

Small IPOs helped investors rake in big money in last 12 months

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Great things come in small packages. Perhaps, investors who participated in the public issue of small and medium enterprises (SMEs) in the last one year will vouch for it. If 2021 was a blockbuster year for mainboard IPOs, 2022 turned out to be the year of SME IPOs with over two dozen stocks offering more than 100 per cent returns.

DATA FOCUS.

Data compiled from primedatabase.com show that 87 out of 109 SME IPOs that hit the capital market in 2022 offered listing gains to investors. The highest gain was 229 per cent. Eight SME IPOs have offered over 100 per cent listing gains to investors. In contrast, 25 out of 40 mainboard IPOs that hit the market last year delivered listing day gains.

Venkatraghavan S, Managing Director & Head - Equity Capital Markets, Equirus, said listing gain alone does not mean that the SME segment is better than the main board. He added that investors should take into account the quality of the companies, the industries they operate and various other external and internal factors.

OVER 100% RETURN

As many as 31 of the 109 SME IPOs that hit the market in 2022 are offering more than 100 per cent returns since listing. Shares of Kolkata-based Cool Caps Industries hit a 52-week high of ₹415 apiece on Friday against its offer price of ₹38 per share. The stock closed at ₹375 apiece on the NSE with 888 percent return from its offer price. Similarly, Varanium Cloud (886 per cent), Rachana Infrastructure (637 per cent), Emphyrean Cashews (584 per cent) and several other SME stocks have turned out to be a multibagger for investors.

However, not everything is hunky-dory in the SME IPO space. For instance, stocks of Pace E-commerce Ventures is trading at ₹30.5 apiece against its offer price of ₹103 per share. More than 25 SME stocks are currently trading way below their offer price.

NEW TREND

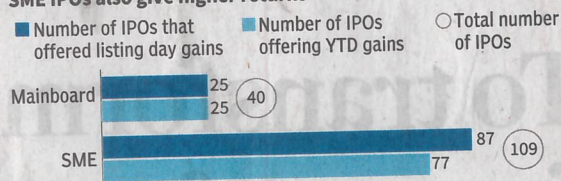
The number of small compan-

Sizzling SME offers

Fundraising through SME IPOs doubles in 2022

	2022		2021	
	Number of IPOs	Amount raised (in ₹ cr)	Number of IPOs	Amount raised (in ₹ cr)
Mainboard	40	59,298	63	1,18,723
SME	109	1,874	59	746

SME IPOs also give higher returns



Best and worst of Mainboard IPOs

Company	Issue size (in ₹ cr)	Offer price	Listing day gain/loss (in %)
Dcx Systems	500	207	49
Harsha Engineers International	755	330	47
Hariom Pipe Industries	130	153	47
Electronics Mart India	500	59	43
Syrma Sgs Technology	840	220	42
Landmark Cars	552	506	-9
Prudent Corporate Advisory Services	428	630	-11
Fusion Micro Finance	1,104	368	-12
Rainbow Children's Medicare	1,581	542	-17
Abans Holdings	346	270	-20

Best and worst of SME IPOs

Company	Issue size (in ₹ cr)	Offer price	Listing day gain/loss (in %)
DPhantom Digital Effects	28	95	229
Agni Green Power	5	10	163
Baheti Recycling Industries	12	45	153
Insolation Energy	21	38	110
Concord Control Systems	8	55	110
Silver Pearl Hospitality & Luxury Spaces	9	18	-16
Moxsh Overseas Educon	10	153	-16
Reetech International Cargo & Courier	11	105	-20
Swastik Pipe	59	100	-31
Bhatia Colour Chem	38	80	-48

Source : primedatabase.com

ies tapping the capital market itself was another new trend in 2022. While the number of mainboard IPOs reduced from 63 in 2021 to 40 IPOs in 2022, SME IPOs went up from 59 to 109 during the comparable period. Although insignificant compared to the mainboard IPOs, the total amount raised in SME IPOs more than doubled to ₹1,874 crore in 2022 against ₹746 crore in 2021. Pranav Haldea, MD, PRIME Database Group, said one reason for the spurt in SME IPOs could be the fund-

ing winter faced by small companies in the private market, pushing them to tap the capital market. Anand Varadaraman, Director, Asit C Mehta Financial Services Ltd, said the improvement in the quality of the Indian financial market from a regulatory perspective and the maturity of all market participants have reduced the risk perception that was present in the SME segment. "We expect the interest and performance of the SME segment to sustain and in fact improve in the future."