

Small & Mid-Sized Companies: Key To Economic Growth

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Small and mid-sized enterprises (SMEs) are businesses that maintain revenues, assets or a number of employees below a certain threshold. Though large firms generally tend to outnumber SMEs, these small and mid-sized enterprises (SMEs) play an important role in the economy by employing vast numbers of people across various sectors and helping to shape innovation. Hence, to boost the presence of SMEs, governments regularly tend to offer incentives, including favourable tax treatment and better access to loans that aid SMEs to keep up with business in normal as well as difficult times.

In recent times, SMEs in India have been urging the GST Council to provide for concession for the sector to boost business. The growing number of SMEs generally is a positive indicator of improving business activity in an economy. In India, more than 60 SMEs are expected to tap the market in one year to raise equity funds for supporting their business requirements by getting listed on the BSE SME platform. Last year, around 16 SMEs raised around ₹100 crore through the IPO route. Currently around 338 companies have been listed on the BSE SME platform till end of May 2021, with a total market capitalisation of around ₹26,498.80 crore till date.

While currently there are 236 companies listed on the BSE SME platform, 102 companies of the 338 have migrated to the main board. In spite of a difficult year (FY21), SMEs seem to be recovering well by almost being back to the pre-pandemic levels or better and there are signs pointing to a positive economic environment for FY22. A bunch of SMEs reported exceeding their revenue targets even during the tough times of

the pandemic. The growth factor for the strong performance during FY21 remained to be appropriate investment in implementing new technology, improving products and buying new assets or equipments in 2020.

Those SMEs which leveraged debtor or supply chain finance were significantly more likely to have had exceeded their revenue targets. Now that businesses are more aware of their surroundings, they have realised that online channels are a key component needed to be included in growth strategies. Additionally, going forward, strong pipeline growth will give a push to the upward trend of SMEs. SMEs belonging to a wide range of sectors like IT, automotive components, pharmaceuticals, infrastructure and hospitality strive to gain more brand image, improved credit rating, easy financing and growth opportunities.

Hence, to encourage the equity culture among SMEs, BSE continues to take proactive measures to organise webinars, collaborate with state governments and other professional associations, creating awareness about the advantage of equity funding. Recently, BSE signed a Memorandum of Understanding (MoU) with Electronics and Computer Software Export Promotion Council (ESC) to create awareness about the benefits of listing among ICT SMEs and start-ups of the country. Through this MoU, ESC shall utilise its pan-India network of electronics and IT exporters and evaluate the SMEs and start-ups amongst these for listing on BSE SME and the start-up exchange. ESC shall also assist in sensitizing its investor network for investing in SMEs listed on the BSE SME exchange.

Methodology for Picking Top 50 SMEs

To come up with a list of ranking of top 50 SME companies, we compiled data for all the SME companies listed on the BSE based on five crucial parameters. The first includes market capitalisation. The remaining parameters are obtained from the Profit & Loss Account and include Sales, Operating Profit and Net Profit. We have considered growth on a 3-Year CAGR basis when looking at these criteria. In addition, we also considered the PAT margin for ranking the stocks as it indicates how efficient a company has been in converting the given sales into profits. Each parameter was then ranked by awarding it a carefully determined weightage based on its significance. This was followed by a consolidated ranking to arrive at the list of Top 50 SME companies.

All the raw financial raw is sourced from Ace Equity and price-related information is as of May 28, 2021.

Financial Snapshot

Sr. No. 1 **Chemcrux Enterprises Ltd.**
BSE Code : 540395 Price : ₹306.2
Face Value : ₹10 Book Value : ₹65.66

Standalone (₹/Cr)					
Particulars	FY20	FY19	FY18	FY17	FY16
Net Sales	57.45	55.27	31.46	27.5	20.12
Operating Profit	15.6	13.91	5.02	3.8	3.25
Interest	0.32	0.28	0.31	0.35	0.26
PAT	10.64	9.32	2.36	1.5	1.74
EPS (₹)	21.56	18.87	4.79	3.04	9.66
Equity Capital	4.94	4.94	4.94	4.94	1.8

Sr. No. 3 **Jonjua Overseas Ltd.**
BSE Code : 542446 Price : ₹58
Face Value : ₹10 Book Value : ₹17.39

Standalone (₹/Cr)					
Particulars	FY20	FY19	FY18	FY17	FY16
Net Sales	1.05	0.78	0.63	0.36	0.31
Operating Profit	0.57	0.4	0.15	0.11	0.1
Interest	0.01	0.01	0.01	0.02	0.02
PAT	0.2	0.06	0.03	0.02	0.01
EPS (₹)	0.41	0.13	0.02	0.04	0.08
Equity Capital	4.93	4.74	1.4	0.58	0.18

Sr. No. 5 **LEX Nimble Solutions Ltd.**
BSE Code : 541196 Price : ₹37
Face Value : ₹10 Book Value : ₹30.05

Standalone (₹/Cr)					
Particulars	FY20	FY19	FY18	FY17	FY16
Net Sales	3.89	2.18	1.76	1.64	1.36
Operating Profit	1.35	0.43	0.35	0.16	0.22
Interest	0	0	0	0	0
PAT	0.91	0.28	0.17	0.07	0.12
EPS (₹)	2.18	0.66	0.55	1.41	2.25
Equity Capital	4.19	4.19	3.08	0.51	0.51

Sr. No. 7 **Northern Spirits Ltd.**
BSE Code : 542628 Price : ₹27.5
Face Value : ₹10 Book Value : ₹39.46

Standalone (₹/Cr)					
Particulars	FY20	FY19	FY18	FY17	FY16
Net Sales	160.81	110.27	25.87	17.32	3.22
Operating Profit	8.63	20.46	1.64	0.89	-0.26
Interest	3.34	4.68	0.21	0.21	0.24
PAT	3.61	10.06	1.02	0.53	-0.51
EPS (₹)	2.25	8.56	8.43	13.14	-12.56
Equity Capital	16.05	11.75	1.21	0.41	0.41

Sr. No. 9 **Sheetal Cool Products Ltd.**
BSE Code : 540757 Price : ₹140.05
Face Value : ₹10 Book Value : ₹46.38

Standalone (₹/Cr)					
Particulars	FY20	FY19	FY18	FY17	FY16
Net Sales	258.93	233.63	206.97	154.51	125.25
Operating Profit	33.41	21.48	15.05	7.8	4.86
Interest	4.7	2.61	1.72	0.71	0.33
PAT	9.81	2.07	4.11	2.52	1.96
EPS (₹)	9.34	1.97	3.91	5.04	3.92
Equity Capital	10.5	10.5	10.5	5	5

Note: Book value is in rupees per share

Sr. No. 2 **Manorama Industries Ltd.**
BSE Code : 541974 Price : ₹1100.1
Face Value : ₹10 Book Value : ₹114.36

Standalone (₹/Cr)					
Particulars	FY20	FY19	FY18	FY17	FY16
Net Sales	188.24	102.4	219.35	145.48	131.04
Operating Profit	49.8	31.92	18.38	3.67	4.31
Interest	9.77	4.55	1.75	0.8	1.78
PAT	23.33	19.06	9.93	1.38	1.08
EPS (₹)	20.97	17.13	13.16	6.37	5.02
Equity Capital	11.13	11.13	7.55	2.16	2.16

Sr. No. 4 **Laxmipati Engineering Works Ltd.**
BSE Code : 537669 Price : ₹25
Face Value : ₹10 Book Value : ₹21.68

Standalone (₹/Cr)					
Particulars	FY20	FY19	FY18	FY17	FY16
Net Sales	20.85	11.3	1.05	2.26	2.77
Operating Profit	3.26	2	-0.7	0.36	0.68
Interest	0.78	0.45	0.19	0.16	0.11
PAT	1.7	1.01	-1.13	0.05	0.3
EPS (₹)	2.95	1.75	-1.97	0.08	0.52
Equity Capital	5.75	5.75	5.75	5.75	5.75

Sr. No. 6 **Raghuvansh Agrofarm Ltd.**
BSE Code : 538921 Price : ₹128
Face Value : ₹10 Book Value : ₹40.01

Consolidated (₹/Cr)					
Particulars	FY20	FY19	FY18	FY17	FY16
Net Sales	43.42	437.41	28.56	16.24	6.33
Operating Profit	10.93	10.54	7.01	6.39	2.1
Interest	0.05	0.04	0.07	0.09	0.06
PAT	9.79	7.75	5.32	4.87	1.31
EPS (₹)	8.21	6.5	4.46	4.09	1.1
Equity Capital	11.92	11.92	11.92	11.92	11.92

Sr. No. 8 **Earum Pharmaceuticals Ltd.**
BSE Code : 542724 Price : ₹67.75
Face Value : ₹10 Book Value : ₹0

Consolidated (₹/Cr)					
Particulars	FY20	FY19	FY18	FY17	FY16
Net Sales	55.11	50.7	35.44	23.34	18.57
Operating Profit	3.51	3.35	1.98	0.78	0.58
Interest	0.97	1.04	0.72	0.52	0.4
PAT	1.82	1.66	0.91	0.16	0.1
EPS (₹)	2.94	53.84	29.62	14.88	0
Equity Capital	6.17	0.31	0.31	0.11	0.11

Sr. No. 10 **Veeram Securities Ltd.**
BSE Code : 540252 Price : ₹45.1
Face Value : ₹10 Book Value : ₹17.13

Standalone (₹/Cr)					
Particulars	FY20	FY19	FY18	FY17	FY16
Net Sales	19.96	15.51	27.79	7.42	1.37
Operating Profit	1.46	0.51	1.07	0.4	0.11
Interest	0	0	0	0	0
PAT	1.09	0.31	0.73	0.3	0.08
EPS (₹)	2.54	0.71	1.69	0.69	2.38
Equity Capital	4.31	4.31	4.31	4.31	0.34

Share price data is of 28th May, 2021