

9 OF 10 BIG LISTING GAINERS DROP AFTER DAY ONE

50% SME stocks stumble after listing-day gains

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NEARLY HALF OF the 154 SME stocks listed in the calendar year 2024 have lost value from their debut day's closing price, despite strong initial listing gains, according to Prime Database. Among these, 22 stocks have seen a 30-70% drop in value. Even nine out of the 10 biggest first-day gainers have fallen from their day 1 closing price.

Experts attribute this decline to the high presence of speculative investors and the absence of long-term investors in the market. In addition, they noted that regulatory caution has also prompted some investors to exit early.

Further, data shows that around 18% of these stocks are now trading below their issue price, despite most of them debuting with significant gains. For instance, shares of Varyaa Creation were listed at an 80.5% premium to their issue price of ₹150 per share on April 22, but were down way below their issue price of ₹87.4. Other stocks that are currently trad-

SHORT-LIVED EUPHORIA

Company	Close price on listing (in ₹)	% gain/ loss on listing day vs offer price	Market price (₹) (Aug 27, 2024)	% gain/loss from close price on listing vs current price
Varyaa Creations	270.75	80.50	87.60	-67.65
Euphoria Infotech (I)	181.51	81.51	75.37	-58.48
Medicamen Organics	144.70	325.59	66.95	-53.73
Baweja Studios	173.85	-3.42	85.20	-50.99
Sai Swami Metals & Alloys	119.70	99.50	59.22	-50.53
Deem Roll Tech	209.70	62.56	113.45	-45.90
Divine Power Energy	152.30	280.75	87.00	-42.88
Koura Fine Diamond Jewelry	78.63	42.96	46.00	-41.50
Polysil Irrigation Systems	54.25	0.46	31.75	-41.47
TGIF Agribusiness	142.50	53.23	84.03	-41.03

Source: PRIME Database

ing below their issue price after listing at a premium include Euphoria Infotech (India), Sai Swamy Metals and Alloys, Dem Roll Tech, etc.

Priyam Shah, partner at wealth management firm Falcon Capital Partners, said people have started to realise that there is a lot of froth. "A lot of people who apply for these IPOs are doing it for listing gains," he said.

Among the biggest listing day winners trading lower than their debut day closing price include Medicamen Organics, GP Eco Solutions India, Divine Power Energy, Purvi Flexipack, and Indian Emulsifiers. These stocks are down 20-54% currently from the closing price on listing day. There are many good SME companies that are doing well,

but not many people are looking at them closely, Shah added.

Deepak Jasani, head of retail research at HDFC Securities, said that SME is a short-term investment in most funds or portfolios. "In most cases, the highs which are seen in the first month after listing may not repeat. There are very few stocks that continue to do well later," he said.

