

Headline: Attractive returns drive FIIs, hedge funds to invest in SME companies

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Foreign institutional investors and hedge funds participating in the initial public offering made on the small and medium enterprises (SME) exchange platforms is fast gaining traction.

Investors are flocking to SME stocks as the reward for the risk taken on the SME platform is more attractive than the stocks on the main board.

Mahavir Lunawat, Managing Director, Pantomath Group, said foreign investors and hedge funds have been active investors in IPOs of companies listing on the SME platform, having invested about ₹700 crore this year in IPOs.

Their role has become significant as the size of each issue on

Stellar show

Company name	Issued in	Issue price (₹)	Aug 29 close (₹)	% change
Airan	March '17	45	₹172	282
Creative Peripheral	March '17	75	₹108	44
Maheshwari Logistics	January '17	68	₹136	100
Madhav Copper	January '17	81	₹309	281
Panache Digilife	January '17	81	₹102	26
Jet Freight & Logistics	December '16	28	₹108	286

the SME platform has increased to ₹30-40 crore from ₹7-8 crore last year, he said.

Some of the foreign institutions that have participated in the IPOs floated on NSE Emerge include Kuber India Fund, Maven India Fund, Elara India Opportunities Fund and Anchor Global Opportunities Fund while Category III Alternative In-

vestment Fund EW Clover Scheme has also invested in a recent IPO.

Phenomenal response

Total Transport System, which launched an IPO to raise ₹17 crore by listing on NSE Emerge attracted investment interest of ₹2,200 crore and was oversubscribed 130 times. Similarly, In-

foBeans Technologies received bids worth ₹1,150 crore while it was in the market to raise just ₹36 crore. "The NSE initiative to provide hand-holding and do the necessary due diligence of companies listing on the Emerge platform has given the much-needed comfort to foreign investors and hedge funds to park money in IPO," said an NSE spokesperson. Small companies are finding it more convenient to raise money through the exchange platform as bank finance to SMEs has shrunk after the surge in bad loans in the banking sector, he added.

In the last two months, eight companies have listed on the NSE Emerge platform. On the whole, 76 companies have raised about ₹912 crore. Of the 72 IPOs

launched so far this year on the SME platform, 31 companies from Gujarat raised ₹373 crore followed by 22 companies from Maharashtra mopping up ₹257 crore.

Lunawat said some of the retail investors are also considering investment through the secondary market in stocks listed on the SME platform as part of portfolio diversification.

Companies that were listed on the SME platform this year are from varied sectors such as finance, media and entertainment, real estate and infrastructure, manufacturing, agriculture, aquaculture, food and food processing, and IT and IT-enabled services.

The BSE and NSE had launched the SME platform in March 2012.