

# SME listing day gains fall to 23% on more scrutiny

● Returns were at 66% till mid-Sept

VIVEK KUMAR M  
Mumbai, November 27

**LISTING DAY GAINS** from share offerings of small and medium enterprises (SMEs) have fallen sharply in the last couple of months after the regulator increased scrutiny. The average listing day gains on the 41 stocks on the SME platforms of NSE and BSE have been just 23% since mid-September — when the Sebi had cracked the whip on Trafiksol ITS Technologies. This is considerably lower compared to the average gains of 66% seen since the beginning of FY25, according to PRIME Database.

A total of 171 companies have gotten listed on SME platforms of NSE and BSE so far in FY25, mobilising a record ₹6,085 crore. While only 18 of these 171 companies closed below their issue price on the first day, the latest stock prices show 58 are trading below their respective issue prices. Nonetheless, the year is likely to surpass the record listings seen in FY24, when 196 SME IPOs mobilised around ₹6,000 crore.

Not surprisingly, the BSE SME

## STATUS UPDATE

SME IPOs listed in FY25 so far

	Nos	Issue size (₹ cr)	Avg listing day gain (%)
Apr	23	637.58	41.2
May	21	499.13	98.1
Jun	17	532.42	78.4
Jul	25	1,118.42	84.4
Aug	25	725.67	56.1
Sep	35	1,357.41	29.5
Oct	22	1,158.65	22.3
Nov	3	55.58	15.5
<b>Total</b>	<b>171</b>	<b>6,084.86</b>	<b>55.1</b>

Source: Primedatabase.com



IPO index is on its way to see the third consecutive month of decline in November. However, it has only fallen 7.4% in these three months and is still up 130% in the last year.

Continued on Page 14

# SME listing day gains fall

**WITH THE LISTING** gains of as much as 300-400% on some stocks, there has been a rapid increase in the participation from retail investors and a surge in the number of SME issuers. This has drawn the attention of both the regulator and stock exchanges.

On August 28, Sebi issued an advisory saying that it has observed a pattern where promoters inflated stock prices of their companies by painting a false picture of their business. The regulator has also issued orders against some companies involved in such practices.

The Sebi has issued a discussion paper proposing several changes, including increas-

ing the minimum application value for SME IPOs, capping the offer-for-sale component to 20% of the issue size, and mandating the appointment of a monitoring agency to oversee the use of IPO proceeds.

In an unprecedented move, the BSE was forced to defer the listing of Trafiksol ITS Technologies at the last minute, prompted by Sebi, due to unresolved queries regarding the use of IPO proceeds and other factors. With the company yet to get listed, allottees of shares are awaiting a refund.

Deepak Jasani, head of retail research at HDFC Securities, pointed out that currently the outperformance is

selective unlike earlier when every stock listed with bumper returns. "Some sanity has returned," Jasani said, adding that many remain gung-ho despite the risks involved and the warning issued by the regulator and exchanges.

The weak market conditions, which have led to a sharp decline in listing gains on the mainboard, are likely to have further worsened the prospects for new issuers in the SME segment, experts said. They believe investors are likely to have tapered their return expectations, and the current 23% average listing gains are still an attractive prospect for many.