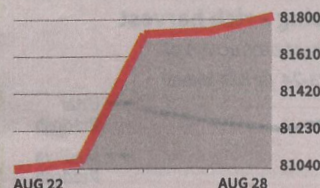


the hindu businessline

SENSEX 81785.56 (+73.80)

IN FOCUS



	LATEST	CHANGE
Nifty 50	25052.35	+34.60
P/E Ratio (Sensex)	23.98	+0.02
US Dollar (in ₹)	83.96	+0.02
Gold Std 10 gm (in ₹)	71404.00	-71
Silver 1 kg (in ₹)	84929.00	-1033



REGULATORY BRIDGE.

SROs in fintech sector can suggest regulations, facilitate communication with regulators: RBI chief Shaktikanta Das **p5**

TECHNOPHILE.

Google Pixel 9 Pro XL delivers stellar camera and excellent battery life, and is loaded with AI goodies **p4**

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SEBI cautions investors over hardsell of IPOs by SMEs

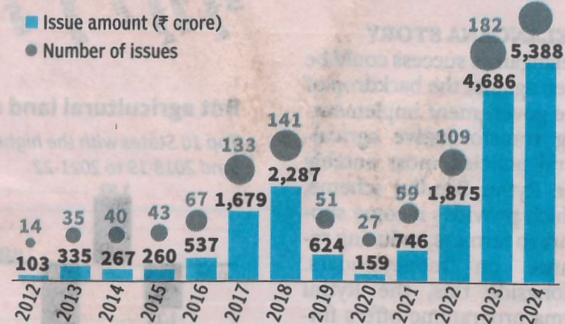
RED FLAG. Regulator says public offers of small firms without any track record and sound financials are getting subscribed many times, driven by retail investors chasing listing gains

Our Bureau
Mumbai

The Securities and Exchange Board of India (SEBI) on Wednesday raised concerns on the rosy picture painted by promoters of small and medium enterprises (SMEs) tapping the market for a public share sale.

“Some of the SME companies and/or their promoters have been seen to make public announcements that create a positive picture of their operations. These announcements are typically followed up with

SME bull run



Source: primedatabase.com

various corporate actions, such as bonus issues, stock splits and preferential allotments,” the regulator said in a note on Wednesday.

IPO FRENZY

These actions create a positive sentiment among investors, inducing them into purchasing such securities, while allowing promoters to offload their holdings at elevated prices. Investors should be watchful of these patterns, exercise caution and not rely on unverified social media posts, tips or rumours, it added.

The recent ₹12-crore IPO-

of Resourceful Automobile, a Delhi-based company with two outlets and eight staff members, created a buzz as it received bids worth close to ₹4,800 crore.

“IPOs of SMEs without any track record and sound financials are getting over-subscribed many times, driven by retail investors chasing listing gains. These are excesses that need to be checked,” said VK Vijayakumar, Chief Investment Strategist at Geojit Financial Services.

SMEs have raised more than ₹14,000 crore in the past decade through the ex-

change platforms. Of this, 163 companies raised about ₹5,400 crore this calendar year, and 27 firms clocked over 100 per cent gains on listing day.

REGULATION NEEDED

According to SN Ananthasubramanian, a practising company secretary, the pre- and post-IPO processes of SMEs need to be reviewed by the regulator. A closer scrutiny of investor profiles, frequency and patterns of investments and their disposals could be undertaken, he said.

Vaibhav Porwal, Co-founder of Dezerv, attributed the recent surge in SME stocks and strong listing gains to market liquidity and increased retail participation.

“While this trend might persist in the short term, risks like market corrections and regulatory interventions could temper the frenzy in the market. Investors should exercise caution and focus on fundamentals as the SME stocks could correct sharply if sentiment shifts,” he warned.

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