

Edition - March-April - 2015

S-CAP

SME CAPITAL MARKET WATCH



**SEBI TAKING A
Re-Look at
CAPITAL RAISING
PROCESS**

In the Classroom
POISON PILL



SARTH I

An initiative by :
SARTH I CAPITAL ADVISORS PRIVATE LIMITED
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PREFACE



The first full budget by the NDA government is delivered on a positive note. Union Budget 2015-16 besides being growth-oriented and pragmatic sounds SME-friendly. This issue of S-cap seeks to discuss specific areas from the SMEs perspective.

Overall, the budget clearly points towards more investment and savings rather than giving a slew of subsidies and obscure schemes which rarely reach the intended blocks. How the government executes the budget and translates its vision will decide if it proves to be a game changer.

The capital markets have been a little jittery during the month and lately a little subdued, mainly on the expectation that the US Federal Reserve may change its stance on the interest rates much earlier than expected and we may observe interest rate hikes in the U.S. So, may be it spells the start of the end of easy money. The investors also look forward for the corporate performance post the last quarter of the current financial year.

We, at Sarthi, remain committed to work for the betterment of the SMEs across the country. We have initiated our own humble efforts in bringing to the fore those entrepreneurs who have shown promise and displayed excellence in their dedicated spheres by launching SME Excellence Awards as a token our appreciation and an acknowledgement to their relentless efforts. Joining hands with SME WORLD, the leading SMEs dedicated magazine, the first event was held in Ahmedabad recently.

The event had the active support of NSIC, Aditya Birla Finance, Birla Sunlife Insurance, RBL Bank to name a few. Scores of entrepreneurs across verticals came forward with their nominations and we had to struggle hard to choose a few for our first edition of awards ceremony. However, I sincerely thank all those enterprises in SMEs space for their interest and participation and congratulate the winners and hope the next editions witness more enthusiasm. I am sure; the Sarthi-SMEs Excellence Awards are able to set benchmark for excellence for the SMEs Sector.

This issue of S-Cap also covers SEBI's getting tough on tax evasion and money laundering, private equities, concepts like poison pill in mergers & acquisition.

Deepak Sharma
Group Managing Director

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A FACILITATIVE PLATFORM FOR CREATING A VIBRANT ENTREPRENEURIAL ECO SYSTEM IN INDIA

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MSME Ministry to launch virtual network to link clusters

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& many more...



Private Equity ("PE") financing has emerged as a major investor class and has been a driver of economic growth of companies over the world. This article summarizes the key steps involved in consummation of a PE investment.

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BUDGET 2015: 'Growth-Oriented, Pragmatic and SME Friendly budget'



The NDA government has unleashed one of the sought for first full Budget although the budget post elected. Finance minister budget lived up to expectations? The answer should be a cautious yes. No big bang, but multiple strokes of refinement engineered precisely with a clear intent on direction. While the big ticket investments needed to revive growth have been limited by the need to keep the fiscal deficit roadmap on course, there are major changes in taxation and other areas that are truly reformist. The shift in the fiscal deficit roadmap over the next three years gives government space to invest in infrastructure. This is a budget worth remembering.

Emphasising the thrust need to encourage entrepreneurship and businesses in India, Finance Minister in his budget speech said that the government will aim to make India a manufacturing hub with the 'Make in India' programme.

While acknowledging his government's aim towards greater fiscal consolidation, finance minister in his budget speech said that he will be able to meet the stated 4.1 per cent fiscal deficit target for the current fiscal year and the government is committed to maintaining a fiscal deficit target of 3 per cent in the medium term. Stating that Budget 2015 comes in the backdrop of a better growth environment than in the past, finance minister said, "World predicting that it is India's chance to fly."

Make in India focus:

Reducing the tax on R&D and innovation investments to 10 percent is a very positive move, both from the point of view of facilitating technology transfer as well as companies to invest more in driving innovation. Along the same lines, the nod to the 'start-up ecosystem' in the country is a major positive. This is the first time such language has made its way into the budget and a good reflection of the fact that job growth has to be broad based by facilitating the SME segment and even the start-up culture in the country.



To promote domestic manufacturing and 'Make in India' for

creation of more jobs, finance minister announced a series of cuts in customs and excise duties in the Union Budget 2015-16. Customs duties on certain inputs like metal parts, insulated wires and cables, refrigerators compressor parts, compounds used in catalytic converters, sulphuric acid for use in manufacture of fertilizers and compounds of video cameras have been reduced.

Similarly basic customs duty is being reduced on certain raw materials used in lathe machines from 7.5 percent, to 2.5 percent, medical video endoscopes from 5 percent to 2.5 percent, telecommunication grade optical fiber cables from 7.5 percent to nil and LCD/LED TV panels from 10 percent to nil. CVD and SAD are being fully exempted on specified raw materials for use in the manufacture of pacemakers.

SAD is reduced in metal scrap of iron and steel, copper, brass and aluminum from 4 percent to 2 percent to address problem of CENVAT credit accumulation. For inputs for use in the manufacture of LED driver and MCPCB for LED lights, fixture and LED lamps SAD is reduced from 4 percent to nil.

"Emphasising the thrust need to encourage entrepreneurship and businesses in India, Finance Minister in his budget speech said that the government will aim to make India a manufacturing hub with the 'Make in India' programme."

Tax Reforms:

Finance minister bit the bullet by proposing to reduce the basic corporate tax rate by a good 5 percentage points to 25 percent in the next four years and also to remove various exemptions provided to the companies. He, however, said the change in the rate will not start from this year as the idea is to give certainty in tax matters. He noted that though the tax rates are high in the country the effective collection is only 23 percent of the total. The lag in the corporate tax collection is due to the various due to exemptions, which has also given rise to pressure groups and litigations.

So, in order to balance the tax rate reduction, the government will also rationalise the corporate tax regime by removing the

various exemptions they enjoy. But many others, including our peers in the BRICS grouping South Africa (28 percent) and China (25 percent), have lower rates. So the argument has been in favour of a lower rate, as this will drive investments in the country. However, it is not clear whether there will be a reduction in the tax rate applicable for foreign companies which pay a 40 percent tax.



Refinance for SMEs:

The government will create a refinance agency, Mudra Bank with an initial corpus of Rs 20,000 crore to provide credit facilities to SC/ST businesses. Finance minister mention that development has to generate inclusive growth, and while large corporate and business entities have a role to play, it has to be complemented by informal sector -- enterprises that generate maximum employment.



There are 5.77 crore small business units that are mostly individual proprietorships, running small manufacturing and training business, he said, adding that 62 per cent of these are owned by Scheduled Caste, Scheduled Tribes and Other Backward Castes. "These measures will greatly increase the confidence of our young educated and skilled workers who are able to become the first generation enterprises, and existing small businesses will be able to expand their activities. Just as we are banking the unbanked, we are also funding the unfunded," finance minister said.

Recognising the working capital challenges for SMEs mainly due to long receivable cycle, the government also proposed to put "electronic platform for refinancing" for receivables of SMEs through this platform. Through this platform investors and large companies can finance the SME receivables.

Ease of doing business:

The government aims towards ease of doing business; government has recently launched an e-biz portal which integrates 14 regulatory permissions at one source.

Finance minister added that good states may soon join this platform. "However if we really want to create jobs, we have to make India an investment destination which permits the start of business in accordance with publicly stated guidelines and criteria,"

India has been ranked 142 among the 189 countries in the latest World Bank report, falling two places from last year's ranking. Lower rank is one of the reasons to get less foreign direct investment into the country. The government is taking steps to bring India into the top 50 ranks.

It has taken several steps including issuance of checklist with specific timelines for processing applications filed by foreign investors and launch of a single registration - Labour Identification Number - for labour related compliance.

"The government will create a refinance agency, Mudra Bank with an initial corpus of Rs 20,000 crore to provide credit facilities to SC/ST business."

Promotion of Start-ups:



According to the Economic Survey 2014-15, India has emerged as the world's fourth largest hub for start-ups with over 3,100 of them, driven by "hyper growth" in technology and software products in the country. As per the Central Statistics Office (CSO), computer and related services, whose share GDP is 3.3 percent, grew by 14.4 percent in 2013-14. While the export market grew by 12.3 percent to \$98 billion in 2014-15, the domestic IT-BPM market is estimated at \$20.9 billion in 2014-15, with a growth of 10 percent.

Finance Minister announced Rs 1,000 crore for promotion of start-ups and entrepreneurs particularly in the technology sector.

"We are now seeing a growing interest in start-ups. Experimenting in cutting edge technologies, creating value out of ideas, initiatives and creating them into scalable enterprises and businesses is at the core of our strategies," he said while presenting the Budget for 2015-16.

The minister added that the IT-ITeS sector has raked in revenues of \$119 billion in 2014-15 and directly employs about 40 lakh people.

"For engaging our youth for inclusive and sustainable growth of the country, concerns such as more liberal system of raising global capital, incubation facilities in our centres of excellence, funding for seed capital and the ease of doing business need to be addressed to create a lakh jobs and hundreds of billions of dollars in value," he said.

In the end, remember, when you are laying a track, you do not blast everything your way, but carve your way towards goal. A good focused and balanced budget.

Deepak Sharma, Group MD, Sarthi

SEBI Tough on Tax Evasion & Money Laundering in CAPITAL MARKET



Tax planning is an art of reducing the tax liability of a person by making use of the various provisions of law. The Government in many cases provides various deductions and exemptions which can be used by a person to reduce his tax liability while Tax evasion is the method by which a person illegally reduces his tax burden by either deflating their income or inflating their expenses. Both deflating the income and inflating the expenses have the same impact that the profit gets reduced as a result of which the tax burden also gets reduced.

Tax planning is not a bad thing unless and until it involves some systemic issue and here we have to look into the problem in three different parts. One is tax planning, the other is the integrity of the market and third, investor-related issues.

Securities and Exchange Board of India (SEBI) has advised stock exchanges to keep constant and strict vigil on companies which are involved in misuse of the stock exchange mechanism for tax evasion and take immediate action. Cracking its whip on entities using stock markets for evading taxes and laundering black money, the capital market regulator has decided to suspend trading in listed companies that are found to be used by such manipulators. SEBI has already passed several orders and barred various individuals and companies from securities markets.

On 24 November, 2014 SEBI has passed an order in the matter of Transgene Biotek Ltd-

The SEBI on 24 November, 2014 barred promoters and directors of Transgene Biotek Ltd from dealing in securities of any kind till further notice, on charge of defrauding shareholders. The promoters and directors have been slapped with Fraudulent and Unfair Trade Practices (FUTP) violations. SEBI's main charge against the promoters and directors is that they concealed material and price-sensitive information from shareholders, causing huge loss to them when the stock price fell subsequently. A preliminary probe by Securities and Exchange Board of India found that the claim by Transgene that it had informed its shareholders about the utilization of GDR proceeds was "false and misleading".

In 2011, Transgene had raised USD 40.5 million abroad by issuing Global Depository Receipts (GDRs) in two tranches, first in February and then in September. By December, the company had transferred USD 38.4 million of those funds to three entities. The company said the payments were under the terms of the agreement signed with the firms for technology transfer, personnel training and consultancy services.

But Transgene's balance sheet made no mention of technology transfer or other services. From April 2012, the stock price started sliding as the investors who had subscribed to the GDR issue converted the GDRs into shares and started offloading them in the Indian market. By November 2012, the stock was down to Rs 5 from a high of Rs 60 a year back.

SEBI said in an order that the GDR proceeds were transferred by Transgene, directly or indirectly, through subsidiary for undisclosed and ulterior purposes under the garb of consideration for technology transfer and for other reasons.



When asked by SEBI, Transgene Chairman admitted that the company had not received the technology or services, but said the fund transfers were not authorized by him. Accordingly, pending detailed probe in the matter, SEBI has directed Transgene not to issue equity shares or any other instrument convertible into equity shares or any other security till further orders. It has also barred Transgene chairman and managing director and five others from the dealing in the securities market, till further directions.

"Securities and Exchange Board of India (SEBI) has advised stock exchanges to keep constant and strict vigil on companies which are involved in misuse of the stock exchange mechanism for tax evasion and take immediate action."

Over the last 4-5 years, many mid-cap companies are said to have been using the GDR route for making a quick buck or even laundering their black money stashed abroad. In 2011,

SEBI had pulled up a few companies and foreign institutional investors for abusing the GDR route. The orders against some of the FIIs involved in those dubious deals were later revoked. There are a couple of ways in which promoters rip off their shareholders through sham GDRs. The promoters can launder their undisclosed money abroad, through the GDR route. Say, the promoters want to convert USD 50 million of black money abroad into white. In this case, the FIIs investing in the GDR will be fronts for the promoters. The USD 50 million will come into the company's books and become legitimate. A few months after the issue, the 'investors' will write to the company saying they want to convert the GDRs into shares. The shares are then offloaded in India; an additional source of profit for the promoters.

On 04 December, 2014, SEBI has passed an order in the matter of Moryo Industries Ltd –

Suspecting money laundering and tax evasion SEBI barred Moryo Industries and 90 other connected entities including the company's promoters and directors from dealing in securities, till further directions.

SEBI had conducted a preliminary examination, upon noticing huge rise in the traded volumes and price of the shares of the company during the period from January 15, 2013 to August 31, 2014. The matter is related to preferential allotment of 63.50 lakh shares of Moryo to 42 persons in November 2012. The funds were brought in the company through preferential allotment and was invested in the shares of connected companies by way of purported loans to a group of companies connected with Moryo and for purposes other than those disclosed. The preferential allotment route resulted in tax free ill-gotten gains to the tune of Rs. 141 crore based upon the facts available on record. The whole modus operandi of raising money through preferential allotment, splitting the shares to increase liquidity and then providing exit to preferential allottees (at a prices much higher than that supported by company fundamentals) was a well devised scheme to convert illegitimate money into legitimate money by misusing the stock exchange mechanism. According to SEBI, the preferential allottees acting in concert with Moryo Group had misused the stock exchange system to generate fictitious Long Term Capital Gains so as to convert their unaccounted income into accounted one with no payment of taxes. Long Term Capital Gains are tax exempted.

The capital market regulator in an order restrained Moryo, its two promoters as well as four directors from dealing in the

securities markets "till further directions". Besides, 42 preferential allottees and 42 Moryo Group entities have also been barred from dealing in the markets.

"Suspecting money laundering and tax evasion SEBI barred Moryo Industries and 90 other connected entities including the company's promoters and directors from dealing in securities, till further directions."

On 20 February, 2015, SEBI has passed an order in the matter of Kamalakshi Finance Corporation Ltd –

In the latest case on entities misusing stock markets for evading taxes, the market regulator SEBI has barred Kamalakshi Finance Corporation Ltd, its 24 other entities including the company's promoters and directors which have been found to have made undue gains of over Rs. 1,800 crore, from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions.

SEBI found that the entities were trading in the scrip of Kamalakshi above the Last Traded Price (LTP) and their trades resulted into artificial increase in price. Pursuant to detection of a huge rise in the price of the shares of Kamalakshi Finance Corporation Ltd on BSE, SEBI had conducted a preliminary inquiry in the dealings in the scrip of the firm during the period from January 15, 2014 to December 26, 2014. It was noticed that during the examination period, the price of the scrip of the company rose from Rs. 10.20 to Rs. 489 an increase of 4,694 per cent (48 times) in 150 trading days without any "material corporate announcement" to support such a price rise.

During the entire examination period, the total traded volume in the firm was only 1,385 shares as against total 2.84 crore subscribed shares. SEBI found that the entities used the preferential share route through Kamalakshi and their trades resulted into artificial increase in its price. Further, the Sebi probe revealed that the funds received as proceeds of preferential allotments were transferred to various entities and were not used for the purposes stated in the special resolutions. Due to a lock-in of one year on shares allotted on a preferential basis, any gains made on the sale of such shares makes them eligible for long-term capital gains, which are tax-exempt. Thus, these groups of entities prima facie manipulated the price of the scrip during the examination period.

**TAX
EVASION**



The modus operandi involves preferential allotment of shares to entities wanting to launder black money. Later, the share prices of the companies, in which allotment is made, are artificially inflated and the preferential allottees are provided an exit whereby they took fictitious long term capital gains (LTCG), which doesn't attract tax.

Accordingly, SEBI has barred Kamalakshi Finance Corporation Ltd, its 24 other entities including the company's promoters and directors from accessing the securities market and buying, selling or dealing in securities, either directly or indirectly, in any manner, till further directions.

SEBI found a typical pattern in trading of shares of these companies. First, the shares would be allotted on preferential basis to certain connected entities, price would be pushed higher without any fundamental move, followed by an exit being given to these investors and the shares would be sold back to the company or related entities raking in huge profits. Such huge profits were made in stocks where fundamentals or financials of the companies did not justify the price.

Concluding Remarks



There is not one order, there are numerous successive orders that have come from SEBI. That clearly indicates that it may not be the end of this matter and there could be many more orders coming from SEBI because it could just be one portion of the problem that could have come to the surface. So if many more orders like this come and many more people are caught like this then we can say that the size of the problem or the size of

the matter which is at hand could be enormous. It will not be prudent to make any judgement that whether the big corporates are involved or the small corporates are involved or individuals are involved. It is a very simple issue that people are messing up with the system.

"SEBI has made it mandatory for market intermediaries to identify and verify the beneficial owner of funds in order to further strengthen the existing framework."

Had there been pure tax planning which did not involve any issue of market integrity or did not hurt investors probably it would not have come onto the radar of SEBI or SEBI would not have been bothered or at the most SEBI would have referred the matter to income tax department that it has come to their notice. But what has happened in these cases is that those participants in order for tax planning have rigged the market or they have played in the market and they have spoilt the integrity of the market which is a very big issue for the market

regulator as its primary duty is to maintain the integrity of the market and protect the investor. It is not an isolated case that those two people or three people or ten or twenty people who were planning to reduce the tax or they were doing tax planning they were involved. What happened along with their transactions, the transactions of other innocent investors they are also involved. And they would have bought shares of companies which were not worth what they were quoting at.

SEBI has made it mandatory for market intermediaries to identify and verify the beneficial owner of funds in order to further strengthen the existing framework and to tackle the risk presented by the misuse of complex legal structures such as, companies, partnerships, trusts etc. It has also been taking steps to prevent money laundering and terrorist financing through the securities markets.

The capital markets regulator has identified three parameters for taking action against such companies and the trading would be suspended in the shares of those entities that satisfy more than one of the criteria. These parameters include these companies being non-existent on their mentioned address, misuse of preferential allotment and weak fundamentals not supporting price rise.

It is a very simple issue that none of the regulators or none of the law enforcing agencies will be able to catch all the culprits. That is why the system of punishment has to be such that it acts like a deterrent for future problems.

Remedy would always lie in all the agencies working in harmony be it Income Tax Department, be it RBI, be it SEBI, they have to work in harmony and whenever somebody is caught giving a punishment which should be acting as a deterrent. Two months barring or three months barring from

the market or something like that is none because then that person will be born in some other name and continue doing this. The issue is that it should be a very tough message that if you are messing up with the system, the system is going to mess with your life. If it is purely an income tax issue then none of the regulators will come into the picture but since here the market infrastructure is being utilized for creating tax planning then SEBI also gets involved. So it has to be a joint effort of all the regulators to put this entire problem to an end.



-Shubhra Agrawal

SEBI taking a Re-Look at Capital Raising Process



In a move aimed at boosting fund raising from the market and reducing the timeline for listing of shares, the Securities and Exchange Board of India (SEBI), in its discussion paper on 'Revisiting the capital raising process' proposed e-IPO norms, where investors can bid for shares through Internet and eventually on mobiles, while already listed public sector undertakings (PSUs) will be provided a 'fast-track' route for share sales to meet the disinvestment targets.

SEBI felt the need of reviewing capital-raising process from the markets as it had been observed that listed issuers preferred private placements routes, including qualified institutional placement, over other offers such as FPOs or rights issues, mainly on account of shorter time frame and lower cost involved.

Through the proposals, SEBI wants to simplify the IPO process, lower their costs and help companies to reach more retail investors in small towns.

The proposed moves are part of efforts to simplify the process of IPOs, lowering their costs and helping companies reach more retail investors in small towns.

Initially, investors would be able to place bids through Internet and by using broker terminals across the country, as against the current practice of filling long paper forms.

In view of the above, the discussion paper contained proposal on the following two areas and sought public comments on the same:

1. Proposal on use of Secondary Market infrastructure for making applications in Public Issue ("e-IPO").
2. Proposal on Fast Track Issuances (FPO and Rights Issue).

1. e-IPO

To utilize the synergies of the secondary market infrastructure for raising capital through public issues SEBI formed a group consisting of representatives from the Stock Exchanges, Depositories, Registrar & Share Transfer Agents, Merchant Bankers, Stock Brokers and SEBI ("Group"), proposed a policy framework to achieve the following broad objectives:

- To further reduce the overall post issue timelines from T+12 days.
- To reduce the cost of public issuances.
- To broad-base the retail investors reach across the country for submitting applications.

Group submitted The Report which was placed before the Primary Market Advisory Committee (PMAC) of SEBI for deliberation and comments.

Report stated the proposed process flow as given below:

Proposed process:

1. Investors will submit an application to Stock broker, Depository Participant (DP), Registrar and Transfer Agent (RTA) & Self Certified Syndicate Bank (SSCB).
2. On receipt of application Stock broker / DP/ RTA / SSCB will bid and clearing corporation will block amount from the stock brokers account. Stock brokers will be advised to use NACH ("National Automated Clearing House") mechanism and thereby receive upfront payment confirmation.
3. Details of payment confirmation for the bids will be made by banks, clearing corporations and depositories to the RTA.
4. Finalization of basis of allotment by RTA.
5. On approval of Basis of Allotment by Stock Exchange (SE), RTA to give instructions to clearing corporation and banks to credit funds in the public issue account.
6. Excess funds would be refunded to the investors.
7. Depositories to give instructions to credit securities directly to investors demat account.
8. SE will issue listing & trading approval.

Mobile app for making bids

A framework for use of mobile applications for making bids in public issues can also be put in place for implementation in future, SEBI said.

Investors would also get SMS/e-mail alert for allotment under the IPO, similar to alerts being sent to investors for secondary market transactions.

Further, on account of reduction in printing of application forms, the overall cost of public issues will also come down.

SEBI said that these proposals may be used for debt issues as well. However, to make these mechanism applicable, suitable amendments may be required under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

Categories	ASBA Bids	Non ASBA Bids	Other Activities
T	Last Day of Bidding.	Using the NACH mechanism, funds will be available with Stock Broker before the closure of Bidding. Account of Syndicate or Non syndicate member maintained with Designated Clearing Corporation (DCC) / Clearing Corporation (CC) will be blocked for equivalent amount.	<ul style="list-style-type: none"> Other SE to share the bid file with Designated Stock Exchange (DSE). DSE to provide End Of Day File (Full Book) to RTA. Validation of DP ID/ CL ID will be done by the Exchange with the depositories data by the EoD.
T+1	<ul style="list-style-type: none"> Final Certificate from SCSBs (excluding ASBA application through brokers, DPs, RTAs). Syndicate, Non Syndicate Members, Depository Participant and RTA to forward a schedule and application forms to respective SCSBs for blocking of funds. Registrar to the issue to forward bid files to SCSBs for validation containing the application and amount, duly sorted centre wise who may use this file for reconciliation. SCSBs to start blocking funds 	Registrar to forward bid files to Clearing Corporation for validation containing the application number and amount, who may use this file for reconciliation.	<ul style="list-style-type: none"> Company / BRLM to submit relevant documents to SE (documents presently filed on T+2). Registrar to give instructions to Depositories to carry out lock-in for pre issue capital
T+2	Final Collection certificate for ASBA application made through Syndicate , Non Syndicate Member, Depository Participant and RTA	Registrar to forward bid files to Clearing Corporation for validation containing the application number and amount, who may use this file for reconciliation.	<ul style="list-style-type: none"> Registrar to prepare list of rejected bids based on mismatch between electronic bid details and Depositories data base. Registrar to undertake "Technical Rejection" test based on electronic bid details and prepare list of technical rejection cases."
T+3	N.A.	N.A.	<ul style="list-style-type: none"> Registrar to undertake and complete reconciliation of final certificate received from SCSBs and CC) with electronic bid details. Minutes and Technical Rejection approval from BRLM and issuer Submission of Electronic files and Basis documents to exchanges Basis of allotment finalization from DSE
T+4	-	-	<ul style="list-style-type: none"> Company to Convene Board Meeting for allotment Registrar to prepare funds transfer schedule based on approved allotment. Instruction by RTA for Transfer of Funds to Public Issue/ Refund Account (Clearing Corporation) and unblocking of ASBA Applicants Accounts. Intimation of basis of allotment by RTA to other SE

T+5	Applicant to receive credit of allocated shares and / or unblock the unutilized money	Applicant to receive credit of allocated shares and / or refund of money (same point as above)	<ul style="list-style-type: none"> • Company to file listing application to obtain listing and trading permission from SE(s) (documents presently filed on T+10 & T+11 day). • Advertisement in Newspaper about Allotment • Listing reports to issuer / CA/CS certificate for allotment • Upload of allotment data to CDSL/NSDL • Registrar to Complete Dispatch of allotment instructions • Registrar to receive confirmation of credit from NSDL & CDSL and Issue Reconciliation certificate of drop cases, if any • Issuer and Registrar to file confirmation of demat credit and refund dispatch with Stock Exchange(s). • Registrar to receive confirmation for Issue related capital lock-in from Depositories, if any (Promoter / Anchor Investors / Market Maker, etc.) • Company to deposit commission for Non Syndicate members) based on RTA report. • SE to give Listing and Trading Approval • SE(s) to transfer the commission to Non Syndicate Members through Clearing Corporation based on RTA report.
T+6	Trading will commence on the 6th working day from closure of the issue		

2. Fast Track route

For already listed companies as well, the market regulator has proposed a fast-track route for raising of funds through FPOs (follow-on public offers) or rights offers (where funds can be raised from existing shareholders).

SEBI has received suggestions on re-considering the criterion related to market capitalisation of public shareholding as only a few companies are eligible based on the said criterion.

In view of the above, an analysis on the matter was placed before the Primary Market Advisory Committee (PMAC) of SEBI for deliberation. After deliberations, PMAC made various recommendations. PMAC has analysed that even if the public float criterion is relaxed to Rs. 1000 crore, only 359 companies would be eligible. Hence, this may not serve the intended purpose of making large number of issuers eligible for rights issue through fast track route.

It has been proposed for companies having public shareholding market valuation of as low as Rs.250 crore, as against Rs.3,000 crore at present, subject to fulfillment of certain additional conditions, along with the existing conditions stated in Regulation 10 of ICDR Regulations. The additional conditions proposed are as under:

I. Promoters should mandatorily subscribe to their rights entitlement and should not renounce their rights, except to the

extent of renunciations within the promoter group, or for the purposes of complying with minimum public shareholding norms.

- ii. Shares of the company should not have been suspended (except for corporate actions) from trading in past 3 years.
- iii. Annualised delivery based trading turnover requirement of 10% of the total paid up capital.
- iv. No direct or indirect conflict of interest should be there between the lead manager, its group or associate company with the issuer or its group or associate company.
- v. Issuer, promoter group and directors of the issuer should not have settled any alleged violation of securities laws through the consent mechanism with the Board in last 3 years.

Further it is recommended that fast track route be available to CPSE without requirement of minimum average market capitalisation of public shareholding subject to CPSEs complying with all the other existing conditions for Fast Track route. Also, in case where CPSE is not able to comply with any of these conditions, SEBI may, based on the merits of the case, consider granting exemption

Considering the implications of the said matter on the market participants including listed companies, market intermediaries and investors, Sebi had invited public comments till January 30 after which it will put in place the final norms for e-IPO and fast-track issues.

-Pari Vaya

PRIVATE EQUITY INVESTMENTS

– A Brief Overview



In order to make a PE investment, the PE investor has to undertake a series of steps. A typical PE investment commences with the PE investor seeking out a company requiring investment or being approached by such a company. The selection of the investee company after undertaking a thorough background check of the investee company and its holding company (ies) / promoters is the most significant step in a PE Investment.

Following this, a basic document, such as a term sheet, memorandum of understanding or a letter of intent is executed between the PE investor and the investee company, in order to lay out the broad terms and conditions of the investment and for expressing the intent of the parties to enter into definitive agreements. The consummation of the investment and execution of definitive agreements may also be subject to fulfilment of certain conditions precedent, which shall be spelt out in the initial document. If the transaction necessitates a due-diligence, then the execution

of definitive agreements is generally subject to a favourable outcome of such diligence.

Once the initial document is in place, the PE investor usually conducts a comprehensive legal, tax, technical and financial due diligence on the investee company. The scope of the due diligence largely depends on the nature of the PE investment. A PE investment that envisages an investment by way of the PE investor and the promoter coming together to incorporate a start-up investee company may not require a due diligence, unless the diligence to be carried out is on the promoter(s) itself. However, if the PE investment involves investment in the share capital of an existing company, a comprehensive due-diligence is imperative.

Simultaneously with the due diligence process, the PE investor and the investee company commence negotiations in respect of the definitive agreements. The most common definitive agreements in a PE transaction are investment documents,



which include share subscription agreements, share purchase agreements, shareholders' agreements, etc. between the PE investor, the investee company and the promoters/shareholders. There may be other documentation agreed on between the parties depending on the structure and other terms of the deal, such as trade mark licenses and technology transfer agreements, where one of the parties transfers its business or technology to the newly incorporated company or an escrow agreement for safeguarding shares, consideration or assets, etc.

The critical part in drafting the definitive agreements is inclusion of the representations, warranties and indemnities to be provided by the investee company and the promoters to the PE investor. The representations and warranties are nothing but an assertion of facts - past, present and future, in relation to the business and affairs of the investee company, legal compliance, its financial condition, taxes, disputes, etc. The representations and warranties provided by the investee company and its promoters generally form the basis on which the PE investor is induced to make investment in the investee company and can be appropriately drafted by considering the findings of the due-diligence exercise. In the event there are any irregularities in the findings of the due-diligence exercise, the PE investor may require that the same be ironed out as a condition precedent to the investment. However, in the event there are certain irregularities which cannot be rectified as a condition precedent, the rectification of such irregularities is generally made a condition subsequent in the definitive agreements and is supplemented by a suitable indemnity.

"The most common definitive agreements in a PE transaction are investment documents, which include share subscription agreements, share purchase agreements, shareholders' agreements, etc. between the PE investor, the investee company and the promoters/shareholders."

Another important point to consider in documentation of the definitive agreements is the indemnity obligation of the investee company and the promoters. An indemnity in PE transactions is

a contractual obligation of the investee company and the promoters to compensate the PE investor for any loss incurred by such PE investor on account of breach of a contractual obligation or misrepresentation undertaken by the indemnifying party. The right to indemnity is one given by the definitive agreement(s) and is in addition to the right to claim damages arising from such breach, which is available under law.

The definitive agreements set out the framework of corporate governance and decision making in the investee company. They also set out detailed provisions in respect of transfer of shares and other securities of the investee company. In most PE transactions, the PE investor has board representation in the investee company along with certain veto rights. The veto rights usually extend to matters relating to corporate governance (such as changes to board composition, amendments to the charter documents, related party transactions, mergers and acquisitions etc.) and certain high-level operational matters (such as entering into litigations, taking on loans, substantial sales of assets, etc.).



Exit strategy is a very critical part of making PE investments. It is important for the PE investor to be able to divest its shareholding and exit in the most profitable, tax-efficient and expeditious manner. The most common exit options available to a PE investor are as follows (i) Buy-back / Redemption of shares; (ii) Initial Public Offer (IPO); (iii) Put / Call Options; (iv) Strategic Sale; (v) Drag Along Right; etc.

The definitive agreements often enumerate certain 'events of default' or 'material breaches' upon the occurrence of which the PE investor shall have the right to accelerate an exit at a substantially higher default price and terminate the definitive agreements. In such events, default drag along right / default put option right generally serve to act as a deterrent against breaches and defaults.

Lastly, the definitive agreements set out the governing law, jurisdiction and dispute resolution mechanism, in the event of there being any disagreements / disputes between the parties. Arbitration has emerged as an effective form of dispute resolution and institutional arbitration remains a popular choice for most PE investors. Further, it is necessary to identify the governing law, which serves to determine the substantive law that will apply to any legal proceedings which may arise from the agreement and an informed choice must therefore be made between jurisdictions when determining the governing law and jurisdiction of the definitive agreements.

CA SNEHAL KAMDAR

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

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• Mutual Fund Platforms • Exchange-traded Funds.

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



- Yogya Enterprises Limited, engaged in the business of trading and distribution of Steel, Copper and textiles products has filed a draft prospectus with BSE SME Exchange to raise Rs.1.50 crores. The company intends to use the issue proceeds to part-finance incremental working capital requirements, to renovate & do interiors of registered office, for general corporate purpose & to meet issue expenses.
- Karnavati Finance Limited, a Non Deposit taking Loan Company (NBFC-ND-LC) engaged primarily in the business of providing loans both secured and unsecured opened the issue for subscription on 19th January 2015. The issue was subscribed 1.19 times out of which Retail category was subscribed by 0.93 times while Non Retail Investors was subscribed by 1.43 times.
- SRG Housing Finance Limited, based out of Udaipur, Rajasthan listed its shares on the SME Exchange of BSE on September 12, 2012. SRG Housing becomes the first company to migrate on the Mainboard of BSE. With effect from February 4, 2015, the equity shares of SRG Housing Finance Limited are available for trading on the Mainboard Platform of BSE in the list of T Group.
- Anshu's Clothing Limited, Ahmedabad based company had listed its shares on the SME Exchange of BSE on October 12, 2012. Anshu's Clothing is the 2nd company to migrate on the Mainboard of BSE with effect from February 12, 2015 and the equity shares of Anshu's Clothing Limited, are

available for trading on the Mainboard Platform of BSE in the list of B Group.

- Bronze Infra-Tech Limited, Kolkata based company listed its shares on the SME Exchange of BSE on November 7, 2012. Bronze Infra-Tech Limited migrates from SME Board to BSE Main Board with effect from February 16, 2015 and its shares will be available for trading on the Mainboard Platform of BSE in the list of B Group.
- Raghuvansh Agrofarms Limited, engaged in cultivation of Organic Vegetables, Organic Grains and Cereals, and also engaged in dairy farming and production and distribution of dairy products, opened the issue for subscription on 9th January 2015. The issue was subscribed 1.24 times out of which Retail category was subscribed by 1.61 times while Non Retail Investors was subscribed by 1.00 times.
- Akme Star Housing Finance Limited engaged in providing housing loans, construction loans, loan against home properties and to carry out housing finance activities and other related and allied services and to provide home loans finance to weaker sections of the society, opened the issue for subscription on 25th February 2015. The issue was subscribed 1.71 times out of which Retail category was subscribed by 1.35 times while Non Retail Investors was subscribed by 2.17 times.
- Mahabir Metallex Limited which is into the business of trading and distribution of steel products like TMT Bars, Rolled Products, Billets, Colour Coated Sheets, Steel strips/ Cold Rolled Strips, Round Angle Channels & Bars, Ingots and Steel Pipes and Tubes opened the issue for subscription on 9th March 2015. The issue was subscribed 1.20 times out of which Retail category was subscribed by 0.79 times while Non Retail Investors was subscribed by 1.63 times.
- Currently 88 companies are listed on SME platforms of BSE and NSE while 25 companies are listed on ITP Platforms of BSE and NSE.

Forth Coming IPOs

Name of the Company	Exchange	Issue Size (Rs. crore)	Issue Price (Rs. Per Share)
AGI Infra Limited	BSE	14.99	54.00
Yogya Enterprises Limited	BSE	1.50	15.00
Athena Constructions Limited	BSE	2.50	10.00
SSPN Finance Limited	BSE	1.50	10.00
Filtra Consultants & Engineers Limited	BSE	3.11	32.00
O.P. Chains Limited	BSE	3.25	11.00
Monarch Apparels	BSE	5.01	11.00
Majestic Research Services & Solutions	BSE	1.43	12.75
Western Agro-tech Innovative	BSE	3.30	10.00
Shareway Securities	BSE	4.99	14.00
Ekdant India	BSE	4.03	10.00
Prabhat Telecoms (India)	BSE	15.00	50.00
Enn Tee International Limited	NSE	19.80	33.00
Jiya Eco Product Ltd.	BSE	4.58	19.00



500 Startups to raise up to \$20 million for India fund Startupwallah

Silicon Valley-based seed fund and startup accelerator 500 Startups is in the process of raising \$10-20 million (about Rs 60-120 crore) for its India fund, Startupwallah, which is due for launch in the middle of this year. 500 Startups will offer \$50,000-100,000 (Rs 30-60 lakh) per startup for an equity stake of 7%. "We have to be plugged into the local system. Our regional funds will help achieve that," said Aerin Lim, director of investor relations at 500 Startups. Lim was on a trip to India to meet prospective investors for the fund.

500 Startups has accelerated over a 1,000 startups across 50 countries since 2010. It has launched a series of microfunds in Asia in the recent past. These include a \$15-million South Korea fund called 500 Kimchis and a Southeast Asia fund called 500 Durians. According to some reports, the firm is currently raising about \$10 million for its Thailand fund called 500 TukTuks.

In this day and age, Indian startups are the apple of everyone's eye. With the likes of Japan-based Softbank, New York's investment firm Tiger Global Management and China's Alibaba closely keeping a watch, the folks from Silicon Valley seem to be feeling the need to pay close attention.

Indian SMEs getting green guidance from Europe

Experts from the UK and other European nations are on a mission to introduce green and lean initiatives in Indian small and medium-sized enterprises. As part of a Rs 5.5 crore project funded by Kolkata's Jadavpur University and UK's Aston University, international experts in operations management are sharing best practices in the supply and value chain.

"The idea is to improve small and medium-sized enterprises (SMEs) performance by implementing a green supply chain management model which is based on sustainability. This will reduce wastes and costs, improve performance with minimal

or no damage to the environment. Efforts are aimed at elimination of wastes, reducing cycle time, re-engineering the manufacturing process, improving supply chain effectiveness, enhancing competence of process and manpower by training, energy saving, incorporating reverse logistics systems, reducing resource consumption and enhancing green productivity, said Professor Prasanta K Dey of Aston Business School in Birmingham.

It is estimated that there are around 3.6 crore micro, small, and medium scale enterprises in India. As a pilot project, they have included ten SME units in the state initially with whom they will work for a period of 18 months.

Prior to the ongoing project, they did a research comparing the environmental performance of SMEs in India and UK and found that Indian SMEs have more environmental targets but fewer methods in place for monitoring performance.

The project is also supported by the Indo German Chamber of Commerce and the Federation of Small Medium Industries.

"This will reduce wastes and costs, improve performance with minimal or no damage to the environment."

Defence sector opening up to startup technology

Defence are opening up to explore startup technology. While Threye, a startup, has partnered with the Indian Air Force to build mobile air combat games to help enlist the youth, Inforich is helping the navy with technical documentation and Mobiliya is collaborating with the army to provide it with tamper-proof secure mobile phones.

Inforich, based out of Thiruvananthapuram, is working with client Larsen & Toubro to enable technical documentation for the Indian Navy on the arrival of all its ships to port. "There is a process of inspection and checks carried out on each ship of the navy on arrival to any port in India. This process, earlier carried out manually, was laborious not just to execute, but also to

transfer the details to another port," says Nishant Nambiar, founder of Inforich, which also works in the area of.

The Defence Research and Development Organisation had proposed setting up a corpus fund of Rs 100-200 crore last year, to support startups working in defence-related areas. Ganesh Raj, national leader for policy advisory group at E&Y, says the current Make in India push by the government will help push startup technology towards the defence sector too.

GoDaddy, Microsoft to bring small cos online for Rs 99 a month

Web solutions provider GoDaddy has partnered software giant Microsoft to help small and medium enterprises as well as entrepreneurs get their business online for Rs 99 a month.

"We want to help small businesses take the first step to go online through 'Get Online Today' initiative. With this offering, interested businesses can have a website in the most affordable way," GoDaddy India Vice President and Managing Director Rajiv Sodhi said.

As part of the partnership, customers will get a domain name, get support to build a website as well as access to Microsoft's Office 365 solution for Rs 99 a month. Customers can choose from popular domains like .com, .in, .net, .org, .biz, among others.

Also, GoDaddy will provide technical support from their 24x7 customer care to help users set up the website, which would be mobile phone-compatible as well. "For SMBs, cost and complexity are two biggest issues. With this partnership, we want to address both these challenges.

"If someone wants to get a website, all they need to do is just contact us and we will help them get one according to their needs within 30 minutes," Soni said. GoDaddy will provide its web builder kit to subscribers where they can design by posting content and multimedia. With Microsoft on board, customers will have access to solutions like professional e-mail, Lync, contacts and calendar to their custom domain name as well as cloud storage.

"Office 365 is transformational for small businesses because it allows them to easily access the same powerful tools that large companies use at an affordable price," Microsoft India General Manager (SMS&P) Meetul Patel said.

"As part of the partnership, customers will get a domain name, get support to build a website as well as access to Microsoft's Office 365 solution for Rs 99 a month. Customers can choose from popular domains like .com, .in, .net, .org, .biz, among others."

Robust SME sector must to get benefits of Make In India: Zubin Irani, UTC India head

The government's 'Make In India' campaign will not take off

unless the country's small and medium enterprises can rise up and provide a robust supply chain for foreign investors, believes the India head of Connecticut-headquartered Fortune 50 firm United Technologies Corporation (UTC).

The high-tech manufacturing firm, better known as UTC, has been making in India for nearly three decades, for its brands like Carrier, Otis elevators and Sikorsky helicopters. The firm, which clocked over \$63 billion in sales last year, is in the process of scaling up its production as well as research operations in the country where it already employs around 7,000 people across 100 locations.

"For us, Make in India is not an option, but a necessity," Zubin Irani, president of UTC's building & industrial systems business in India told ET. "By localising our products instead of importing them from our own factories in China, we have significantly cut costs, even by 20% in some cases. So we can pass that value to customers," he said.

Local manufacturing also helps UTC deliver much faster. "In today's environment, businesses want faster deliveries - it takes me a month to make in India what I can import in three months from China," he pointed out.

Multinationals should look at India as a potential hotbed for innovation as opposed to another market to sell their wares, Irani said, stressing that automobile and consumer goods producers have realised that designing as per local needs is critical to succeed here.

"In our elevators business, we have not just changed their aesthetics and interiors but also re-designed them to cope with frequent power cuts in the country," Irani cited as an example.

On the Make In India pitch to global investors, UTC India president said the real challenge in Indian manufacturing is not just the usual argument about tough labour and land laws and poor infrastructure. "All that holds, but the really big barrier is the lack of a robust supply chain ecosystem of tier-I and tier-II vendors," he said, pointing out that 90% of AC compressors used in India are imported from China.

"If one has to import three components that make up half the cost as they are not made here, big investments will not come. A robust SME sector is necessary to get the true benefits of Make In India and the government can help enhance SMEs' capabilities, ease processes and make financing easier and cheaper," Irani said. On UTC's future plans for India, Irani said it is looking at investments in manufacturing new products, acquisitions and new business opportunities.

"Apart from our existing design and research centres, we are also planning to set up a global training and development centre and an IT hub in India," Irani said.

UTC is also integrating its Indian operations into its global supply

chain. Its Carrier plant in Gurgaon is being made into a hub for SAARC nations, while a joint venture between UTC and the Tata group is now the sole supplier of 100% indigenous cabins for its S-92 helicopters. It has recently started shipping life rafts for aeroplanes directly from its Bangalore plant to the US.

Though UTC hasn't seen any pick up in its order books in recent months to indicate a recovery is underway in the economy, Irani said a demand push could be expected over the next year, thanks to low inflation and interest rate cuts.

BSE hopes to list more Gujarat companies on SME platform

The Bombay Stock Exchange (BSE) hopes to soon list 20 Gujarat-based small and medium enterprise (SMEs) on its dedicated trading platform for such entities. Fifteen Gujarat-based companies are already listed on the BSE SME platform and the leading bourse wants to increase this number.

"Of the 84 companies listed in our BSE SME platform, 15 are from Gujarat. We have high hopes from this State as more and more SMEs from here are showing interest to get on-board our SME platform," said BSE Managing Director and Chief Executive Officer Ashish Kumar Chauhan.

He was there to address a seminar on SMEs and benefits of listing on the platform, launched over two years ago. During his interaction with the media, Chauhan, who hails from Ahmedabad, said 20 more SMEs from the State may get

listed soon, taking the total to over 100. The SME platform has been created specifically for smaller firms, having less than Rs 10 crore as issued capital. Addressing the gathering, Chauhan highlighted several benefits of being on the SME segment of BSE.

"This platform is for those who can't list themselves in the main board of BSE, which has thousands of large firms. Lenders will trust you if you list with SME platform. It will be easier for you to get loans. If you are listed, you can increase your market cap several times."


The seminar on 'SME Funding: Role of Capital Market' was organised by BSE, market regulator SEBI and Small Industries Development Bank of India (SIDBI). SEBI Whole-Time Member Rajeev Kumar Agarwal said SME sector is the backbone of Indian economy.

"This sector alone gives employment to more than 10 crore people. SME's contributes 40 per cent in total Indian exports. It is our duty to protect this sector and give it ample opportunity to grow," he said.

Agarwal lauded the entrepreneurial spirit of Indians. "In India, 90 per cent of small businesses are based on proprietorship, which shows our spirit of doing business by putting our own money. More we give them opportunity, more they will grow in size and subsequently contribute to our GDP," he added.

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<p>YELLOW Investors understand that their principal will be at moderate risk.</p>
<p>BROWN Investors understand that their principal will be at high risk.</p>

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MERGERS & ACQUISITION



Introduction : An entrepreneur may grow its business either by internal expansion or by external expansion. In the case of internal expansion, a firm grows gradually over time in the normal course of the business, through acquisition of new assets, replacement of the technologically obsolete equipment's and the establishment of new lines of products. But in external expansion, a firm acquires a running business and grows overnight through corporate combinations. These combinations are in the form of mergers, acquisitions, amalgamations and takeovers and have now become important features of corporate restructuring. They have been playing an important role in the external growth of a number of leading companies the world over. They have become popular because of the enhanced competition, breaking of trade barriers, free flow of capital across countries and globalisation of businesses.

Today's business world is of growing economy and globalization, so most of the companies are struggling to achieve the optimal market share possible on both market level i.e. Domestic and International market. Day by day business person works to achieve a most well-known goal i.e. "being the best by what you perform as well as getting there as quickly as possible". So firms work effortlessly to beat their rivals they assume various ways to try and do thus. Some of their ways might embody competitive within the market of their core

competency. Therefore, it insuring that they need the best knowledge and skills to possess a fighting likelihood against their rivals in that business.

Mergers and acquisitions are both aspects of strategic management, corporate finance and management dealing with the buying, selling, dividing and combining of different companies and similar entities that can help an enterprise grow rapidly in its sector or location of origin

Merger

A merger is a corporate strategy of combining different companies into a single company in order to enhance the financial and operational strengths of both organizations. A merger usually involves combining two companies into a single larger company. The combination of the two companies involves a transfer of ownership, either through a stock swap or a cash payment between the two companies. In practice, both companies surrender their stock and issue new stock as a new company.

" Today's business world is of growing economy and globalization, so most of the companies are struggling to achieve the optimal market share possible on both market level i.e. Domestic and International market. "

Types of Merger

There are many types of mergers and acquisitions that redefine

the business world with new strategic alliances and improved corporate philosophies. From the business structure perspective, some of the most common and significant types of mergers and acquisitions are listed below:

A. Horizontal Merger: This kind of merger exists between two companies who compete in the same industry segment. The two companies combine their operations and gain strength in terms of improved performance, increased capital, and enhanced profits. This kind substantially reduces the number of competitors in the segment and gives a higher edge over competition.

B. Vertical Merger: Vertical merger is a kind in which two or more companies in the same industry but in different fields combine together in business. In this form, the companies in merger decide to combine all the operations and productions under one shelter. It is like encompassing all the requirements and products of a single industry segment.

C. Conglomerate Merger: Conglomerate merger is a kind of venture in which two or more companies belonging to different industrial sectors combine their operations. All the merged companies are no way related to their kind of business and product line rather their operations overlap that of each other. This is just a unification of businesses from different verticals under one flagship enterprise or firm.

D. Co-Generic Merger: Co-generic merger is a kind in which two or more companies in association are some way or the other related to the production processes, business markets, or basic required technologies. It includes the extension of the product line or acquiring components that are all the way required in the daily operations. This kind offers great opportunities to businesses as it opens a new gateway to diversify around a common set of resources and strategic requirements.

Acquisitions and Takeovers

An acquisition may be defined as an act of acquiring effective control by one company over assets or management of another company without any combination of companies. Thus, in an acquisition two or more companies may remain independent, separate legal entities, but there may be a change in control of the companies. When an acquisition is 'forced' or 'unwilling', it is called a takeover.

Types of Acquisition

A. Friendly Takeover: In the case of a friendly takeover, management and the board of directors of a company agree to and endorse a potential purchase. The management and board of directors will give their approval and recommend to shareholders that the deal be accepted. Before a bidder makes an offer for another company, it usually first informs the company's board of directors. In an ideal world, if the board feels that accepting the offer serves the shareholders better than rejecting it, it recommends the offer be accepted by the

shareholders.

B. Hostile Takeover: This allows a bidder to take over a target company whose management is unwilling to agree to a merger or takeover. A takeover is considered "hostile" if the target company's board rejects the offer, but the bidder continues to pursue it, or the bidder makes the offer directly after having announced its firm intention to make an offer.

C. Reverse Takeover: A "reverse takeover" is a type of takeover where a private company acquires a public company. This is usually done at the instigation of the larger, private company, the purpose being for the private company to effectively float itself while avoiding some of the expense and time involved in a conventional IPO.

D. Backflip Takeover: It is a sort of takeover in which the acquiring company turns itself into a subsidiary of the purchased company. This type of takeover can occur when a larger but less well-known company purchases a struggling company with a very well-known brand.

Advantages of Merger & Acquisition

A. Synergy: It implies a situation where the combined firm is more valuable than the sum of the individual combining firms. It refers to benefits other than those related to economies of scale. Operating economies are one form of synergy benefits. But apart from operating economies, synergy may also arise from enhanced managerial capabilities, creativity, innovativeness, R&D and market coverage capacity due to the complementarity of resources and skills and a widened horizon of opportunities.

B. Economies of Scale: With merger or acquisition, fixed costs are distributed over a large volume of production causing the unit cost of production to decline. Economies of scale may also arise from other indivisibilities such as production facilities, management functions and management resources and systems. This is because a given function, facility or resource is utilized for a large scale of operations by the combined firm.

C. Cost Efficiency: Cost efficiency is another beneficial aspect of merger and acquisition. This is because any kind of merger actually improves the purchasing power as there is more negotiation with bulk orders. Apart from that staff reduction also helps a great deal in cutting cost and increasing profit margins of the company. Apart from this increase in volume of production results in reduced cost of production per unit that eventually leads to raised economies of scale.

D. Diversification: Diversification implies growth through the combination of firms in unrelated businesses. It results in reduction of total risks through substantial reduction of cyclicalities of operations. The combination of management and other systems strengthen the capacity of the combined firm to withstand the severity of the unforeseen economic factors which could otherwise endanger the survival of the individual companies.

E. Leadership: Limiting the severity of competition by increasing the company's market power. A merger can increase the market share of the merged firm. The size of the companies



could expand in such a way that it can become the market leader, say in terms of market share, capacity or market value.

Disadvantages of Merger & Acquisition

A. Diseconomies of Scale: The new firm may experience diseconomies of scale from the increased size. After a merger, the new bigger firm may lack the same degree of control and struggle to motivate workers. If workers feel they are just part of a big multinational they may be less motivated to try hard.

B. Mismanagement: Too many heads, employees and large size of business could lead to disagreement between the head, employees or board members. Large size of the business can fuel the duplication of jobs and work that in turn will hamper the operation as well as financial performance.

C. Job loss: A merger & acquisition can lead to job losses. This is a particular cause for concern if it is an aggressive takeover by an 'asset stripping' company – a firm which seeks to merge and get rid of under-performing sectors of the target firm.

D. Higher Price of Asset: Merger or acquisition consideration or funding can be such that it can cause higher leverage and dismantle the financial strength of the acquirer. High funding cost or high debt financing of acquisition can result in these unwelcomed situations.

Conclusion

One size doesn't fit all. Several firms think that the most effective way to get ahead is to expand business boundaries through mergers and acquisitions (M&A). Mergers produce synergies and economies of scale, increasing operations and cutting prices. Investors will take comfort within the idea that a merger can deliver increased market power. Many companies find that the best way to get ahead is to expand ownership boundaries through mergers and acquisitions. For others, separating the public ownership of a subsidiary or business segment offers more advantages. At least in theory, mergers create synergies and economies of scale, expanding operations and cutting costs. Investors can take comfort in the idea that a merger will deliver enhanced market power.

By contrast, de-merged companies often enjoy improved operating performance thanks to redesigned management incentives. Additional capital can fund growth organically or through acquisition. Meanwhile, investors benefit from the improved information flow from de-merged companies. M&A comes in all shapes and sizes, and investors need to consider the complex issues involved in M&A. The most beneficial form of equity structure involves a complete analysis of the costs and benefits associated with the deals.



POISON PILL

Introduction The term poison pill is defined as any corporate provision, or strategy, that is used by a company to protect itself from a hostile takeover bid. The term originated from the world of espionage, where spies were instructed to swallow a poisonous pill rather than risk capture. One of the ways a company can protect itself from a hostile takeover bid is by adopting a poison pill defense. Generally, this term is used to describe several approaches the target company can employ to make the potential acquisition less desirable. By adopting a poison pill strategy, a company can be somewhat reassured that acquiring companies will approach its board of directors, not the shareholders. Poison pill strategies are also known as shareholders' protection rights plans.



Background

During the late 1950s and early 1960s, several large corporations began acquiring other companies to diversify their operations. Diversification allowed them to offset their losses in a failing industry with profits from other unrelated, successful industries. Such phenomena caused concerns about the potential of conglomerates to concentrate excessive economic power in the hands of a few corporations. This led to the passage of the Williams Act in 1968, which required the acquiring company to fully disclose the terms of an impending acquisition and to allow a period for competing offers for the target company to be made. By the late 1970s, the pace of acquisition nearly came to a halt. In 1982, however, the U.S. Supreme Court passed a landmark ruling in the case of *Edgar v. MITE Corp.* that invalidated the basis for anti-takeover laws in thirty-seven states. Furthermore, under the Reagan administration, the U.S. Department of Justice followed a lax policy towards enforcing anti-takeover laws. No longer able to shelter themselves against unfriendly takeover bids, many companies opted to devise anti-takeover strategies. At that time there was a significant increase in poison pill adoptions. However, in light of corporate scandals and an overall perception of poor corporate ethics poison pills began to show a decline between 2002 to 2004.

Types Of Poison Pill Strategies

Most poison-pill agreements are triggered when an outside company or individual acquires enough stock to gain a controlling interest in the target company. The term is often used as a catch-all for a variety of antitakeover measures, but in its most common form there are two primary tactics:

"Most poison-pill agreements are triggered when an outside company or individual acquires enough stock to gain a controlling interest in the target company."

"Flip-Over" Rights Plan

Most poison pill strategies involve some form of discrimination against the acquiring company. The most commonly used strategy is called the "flip over" or the shareholder rights plan. Under this strategy, the holders of common stock of a company receive one right for each share held, which allows them an option to buy more shares in the company. The rights have a set expiration date and do not carry voting power. They are worthless at the time of the offering because the exercise price is set well above the going market price of common shares. A shareholder cannot sell these rights independently as they trade together with the shares. When a suitor company makes an unwelcome bid, the rights begin trading separately from the shares. If the takeover bid is successful, the shareholder rights may be exercised to purchase shares at a discount of as much as fifty percent from the going market price. All the shareholders except the acquirer can exercise their rights to purchase shares at discount. This results in a significant dilution in the share holdings of the acquirer, possibly placing the control of the firm in jeopardy. The attempted takeover bid becomes expensive. If the takeover bid is abandoned, the company might redeem the rights, usually at five cents per share.

"Flip-In" Rights Plan

A variation of the flip over is the "flip-in" plan. The plan allows the rights holder to purchase shares in the target company at a discount upon the mere accumulation of a specified percentage of stock by a potential acquirer. For example, the rights become exercisable to purchase the target company's common stock at 50 percent discount from market price in the event the acquirer purchases more than, say, 30 percent ownership in the target company. The acquirer is precluded from exercising flip-in rights. This strategy allows more power than the "flip-over" rights plan and, therefore, has become a

common form of poison pill adopted by many U.S. corporations.

Poison pills are now used more broadly to describe other types of takeover defences as well that involve the target taking some action that harms both the target and the bidder, although the broad category of takeover defences is more commonly known as "shark repellants" and includes the traditional shareholder rights plan. The defences related to the classic version of poison pills include poison debt, put rights plan, voting poison pill plan, macaroni defence etc to name a few.

Also, several other shark repellent practices have evolved, few of them being:

Staggered board defence wherein only a certain percent of the company's directorial board to be replaced every year making it difficult for an acquirer to seize control. Bank mail defence wherein the bank of a target firm refuses financing options to firms with takeover bids thereby having the triple impact of imposing financial restrictions upon the acquirer, increasing transaction costs in locating another financing option and also buying time for the target company to put more defences in place.

White Knight defence wherein the target company joins hands with a friendly acquirer called the white knight (who may be a corporation, a private company or any person) in the event of a hostile bid and the knight might effect the acquisition by offering a higher and more enticing bid than that of the hostile acquirer or by striking a favorable deal with the management of the object of acquisition.

Golden Parachute defence wherein the entire management team of the target company threatens to quit in the event of a coercive takeover, leaving the company without any experienced leadership. This defence may also be strengthened by Golden Parachute Clauses included in the executives' employment contract specifying that they will receive certain large benefits if their employment is terminated. In the event of a takeover, executives cash in their golden parachute irrespective of whether under their stewardship their companies prospered or incurred irreparable loss.

Nonetheless, there has been a lot of innovation as well as criticism with regard to these defences. Traditionally speaking, the shareholder rights plan, commonly called the poison pill, combined with the staggered board defence is deemed to be a potential defence in warding off unwelcome takeover bids.

Examples of Poison Pill Adoption

Japan's Nippon Steel, the world's 3rd largest steel maker after Mittal Steel and Arcelor, has adopted poison pills to thwart hostile takeovers in the future. Net Networks Inc. has adopted a poison pill against 'coercive takeover tactics,' in a clear bid to block a group of investors, led by the activist hedge fund, Jana Partners, from gaining seats on the company's board. The plan would allow the company to issue additional shares at a

discount if any person or group acquires 15% or more of the company's stock, thus diluting the bidder's holdings.

India Cement's hostile takeover of Andhra Pradesh based Raasi Cement in 1997-98 was the trendsetter in the industry. The promoters of Raasi Cement also had a controlling stake in Vishnu Cement but adopted the 'poison pill' strategy whereby the promoter share was transferred to a group company to make Raasi's takeover less attractive. But, in the end, India Cement got control of Vishnu Cement.

"One of the ways a company can protect itself from a hostile takeover bid is by adopting a poison pill defense."

Indian legal framework vis-a-vis Poison Pills:

In India, the law pertaining to takeovers is embodied in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, commonly called the Takeover Code and the SEBI (Disclosure & Investor Protection Guidelines), 2000. Apart from these, various provisions of the Companies Act, 1956 need to be referred to as and when required. At the outset, the regulatory framework governing Indian capital market does not pose any insuperable impediment to a determined hostile acquirer. It simply mandates the acquirer to make public disclosure of his shareholding or voting rights to the target company as well as the stock exchange on which its shares are listed, if he acquires shares or voting rights beyond pre-determined threshold limits. Also, in case he wishes to acquire control over a target company, the acquirer has to make a public announcement of the same, stating lucidly various details of the bid including his intention of acquisition, his identity, details of offer price and number of shares to be acquired from public, future plans (if any), change in control over the target company, amongst others. This paves way for an informed decision as well as planned course of action.

The Takeover Code also restricts the corporate actions of target companies during the offer period, such as transferring assets or entering into material contracts and prohibiting issue of any authorized but unissued securities during the offer period. Furthermore, the shareholder rights plan sanctions the target companies to issue shares at a discount and warrants which convert to shares at a discount, even without shareholder approval, which is illegal in the Indian context unlike the U.S. where companies are permitted to do so. The DIP Guidelines require the minimum issue price to be determined with reference to the market price of the shares on the date of issue or upon the date of exercise of the option against the warrants. Such issue must also be approved by shareholders. Without the ability to allow its shareholders to purchase discounted shares/options against warrants, an Indian company would not be in a position to dilute the stake of the hostile acquirer and also seeking shareholder approval in the event of a takeover attempt is a very time-consuming process, thereby making impossible poison pills to operate within the existing Indian legal framework. Apart from this, in the event of a

takeover bid, all the directors of the target company may be removed in a single shareholders meeting, as permitted under the Companies Act, 1956, thus making futile the Staggered Board defence available to foreign companies.

Thus, Indian market can be safely concluded to be a pro-acquire market. Several regulatory changes would be required to give effect to these takeover defences in India. In the meanwhile, other defences such as "brand pills" are home to Indian Companies like Tata who have in place an arrangement whereby anyone who acquires any of its entities, may not be allowed to use its name or brand. By depriving the right to use the brand name, the acquirer loses out on a considerable portion of the target company's valuation and this serves as an acquisition deterrent.

"Shareholder activism and corporate governance measures have practically changed the traditional perception of hostile takeovers and their defences."

Conclusion:

Poison pills can thus be termed as a necessary evil in an age of rising mergers and acquisitions. However, their sharp decline

also reflects a change in the attitude of the investors and their increasing participation in management decisions. Gone are the days when investors had blind faith in the board's decision. Shareholder activism and corporate governance measures have practically changed the traditional perception of hostile takeovers and their defences. With the shareholders determined to get the best value for their investment at any cost, the negative image of 'hostile acquirer' or say an 'acquirer' amongst the shareholders of the target company seems to be a thing of the past. There is absolutely no melodrama revolving a takeover attempt, which is now evaluated strictly on merits and from a purely business perspective. The recent sale of Indian pharmaceutical giant Ranbaxy to a Japanese drug discoverer, Daiichi Sankyo bears testimony to this. Against the background of increasing hostile acquisitions, it is therefore too early to conclude whether poison pills do the vanishing act or make a surprise comeback.



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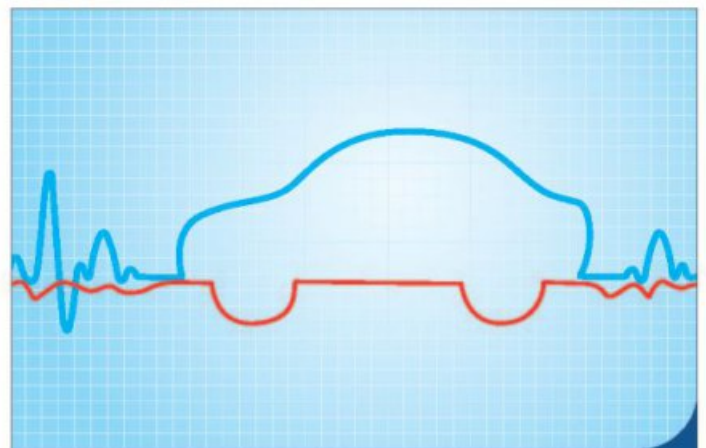
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What's in Press?

Over Rs 3,300 crore allocated to MSME sector, highest in 3 yrs:

Government has earmarked over Rs 3,300 crore this fiscal, the highest allocation in the last three financial years, to develop the MSME sector and is implementing a special programme to develop its infrastructure.

Noting that Micro, Small and Medium Enterprises (MSMEs) accounted for over 37 per cent of the GDP and over 42 per cent of total exports, MSME Minister Kalraj Mishra said the sector was facing constraints in accessing credit facilities.

"For implementing various schemes for the development of MSMEs, government has allocated Rs 2,700 crore, Rs 2,835 crore, Rs 2,977 crore and Rs 3,327 crore for the 2011-12, 2012-13, 2013-14 and 2014-15, respectively," he said while replying to questions during Question Hour.

He said the government was implementing a special programme to promote and develop infrastructure to improve productivity and competitiveness of micro, small and medium enterprises in the country.

"It is generally believed that a large number of micro, small and medium enterprises are using outdated technology because of lack of sufficient finance, lack of access to modern technology, absence of in-house research and development etc.," Mishra said.

The Minister said the government was also implementing Micro and Small Enterprises Cluster Development Programme and preparing diagnostic study report and detailed project report, besides taking steps like soft intervention, hard intervention, common facility centres and infrastructure development.

For upgradation of technology, the Ministry was implementing Credit Linked Capital Subsidy Scheme, under which 15 per cent upfront (subject to maximum of Rs 15 lakh) is given to micro and small enterprises for upgradation of technology, Mishra said.

He said that in the manufacturing segment, micro enterprises are allowed to invest up to Rs 25 lakh in plant and machinery, while it was Rs 25 lakh to Rs 5 crore for small entities and Rs 5-10 crore for medium enterprises. With regard to services space, micro enterprises could invest up to Rs 10 lakh, small enterprises Rs 10 lakh to Rs 2 crore and medium enterprises Rs 2-5 crore. These limits pertain to investments in equipment, he said.

Quotes

It is not the large industry, but the MSME sector of the country that will help in making the 'Make in India' pledge of Prime Minister Narendra Modi to be successful.

Kalraj Mishra
Union MSME Minister



We are now seeing a growing interest in start-ups. Experimenting in cutting edge technologies, creating value out of ideas and initiatives and converting them into scalable enterprises and businesses is at the core of our strategy for engaging our youth and for inclusive and sustainable growth of the country.

Arun Jaitley
Finance Minister

What's in Press?

NEW RULES ON CARDS FOR STARTUP LISTING ON STOCK EXCHANGES

A new definition, separate trading platform and higher entry barrier to discourage risk averse small investors will form the contours of a new set of rules to enable startups to list on stock exchanges.

Capital market regulator SEBI, which is preparing a discussion paper on the subject, will also relax disclosure norms relating to use of funds raised in maiden public stock offering by such companies.

Even though most startups — backed by venture capitalists and angel investors — are loss making and may not attract too many retail investors, the Securities and Exchange Board of India (Sebi) fears that an absence of listing opportunity in India could drive these firms to tap overseas bourses that offer softer regulations and easier listing facilities.

The regulator plans to define 'startups' — where no single stakeholder or interest group holds 25% or more equity stake — as "professionally managed companies", said a person familiar with the discussions.

Most unlisted startups are funded by VCs, private equity (PE) houses and ultra high net worth individuals, with founders holding comparatively lower stakes as "professionally managed companies", said a person familiar with the discussions.



"It would greatly help to remove the requirement of having an identified promoter or requiring 20% of post-IPO shares

to be locked up as promoter contribution. Founders of many startups may not have the necessary shareholding to lock up 20% of post-issue capital for three years as that would be diluted with progressive rounds of new investment and the private equity and strategic investors may well hold a larger stake. Also, PE and strategic investors would not want to be named as promoters and carry additional risk and liability," said Sandip Bhagat, partner at law firm S&R Associates.

ISSUE PROCEEDS

Startups will also be allowed to state in the initial public offer prospectus that the main object of the issue proceeds would be

used for "general corporate purposes" in line with the best global practices.

At present, SEBI rules do not allow a company to use more than 25% of the fresh issue proceeds for general corporate purposes. Draft offer document could be rejected by the regulator if the fund use description is vague for a major portion of the issue proceeds.

It intended to use the proceeds for general corporate purposes, including working capital, sales and marketing activities and general and administrative matters and capital expenditures.

INVESTOR CATEGORIES

Since most startups are loss-making with no tangible assets and often have inexplicable business models, Sebi wants to keep small retail investors at bay. "So, there is a suggestion that minimum application size in such issues should be .Rs 5 lakh," said another person. "Also, there should be minimum 500 investors in these issues," said a person who is involved in framing the new regulation.

"The idea is to allow issuers to raise capital on an institutional platform where they can stay listed for one year after which they can migrate to the main board after complying with the eligibility criteria of the exchange," he said.



The proposed platform may have only two categories of investors — qualified institutional buyers (QIB) and non institutional investors (NII). Shares would be allotted to the former on a discretionary basis while allotment to the latter would be on proportionate basis. There is also likely to be a cap of 5% for discretionary allotment to QIB. In case of under subscription in NII category, it would be made available to QIBs. At present, Sebi rules recognise three category of investors in IPOs — QIB, NII and retail investors.

Currently, loss-making entities can raise money on exchanges provided at least 75% of the shares are allotted to QIB investors as against 50% for profitable ones. The definition of QIBs may also be broadened to include systemically important non-banking finance companies and Sebi-registered family offices and trusts.

Source: Economic Times

Sr No	Company	Closing#	%Returns*	52 Week Low	52 Week High
1	Aanchal Ispat Limited	12.50	-37.50%	11.10	22.90
2	Ace Tours	8.85	-44.69%	8.85	64.00
3	ADCC Infocad Ltd	58.00	45.00%	43.50	76.55
4	Agrimony Commodities	6.90	-31.00%	6.90	12.60
5	Alacrity Securities	5.25	-65.00%	4.75	8.55
6	Amrapali Capital	42.00	-58.00%	24.10	58.50
7	Amsons Apparels Ltd	5.43	-45.70%	4.80	14.72
8	Anisha Impex	9.00	-10.00%	9.00	29.70
9	Anubhav Infrastructure Ltd	13.55	-9.67%	13.55	15.10
10	Aryaman Capital Markets	12.80	6.67%	12.05	14.15
11	Ashapura Intimates	161.40	303.50%	110.00	174.00
12	Atishay Infotech Ltd	28.00	75.00%	17.00	28.00
13	Bansal Roofing	32.40	8.00%	28.00	34.45
14	BC Power	28.00	55.56%	17.15	28.00
15	BCB finance	25.25	1.00%	25.00	31.00
16	Bhanderi Infracon	118.10	-1.58%	107.60	124.00
17	Bothra Metals	28.30	13.20%	18.00	34.00
18	Captain Pipes Limited	38.00	-5.00%	35.00	43.20
19	Captain Polyplast	48.00	60.00%	31.65	64.00
20	Carewell Industries	8.40	-44.00%	6.70	14.40
21	Channel Nine	33.00	32.00%	15.82	52.50
22	Chemtech Industrial	40.60	170.67%	13.50	54.60
23	Comfort Commotrade	12.00	20.00%	10.00	35.00
24	Dhabriya Polywood Ltd	26.25	75.00%	16.05	42.90
25	Dhanuka Commercial	17.60	76.00%	4.71	17.60
26	Eco Friendly	36.50	46.00%	20.11	56.50
27	eDynamics Solution	8.47	-66.12%	8.47	221.55
28	Encash Entertainment	58.00	45.00%	40.00	127.95
29	Esteem Bio	33.75	35.00%	22.84	52.50
30	GCM Capital Advisors	115.30	476.50%	33.55	141.60
31	GCM Comm	11.40	-43.00%	7.55	20.00
32	GCM Securities	39.70	98.50%	27.50	90.25
33	HPC Biosciences	45.80	30.86%	41.70	75.75
34	India Finsec	9.97	-0.30%	9.05	14.15
35	Jet Infraventure Ltd	127.00	1.60%	126.50	133.90
36	JLA Infraville Shoppers Ltd	20.30	103.00%	10.50	25.50
37	Jointeca Education	18.35	22.33%	10.95	21.50
38	Jupiter Infomedia	20.00	0.00%	13.88	21.00
39	Karnavati Finance Ltd	10.25	0.00%	10.10	11.13
40	Karnimata Cold Storage	18.50	-7.50%	18.50	30.00
41	Kavita Fabrics	9.50	-76.25%	9.50	13.86
42	Kushal Tradelink	149.00	325.71%	18.60	151.00
43	Lakhotia Polyesters	11.00	-68.57%	10.50	14.57
44	Looks Health	96.10	140.25%	58.90	155.25

Absolute returns since IPO. Closing prices as on 10th Mar 2015

Sr No	Company	Closing#	%Returns*	52 Week Low	52 Week High
45	Max Alert	32.00	60.00%	31.00	198.50
46	Money Masters	8.88	-40.80%	7.33	12.65
47	Naysaa Securities Ltd	13.00	-13.33%	11.90	17.90
48	Newever Trade	7.75	-22.50%	7.50	50.80
49	Oasis Tradelink	42.10	40.33%	27.85	42.10
50	Oceanaa Biotek	10.30	3.00%	9.30	12.20
51	Onesource Techmedia	5.32	-62.00%	4.75	8.70
52	Polymac Thermoformers	31.95	-8.71%	28.80	210.00
53	Powerhouse Fitness & Realty Ltd	34.80	16.00%	24.50	35.00
54	RB Denims	10.05	0.50%	10.00	15.43
55	Raghuvansh Agrofarm Ltd	23.35	112.27%	11.55	25.65
56	RCI Industries & Technologies	42.00	5.00%	22.55	48.45
57	RCL Retail	12.08	20.80%	10.75	45.00
58	RJ Biotech	30.50	52.50%	28.00	45.00
59	Samruddhi Realty	31.50	162.50%	30.00	50.00
60	Sangam Advisors	11.10	-49.55%	10.20	12.80
61	Satkar Finlease	50.15	178.61%	19.00	154.35
62	Shri Krishna Prasadam	12.30	23.00%	11.80	25.75
63	Siddhi Vinayak Shipping	25.00	0.00%	25.00	43.35
64	Silverpoint Infra	7.60	-49.33%	7.10	9.70
65	Sirohia & Sons Ltd	13.00	8.33%	10.50	17.50
66	SPS Finquest	82.00	9.33%	71.00	86.00
67	SRG Securities Finance	21.00	5.00%	18.25	31.00
68	Starlit Power Systems Ltd	13.10	-27.22%	12.20	19.00
69	Stellar Capital	6.70	-66.50%	6.65	19.50
70	Subh Tex India	20.20	102.00%	14.30	29.10
71	Sunstar Realty	410.90	1954.50%	163.00	425.95
72	Suyog Telematics	38.55	54.20%	24.50	40.45
73	Tarini International	20.70	-49.51%	18.05	42.00
74	Tentiwal Wires	10.05	-22.69%	7.00	15.00
75	Tiger Logistics	157.90	139.24%	60.00	200.15
76	Ultracab India Ltd	47.50	31.94%	36.90	54.95
77	Unishire Urban Infra	14.42	44.20%	6.70	21.90
78	VCU Data	30.55	22.20%	23.25	64.00
79	Vibrant Global Capital Limited	19.00	0.00%	17.00	21.00
80	Vishal Fabrics	60.45	34.33%	44.05	60.45
81	VKJ Infradevelopers	50.05	100.20%	23.85	220.00
82	Women's Next	62.95	-3.15%	58.05	81.00
83	Mitcon	47.00	-22.95%	40.00	128.45
84	Opal Luxury	105.00	-19.23%	105.00	128.45
85	Sanco	19.70	9.44%	15.40	29.70
86	Thejo	206.00	-48.76%	164.00	210.00
87	Veto	68.10	36.20%	50.75	75.00
88	Momai	81.55	4.55%	78.00	103.00

	Closing#	% Returns YTD
BSE SME IPO	888.45	544.83%
TSE MOTHERS	854.69	105.93%
CHINEXT PRICE INDEX	2,045.32	189.98%
FTSE AIM All Share Index	711.63	-0.61%
TSX Venture Composite	669.5	-46.00%
Hong Kong GEM Index	497.05	30.29%

Closing prices as on 10th Mar 2015

MARKET WATCH

Particulars	Bothra Metals & Alloys	Tiger Logistics	RJ Biotech	RCI Industries & Technologies	B C Power	Starlit Power	JLA Infraville	Eco-friendly	Sunstar Realty
A. Valuation / Market Cap									
Pre Issue Net Worth	20.82	16.34	11.64	25.63	10.29	7.97	3.20	8.606	5.54
Issue Size	12.21	7.52	5.00	11.52	10.37	2.95	2.00	7.515	10.62
Market Capitalization*	52.40	65.46	29.16	43.60	32.93	7.46	13.17	903.92	973.03
B. Price Pattern									
Issue Price	25.00	66.00	20.00	40.00	18.00	18.00	10.00	25.00	20.00
CMP (Face Value Rs. 10)*	28.30	157.90	30.50	42.00	28.00	13.10	20.30	36.50	410.90

Particulars	Channel Nine	Max Alert	Samruddhi Realty	HPC Biosciences	SI VI Shipping	GCM Capital Advisors	Ace Tours Worldwide	Newever Trade	Looks Health	Captain Polyplast
A. Valuation / Market Cap (Rs. Crore)										
Pre Issue Net Worth	5.56	7.10	4.39	4.80	3.09	25.30	8.71	17.53	0.75	7.36
Issue Size	11.67	8.00	2.60	15.75	6.86	9.00	8.00	6.30	7.20	5.94
Market Capitalization*	768.56	28.98	33.31	730.97	14.38	195.32	11.21	17.96	55.20	42.99
B. Price Pattern (Rs. per Share)										
Issue Price	25.00	20.00	12.00	35.00	25.00	20.00	16.00	10.00	40.00	30.00
CMP (Face Value Rs. 10)*	33.00	32.00	31.50	45.80	25.00	115.32	8.85	7.75	96.10	48.00

Particulars	Esteem Bio	Satkar Finlease	VKJ Infradevelopers	Subh Tex	Ashapura Intimates	Comfort Commotrade	Sanco Industries	Veto Switch Gear	Thejo Engineering	Mitcon Consultancy	Opal Luxury
A. Valuation/Market Cap (Rs. Crore)											
Pre Issue Net Worth	8.56	21.16	5.40	16.43	10.98	4.43	16.43	32.70	25.8	54.42	11.82
Issue Size	11.25	13.51	12.75	3.50	21.00	6.00	4.32	25.00	19.00	25.01	12.00
Market Capitalization*	839.14	95.51	85.68	21.12	314.20	12.02	16.88	124.83	70.66	56.87	35.27
B. Price Pattern (Rs. per Share)											
Issue Price	25.00	18.00	15.00	10.00	40.00	10.00	18.00	50.00	402.00	61.00	120.00
CMP (Face Value Rs. 10)*	33.75	50.15	50.05	20.20	161.40	12.00	19.70	68.10	206.00	47.00	105

*Closing prices as on 10th March, 2015
* Source: BSE SME, NSE Emerge websites

UPCOMING EVENTS

PROGRAM	DATE	PLACE
JOINT VENTURES AND TECHNOLOGY TRANSFER OPPORTUNITIES FOR SMEs	10th April, 2015	Mumbai
Networking and Interaction ENTREPRENEURS ANNUAL MEET COCKTAILS AND DINNER (Opportunity to interact with Bankers, Government Officials, Consul Generals, Senior Executives of NBFCs, Corporate and MNCs)	17th April, 2015	Mumbai
Seminar on NEW FOREIGN TRADE POLICY	22nd April, 2015	Mumbai
2nd Annual SME FINANCE & INVESTMENT SUMMIT	29th April 2015	Mumbai
KARNATAKA INDUSTRY AND SME SUMMIT	April, 2015	Bengaluru
3rd Annual Flagship Activity INDIA SME MANUFACTURING SUMMIT	6th May, 2015	Mumbai
2nd Annual National Awards SME EXPORT EXCELLENCE AWARDS	June, 2015	Mumbai
Conference on VENTURE CAPITAL AND PRIVATE EQUITY OPPORTUNITIES FOR SMEs	June, 2015	Mumbai



SARTHI SME EXCELLENCE AWARDS 2015

MARCH 18, 2015
AHMEDABAD

The “SARTHI SME EXCELLENCE AWARD” is an effort to facilitate the companies in SME sector for their business excellence and to salute those start-up entrepreneurs who dare to take the challenge of doing business, while sustaining the high competitive external and internal factors. To bring the SME's on the national platform and recognize them simultaneously with the big peers, we at SARTHI GROUP has initiated the “SARTHI SME EXCELLENCE AWARD”.

The Selection Process

MANAGEMENT	BUSINESS	FINANCIAL	PEER COMPARISON
<ul style="list-style-type: none"> Promoters, Organisational Structure, Vision, Experience, Qualifications. 	<ul style="list-style-type: none"> Efficiencies, scalability, Demand/Supply, Futuristic, Uniqueness, Governance etc 	<ul style="list-style-type: none"> Balance sheet Strength, Ratio Analysis, Resource utilisation, past performance etc 	<ul style="list-style-type: none"> Peer group analysis, Margin analysis, etc

All the nominations were screened by five member Jury Committee having vast experience from varied fields.

Sarthi SME Excellence Awards 2015 Winners

Start-up Entrepreneur Award Neopolitan Pizza Limited	Budding Entrepreneur Award Bakers Studio	Business Turnaround Excellence R J Bio-tech Limited
Financial Excellence Award AKME Star Housing Finance Ltd	Financial Excellence Award Resurgent India	Manufacturing Business Excellence Avance Polytech Pvt Ltd
Manufacturing Business Excellence Hardware Tools & Machinery Projects Pvt Ltd	Consumer Business Excellence Calzini Fashions Ltd.	Overall Business Performance HD Fire Protect Pvt. Ltd.

The Sarthi SME Excellence Awards 2015 were presented to the winners at the Seminar on SME- Challenges of Growth which was organized by SME World & Sarthi in association with NSIC, NSE Birla Sunlife Insurance, Aditya Birla Money Ltd, RBL Bank & SGCCI. The seminar was held at Hotel Regenta, Ahmedabad on March 18, 2015



The Financial Excellence Award was presented to AKME Star Housing Finance Ltd. Seen here is Mr. Deepak Sharma, Mr. Rajen Kumar, Chief Editor, SME World, Mr. Ashish Jain of AKME, Dr. H.P. Kumar, Ex-CMD, NSIC & Mr. Aanand Lakhotia, Director, Sarthi.



Mr. Mukund Purohit, CMD, Neopolitan Pizza Ltd accepting the award for Best Start-up Entrepreneur



The Best Budding Entrepreneur Award was presented to Ms. Heena Shah of Baker's Studio



Hardware Tools & Machinery Projects Pvt. Ltd. was awarded the Manufacturing Business Excellence Award



Mr. Deepak Sharma, Group MD, Sarthi presenting the Manufacturing Business Excellence Award to Avance Polytech Pvt Ltd



Mr. Anik Dharamshi of HD Fire Protect Pvt. Ltd. accepting the award for Business Performance Award



Mr. Ashish Shah, Associate Director, Sarthi presenting the Financial Excellence Award to Resurgent India



On the right side is Mr. Muralidhar Rao, Executive Director, SEBI interacting with the audience at the seminar

SEBI alongwith SIDBI & BSE had organized a seminar on SME Funding: Role of Capital Markets at Ahmedbad on February 6, 2015. Sarthi Capital Advisors Pvt Ltd was invited to present its views on...



Mr. Ashish Shah, Associate Director, Sarthi Capital, addressing the audience



Mr. Ashish Shah answering query of one of the audience



Audience at the seminar



S A R T H I
Bridging the Gap

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

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