

1 in 3 SME firms that listed since CY24 in the red

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One-third of the 266 small and medium enterprises (SMEs) that listed since the beginning of last year are trading in the red.

Thirty six of these 88 companies had seen a subscription of over 100 times. Magenta Lifecare, a company that had got subscribed over 1,000 times, is down over 30 per cent from its offer price.

SME IPOs have been able to get good subscription because of their low IPO size, active grey market and concentrated holdings, and have been priced slightly more aggressively relative to the mainboard issues, said experts.

"Traders and operators have been able to sustain prices at higher levels because of the limited free float. But that has become in-

Worst performers

	Times subscribed	Gain/loss (%)	
		Listing day	Current*
QVC Exports	507	78	-57
Resourceful Automobile	417	5	-57
Solve Plastic Products	34	18	-58
Mandeep Auto Industries	76	-2	-58
Phoenix Overseas	125	-5	-59
Bikewo Green Tech	42	-24	-62
Baweja Studios	2	-3	-62
Finelistings Technologies	38	8	-63
M.V.K. Agro Food Product	8	-31	-67
Lamosaic India	2	-14	-69

Source: primedatabase.com

creasingly difficult, of late, because of the bearish sentiment prevalent right now in small-caps. It has also become difficult to attract new investors at higher prices which, in turn, resulted in valuations of SME stocks correcting," said market analyst Deepak Jasani.

Jasani added that grey market premiums failed to project a correct price, resulting in IPOs that quoted at

a healthy grey market premium listing at a discount or falling below the offer price in a few days.

Eighteen of the last 20 SME IPOs garnered a subscription of over 50 times. Of these, eight made a dismal debut, with returns lower than 6 per cent.

INDEX OUTPERFORMS

Despite the recent wobble, the SME index comfortably

outperformed other key benchmark indices, and the valuations, by and large, remain lofty. Sixty two of the 266 listings since last year have seen gains of over 100 per cent.

The BSE SME IPO index is up 75 per cent in the past year compared with returns of 3.5 per cent for the BSE IPO index, 7.4 per cent for the BSE Smallcap index and 8 per cent for the Sensex.

The SME platform saw a record 240 offerings in CY24, with an average size of ₹36 crore, mopping up ₹8,757 crore. This was 1.9x higher than the previous best amount mopped up in CY23 and nearly equal to the amount raised between 2012 and 2022. Market regulator SEBI recently tightened rules for SME IPOs, allowing only firms that have an operating profit of at least ₹1 crore from operations for two out of three previous financial years to file for IPOs.