly finalise the methodology for determining the base rate based on marginal cost of funds. It also wants banks to offer floating rates of interest on term deposits. This change should, over time, improve transmission. In addition, the government is examining the idea of linking interest rates on small savings instruments (currently fixed) with market interest rates. Currently, interest paid on small savings instruments is much higher (and tax-free) than other market determined interest rates. Interest rate on Public Provident Fund account balances is 8.7%, while on other small savings schemes it is in the range of 8.3-8.5%. This turns away savers from bank deposits, which offer interest rates atleast 100-125 bps lower. The RBI plans to work closely with the government to remove impediments to monetary transmission.

Figure 1: % fall in rates (January to November 2015)

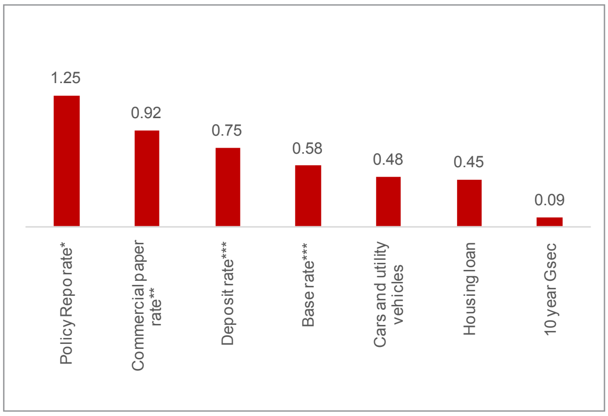
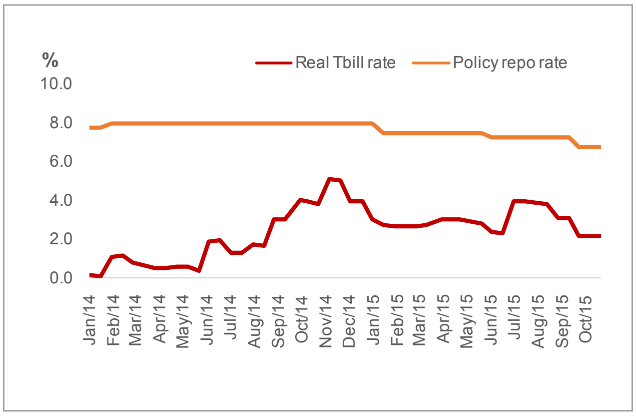


Figure 2: Real interest rates stay above RBI target#

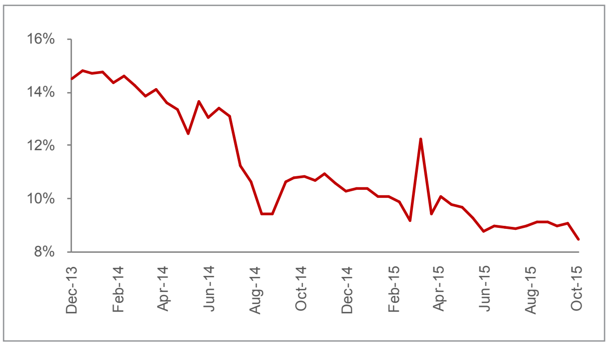


*Note: *month-end, **average across maturities, ***average across 10 major banks, Real treasury bill rate = 365 day Tbill rate – CPI inflation rate for that month, #RBI's target of real interest rate (365 day treasury bill minus expected CPI inflation) is 1.5-2%*
Source: RBI, CRISIL Research

Bank credit growth to improve marginally in latter half of 2015-16

- Aggregate bank credit growth declined sharply to 8.5% y-o-y as on October 30, 2015, from 10.9% in the last fiscal. Poor monsoon, muted investments, weak working capital demand, rising risk aversion owing to deteriorating asset quality of public sector banks (PSBs), and an increase in cheaper funds raised via commercial paper (rose by 51% y-o-y as on November 15, 2015) slowed the credit off-take.

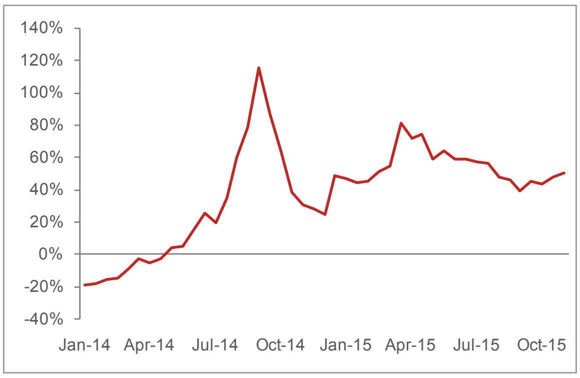
Figure 3: Credit growth (y-o-y)



Source: RBI, CRISIL Research

- Corporate off-take was the most affected, where growth was a dismal 5.4% y-o-y as of October 2015, compared with 8% in October 2014. Weak investment demand, declining commodity prices and muted revenue growth have impacted term loan as well as working capital requirements.
- We expect a gradual pick-up towards the end of 2015-16, driven by a rise in retail loans (automobile and home loans), public sector investments (which will in turn drive up the working capital demand across allied sectors) and small-scale enterprises. Overall, bank credit growth is projected to increase to 11-12% by March 2016 vis-à-vis ~10% in 2014-15.

Figure 4: Commercial paper issuances rise (y-o-y)



Source: RBI, CRISIL Research

Deposit growth also to pick up slightly

- Bank deposit growth slowed to 10.4% y-o-y as on October 30, 2015, compared with 11.4% in the last fiscal, because of lower need for funds by banks.
- Deposits are forecasted to increase 11% by March 2016, similar to that achieved in 2014-15, backed by higher disposable income on account of low inflation.

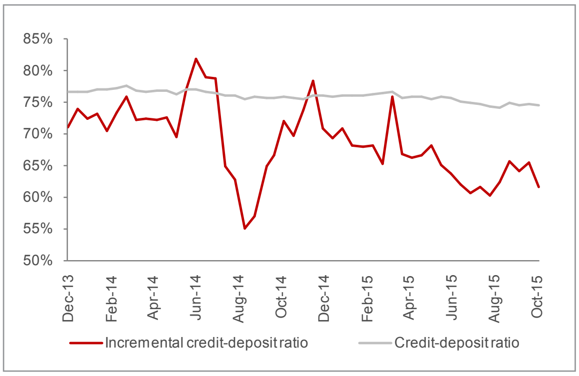
Figure 5: Deposit growth(y-o-y)

Source: RBI, CRISIL Research

CD ratio to increase in second-half of 2015-16

- Credit-deposit (CD) ratio stood at 74.4% as on October 30, 2015, down 130 bps, compared with October 31, 2014, owing to slowing credit growth.
- While credit demand will pick up slightly in the second half of 2015-16, deposits will grow moderately. We, therefore, expect the CD ratio to remain stable at 75-77% in 2015-16.

Figure 6: Trend in CD ratio



Source: RBI, CRISIL Research

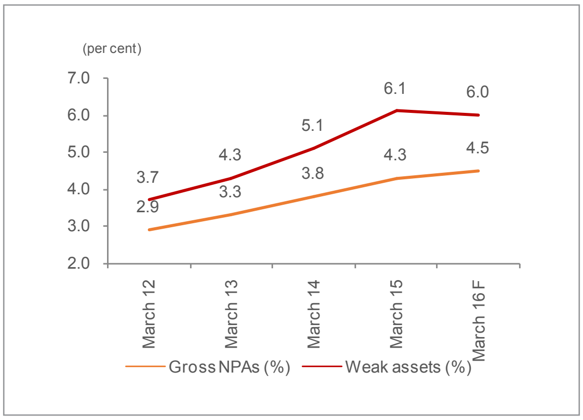
Asset quality to remain weak

- Gross non-performing assets (GNPAs), at 4.3% of advances as of March 2015, have increased significantly from 3.8% in March 2014. As of September 2015, PSBs reported GNPAs of 5.5% (79 bps higher y-o-y). The asset quality of private sector banks, though, was relatively robust, with GNPAs of 2.1%.
- In 2015-16,GNPAs are estimated to inch up

to 4.5% on account of lower sales to asset reconstruction companies (ARCs) and high slippages mainly from restructured standard accounts. Conversion of debt to equity by banks through the strategic debt restructuring route is expected to limit GNPA increase.

- In 2015-16, CRISIL expects sales to ARCs to be Rs 60 billion compared with an estimated sale of Rs 160-170 billion in 2014-15 due to regulatory policy changes requiring ARCs to put in more capital.

Figure 7: Trend in asset quality

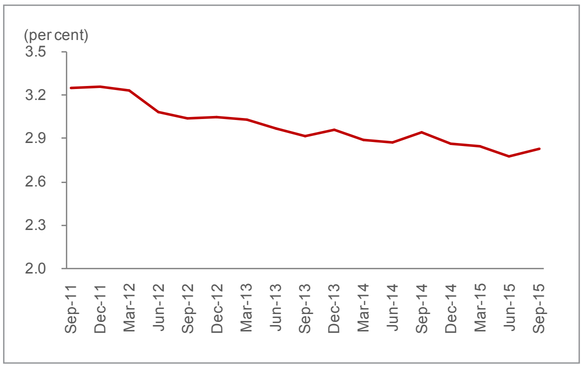


Source: RBI, CRISIL Research
E: Estimated; F: Forecast
Weak assets = Reported GNPA + 35% of outstanding restructured advances (excluding state power utilities) + 75% of investments in security receipts + 15% of loans structured under the 5/25 scheme

NIMs to decline marginally in 2015-16

- Despite the 125 bps cut in the repo rate since January 2015, we have seen lending rates decline by less than 60 bps, given higher risk aversion and pressure on banks' interest income growth.
- Though RBI has not cut lending rates today, we expect banks to pass on the benefits of past rate cuts gradually by lowering their lending rates and push credit growth as the economic scenario and capital availability for PSBs improve.
- While net interest margins (NIMs) of PSBs fell by 9 bps y-o-y in 2014-15, those of private sector banks expanded by 8 bps, led by lower interest expenses arising from a favourable liability mix and higher CD ratio.
- NIMs are expected to be marginally lower in 2015-16, on account of lower yields and higher GNPAs (especially of PSBs).

Figure 8: Net interest margin



Source: Company reports, CRISIL Research

Feature on Industry

Packaging Sector: Overview

- Packaging plays an important role in marketing and selling of a product. The Indian packaging industry is highly fragmented with a large number of small scale companies and a few large integrated players. According to an estimate of the Indian Institute of Packaging, there are more than 22,000 registered packaging firms in India, more than 85 per cent of which are MSMEs. The large and growing middle class and the current low penetration of the organized retail sector are the catalysts for growth in this sector.

Types of Packaging

- Based on the nature of the packaging, rigid packaging accounts for about 50 per cent of the overall packaging industry, and the remaining is flexible packaging. Historically, there has been a significant shift from rigid to flexible packaging, due to convenience in use and lower costs involved. Introduction of newer concepts, such as laminated pouches and sachets, has helped increase the share of flexible packaging over time.This trend is similar to the global market wherein flexible packaging accounts for approximately 18 per cent of the total packaging market. Flexible packaging is, however, the fastest growing segment of India's packaging industry. The shift from traditional rigid packaging to flexible packaging is mainly on account of its attractiveness, cost-effectiveness, and strength, and is largely aided by the increasing consumer demand for processed food.

- Private equity players' focus on the packaging industry has progressively increased over the past few years. There are no significant regulations directly governing the packaging industry. However, the industry is impacted by the various regulations governing its end-user sectors. Some such key regulations are the Standard Weights and Measures Act, Prevention of Food Adulteration Act, Agricultural Grading & Marking (AGMARK) Rules, and Food Safety and Standards Authority of India (FSSAI).

- During 2011-2014, the overall packaging industry grew at a compound annual growth rate (CAGR) of 14 per cent. This growth was primarily led by the FMCG and pharmaceutical segments, and received a further boost from the overall industrial growth. According to CRISIL Research, over the next three years (2016-2019), rigid packaging will be mainly driven by the alcoholic beverages segment, and non-alcoholic beverages, while flexible packaging will be driven by the food products and personal care segments.

SWOT Analysis and Rating Drivers of Packaging MSMEs

Strengths

- **Growth prospects in end-user sectors :** Like FMCG, pharmaceuticals, and industrial products are key demand drivers for packaging. Over the next three years (2016-2019), CRISIL Research expects non-alcoholic beverages segment to grow at 20-22 per cent CAGR, alcoholic beverages segment to grow at a 9-10 per cent CAGR, and the pharmaceuticals industry to grow at a steady pace of 11-13 per cent CAGR.
- **Rising incomes, health-conscious nature of consumers:** Rising incomes and improved affordability levels have driven an increased preference towards packaged and branded food/non-food items over unpacked, non-branded items, increasing the demand for packaging.
- **Increasing demand in rural areas:** With a view to attract consumers in the rural areas, where spending power is relatively low, most FMCG companies market their products, largely food items and personal care products, in smaller-sized packets. As a result, ready-to-eat foods, biscuits, shampoo and other FMCG products, have witnessed a growing demand in rural areas and smaller cities, further driving up the demand for flexible packaging.
- **Increasing health consciousness:** As people are becoming more health-conscious, there is a growing demand for well-packed, branded products rather than loose and unpacked ones.

Opportunities

- **Growing number of working women-:** The number of working women in India has risen steadily in the recent times, driving the demand for ready-to-eat foods. Also, the launch of food items like pasta, soups, and noodles, which are easier and faster to cook, are fuelling growth of the polymer packaging industry, as these products are usually packed in high-density polyethylene biaxially oriented polypropylene packs.
- **Changing lifestyle of Indian consumers :** With a wide range of products from various countries and cuisines becoming available in the local market, thanks to improving supply chain logistics and packaging technology, as well as due to media and awareness about the latest trends and technology, the Indian consumer is seeing a huge change in lifestyle. This has propelled a wide interest in new brands and items, fuelling growth in the packaging industry.
- **Changing food habits:** Changing lifestyles and less time to spend in kitchen is resulting in more opportunities of eating out, resulting in an explosive growth of restaurants and fast food outlets all over the country, thereby fuelling the growth of the packaging industry. Moreover, innovative models of food delivery have also come into place in major cities across the country, wherein online platforms are being used to reach out to customers.

Weaknesses

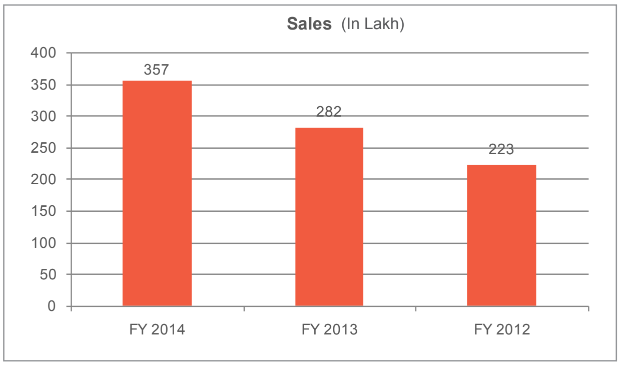
- **Technological up-gradation :** Players in this industry have to constantly upgrade technology to reduce costs and introduce innovative packaging material, to stay ahead of competition. This requires huge capital investments, which only larger players are able to raise.
- **Fluctuation in raw material prices:** Input prices form a major portion of operating costs for packaging players as raw materials account for around 75 per cent of the total operating cost. Any fluctuation in prices of raw materials squeezes their margins, as players are unable to fully pass on the price increase to customers.
- **Long working capital cycle :** The packaging industry is marred by a long working capital cycle. Poor bargaining power of packaging players increases their debtor days and inventory days, which raises their working capital requirements. The typical working capital cycle is 60-90 days.

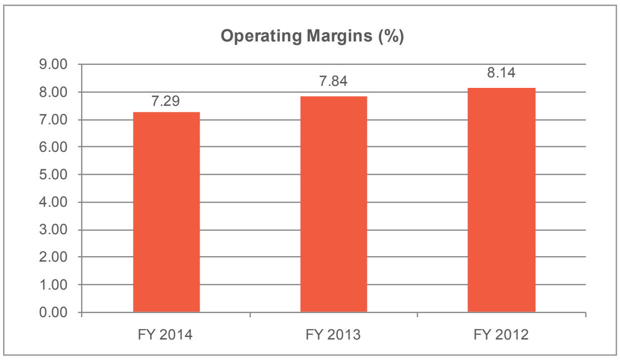
Threats

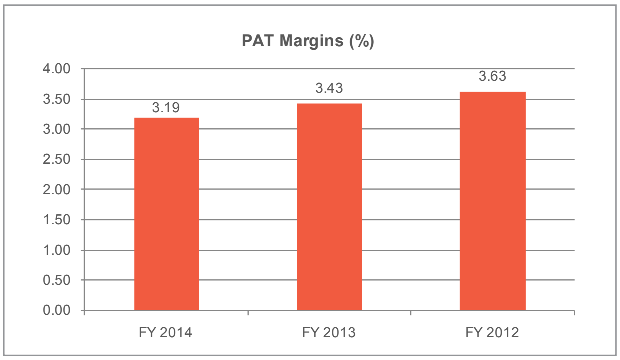
- **Risk of substitution :** Packaging players face the risk of substitution. Introduction of a new packaging material may reduce the cost for end-user industries, but replace the packaging material used before
- **Environmental concerns :** Recycling of plastics and their use in secondary packaging is an area of major concern. There is a tendency to use most plastics for only "one trip" (i.e., without recycling). Also, the Ministry of Environment and Forests (MOEF) has raised concerns over polymer-based packaging. One such instance is the government ban on the packaging of 'Gutka' in BOPP packs.
- **Highly competitive and cyclical industry :** Competition in this industry is quite high leading to constrained pricing power.

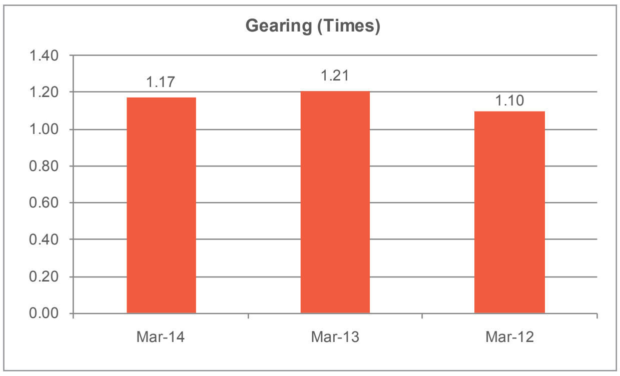
Financial Analysis

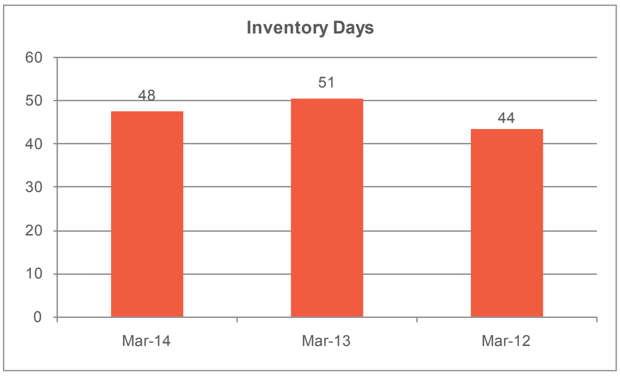
CRISIL has analysed the financial performance (medians) of more than 160 MSMEs in the packaging sector which were rated based on 2013-14 financials. Given below are the observations there from:

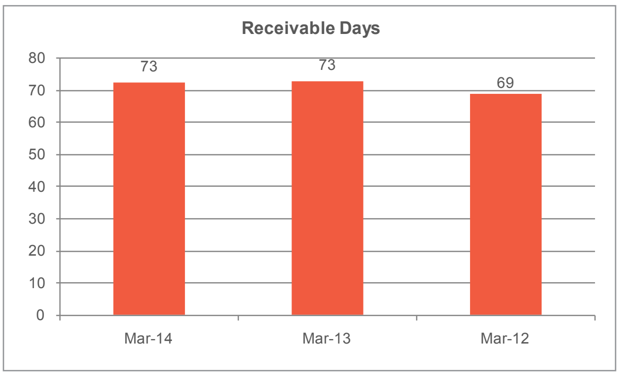


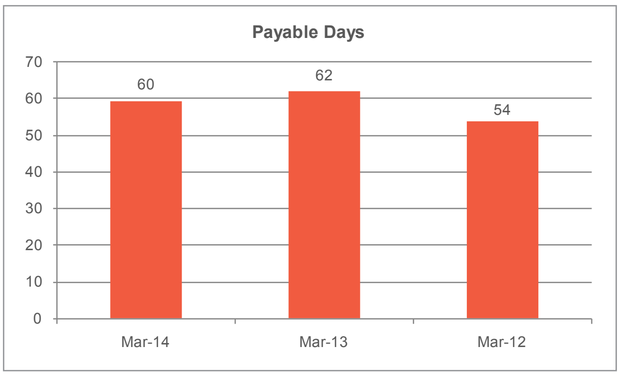












Featured MSMEs

Anupam Stationery Limited

Mr. Rajesh Gala
(Managing Director)

Benefit from CRISIL Ratings

CRISIL rated the company 'SE 1A' in July,2015. Mr. Rajesh Gala, Managing Director, says, "The rating serves us as a marketing tool for the company, along with boosting our credibility with our customers and suppliers".

Key Financial Profile

(Rs. Lakh)

Particulars	2012-13	2013-14	2014-15
Turnover	2,728	2,870	3,187
Profit After Tax	54	25	61
Net Worth	969	994	1,055
Debt	809	805	689

Background

Anupam Stationery Limited was incorporated in 1995 under the name Anupam Stationery Manufacturers Limited with Mr. Rajesh Gala as its Managing Director and his relatives Mr. Vinod Gala, Mr. Tarun Gala, and Mr. Manilal Gala as the directors. In 2005, the company was renamed as Anupam Stationery Limited. Mr. Manilal Gala retired from the company in 2013.

The company manufactures stationery products such as notepads, files, diaries, registers, spiral binders, and general stationery. It manufactures over 200 varieties of general stationery items. The company is an authorised vendor for manufacturing and marketing stationery under the brand 'Pierre Cardin'.The company caters to more than 1,000 customers based in India, the United States of America (USA), Germany, Tanzania, Zambia, and Kenya. As regards its export clients, it focuses mainly on niche, hobby products such as stationery items used by painters/ artists.

Management

Anupam Stationery Limited is a family-owned business, with competent promoters having 20 years of experience in the stationery industry. The management earlier started out as a trader of stationery items and later took to manufacturing of stationery products with a view to provide better quality products to its customers. Thus, the management has experience in manufacturing as well as in marketing.

Interview with Mr. Rajesh Gala, Managing Director

What kind of changes do you foresee in your sector over the next few years?

We are entering a digital era and that is the most significant change I see unfolding over the next few years. As a company that deals in stationery products, this is huge because gadgets and apps are fast replacing actual stationery in many ways. This presents with a challenge of remaining relevant. Stationery products, which used to be a necessity once upon a time, are now becoming niche products – you see, no one maintains diaries or journals anymore; not even to note down phone numbers. Stationery products are reinventing themselves as items for branding – for luxury, status, and customisation.

How do you plan to deal with these changes?
As a company, we are taking several steps to deal with the changing market scenario – we are trying to develop strategies for a pan-India presence, so that our business, in terms of volume, does not suffer. That said, our focus is not just on quality, but also on service. Moreover, we are focusing on niche products, products with specific uses, such as hobby products. We are also on the lookout for growing markets in the form of tier-II cities, which are seeing a rise in the purchasing power of the people. We have been a product-oriented company but in order to grow, we will integrate this with being a market-oriented one.

Greatest asset of your business is…
Our strong focus is on our products. You see, we began our business as a retailer; we started manufacturing as a part of backward integration, and it is a strategy that worked for the growth of our company. We still retain our retail outlets, through which we are constantly in touch with the end-user and thus, we understand the pulse of the people, we know the products they want and the quality they expect. Ten years ago, our slogan was quality, reliability, and service. Nowadays, quality is not just a slogan. It is a must.

How have your stakeholders supported you?
We are a family-run business and team work is a priority for us. The most important part of our decision-making process is that we consult one another.

Three pieces of advice for the next generation of businessmen/entrepreneurs?
First: Find your focus – develop your product, and ensure good quality.
Second: Check your financials – your calculations should be focused on the returns/profits you make in order to pay people back what they have invested.
Third: Customer satisfaction is a must.

James Walker Inmarco Industries Private Limited

Mr. Rasiklal Mansukhlal Doshi
(Managing Director)

Benefit from CRISIL Ratings

CRISIL has rated the company consistently 'SE 1A' since past three years with latest rating being assigned in August 2015. Mr. Rasiklal Mansukhlal Doshi (Managing Director) says, "The rating has served us as a marketing tool for the company, along with boosting our credibility with ourcustomers and suppliers. This also helped us during our discussions with our UK counterpart James Walker UK".

Key Financial Profile

(Rs. Lakh)

Particulars	2011-12	2012-13	2013-14
Turnover	3,818	4,121	5,174
Profit After Tax	429	476	671
Net Worth	1,259	1,461	1,717
Debt	701	557	509

Background

Incorporated in 1986 as Inmarco Industrial Maintenance Private Limited (IIMPL) with Mr. Rasiklal Mansukhlal Doshi as its managing director, the company was renamed in 2005 as Inmarco Industries Private Limited. In December 2011, after receiving approval from the Bombay High Court, IIMPL's business, assets, and liabilities were transferred to James Walker Inmarco Industries Private Limited.

Following this, in April, 2012, James Walker Holding, BV, an investment company of the James Walker Group (UK), acquired 51 per cent stake in James Walker Inmarco Industries Private Limited. The company's business has remained the same since its inception.

Currently, the company is managed by Mr. Rasiklal Mansukhlal Doshi as managing director, Mr. Chetan R Doshi, Mrs. Parul C Doshi, Keith Charles Leslie Tripp, Diederik Neeb and Mr. Nicholas Siong Sun Low Chuen Hueng as directors.

The company manufactures fluid sealing products.The product profile includes polytetrafluoroethylene(PTFE) fiber packing and hybrids, aramid fiber packing and hybrids, carbonaceous fiber packing, organic and general fiber packing and hybrids, graphite sealing products, and glass fiber packing and hybrids. The products manufactured by the company are used in power, oil and gas, infrastructure, pharmaceuticals, and chemical industries. The company caters to more than 1,000 customers across India, the United Kingdom (UK), and the United Arab Emirates (UAE).

Research and development

The company has a team of four members who are responsible for research and development (R&D), quality controls, and checks. R&D is undertaken for making import substitutes and developing complementary products to sealants.

Management

James Walker Inmarco Industries Private Limited is led by competent promoter shaving more than two decades of experience in the packing industry. The company also has a qualified second-tier management comprising production, sales, and marketing heads.

Interview with Mr. Rasiklal Mansukhlal Doshi, Promoter

Mr. Rasiklal Doshi has led the company as its managing director since it was incorporated in 1986. The company pioneered non-asbestos sealing products in India, and the idea came to Mr. Doshi from a lecture he attended at Achema (World Exhibition Congress on chemical engineering, environmental protection, and biotechnology) during which he learnt how harmful asbestos is to mankind.

What kind of changes do you foresee in the sector over the next few years?
The changes that we see are that the industry has been asking for various Test Certificates, which is good for the sector – it acts as a barrier, serving to eliminate all the cheap packing manufacturers and Chinese imports. Industry players are looking at close co-operation with reputed suppliers to work on solutions and expect support regarding technical issues. Moreover, public sector companies are now switching from asbestos-based to non-asbestos based products, which is great because asbestos is really harmful to human health.

How do you plan to deal with these changes?
Apart from having received many Test Rigs from the UK, we have also developed testing equipment of our own. This helps us apply lots of permutations and combinations to our product in order to find the right solution. We have an added advantage in the technical and industrial support of Application Engineers from the UK, helping us to address critical problems of our customers in India. Also, we have started recruiting internally to develop Metallurgical and Valve Industry applications.

Greatest asset of your business is…
Our people, whom we treat as part of our family. We have employees and distributors working with us for the past 20 Years. We give our people the full authority and responsibility to develop their area and take the company forward, under the guidance of the top management wherever they need it. We have almost all the solutions in our Fluid Sealing Sector and hence, we are considered a one-stop shop.

In what way have your stakeholders supported you?
James Walker UK has left all the operational decisions to the Local Unit. They shifted their entire UK manufacturing facility for Compression Packing 3 years ago and are been very happy with it. They also shifted the second Project for manufacturing of metallic gaskets and want India to become their volume manufacturers in the group. They intend to bring more projects in phases and hence, the land adjacent to our factory premises has been purchased recently.

Three pieces of advice for the next generation of businessmen/entrepreneurs?
Maintain a proper balance between Youth and Experience
Ethics & Quality would always help the company in the long term.
A businessman should always look not only for sales but also for profit to remain in the business for longer time.

Shalimar Seal & Tar Products Private Limited

Uttam Kumar Dundlodia
(Director, sales)

Benefit from CRISIL Ratings

CRISIL rated the company 'SE 1B' in June,2015. Mr. Uttam Kumar Dundlodia, Director, says, "The rating serves us as a marketing tool for the company, along with boosting our credibility with our customers and suppliers".

Key Financial Profile

(Rs. Lakh)

Particulars	2011-12	2012-13	2013-14
Turnover	1,479	2,029	2,629
Profit After Tax	13.57	26.95	55.60
Net Worth	323	350	1,048
Debt	790	909	866

Background

In 1984, Shalimar Seal & Tar Products Private Limited (erstwhile Capital Steels and Chemicals Private Limited) was incorporated with Mr. Subhash Chand Sharma and Mr. Arvindkumar Sharma (brother of Mr. Subhash Chand Sharma) as the directors. In 2009, the company was renamed. It is currently managed by Mr. Subhash Chand Sharma, Mrs. Vidya Devi Sharma (wife of Mr. Subhash Chand Sharma), and Mr. Uttam Kumar Dundlodia.

The company manufactures chemicals used in mass concrete projects and the construction of four-lane highways. The company also manufactures waterproofing sheets called 'shaliplas', used in building and construction projects. The chemicals manufactured include admixture (super plasticisers), cement water-proofing compounds, crumb rubber modified bitumen (CRMB), joint fillers, sealants, silicon sealants, and road emulsion. Its customer mix includes Larsen & Toubro Limited (rated CRISIL AAA/ Stable/FAAA/CRISIL A1+), IRB Infrastructure Development Limited, and Reliance Infrastructure Limited.

Quality

The company has a quality control and research and development (R&D) team comprising five executives.

Management

Shalimar Seal & Tar Products Private Limited is a family-owned business with competent promoters having more than 15 years of experience in the chemicals industry. The company also has a qualified second-tier management.

Interview with Mr. Uttam Kumar Dundlodia, Director, sales

Mr. Uttam Kumar Dundlodia has been a director in the company for 18 years now, and had this to say during an interview with CRISIL's team:

What kind of changes do you foresee in your sector over the next few years?

We are operating in the infrastructure and construction sectors and the future looks bright, with some important changes in the offing. Firstly, the government has rolled out some really wonderful policies. There are new tenders for rebuilding pavements - there are two types of pavement construction: rigid and flexible. In India, we use flexible pavements since rigid pavements cost twice as much. But, the government has now floated tenders for rigid pavements, which reflects a much more sensible approach. Rigid pavements are 200 per cent stronger, making them much more durable – while flexible pavements last 7-10 years, rigid pavements last 40 years. Also, the bitumen needed for flexible pavements was being imported from the Middle East, which will not be required now, saving foreign exchange. Apart from this, a lot of road construction is going on across the country.

How do you plan to deal with these changes?
Well, we plan to actively chase the new tenders and will also focus on our production capacity and our R&D, which is a key feature of our company. Along with this, I would like to say that future belongs to green development. Tomorrow's requirement is a green agenda, and our company recognises this clearly. As a result, we are implementing strategies to become a green company and reduce carbon-dioxide emissions.

Greatest asset of your business is…
Our people, without a doubt. We have an extremely strong research and development team that works diligently on solutions for various kinds of requirements posted by our customers. Our product mix is diverse with more than 200 products used in civil engineering. We have three laboratories and a very strong and focused tech team.

How have your stakeholders supported you?
Our staff, our human resources, vendors, everyone, has been very supportive of our work throughout. Our products are developed keeping the customer's requirements in mind and our teams are focused on this. These products are then given to marketing department for getting the product approved by clients and by bodies such as the NHAI. This is very important since it creates trust.

Three pieces of advice for the next generation of businessmen/entrepreneurs?
First: Be very sure about your product. Research well.
Second: Respect timelines.
Third: Pricing ought to be realistic.

Expert Opinion

‘Asset-based lending not the only way in MSME Space’

Smaller loans, customized offerings, delivered quickly, and empowered branch managers – IDBI Bank’s mantra for success in the MSME space

Shri S K V Srinivasan
Executive Director, IDBI Bank Limited

Interview Excerpts:

Q1 Please give us an overview of IDBI Bank’s offerings for MSMEs, and how you went about building your MSME portfolio, given the transformation from a term lending financial institution into a bank.

Today, the IDBI Bank has a full suite of products on offer for customers across various segments in the MSME sector, including small traders, large traders, small manufacturers, vendors and dealers for large manufacturers, cluster products for industries and units operating in clusters, service enterprises, etc.

Initially, we were focused on lending to MSMEs through vendor products because of our limited branch presence; we relied heavily on large corporate relationships built over time. Later, as the number of branches grew, we set up processing centres in a few main cities in order to centralise the processing of loan applications, which used to be parked at the branches.

We realised over a period of time that this did not pass ownership of clients to branches, and the cross sale of fee and liability products, critical to account profitability, could not be pushed under this model. Besides, the quality of origination suffered as the processing centre was distanced from the client and had no market information about the clients themselves. It was during this period that we encountered more slippages and NPAs, accounted for by both the quality of origination and a skill deficit at the bank for handling such cases. So, we invested heavily in skill upgradation during the initial years and closed a number of securitisation deals across various geographies to have some learnings on behavioral trend of customers for small ticket loans.

In 2013, we shifted to the branch model of lending and managed to rapidly scale up the number of branches i.e. from about 900 to 1,700; this helped increase our reach besides supporting the ground marketing efforts with innovative products. Processing of loans up to the amount of Rs.25 lakh was decentralised, empowering branch heads as a result, and at the same time, risks were contained since processing of loans beyond the cut-off amount were taken up at the processing centres. We delivered simple products quickly.We were in a position to substantially grow the book with accent on quality during the last two-and-a-half years,with slippages lower than the industry average.

Q2 What approach does IDBI Bank follow in reaching out to MSMEs?

We do not treat lending to MSMEs as a regulatory dispensation but as profitable business proposition which is in tandem with our strategy to diversify the risk and also move towards granular lending. Large corporates are diversifying their funding mix. The RBI is also working on corporate bond market. Hence, SME revenues for the next several years would outstrip all other banking revenues.

Even small units like mobile repair shops work on a net margin of over 50 per cent. There is an affluence to be tapped here. Vocational training brings job opportunities to women entrepreneurs. We also realise that asset-based lending is not always possible in this space. For instance, in case of village artisans, we believe that the skill itself is a knowledge asset. Covering the life of the artisan is a good risk mitigant. In such small and localised cases, soft, qualitative information available to the local branch head, which is at times proprietary, plays an important part in the credit decision. Hence, we need to empower branch heads.

MSMEs want simple products and services to be delivered in a convenient manner. They are not averse to paying a premium for the timely delivery of credit. They would like banks to respond quickly to seasonal requirements as also to support them occasionally when they run into an unforeseen mismatch in cash flows. Hence, it is possible to generate return on equity (ROE) of even 20- 25% on these businesses if one is able to perfect risk management practices and distribution channels with a tight control on costs.

The biggest challenge here is the low revenue per client. This could be offset by engaging the client into larger liability relationships by ensuring that we remain a primary bank for all of the client's and their family's banking needs - that is, bundling of offers covering the cross selling of insurance and other savings products. The relationships hold the key for the conversion of leads. We realize that most often, it is these small entrepreneurs that becomes good ambassadors of the bank, leading to a good accrual of clientele. It is not always necessary to have a dedicated Relationship Manager for MSMEs as in the case of medium and large corporates as the costs involved would become prohibitively high. A reactionary response to the client's need is good enough but this response needs to come quick and here is the leverage for growth. Hence, credit-plus activities such as seminars or workshops also help increase outreach.

Q3 Please tell us about IDBI Bank's recent offerings for the MSME sector.

We have a plethora of structured products introduced primarily to help the field-level functionaries to take quicker decisions.

Property Power: This is a customised mortgage product - a business loan against residential and commercial properties for both working capital and term loan requirement of MSME customers.

Loans to Service Sector: This is a customised product for financing the fund-based and non-fund-based business requirements of borrowers providing services. Professionals such as chartered accountants, company secretaries, architects, interior designers, and self-employed persons such as travel agents, contractors, clearing & forwarding agents, beauty parlour operators, can avail themselves of a business loan.

Cluster products: We have rolled out template-based cluster-specific products for various clusters catering to agro industries (such as rice mill, dal mill, sago, oil & copra processing industries), glass and glassware industries, sports goods industry, handloom & powerloom industry, readymade garments industry.

Loans to small road and water transport operators: This is a commercial vehicle and equipment loan offer in which we provide term loans and working capital loans to borrowers engaged in goods/ passenger transportation business.

Loans for trading activities: We are providing business loans to retail and wholesale dealers under our template products IDBI Saral Vyapar loan and Sulabh Vyapar loan.

IDBI Udyami Loan: Borrowers engaged in manufacturing/job work activity can avail themselves of loans which are designed specially to encourage entrepreneurial activity.

Q4 How has the asset quality of the bank's MSME portfolio been during the past few quarters?

During the initial years of our foray into MSME lending, we experienced a very high level of delinquency, to the extent that we had to tame growth and reevaluate the products and systems with products and systems to understand the causes.Based on our findings, we changed the process and also our products. The quarterly slippages have progressively moved to 0.50 per cent to1.00per cent on an average, from about 3-4 per cent in the earlier days, which is good. We need to bear in mind that this sector is vulnerable, with little financial flexibility with promoters in terms of equity cushions to contain the impact of shocks of any kind. Hence, slippages will always be high but the unit will bounce back if handled well in its times of difficulty.

Q5 Can you tell us the main reasons contributing to NPAs in the MSME sector? Also, whether the NPAs are concentrated in some particular clusters or sectors.

Long and unpredictable cash cycles and inadequate market access for the MSME units are primary reasons contributing to NPAs. The incidence of sickness in clusters, where the market access is good is less, which corroborates our view that this is an important factor for survival. Increased delinquency levels are seen in cases where promoters are not financially literate as well as in cases where promoters come from different families. Moreover, in some cases, promoters abandon the project for lucrative job offers.

NPAs are more concentrated in the manufacturing activities where value addition is low and risks are similar to trading activities, for instance plastic processing, steel rerolling, etc. which have become a commoditised business, more or less. We have also seen increased delinquency in units dependent on a single supplier or vendor. On the other hand, the tendency of large units to strangulate small units is not uncommon.

There are also instances when promoters have taken huge orders/commitments without matching equity. This actually kills even the existing business, as the banks are wary of lending to units with a high gearing. After a certain point, it is necessary for the promoters to build scale and bring professionalism into the business. There is reluctance on the part of the promoters to dilute equity and bring growth capital from outside sources to sustain the next stage of growth. A large number of units have become sick as the scale of operations was no longer economically viable.

Q6 What steps is IDBI Bank taking to improve the credit flow to MSMEs?

We are constantly looking at delivering greater client satisfaction with our products and services by re-adjusting our parameters, based on studies into products of other banks. All our post-sanction processes are system-driven and paperless, resulting into a shorter turnaround time. We encourage branches to consider loans to MSMEs through our Structured Products, ensuring a quick delivery and risk containment. We have developed a range of customised products for each cluster in order to quickly leverage the large volume opportunities therein.

We recognize that for MSME business, we require Relationship Managers (RMs) with a different risk orientation specifically suited to the business. Hence, training is an integral part of our MSME strategies.

Under the Pradhan Mantri MUDRA Yojana, we are adding a large number of small clients. Our traditional delivery model may not work here. We will engage Business Correspondents to supplement our efforts in managing small ticket loans.We would use simple data analytics for triggering automatic post-sanction monitoring. The turnover through the account and the cheque returns are very important data points for automated triggers.

Additionally to enable handling large number of small ticket loans, we are improving the rating process that would permit segregation of proposals into three categories. The one which gets higher scoring would be fast-tracked with minimum due diligence. One that scores below a certain cut-off would be dropped without wasting time on it. The ones which score within a certain acceptable range would be subjected to a detailed due diligence process before sanction. This way, we would be able to use our resources in a productive manner.

Q7 High cost of funds is one of the factors impacting the profitability of MSMEs. What steps has the bank taken to pass on the recent rate cuts to MSMEs?

Our interest rates are among the lowest in the industry as we are still building volume here; it is augmenting our asset rebalancing strategy. Over and above the card rate, we offer concessions based on the credit rating and collateral cover. Also, the Zonal Heads have been vested with discretion to further pass concessions to tackle the competition.

Q8 According to you, what are the best practices that MSMEs should follow for better access to finance?

The foremost need is to build a strong repayment culture in the system. All the stakeholders need to co-operate here. We do not have a barometer to gauge the intention to repay. This is the biggest hurdle at the branches. Once a repayment culture takes root, lending would become a lot easier. The existence of this system halves the chances of a borrower reporting financial distress, significantly increases the chances of loan being granted, and radically cuts the default rates. This sort of a culture should be built around true disclosures in financial statements. It is not rare to find a unit that has two balance sheets - one for tax purposes and another for the bank. Under reporting of sales and profits hinders growth as working capital for actual sales would not be available after a certain point in the growth of a business, it is desirable to bring professional set up in the organisation.

9 What is your view on the 'Make in India' initiative, launched with the objective of encouraging domestic manufacturing? How do you think it will help MSMEs in India?

The 'Make in India' initiative is an attempt by the Government of India to step up the contribution of the manufacturing sector to the country's GDP, which stands at about 16% today. The share of Indian manufacturing in the market worldwide is 1.4%. This initiative is also expected to generate large-scale employment, besides trade flows across the countries. In order to realise this, we need to overhaul our industrial ecosystem. We need to bring about an attitudinal shift in terms of how we relate to overseas investors. The ease of doing business, the bottlenecks in land acquisition, the skill upgradation required in our 'unemployable graduates', protection of intellectual property rights, are some of the areas that require a surgical intervention. As increasingly the large conglomerates are resorting to ancillaries for bought-out components, restricting their engagement to core manufacturing areas, MSMEs will have substantial growth prospects.

10 What should start-up MSMEs do to obtain adequate and timely bank credit?

To access equity, the management will have to demonstrate a sustainable business model. Angel investors would come only when they are satisfied that management team has the ability to lead from the front and can take the unit through highs and lows of business cycle. The management must have strong expertise in the domain area.

There is a general perception that the ability to raise debt for the small business is intricately linked to tangible assets. I feel that over the last few years, banks have shifted their positionconsiderably. Access to quality management information system MIS from the units and the comfort from systems and best practices being adopted by the units largely drive credit decisions. With the advent of digital banking, financing working capital for units which is a part of the supply chain already serviced by the bank, becomes much easier and the comfort of cash flows becomes a better security rather than a tangible security.

11 How do credit ratings help bankers in taking decisions regarding extending credit?

A credit rating ensures that an independent agency has looked at the unit. The rating process would have ensured that there is a system at the unit for proper housekeeping of records both financials and non-financials. This would ensure that the data provided for the purpose of seeking assistance from the bank could be cross-verified from the system. This is a significant comfort to the lenders. In return, the unit receives a concessional rate of interest. It is reported that a 1 per cent reduction in the interest results into a 15 per cent increase in the profit of the entities. It is, therefore, a win-win proposition for both the bank and the SMEs. Further, the rating also enhances the reach of the unit into other markets and increases the customer base for the SMEs.

12 What policy-level initiatives are necessary for the growth of the MSME sector?

Financial literacy is very important for micro enterprises. Many a times, it is very difficult for them to comprehend that the entire profit will get wiped off in case the working capital cycle of 90 days is stretched by another 45 days. This strain is immediately visible in the conduct of an account which becomes irregular. The margins are thin and facility is not collateralised, and hence, the banks will find it difficult to help the unit with an irregular account. A massive financial literacy campaign is being done by all stake holders- banks, industry association, rating agencies and this should help. It is very difficult to formulate a rehabilitation plan for MSMEs in view of the plethora of uncertainties and absence of collateral. Hence, many units directly move from irregular stage to death.

MUDRA initiative of the government is a step in the right direction for small ticket borrowers. This initiative recognises the need to involve local-level institutions to deliver credit and collect repayment. Local-level institutions understand the dynamics of the local business better,which helps in risk management. They also have a cost structure that cannot be matched by government agencies. The MUDRA Bank eventually will only register and manage the ecosystem for small ticket loans, besides providing refinance at a cheaper rate. Expanding commercial banking network to reach these enterprises may not be viable as the cost structure of a bank is different from that of local-level institutions. The Nachiket Mor committee talks of credit to GDP ratio of 10 percent in every district, which is possible only through unconventional initiatives such as this one. Currently, only about 30 percent of rural districts have a ratio above this. Local-level institutions can be setup with small capital and can become viable with assets under management of about Rs.100 Crores over a period of 2-3 years. Small and medium enterprises would gain from Defense offset and Public procurement policy of the government if implemented well in the stipulated timeframe. Besides, the factoring legislation, which recognises the assignment of debts and makes it compulsory for every assignment to be registered with a central registry, exempts stamp duty on assignments, makes it mandatory for the debtor to receive a notice of assignment and to pay only to the factor, should benefit SMEs in a big way.

The government should encourage the setting up of more clusters with common infrastructure and external linkages to the market and ensure adequate availability of skilled manpower at the local level.

Multiple funding against the same set of assets have increased over the last few years. It is necessary to bring non-housing finance NBFCs under the ambit of CERSAI (Central Registry of Securitisation Asset Reconstruction and Security Interest) and also make it compulsory for hypothecation deed over say, a cut-off of Rs.100 lakh to be registered with CERSAI.

The Government can also take a cue from the experiences of the Korean government, with respect to the Korea Fair Trade Commission ensuring shared growth between conglomerates and SMEs.

CRISIL SME Ratings' Key Business Development Contacts

Location	Name	Contact no.	Email Id
Ahmedabad	Mr. Anand Nair	+91 79 4024 4513	anand.nair@crisil.com
Aurangabad	Mr. Pratik Shukla	+91 98233 87802	pratik.shukla@crisil.com
Bengaluru	Mr. Sudhir Narayan	+91 80 4244 5301	sudhir.narayan@crisil.com
Bengaluru	Mr. Siva Sekhar	+91 80 4244 5304	siva.sekhar@crisil.com
Bhubaneshwar	Mr. Abhik Sen	+91 78739 17489	abhik.sen@crisil.com
Chennai	Mr. Surendran Jayasankaran	+91 44 6656 3128	surendran.jayasankaran@crisil.com
Chennai	Mr. Lakshamanan V	+91 44 6656 3132	v.lakshamanan@crisil.com
Coimbatore	Mr. Kishore Kumar	+91 422 224 4559	kishor.kumar@crisil.com
Ghaziabad	Mr. Satyam Choudhary	+91 93112 22003	satyam.choudhary@crisil.com
Gurgaon	Mr. Salil Chaturvedi	+91 124 672 2401	salil.chaturvedi@crisil.com
Gurgaon	Mr. Rahul Sondhi	+91 124 672 2409/03	rahul.sondhi@crisil.com
Gurgaon	Mr. Kunal Raman	+91 124 672 2404	kunal.raman@crisil.com
Gurgaon	Mr. Chayan Gulati	+91 124 672 2408	chayan.gulati@crisil.com
Haridwar	Mr. Tejinder Pal Singh	+91 1725027197	tejinderpal.singh@crisil.com
Hubli	Mr. Siva Sekhar	+91 99018 03456	siva.sekhar@crisil.com
Hyderabad	Mr. Giri Ganti	+91 40 4032 8215	giri.ganti@crisil.com
Indore	Mr. Amit Shrivastava	+91 731 428 6625	amit.shrivastava@crisil.com
Jaipur	Mr. Ankit Modi	+91 91660 07444	ankit.modi@crisil.com
Jalandhar	Mr. Sandeep Miglani	+91 89684 65556	sandeep.miglani@crisil.com
Kanpur	Mr. Sameer Singh	+91 9810890942/9999890942	sameer.singh@crisil.com
Kochi	Mr. Surendran Jayasankaran	+91 99625 69802	surendran.jayasankaran@crisil.com
Kolkata	Ms. Sona Singh	+91 33 4011 8208	sona.singh@crisil.com
Kolkata	Mr. Rashid Raza Jafri	+91 33 4011 8224	rashid.syed@crisil.com
Ludhiana	Mr. Amrit Pal Singh	+91 161 501 1575	amrit.singh1@crisil.com
Ludhiana	Mr. Sukhjeet Singh	+91 161 501 1575	sukhjeet.singh@crisil.com
Mohali/ Chandigarh	Mr. Tejinder Pal Singh	+91 1725027197	tejinderpal.singh@crisil.com
Mumbai	Mr. Abhishek Singh	+91 22 3342 3037	abhishek.singh@crisil.com
Mumbai	Mr. Avinash Gidwani	+91 22 3342 3725	avinash.gidwani@crisil.com
Mumbai	Mr. Sujit Agrawal	+91 22 3342 3128	sujit.agrawal1@crisil.com
Nagpur	Mr. Uday Revankar	+91 98232 79687	uday.revankar@crisil.com
Nashik	Mr. Pratik Shukla	+91253 6099244	pratik.shukla@crisil.com
Noida	Mr. Prabhanshu Srivastava	+91 97110 03891	prabhanshu.srivastava@crisil.com
Panipat	Mr. Sushil Kumar	+91 98127 92701	sushil.kumar1@crisil.com
Pune	Mr. Rahul Prasad	+91 20 4018 1941	rahul.prasad@crisil.com
Pune	Mr. Uday Revankar	+91 20 4018 1907	uday.revankar@crisil.com
Pune	Ms. Renu Chauhan	+91 20 4018 1995	renu.chauhan@crisil.com
Raipur	Mr. Priyank Mahalaha	+91 70241 49973	priyank.mahalaha@crisil.com
Rajkot	Mr. Anand Nair	+91 91570 68881	anand.nair@crisil.com
Surat	Mr. Anand Nair	+91 91570 68881	anand.nair@crisil.com
Trichy	Mr. B.Balakrishnan	+91 98947 66726	balakrishnan.b@crisil.com
Vadodara	Mr. Sharad Pillai	+91 265 3025 946	sharad.pillai@crisil.com
Vapi	Mr. Anand Nair	+91 91570 68881	anand.nair@crisil.com
Visakhapatnam	Mr. Giri Ganti	+91 99899 34007	giri.ganti@crisil.com

CRISIL SME Ratings' Key Analytical Contacts

Location	Name	Contact no.	Email Id
Gurgaon	Shilpa S	+91 124 672 2417	shilpa.mundel@crisil.com
Mumbai	Reena Rodrigues	+91 22 3342 8124	reena.rodrigues@crisil.com
Mumbai	Sarita Shukla	+91 22 3342 8114	sarita.shukla@crisil.com
Mumbai	Upendra Talwalkar	+91 22 3342 3392	upendra.talwalkar@crisil.com
Mumbai	Depika Menghani	+91 22 3342 8123	depika.menghani@crisil.com
Mumbai	Pooja Sawant	+91 22 3342 4173	pooja.sawant@crisil.com
Pune	T. Raj Sekhar	+91 20 4200 8150	rajsekhar.t@crisil.com
Pune	Manasi Kulkarni	+91 20 4200 8532	manasi.kulkarni@crisil.com

For any inquiries/inputs related to marketing: contact

Manisha Agnihotri | +91 22 3342 3689 | manisha.agnihotri@crisil.com
Atish Kumar | +91 95943 52425 | atish.kumar@crisil.com

Notes

Be the one to make India proud

EMERGING INDIA AWARDS 2015
APPLICATION FORM

Powered by CRISIL A STANDARD & POOR'S COMPANY

ICICI Bank Business Banking khayaal aapka

Eligibility criteria:

Companies, firms or businesses registered and based in India with a turnover of less than Rs. 650 crore can apply for the Emerging India Awards 2015. The jury reserves the right to decide the award winners.

Applicant's contact details:

Name of the organisation:...

Name of the promoter:...

City:.. **State:**.. **Pincode:**..

Address for correspondence:...

Tel.: (Boardline with STD Code).. **Mobile:**.. **Fax:**..

E-mail:.. **Website:**..

Alternative point of contact:

Name:.. **Designation:**..

Mobile:.. **E-mail:**..

Legal status of the applicant:

☐ Private limited company ☐ Public limited company (closely held) ☐ Partnership

☐ Proprietorship ☐ Public limited company (listed / widely held) ☐ Others ....

Year of incorporation:.. **Number of employees:**..

Mandatory information:

Financial information for the past three years:

Particulars	2014-15 (In Rs. Crore)	2013-14 (In Rs. Crore)	2012-13 (In Rs. Crore)
Are the financial statements audited?	Yes / No	Yes / No	Yes / No
Sales (Net)			
PAT			
Net worth / Capital			
Total debt (long term + short term)			
Total assets			
Unsecured loans (From friends, relatives, group co./firm)			

Please round off all amounts to the nearest crore

1. **Categories:** Please note applicant can apply to multiple categories.

☐ **SME of the year**
Any SME with a record of outstanding business performance over the past three financial years.
Business Enterprise - Income ranging between Rs. 25 cr - 100 cr
Emerging Enterprise - Income ranging between Rs. 100 cr - 300 cr
Medium Enterprise - Income ranging between Rs. 300 cr - 650 cr

☐ **Fastest growing SME of the year**
• Select any one: ☐ Manufacturing ☐ Services
• Consistent growth Y-o-Y over the past 3 financial years ☐ Yes ☐ No

☐ **Most successful young entrepreneur**
• First-generation entrepreneur ☐ Yes ☐ No • Age: ___ years • Growing and profitable business ☐ Yes ☐ No

☐ **Social enterprise of the year**
• Undertaken initiatives benefiting the society at large ☐ Yes ☐ No
• Have undertaken activities in the field of (Select one or multiple options):
☐ Education ☐ Livelihood ☐ Health ☐ Environment ☐ Infrastructure ☐ Others please specify ________________________
• Impact (no. of people benefitted)_____________ • Tenure of the initiative undertaken _____________

☐ **Global SME of the year**
• Having presence in multiple locations across the globe/generating a significant portion of revenues from exports ☐ Yes ☐ No
• Combined value (approx.) of assets held overseas Rs._________ lakh and number of locations covered (_____)

☐ **Green SME of the year**
• Any green technology/initiative/practice introduced ☐ Yes ☐ No
• Impact in terms of (Select one or multiple options): ☐ Product ☐ Process ☐ Others___________________________________

☐ **Woman entrepreneur of the year**
• Majority shareholding/ownership in the entity ☐ Yes ☐ No (Mention percentage of stake ___ %)

☐ **Most innovative SME of the year**
• Innovation (Select any one or multiple options): ☐ Products ☐ Processes ☐ Services
• Has been introduced first in India ☐ Yes ☐ No
• Benefits (post-implementation) in terms of (Select any one or multiple options):
☐ Revenues ☐ Growth in customer base ☐ Cost reduction ☐ Improved production capacity/quality
• Patent/Trademark registered ☐ Yes ☐ No

☐ **Excellence in technology implementation/Techsmart SME of the year**
• Significant improvement in process/product after introduction of new technology ☐ Yes ☐ No
• Application of the technology ☐ Production ☐ Procurement ☐ Distribution ☐ Delivery
• Benefits derived (post-implementation) in terms of (Select any one or multiple options):
☐ Cost reduction ☐ Improvement in production ☐ Improvement in quality

2. **Has the company/firm been rated by CRISIL?**
   - ☐ Yes; the rating is currently outstanding
   - ☐ Yes; but the rating is no longer outstanding
   - ☐ No
3. **Name the three banks/financial institutions from whom the company/firm avails the most loans (based on sanction amounts)**
   1. ....
   2. ....
   3. ....
4. **Is the company/firm an ICICI Bank account holder?**
   - ☐ Yes ☐ No. If yes, please tick any of the following:
   - ☐ Savings account ☐ Current account
   - ☐ Loan relationship with the bank
   - ☐ Others, please specify:...

Please note that shortlisted entries will be asked for the supporting documents of financials 2014-15, 2013-14 & 2012-13

Disclaimers : Past winners of Emerging India Awards cannot re-apply.
• While we have a great regard for our Emerging India Award winners, we reserve the right to revoke the award should the winner be deemed as resorting to fraudulent means or unethical practices, as and when such an instance comes to light.

Please complete the form and mail it to the address mentioned below. You could fill the form online on www.emergingindiaawards.com

Application forms can also be dropped at ICICI Bank branches. ICICI Bank, CNBC-TV18 and CRISIL will not be responsible for the forms that are lost in transit or not received. For a detailed list of the terms and conditions, please visit the website: **www.emergingindiaawards.com**

Please complete the form and mail it to:
Mr. Sachin Rao at sachin.rao@icicibank.com or Ms. Sonal Pandit at sonal.pandit@icicibank.com , Emerging India Awards, ICICI Bank Towers, SMEAG, 4th Floor, West Wing, South Tower, Bandra Kurla Complex, Bandra (E), Mumbai - 51 or The Manager, Emerging India Awards, Television Eighteen India Ltd., Empire Complex, 1st Floor, 414 Senapati Bapat Marg, Lower Parel, Mumbai - 13.

For internal use

Name...

Employee ID...

Designation...

Dept...

Superior's Name...

(Last date of registration: 31st December 2015)

Name & Applicant's Signature

Associate with a legacy of excellence:

- Ever since presenting the first CNBC-TV18 and ICICI Bank Emerging India Awards in 2005, to entering the LIMCA Book of Records (for receiving over 3 lakh nominations), the awards have exceeded all expectations and created a legacy of benchmarking excellence.
- From veteran political leaders to policy makers, to industry honchos, the Emerging India Awards have always drawn legends across India as its chief guests and mentors. Year after year, the awards have successfully associated with India's best minds to discover SMEs who outthink and outperform the best in business.

Emerging India Awards background:

- In 2004, the Emerging India initiative culminated in the first ever awards for this sector, recognising the best sustainable value creators among SMEs in the country.
- The following year i.e. 2005, the initiative received an overwhelming response with entries from over 5,000 SMEs, from all parts of the country and from nine different sectors.
- In 2006, this figure rose to a whopping 35,000 entries, earning the Emerging India Awards a mention in the LIMCA Book of Records as the largest business award for SMEs in Indian history.
- In 2007, it garnered over 1,25,000 entries and the Hon'ble Prime Minister Dr. Manmohan Singh graced the ceremony and felicitated the winners.
- In 2008, the awards received 3,00,000 entries as the winners were honoured at a glittering ceremony held in London.
- In 2009, the award ceremony was held in Delhi and presided over by Hon'ble Home Minister, P. Chidambaram, who was joined by Minister of State for Commerce and Industry, Mr. Jyotiraditya Scindia, as the Guest of Honour who graced the occasion and felicitated the winners.
- In 2010, the awards received over 1,50,000 entries and the winners were honoured at a glittering ceremony in Macau at The Venetian.
- In 2011-12, the award ceremony was held in Mumbai and presided over by Shri Rahul Bajaj and Shri Sachin Pilot who felicitated the winners.
- In 2012-13, the award ceremony was held in Mumbai and presided over by Mr. Narayana Murthy who felicitated the winners.
- In 2013-14, the award ceremony was held in Mumbai and presided over by Hon'ble Minister of Railways, Mr. Suresh Prabhu who felicitated the winners.

Judging Process

CRISIL, India's leading rating agency, designs and executes the evaluation process for the Emerging India Awards. The first round of selection involves screening of the companies based on the data provided by the companies in the application forms. Various financial parameters have been used to shortlist the companies to the top 35 in each category. During the second round of screening, the top 35 companies in each of the categories are then studied on various parameters such as management vision, market position, competitive strengths, business strategy, growth plans and future prospects, experience and depth of the management, financial flexibility, profitability, ability to meet debt obligations and relationship with bankers. The second round of screening process leads to shortlisting of top 3 companies in each category. Each of the shortlisted entities makes a presentation to eminent independent jury members, from the industry, to finally decide the winners.

The benchmark of excellence for India's SMEs.

India's biggest business award will recognise and reward the nation's best SMEs with the benchmark that every SME looks up to. The award focuses on small and medium entrepreneurs striving for world-class facilities, setting the highest benchmarks and optimising opportunities across the globe. These are the SMEs who are the next generation of India's business leaders. The Emerging India Awards 2015 will reward India Inc.'s rising stars.

10 years of celebrating the indomitable spirit of India's SMEs

- Inspiring SME entrepreneurial minds to go beyond the boundaries of homegrown business and realize their global aspirations, the Emerging India Awards have symbolized the power of pursuing dreams.
- Taking the legacy of leading the SME world forward, CNBC-TV18 and ICICI Bank Emerging India Awards 2015 continues to open new doors for SMEs to gain better access to capital, technology, global markets and quality manpower, while showcasing the multi-faceted potential of a diverse community on one platform.
- Growing from strength to strength, in its 10th year, the Emerging India Awards is all set to unveil the rising stars of the SME world on India's biggest platform for business, along with a jury who will raise the bar of excellence higher than ever before.

Outstanding List of MSMEs rated by CRISIL

About CRISIL Limited
CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

About CRISIL Ratings
CRISIL Ratings is India's leading rating agency. We pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we have a leadership position. We have rated over 95,000 entities, by far the largest number in India. We are a full-service rating agency. We rate the entire range of debt instruments: bank loans, certificates of deposit, commercial paper, non-convertible debentures, bank hybrid capital instruments, asset-backed securities, mortgage-backed securities, perpetual bonds, and partial guarantees. CRISIL sets the standards in every aspect of the credit rating business. We have instituted several innovations in India including rating municipal bonds, partially guaranteed instruments, microfinance institutions and voluntary organizations. We pioneered a globally unique and affordable rating service for Small and Medium Enterprises (SMEs). This has significantly expanded the market for ratings and is improving SMEs' access to affordable finance. We have an active outreach programme with issuers, investors and regulators to maintain a high level of transparency regarding our rating criteria and to disseminate our analytical insights and knowledge.

CRISIL Privacy Notice
CRISIL respects your privacy. We use your contact information, such as your name, address, and email id, to fulfil your request and service your account and to provide you with additional information from CRISIL and other parts of McGraw Hill Financial you may find of interest. For further information, or to let us know your preferences with respect to receiving marketing materials, please visit www.crisil.com/privacy. You can view McGraw Hill Financial's Customer Privacy Policy at http://www.mhfi.com/privacy.

Last updated: August 2014

Disclaimer
CRISIL has taken due care and caution in preparing this report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors in transmission and especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this report. No part of this report may be reproduced in any form or any means without permission of the publisher. Contents may be used by news media with due credit to CRISIL.

Contact us

Ahmedabad
706, 7th Floor, Venus Atlantis
Vejalpur, Near Reliance Petrol Pump
Anandnagar to Prahladnagar Road
Satellite, Ahmedabad 380 015
Tel: +91 79 4024 4500
Fax: +91 79 4024 4520

Bengaluru
W 101, Sunrise Chambers
22, Ulsoor Road, Bengaluru 560 042
Tel: +91 80 2558 0899
Fax: +91 80 2559 4801

Chennai
Thapar House, Mezzanine Floor
43/44, Montieth Road, Egmore
Chennai 600 008
Tel: +91 44 6656 3100
Fax: +91 44 2854 7531

Gurgaon
Plot no: 46, Sector: 44
Opposite Provident Fund Office
Gurgaon, Haryana: 122 003
Tel: +91 124 672 2409/03
Fax: +91 124 672 2001

Hyderabad
3rd Floor, Uma Chamber
Plot no 9 & 10, Nagarjuna Hills,
Punjagutta, X Road
Hyderabad 500 082
Tel: +91 40 2335 8103/05
Fax: +91 40 2335 7507

Kolkata
Convergence Building,
3rd floor, D2/2 EPGP Block,
Sector V, Salt Lake City,
Kolkata-700091.
Tel: +91 33 4011 8200
Fax: +91 33 4011 8250

Pune
1187/17, Ghole Road
Shivaji Nagar
Pune 411 005
Tel: +91 20 4018 1900
Fax: +91 20 4018 1930

For feedback or queries, contact us at crisil_sme@crisil.com / Toll free no.: **1800 1033 453** or log on **www.crisil.com/sme-ratings**

Stay Connected | Twitter | LinkedIn | YouTube | Facebook

CRISIL Limited
CRISIL House, Central Avenue, Hiranandani Business Park, Powai,
Mumbai – 400076. India
Phone: +91 22 3342 3000 | Fax: +91 22 3342 3001
www.crisil.com