



The Analyst

News Letter

Presented by:

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EARLYSALARY RAISES USD 15.7 MN (INR 102.05 Cr)

Early Salary, a Pune based an online lending company, has raised USD 15.7 MN (INR 102.05 CR., Ex rate USD/INR 65) from Eight Roads Ventures India.

APPARIO RETAIL PVT. LTD RAISES USD 18.84 MN (INR 122.46 Cr)

Appario Retail Pvt Ltd., a Delhi based E-commerce company, has raised USD 18.84 MN (INR 122.46 CR., Ex rate USD/INR 65) from Amazon- Ashok Patni JV.

SAMUNNATI RAISES USD 23.5 MN (INR 152.75 Cr)

Samunnati, a Chennai based agricultural loan providing company, has raised USD 23.5 MN (INR 152.75 CR., Ex rate USD/INR 65) from responsAbility, Elevar Equity and Accel Partners.

TAPZO RAISES USD 1.93 MN (INR 12.55 Cr)

Tapzo, a Bangalore based tech based personal assistant company, has raised USD 1.93 MN (INR 12.55 CR., Ex rate USD/INR 65) from RuNet & Other.

OTHER UPDATES

- *IMF: India to grow at 7.4 % in 2018.*
- *World Economic Forum 2018: India improves global talent competitiveness ranking to 81st.*
- *Pune Airport set to start work on Rs 650 crore expansion project.*
- *National Small Industries Corporation (NSIC) signed an MoU with SME Corporation Malaysia for exchange of information and cooperation in areas like policies to aid development of small and medium businesses in the two countries.*
- *SME lender Capital First announces merger with IDFC Bank .*
- *Government notifies 1 % GST for manufacturers under composition scheme.*
- *Lendingkart raises Rs 30 crore from Dutch Development Bank .*
- *The Maharashtra government has given an in-principle approval to convert 2,140 hectares of the Navi Mumbai Special Economic Zone (NMSEZ) into an "integrated industrial area" .*
- *Aircel lenders led by State Bank of India agree to restructure debt .*

➤ CBDT to appeal for revival of certain deregistered companies

The Central Board of Direct Taxes (CBDT) has decided to appeal for restoration of companies which were struck off from register of companies by the government last year, as it had commenced income tax proceedings against these firms earlier. The legal existence of these firms would help the proceedings to continue. The board has laid down ground rules for assessing officers to appeal to RoCs for revival of firms with retrospective effect. Alternatively, the board in its circular also directed income-tax officials to file appeals before the National Company Law Tribunal (NCLT) for revival of 'struck off company' immediately on a case-to-case basis.

➤ Department of Industrial Policy and Promotion (DIPP) notifies FDI relaxation

The Union Cabinet had allowed 100 % foreign direct investment (FDI) in single brand retail and construction development under the automatic route. Besides, foreign airlines were also allowed to buy up to 49 % stake in Air India. Allowing 100 % FDI in single brand retail under automatic route is aimed at attracting investments in production, marketing, improving availability of products to consumers and encourage increased sourcing from India. DIPP also clarified that real estate broking service does not amount to real estate business thus addressing issues faced by such firms. It is therefore eligible for 100 % FDI under the automatic route. With respect to FDI in investing companies, the automatic route has only been extended to companies that are registered as NBFCs; FDI in Core Investment Companies (CICs) and other investing companies will continue to require prior government approval.

➤ Government to auction 2,000 MW solar power projects

To achieve the target of achieving 100 gigawatt (GW) of installed solar energy capacity by 2022, the Central government has invited tenders for 2,000 MW of solar power projects connected to the inter-state transmission system. The Solar Energy Corporation of India would sign 25-year power purchase agreements (PPAs) with the winning bidders and sell the power to electricity distribution utilities. The ceiling tariff has been set at Rs 2.93 per unit. The reverse auctions would be conducted for eight projects of 250 MW each. A company can bid for a maximum capacity of 500 MW.

➤ Government cuts additional borrowing requirement to Rs 20,000 Cr from Rs 50,000 Cr for FY 17-18

The government announced that it has cut its additional market borrowing requirement for fiscal year ending in March, 2018 to Rs. 20,000 Cr . Earlier in December, 2017, the government had said that it will borrow an additional Rs 50,000 Cr through dated securities this fiscal while trimming receipts via treasury bills by Rs 61,203 Cr between now and March 2018.

Exchange rates
(as on 31st Jan, 2018)

S. NO	PARTICULARS	RATE
1	1 USD	64.27 INR
2	1 EURO	79.52 INR
3	1 POUND	89.71 INR
4	1 JAP YEN	00.59 INR

Bank rates
(as on 31st Jan, 2018)

S. No	NAME OF BANKS	MCLR (Overnight – One year)
1	ALLAHABAD BANK	7.75% - 8.25%
2	ANDHRA BANK	8.00% - 8.40%
3	BANK OF BARODA	8.05% - 8.30%
4	BANK OF INDIA	7.70% - 8.30%
5	BANK OF MAHARASHTRA	8.10% - 8.65%
6	CANARA BANK	7.85% - 8.30%
7	CENTRAL BANK OF INDIA	7.70% - 8.30%
8	CORPORATION BANK	7.80% - 8.65%
9	DENA BANK	7.90% - 8.30%
10	INDIAN BANK	8.00% - 8.35%
11	INDIAN OVERSEAS BANK	8.00% - 8.40%
12	ORIENTAL BANK OF COMMERCE	8.10% - 8.35%
13	PUNJAB AND SIND BANK	7.90% - 8.40%
14	PUNJAB NATIONAL BANK	7.65% - 8.15%
15	STATE BANK OF INDIA	7.70% - 7.95%
16	SYNDICATE BANK	7.95% - 8.45%
17	UCO BANK	7.90% - 8.45%
18	UNION BANK OF INDIA	7.70% - 8.20%
19	UNITED BANK OF INDIA	7.90% - 8.60%
20	VIJAYA BANK	7.90% - 8.50%
21	IDBI BANK	8.00% - 8.55%
22	ICICI BANK	7.80% - 8.20%
23	CITI BANK	7.80% - 8.00%
24	HDFC BANK	7.80% - 8.10%
25	KOTAK MAHINDRA BANK	7.90% - 8.65%

Reserve & Policy rates
(as on 31st Jan, 2018)

✓ **RESERVES RATES**

- CRR: 4 %
- SLR: 19.50%

✓ **POLICY RATES**

- Repo Rate: 6.00%
- Reverse Repo Rate: 5.75%
- Bank Rate: 6.25 %
- MSFR: 6.25 %

S. No	INDEX	29 th DEC, 2017	31 st JAN, 2018	% CHANGE
1	SENSEX	34,056.83	35,965.02	+5.60%
2	NIFTY	10,530.70	11,027.70	+4.72%
3	NIKKEI	22,764.94	23,098.29	+1.46%
4	NASDAQ	6,903.39	7,411.48	+7.36%
5	KOSPI	2,467.49	2,566.46	+4.01%

SME Listing & IPO



SME exchange is a separate platform opened by Stock Exchanges to help Small & Medium Enterprises to raise equity funds through investors in Stock Market. For SME stocks to get listed and being traded on exchange, company has to come up with an Initial Public Offer (IPO) at Exchange's SME platform. IPO is a way for companies to raise fund from investors and get listed on exchanges.

➤ Eligibility Criteria for SME IPO:

For SMEs to raise funds through SME exchange, eligibility criteria have been laid by the regulators and exchanges:

• **As per SEBI Guideline:**

- i. *Maximum Post Issue capital Rs.25 Crores;*
- ii. *Minimum number of members for issue of IPO is fifty (50);*
- iii. *After listing, no minimum of members required to be continued;*
- iv. *Market making is mandatory for 3 years;*
- v. *Issue must be fully underwritten (merchant bankers to underwrite 15% in own account).*
- vi. *Minimum application and lot size must be of Rs. 1,00,000 and in multiple thereof.*

• **As per BSE Guidelines:**

- i. *The post issue paid-up capital of the company shall be at least Rs. 3 Crores;*
- ii. *The company shall have net tangible assets of at least Rs. 3 Crores as per the latest audited financial results;*
- iii. *The company have a track record of distributable profits in terms of Section 123 of the Companies Act, 2013 for at least two years out of immediately preceding three financial years and each financial year has to be period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits OR net worth shall be at least Rs. 5 Crores.*
- iv. *The company shall have net worth (excluding revaluation reserves) of at least Rs. 3 Crores as per the latest audited financial results.*
- v. *Other Requirements:*
 - *The company shall have a website;*
 - *The company shall mandatorily facilitate trading in dematerialized (Demat) securities and enter into an agreement with both the depositories;*
 - *There should not be any change in the promoters of the company in preceding one year from date of filing the application to BSE for listing under SME segment.*

Disclosures:

- A certificate from the applicant company stating the following:
- The Company has not been referred to the Board of Industrial and Financial Reconstruction (BIFR).
- There is no winding up petition against the company, which has been admitted by the court or a liquidator has not been appointed.

➤ **Procedure of Listing on SME Exchange**

- I. The issuer company consults and appoints the Merchant Banker(s) in an advisory capacity.
- II. The Merchant Banker prepares the documentation after conducting due diligence regarding the company i.e. checking all financial documents, material contracts, government approval, promoter details etc.
- III. Application Procedure:
 - *Filling of draft prospectus with Stock Exchange as well as with SEBI by the Merchant Banker.*
 - *Stock Exchange official verifies the documents and also verifies the Company's site and the promoter are called for an interview with the Listing Advisory Committee.*
 - *Stock Exchange may issue in principle approval on the recommendation of the committee subject to the all the requirements are complied by the issuer.*
 - *After getting in principle approval from Stock Exchange, Merchant Banker file prospectus with the concerned ROC indicating opening and closing date of the issue.*
 - *Once approval is received form ROC, Merchant Banker intimates the Exchange regarding opening dates of the issue along with the required documents.*
- IV. The Initial Public Offer opens and closes as per schedule, after the closure of IPO, the company submits the documents to the exchange for finalization of the basis of allotment.
- V. Stock Exchange finalizes the basis of allotment and issues a Notice regarding Listing and Trading.

➤ **Advantages of SME Listing:**

- i. SME listing is the easy way to raise capital through equity infusion for growth oriented SME's.
- ii. In case of listed securities, there are tax benefits as under:

Tax Benefits	Shares listed on SME exchange	Unlisted Shares
Long Term Capital Gains Tax	10% without indexation on gain of Rs. 1,00,000/- above	20% after indexation.
Short Term Capital Gains Tax	15%	30%

- iii. SME listing enhances credibility and financial status of the company.
- iv. Equity financing provides growth opportunities like expansions, mergers and acquisitions.
- v. SME listing enables liquidity for shareholders to freely trade in the securities of the company.
- vi. As against an IPO on the main exchanges, for SME IPO, there are multiple benefits in terms of regulatory supervision and controls.



**UNION BUDGET 2018 – 19
HIGHLIGHTS**

HIGHLIGHTS OF BUDGET 2018-19

- *No change in personal income tax structure.*
- *Standard deduction of **Rs 40,000** for salaried taxpayers in lieu of Transport, Medical expenses.*
- ***25% Corporate tax** rate extended to companies with turnover up to **Rs 250 crore**.*
- ***100% tax deduction** to companies registered as farmer-producer companies with a turnover of **Rs 100 crore**.*
- *Long term capital gain on equity exceeding **Rs. 1 Lakhs** will be taxed at **10% without indexing**.*
- *Short term capital tax remains at 15%.*
- *Exemption in income of **Rs. 50,000** from bank FD and post office deposits for senior citizens.*
- *Senior citizens to get **Rs. 50,000 per annum** exemption for medical insurance under section 80 D.*
- *India produced over 275 million tonnes of food grain and 300 million tonnes of fruits and vegetables in 2016-17.*
- *Crop production at record high; Govt is committed to giving 50% more than cost of crop production to farmers.*
- *Govt to set MSP at one-and-half times the cost of production for Kharif crops.*
- *Govt will ensure farmers get MSP if prices fall; Niti Aayog will discuss with state Govts for mechanism to ensure farmers get better prices.*
- ***Rs 2,000 crore** fund to be set up for upgrading rural agriculture markets.*
- *Govt has promoted organic farmers in a big way; women self-help groups to be encouraged to take up organic farming.*
- *Food processing sector growing at 8 %; allocation for food processing ministry being doubled to **Rs 1400 cr**.*
- *India's agri export potential is \$100 bn as against current \$30 bn exports.*
- *Mass formalisation of MSME sector is happening after demonetisation and GST.*
- *Target for loan disbursement under Mudra scheme set at **Rs 3 lakh crore** for FY 2018-19.*
- *Govt to soon announce scheme to address the issue of Non-Performing Assets.*
- ***Rs 4.6 lakh cr** sanctioned under MUDRA Scheme.*
- *Govt's budget for health, education and social security increased to **Rs 1.38 lakh crore** for FY 2018-19 from **Rs 1.22 lakh crore** in current fiscal.*
- *Govt identifies 115 "aspirational districts" to make them model districts of development.*
- *PM Jeevn Jyoti Bima Yojana to reach all poor households*

- *Scheme for revitalizing school infrastructure, with an allocation of **Rs.1 lakh crore** over four years. Called RISE - Revitalising Infrastructure in School Education.*
- *Setting up of PM Research Fellow Scheme; 1000 B-Tech students to be selected.*
- *Two new planning & architecture schools to be set up in IITs.*
- *The government will launch a flagship National Health Protection Scheme, which will have 50 crore beneficiaries. The Centre will give up to **Rs 5 lakh per family per year**. This will include secondary and tertiary healthcare.*
- *Govt to focus on health, education & social protection. To use technology to improve education from 'blackboard to digital board'.*
- *Allocating natural resources in a more transparent manner, there is a premium on honesty now.*
- ***Rs 14 lakh cr** for enhancing rural livelihood.*
- *Projected growth at 7.2 % -7.5 % in the second half of 2017-18.*
- *80 million poor families to be given free gas connection under Ujjwala scheme.*
- *Allocation of **Rs 2,600 Cr** for underground water irrigation plan in 96 districts.*
- ***Rs 16,000 cr** allocation for electricity connection to poor families.*
- *Eklavya schools to be started for Scheduled Tribe population.*
- ***Rs 11 lakh cr** for instant farm credit mooted next FY.*
- *Introduction of GST has made indirect tax system simpler.*
- *Budget focused on strengthening agricultural and rural economy*
- *Govt focusing on ease of living now.*
- *Cooking gas being given free to poor under PMUY, 4 cr unconnected being provided electricity connection, stent prices slashed*
- *24 new Govt medical colleges and hospitals to be set up by upgrading existing district hospitals.*
- *For education sector, the government proposes revitalising infrastructure, opening schools for the ST populations as well as promoting programmes for teachers, in order to improve quality education for students.*
- *Air Pollution in Delhi NCR is a cause for concern, special scheme will be implemented to support Govts of Haryana, Punjab, UP and Delhi NCT to address it and subsidize machinery for management of crop residue*

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