

SME RIGHTS ISSUE DROUGHT GOES ON FOR 5 YRS

Smaller companies are no longer coming back to shareholders to raise additional money through rights issues. The number of such issuances in the small and medium enterprise (SME) segment of stock exchanges is set to end at zero for the fifth year in a row, shows a *Business Standard* analysis of numbers from tracker Prime Database. A rights issue is when a company offers additional shares to existing investors at a discount to raise money.

Companies in the SME segment had raised over ₹100 crore through this route since 2014 – the earliest since data is available. The peak was in 2019, with ₹91 crore raised through two issues. This dropped to nil after 2017. The SME segment continues to be otherwise vibrant with over 300 initial public offers (IPOs) after this time. The amount raised after 2017 through SME IPOs is also larger than it was before the year. An analysis of larger companies listed on the main board of the stock exchanges shows a similar trend on rights issues. Offers have dropped to a trickle, with only seven as of October in 2022. Experts say easier routes of raising capital – such as qualified institutional placements – are the reason for the decline in popularity. The total amount raised through rights issues on the main board is at its lowest since 2016.

Additional data as of mid-November shows two more companies have regulatory approval for rights issues. This includes Anjani Portland Cement and Capri Global Capital.

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DROP IN POPULARITY

	Ill 2017	After 2017
Number of issues	5	0
Amount raised (in ₹ cr.)	123.69	0

Note: Rights issue data as of October 2022 for SME segment

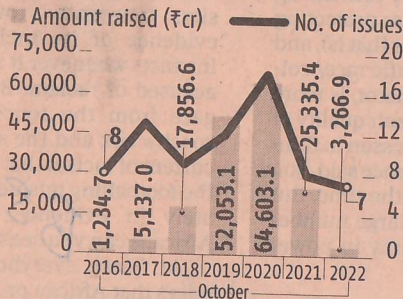
RISE IN SME IPOs

Number of issues Amount raised (in ₹ cr)

Till 2017	332	3,181.5
After 2017	369	5434.3

Note: SME initial public offer (IPO) data, as of October 2022.

NON-SME RIGHTS ISSUE AMOUNT RAISED IS LOWEST SINCE 2016



Note: Calendar year data as of Oct Source: Prime Database