

BSE defers listing of SME Trafiksol ITS Technologies due to unresolved 'queries'

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IN A first-ever clampdown, BSE on Tuesday deferred the listing of Trafiksol ITS Technologies Ltd, a small and medium enterprise (SME) whose initial public offering (IPO) closed recently, as certain 'queries' were yet to be resolved by the company.

The IPO of the company opened on September 10 and closed on September 12. The company shares were to be listed on the BSE SME platform on September 17.

"...in view of certain queries that have been raised, the listing for trading of the scrip (of Trafiksol ITS Technologies) is postponed till queries are resolved by the issuer," BSE said in a notice to market participants on Tuesday. The stock exchange, however, did not divulge any further details.

The size of the IPO of the Noida, Uttar Pradesh-based company was around Rs 45 crore. The price band of the issue was Rs 66-70 per share. As per the information given on the BSE SME platform, the issue was oversubscribed 321.51 times, with the retail portion subscribed by 317.74 times and the non-institutional investors quota subscribed by 517.50 times.

Incorporated in 2018, Trafiksol ITS Technologies provides solu-

EXPLAINED

E Concerns over SME IPOs

THE BSE action on Trafiksol ITS Technologies comes amid concerns raised by the Securities and Exchange Board of India over some SME companies and their promoters resorting to means that project an unrealistic picture of their operations.

tions for intelligent transportation systems and automation, including software development, consultancy, and supply services. In the year ended March 31, 2024, the company's profit increased to Rs 12.09 crore from Rs 4.77 crore in FY23 and Rs 2.05 crore in FY22. Its revenue from operations stood at Rs 65.81 crore in FY24, as against Rs 36.29 crore in FY23 and Rs 27.91 crore in FY22.

The BSE's action on Trafiksol ITS Technologies comes amid concerns raised by the Securities and Exchange Board of India (SEBI) over some SME companies and their promoters resorting to means that project an unrealistic picture of their operations.

Such companies or promoters have been seen to make public announcements that create a posi-

tive picture of their operations. These announcements are typically followed up with various corporate actions such as bonus issues, stock splits and preferential allotments, Sebi had said last month. "These actions create a positive sentiment amongst investors, which induces them into purchasing such securities. Simultaneously, this also presents an easy opportunity to the promoters to off-load their holdings in such companies at elevated prices," Sebi had said.

The market regulator Sebi is not directly regulating SME IPOs. The job of monitoring such small IPOs is being done by the NSE and the BSE.

The listing of SMEs on NSE and BSE have been witnessing irrational exuberance with number of these IPOs getting oversubscribed by 500 and 700 times.

The annual listings on SME platforms through IPOs have increased four-fold over the last five years from 46 in 2019-20 to 196 in FY24. The amount of funds raised through IPOs has also surged 12-fold over five years from Rs 495 crore to Rs 6,096 crore. The market capitalisation of SME companies has grown to Rs 2 lakh crore currently.

In the first five months of the current financial year, around 108 SME companies have raised Rs 3,548.17 crore through listing of shares, as per Prime Database.